

# EIR

Executive Intelligence Review

July 18, 1986 • Vol. 13 No. 28

\$10.00

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stop the AIDS pandemic**



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The report includes:

- A "Who's Who" in the drug mob's campaign to overthrow Panama's government;
- The facts on how "conservative" Jesse Helms has joined with State Department one-worlders to implement a destabilization campaign designed by the U.S. Liberal Eastern Establishment;
- How David Rockefeller's Trilateral Commission and the New York Council on Foreign Relations created the "off-shore" banking center in Panama, to handle their debt-and-drug looting of South America;
- Proposals on how the United States can help secure Panama, through a series of Canal-centered development projects, which break Panama's economic dependence on the "off-shore" economy run by the international banking cartel.

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*EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and first week of January by New Solidarity International Press Service 1612 K St. N.W., Suite 300, Washington, D.C. 20006 (202) 955-5930 Distributed by Caucus Distributors, Inc.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany  
Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Haderslevgade 26, 1671 Copenhagen (01) 31-09-08

**In Mexico:** EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

**Japan subscription sales:** O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

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**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390. (202) 955-5930

# EIR

## From the Editor

**H**elga Zepp-LaRouche, who founded the Schiller Institute two years ago to stop the “decoupling” of Western Europe from the United States, reported to us from a recent visit to Europe that the Atlantic Alliance is now drifting apart at an alarming pace, as the elements of a “New Yalta” deal are being put into place. This process is documented in this week’s *International* report in articles on Spain, Italy, and Germany; we especially draw your attention to the stepping-up of Soviet irregular warfare against our allies (see page 47).

It is more urgent than ever that the battle to revive the common cultural matrix of our Western civilization be joined, particularly on two fronts: the fight against AIDS, and the war on drugs.

The cover story beginning on page 30 and featuring the extended commentary of *EIR* founder Lyndon H. LaRouche, Jr., reports on the political battle heating up in California, over a ballot initiative which would make AIDS reportable as a deadly communicable disease. Twenty years of the “cultural paradigm shift” that legitimized the rock-drug-sex counterculture stand to be reversed, **this year**, in this fight to defend the West against the AIDS pandemic despite the insane demands of a “gay rights” minority. On a lesser scale, but important in this direction, is the Supreme Court ruling (page 62) upholding a state law banning homosexual sodomy.

Equally strategic is the anti-drug fight. The subversion of the West through the spread of the drug counterculture has been Soviet strategy since 1967. Pope John Paul II’s beautiful intervention into Colombia against illegal drugs and usury as “slavery” is the leading edge of the war on drugs (page 42), in which the international banking establishment is more and more coming out openly in its own name as the drug lobby (see also articles on pages 13, 15, 16, and 55).

In this context, the editors of *EIR* hereby go on record in support of the sovereign decision of Malaysia to hang two Australian heroin smugglers in accordance with Malaysia’s law. The Malaysian government has come under attack from U.S. liberal newspapers and the Australian government for a “barbaric act.” These racist liberals never criticized Malaysia’s meting out of the same punishment to some 30 Malaysian nationals.

Nora Hamerman

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NSIPS/Jim Duree

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## World financial storm is now gathering

by Criton Zoakos

On July 7-8, for two days in a row, the New York Stock Exchange registered a combined loss of nearly 5% of stock values, the worst since the 1929 Crash. Also on July 8, the London Stock Exchange joined Wall Street in a frantic selling session, resulting in one of the most spectacular plunges in "The City's" history, wiping out an all-time record of \$8.2 billion of share values in one day.

The day following, July 9, the Federal Reserve's Open Market Committee met, this time *sans* Preston Martin, to set monetary policy for the next three months. Over the vehement, and unprecedented, objections of senior European financial circles, this body lowered its discount rate to 6%, its 1977 level. The Central Bank of West Germany, the Bundesbank, warned that it will not tolerate a cheaper U.S. dollar and, in uncharacteristic tones, demanded that the Fed not decrease the interest rates which it charges to U.S. banks.

The secret concern behind these metaphysical matters of interest rates, is the question of whether or not to refinance the worldwide U.S. dollar-denominated indebtedness. In the balance hangs the survival or ruin of the 10 largest U. S. banks. Low interest rates, it is believed by leading New York bankers and by White House Chief of Staff Donald Regan, will enable the debt-strapped U.S. money-center banks to get refinanced, at least for a few months; whether this belief is justified or not is questionable. In fact, British and Swiss financiers—and many representatives of American "old money"—are betting that the scheme will not work.

### The general causes

Who is right? The reader can judge for himself, provided he is supplied with some important—but ignored—facts and figures. There are two sets of such facts and figures, one which identifies the more general causes for the present tendency toward world financial collapse; the second which identifies why the period between now and Sept. 30 is most

likely to be the time for such a collapse to occur.

On the first, the causes leading to financial collapse: The total level of worldwide indebtedness, domestic and foreign, as of mid-1986, is an estimated \$27 trillion, which requires an annual debt service of some \$6.6 trillion—far in excess of the monetary value assigned to the industrial output of all the nations of the West combined. The situation of total worldwide debt service surpassing the value of tangible means of payment produced, has existed for some years now, but, since the 1979-82 period, the rate of growth of debt service has been outstripping the nominal (i.e. monetary) rate of growth of output by leaps and bounds. In fact, the Volcker interest rates of 1979-82 had, as their net effect, the further acceleration of the rate at which the growth of debt outstrips the growth of output. In the case of the United States domestic economy in particular, not only debt service increased by growing rates, but actual physical output declined instead of growing.

Approximately 90% of all new credit generated by all the developed nations' central banks, was employed to finance speculative ventures which raised fictitious amounts of nominal money, which in turn were repeatedly applied to refinance existing loans in both the private and public sectors. The major brokerage houses which manage what they have come to call the "worldwide capital market," accepted the hard cash of the \$400-500 billion-per-year global drug trade, sell four-to-five times the amount in option to various financial instruments, and then turn to the Eurodollar market to raise bonds covering the difference. These operations, from 1983 to date, have produced the single most important component of present world indebtedness, a \$3 trillion total of liabilities of the international banking system, known as "off-balance-sheet" liabilities, owed by banks, to banks. Most of this incredible debt burdens the U.S. banking system. The top 15 U.S. banks are officially estimated to carry \$1.26

trillion off-balance-sheet liabilities, almost twice their combined assets. This far outweighs Mexico's \$0.1 trillion debt, or South Africa's \$0.025 trillion debt, or the combined total \$0.8 trillion debt of the entire Third World.

From 1983 to early 1986, the collapse was prevented because the major players were able to get out of bad investments in time, and unload them on someone else. The "someone else" would get out in a similar manner, and thus the hot potato was being tossed from player to player. Bad financial instruments were not being called, presumably because they were backed by the good reputation of the institutions, the players, backing them; this "good reputation" was held up by these players' ability to introduce new hot potatoes into the game. We have now reached the point that the "hot potatoes" outnumber the number of hands of all the players together.

Virtually all of Third World debt has been non-performing during 1986; the \$400 billion debt of the world shipbuilding industry similarly; with the drop of oil prices, the same situation is progressing in the energy sector; real estate values are plunging; the rate of bank failures in the United States during 1986 is double that of the previous year. Industrial output has been steadily declining across the globe, driving down the prices of raw materials and primary commodities. As a result, during the first six months of 1986, all the senior players in the world capital markets have realized—some to their utter horror—that the rate of growth of world debt is speeding up in inverse proportion to the rate of decline in world physical output.

The world capital markets, as of the second quarter of 1986, are in the same position as an individual whose unemployment checks have stopped coming at the same time as his monthly credit-card repayment requirements have grown to double his monthly living expenses.

### **The immediate triggers**

As to the particular triggers which define the present financial quarter as the most likely timeframe in which the financial collapse may occur:

The present form of world financial insanity began in January 1977, when the Trilateral Commission imposed the Carter administration on the United States, with a mandate to implement a worldwide economic program titled "1980s Project." The authors of "1980s Project," were the same leading financial families of the Anglo-American Establishment which had earlier organized the 1971 destruction of the gold standard and the 1973 oil hoax, both perceived as emergency measures to save them from their overextended positions in the unregulated, speculative "Eurodollar market," which the same interests had brought into being during the 1963-71 period—i.e. after President Kennedy's murder.

The purpose of the "1980s Project," and of the Carter administration, guided by Fed Chairman Paul Volcker, was to eliminate all governmental regulatory or other influence on all economic matters throughout the world, to turn the world economy into an unregulated, "offshore" Cayman-

Islands haven for unbridled speculation. The published policy papers of "1980s Project" boasted that "the principal rival for the 1980s will not be either Communism or Socialism, but, rather, mercantilist [i.e., American System based], economic systems in which sovereign governments maintain economic functions."

In midyear 1986, an unprecedented and potent opposition to the Trilateral Establishment's world economic strategy emerged, where none existed before. This opposition, for the time being, centered in the governments of Japan and the Republic of South Africa and, in a different way, in the growing reluctance of Ibero-American governments to repay their debts as the creditors and the IMF propose—namely, their reluctance to trade in their national equities for their debt.

Japanese Prime Minister Nakasone's landslide election victory the Sunday before the New York stock market collapse, was acclaimed as a mandate for a strong nationalist, dirigistic economic policy; this means that the Japanese economy's resistance to the Trilateral Commission's nation-bashing around the world will grow. The South African government's decision to openly organize for a worldwide debt moratorium against the Trilateral Commission's instigations for "economic sanctions," is another major strategic threat to the Anglo-American liberal bankers' Establishment.

Organized opposition has emerged from 1) the West's most efficient industrial economy—Japan; 2) the West's greatest reservoir of strategic metals and industrial raw materials—South Africa, and 3) the potentially most cohesive sector of the debt-strapped Third World—Roman Catholic Ibero-America.

During the week before the July 7 events on Wall Street, at an international financial symposium in Zurich, held by bankers and for bankers, the main problem of the world economy identified was the discrepancy between the mass of financial speculative paper and actual wealth produced. As a Bank of England spokesman put it, "Only a tiny fraction of the money placed in the world capital market is in any way connected with actual commercial and industrial activities."

The leading financial interests of London have been talking their U.S. banking brethren into collapse since the Mexican debt renegotiations went awry. The same has been the case with the Swiss banking powers, which also control banking policy in France and Germany. It is no secret that London and Swiss finance has entered into an agreement with Moscow to remove all U.S. influence from Europe and proceed with what NATO General-Secretary Lord Carrington has dubbed a "New Yalta Agreement."

Moscow wishes to enter into its imputed "New Yalta obligations" only after the American Strategic Defense Initiative program is defeated and not before. Moscow also estimates that the SDI can be defeated only if its FY1987 funding is cut. Oct. 1, the date on which the 1987 budget is expected to be approved, is also the day after the end of the current financial quarter.

# Peru's García campaigns in Mexico for Ibero-American integration

*Through a series of dramatic radio broadcasts into Mexico preparatory to Peruvian President Alan García's visit there in late July, the government of Peru has escalated its campaign to promote the ideas of political solidarity and economic integration across the Ibero-American continent. The interviews featured Luis Negreiros, president of the Peruvian Congress and secretary general of the APRA ruling party on July 7, and President García himself on July 8. The following are excerpts from the 50-minute interview with Alan García, transmitted live by satellite across Mexico.*

**Q:** Mr. President, approximately two months ago you made international headlines with the news of a series of decisions . . . on economic matters which have turned you into one of the most debated figures in many economic forums. . . . I would like you to explain how you found the Peruvian economy when you took power nearly one year ago.

**García:** First I would like to note that I don't see Peru as an isolated case. Peru is part of Latin America. And Peru has the same problems that Latin America has, with a different intensity, different characteristics perhaps, but we are—as I say—a province of the same nation which is Latin America. . . .

The deterioration of Peru did not begin five years ago under the previous government. It actually began centuries ago. The historic clash of cultures caused the process of concentration of wealth in a few hands to continue; caused a process of economic concentration in one region to continue, leaving other regions of the country in absolute poverty; caused the strengthening of modern industry and the State while leaving the peasantry in abandon. And this is why Peru continues to produce less food and has to buy more from abroad, why there is more and more poverty and why the industry of Lima, which is the capital city, has no one to sell its products to.

This contradiction, this accumulation of problems, defines for us a society in which violence is slowly growing and in which, what is worse, despair in the democratic system is growing.

Peru has been a raw materials exporter since the beginning of the century, raw materials for which we are being

paid increasingly less. Later, in 1950, Peru tried to industrialize itself, but only concentrated industries in the city of Lima, forgetting the rest of the nation.

. . . And what is worse, if before we were raw materials exporters, now we have become . . . an importer of machines to establish industry, and we have indebted ourselves in the process. They pay us increasingly less for our raw materials (cotton, sugar, oil) and charge more for the machines and industrial products. . . .

This brings up the big question of this period, which is the foreign debt, a question which is crucial and historic for our continent, and a question before which one must take a clear stand: Either one is with the international banks, or one is with the people. Either one is with the interests of world capitalism, with which one can co-exist and respect but to which you cannot submit, or one is with the people's development and with the fate of the citizens who elected you. . . .

. . . When we received the government, only 35 of every 100 Peruvians had a permanent and secure job paying above the vital minimum wage. The rest either had no jobs or had to subsist, as throughout Latin America, on underemployment, which is hidden unemployment. That is, informal jobs, street vendors . . . which as I have seen exists also in Mexico, exists throughout Latin America.

These were the problems we faced: inflation, unemployment, permanent devaluation of our currency which encourages inflation, as you know. As we buy many products abroad, when the price of the dollar increases and the national currency devalues, the price of these foreign products grows for our population. Then, devaluation provokes a new round of inflation. And we received a country indebted to the tune of \$14 billion which had to be paid during the year 1985, plus that which wasn't paid in 1984, plus what was foreseen for 1986, nearly \$5 billion, when all we produced with exports was \$3 billion.

. . . The debt is the historic synthesis of dependency, of domination, and of the exploitation to which Latin America has been subject. The debt today is a subject in which is synthesized all the problems since Cuauhtemoc, since Atahualpa in Peru; the problem of imperial domination, the problem of the colonization of our countries; the problem of having been kept as second-class nations, as satellite nations,

in alliance with the internal oligarchies of our continent, in alliance with the ruling classes of our continent who serve the colonial interests of imperialism.

I repeat that we have been exporters of raw materials for which we are increasingly paid less. Look at the case of the silver produced by Peru and by Mexico. Look at the case of the oil which we too produce and which has been reduced by international conflicts to a third of the price being paid a mere six months ago; look at the case of fish-meal. We have been forced to produce raw materials in all of Latin America: Peru, silver, copper, fish meal; Argentina, meat, wheat, wool; Mexico, silver, oil. We have been forced to produce raw materials for the world and are paid less and less.

On the other hand, the industry we do have we have bought from them at excessively high prices. This relationship between our raw materials and the price of their machines and technology has been working against us for years. And this handicap is the origin of the foreign debt of our countries. In the last 20 years we began to indebt ourselves because we did not have sufficient [resources] to industrialize, or to feed ourselves as in the Peruvian case, and we began to accept credit.

Credits which have frequently been mis-used by our ruling classes, by our wealthy classes who have brought this money from abroad. Because if you ask me where the money of the foreign debt is, I would answer you that the majority of it is in accounts in European banks, in the U.S. banks, in Switzerland. And if the banks want us to pay them the foreign debt, let them collect it by taking it from the deposits of those who took it from here.

The origin of the foreign debt is in the low prices they pay us for raw materials, in the high prices they charge us for industry, in the interest rates they impose on the debt that we originally had. They have charged us 12%, 14%, 15% interest while internal inflation in the United States was 5%. Then, there was a 10% overcharge, 10% unilaterally imposed by the banks.

We have rebelled against this. Because you well know that if a country resigns itself to pay what they say it must pay, it does so at the expense of its population, it does so by impoverishing its population, it does so by devaluing its national currency. What we had to do was defend the resources of the country and we had to take a position that might appear sacrilegious, heterodox, heretical. But I believe that there can come a time when certain positions must be taken. We said we were going to recover the prices of our raw materials. If we don't recover them, how can we pay? They don't pay enough for our work, but we must pay them for the debt they say we have. So, we are linking the two questions. As much as you pay me for the raw materials I export, so much will I pay you. And we then fixed a quota. The quota: 10% of the exports for the public debt.

And we fixed a quota which with great sacrifice we have met despite the serious problems, the threats of embargo, the threats of economic sanctions against our country. But this

has allowed us to accumulate more than foreign-exchange reserves. This has enabled us to keep the reserves we have and prevent devaluation of the currency. As you know, when there is a shortage of exchange in a country, the currency is devalued. When the currency is devalued, internal interest rates increase, and with them the rate of inflation, and all of this feeds back into a new devaluation.

We must end this vicious circle by preventing our money from being devalued and for this, we need a reserve of foreign exchange to allow us to live. And these reserves we can have only by not paying the debt. Because they have already collected enough throughout these years. . . . How many times have we paid the debt with the interest rates they have imposed on us? How many times have we paid the debt that the wealthy of our countries brought from Europe, from the United States? How many times have we paid the debt in the high prices of industry they have charged us, in the imported products for which they have charged us double, triple the cost? . . .

**Q:** Mr. President, to what extent has Peru, throughout the 12 months, been internationally isolated from an economic and financial standpoint?

**García:** If you are telling me the banks have isolated us, well, I prefer to be alone than in such bad company. . . . In that sense, we are alone. . . .

If you are telling me that we are alone because on this question of limiting payment to 10% we have not been accompanied by a single other Latin American nation, I will tell you, sorrowfully, yes. But I am not worried, for two reasons: It is not just that we remain alone, we have always been alone; Peru has always been alone, Mexico has been alone, Argentina has been alone, each with its own problem, believing illusorily, naively, that each, *alone*, can better resolve its problem and better deal with the great boss of the international economy. What a terrible mistake, to believe that through bilateral negotiations, each one of us, in our weakness, is going to be able to win better conditions from the world economic forces. . . .

Each of us wanted to industrialize, and so we build the same industries in 20 Latin American countries, instead of building one, single, great industry for the entire continent, and all we have done is go deeper into debt. Each one of us wants to arrange his problem with the Monetary Fund . . . and the only thing we do is get more stuck in the swamp in which only those who have the most can win, that is, the powerful and the bankers. . . .

Peru alone is worthless, Mexico alone is worthless. They are going to sink us deeper in the problem. We are going to be begging from door to door and knocking at every door for a credit to pay the previous debt, and in return for this we are going to accept terrible economic conditions for our people.

Why don't we unite? Why don't we take the historic step? Why don't we understand that only together can we set conditions on the world, *alone no*.

# Top bankers admit: 'We are bankrupt, in fact and in policy'

by William Engdahl from Zurich

The leading unofficial economic adviser to the Reagan administration and former chairman of the Council of Economic Advisers, Dr. Alan Greenspan, said it: "There is no recovery in the United States; there is none either in Japan. And there certainly is none in Western Europe."

A few minutes later, former top Reagan economic strategist on the National Security Council, Dr. Norman Bailey, admitted, "There is an increasing disconnection between the financial economy [stock markets and commodity markets] and the real economy. The financial economy is booming. But the real economy is in recession—shipping, oil, bad Third World debts, agriculture. . . . The new tax reform law and the [Gramm-Rudman] budget reductions will hit at just the wrong time."

These unusually frank admissions of the present economic reality were made at a private, informal gathering of some 200 of the world's leading banking- and economic-policy strategists the weekend of July 5-6 in Zurich. The audience included the heads of the central banks of West Germany, France, Italy, Switzerland, Canada, and Britain. It included the powerful head of the New York Federal Reserve Bank, top people from the U.S. Treasury Department, the West German and French finance ministries, two of the "five wise men" of German economics, and top strategists from the International Monetary Fund.

It also included representatives of the world's largest and most influential private banks, including Crédit Suisse, Vienna Kreditanstalt, Citibank, Chase Manhattan, West Deutsche Landesbank, Banco di Roma, Crédit Suisse First Boston, and Goldman Sachs.

In other words, it included the top people responsible for decisions which determine the course of the world economy today.

What did these august bankers and friends come up with? They admitted, again and again, in the course of three days of discussions, that the world economy is teetering on the brink of catastrophe, and that, at present, every policy solution they propose would explode in their faces.

One of the possible triggers of a new bank crisis similar

to the 1931 Vienna Kreditanstalt crisis which inaugurated the Great Depression, is the Mexico debt crisis. Though most participants scrupulously tried to keep Mexico off the formal agenda in Zurich, privately, leading people admitted to its explosiveness. John Crow, deputy director of the Bank of Canada, acknowledged that Mexico is making bankers "very, very nervous. The reason Mexico is so difficult is the fear that Brazil and Argentina will demand equal terms" regardless of how "specific" Mexico's debt problems are.

Mexico's foreign debt—largely to New York and London banks—is 70% dependent on oil export. Since December, Mexico has lost \$8 billion from the oil-price fall alone. The worry of the bankers is the combined \$350 billion in debt owed to the leading international banks by the Ibero-American debtor nations. Assistant U.S. Treasury Secretary for International Affairs David Mulford told a questioner, "Mexico, well, they will get \$4.5 billion in a new package. But I am worried about the political situation. The PRI [governing party of Mexico] is going to lose the next elections [July 6 in the state of Chihuahua]. And, nobody knows what that is going to mean for the stability of Mexico."

Mulford's cryptic, and as it proved, wrong electoral predictions reflect a policy mafia in Washington centered around former Merrill Lynch financier Don Regan and people in the State Department who are proposing to back the narcotics-tied opposition PAN party in a bid to throw Mexico into chaos. Their objective would be to destroy national institutions which until now have resisted the foreign bankers' usurious demands to betray national resources—turning over ownership of Mexico's huge petroleum reserves, for example, as tribute to pay the debt.

## 'Who will bail out the banks now?'

The real theme underlying accepted international bankers' code language actually emerged during the conference. Ironically, it was the Hungarian National Bank's first deputy president, Janos Fekete, who crudely expressed the current bankers' panic. "You in the West," Fekete gloated, "you have collapsed your markets in Latin America. You have

collapsed your markets in Africa, including even South Africa. Now, you have collapsed your markets in the Philippines and Asia." He drew Moscow's blunt point: "You in the West have no other choice. You cannot now afford to ignore a market—Comecon—which has 400 million people and which pays its debts. You must come to us."

Whether the assembled bankers agreed with Fekete's conclusions, it was clear that they realized they had a major global financial crisis on their hands, and that nothing the IMF and big international banks patched together in the 1982 debt crisis has produced any solutions other than huge unemployment in Europe, the United States, and Ibero-America, and the threat of a far worse financial crash today.

Senator Bill Bradley (D-N.J.) bluntly told the group, "Debt management is killing growth worldwide. It is strangling the economies of the Third World and it is killing employment in the United States and other industrial countries. Since 1982, one million Americans lost work because of the collapse of exports to Latin America."

Speaking accurately for a change, Bradley pointed to the gimmick used by the bankers in 1982 to bail out their system, at the expense of their own and the world's long-term real economy. "To pay the debt," Bradley continued, "we told Latin American and other debtors to slash imports and subsidize 'desperation exports' to the United States to pay the banks their debt." The result has crippled growth, created austerity, and fueled massive flight-capital outflows, Bradley added.

His solution, given the scale of the problem, was pathetic: Bradley suggested reducing interest rates by 3% over three years to the Latin debtors.

But the significant point is the admission of how the crisis had been postponed for the past four years by the banks and Washington. Now, that patchwork is threatening has come loose, and the consequences threaten to be far worse than 1982 or even 1931.

### **Will Germany and Japan bail out the banks?**

The issue of forced exports to pay the debt by Brazil, Mexico, Argentina, et al. was at the heart of the battles among the bankers. The spokesmen for the U.S. Federal Reserve and private banks ganged up on their West German and Japanese colleagues. Their mugging exercise had one simple objective—Germany and Japan must turn on the spigot and flood their economies with deutschmarks and yen. Why?

Two days after Zurich, the *Wall Street Journal* admitted the game: The United States is demanding that Germany, as Europe's largest economy, begin to swallow Brazilian, Argentine, and Mexican "desperation exports" which have brought the domestic U.S. economy to the brink of ruin since 1982. Germany is, in effect, being asked to import Brazilian steel, Argentine agriculture products, and so forth. The re-

cent "trade war" tensions between Washington and especially Germany on steel were a result of Washington's unwillingness to curtail the desperation imports into the United States of steel from debtor countries such as Brazil, for fear of the consequences to U.S. banks.

At Zurich, Bundesbank head Otto Pöhl and various representatives of Japanese banking indicated that they were not about to buy the new Washington "proposal." The problem is that Pöhl and Germany's Trilateral Commission Finance Minister Gerhard Stoltenberg have imposed policies which have driven German unemployment to postwar record highs already.

This is the dilemma. To bail out the bankers for their inability to successfully spur anything other than greater economic chaos, will trigger a major new collapse of employment worldwide—a classic depression crisis as in the 1930s. Italian Labor Minister Gianni de Michelis and parliamentary participants from the United States and Europe warned that more of the bankers' "recovery medicine" of 1982 vintage will produce social explosions.

### **'Give us more casino economies'**

The answer of the private bankers was clear: We don't care what the consequences are socially, allow us to beg, borrow, or steal worldwide to keep our banking game afloat. One private banker from First Boston admitted that the private bankers' policy is to export from the United States what he termed a "casino economy" of wild, unregulated, and often fraudulent stock-market manipulations. One of the world's leading private-bank operators, John Hennessy of Crédit Suisse First Boston, said defensively, "You cannot blame globalization of securities trading as the problem. It's like blaming the bartender when the alcoholic gets drunk. Liberalization of international financial markets is good."

It's a bit like giving Meyer Lansky the keys to the Bundesbank for safe keeping.

Even the chairman of the powerful New York Federal Reserve Bank, Gerald Corrigan, was forced to admit to a dichotomy between the real economy and the paper debt pyramid, as two distinct processes. Corrigan admitted, "We have seen a spectacular rise of liquidity in world equity markets. Theoretically, this should stimulate the world economy. But this stimulation is not evident." Corrigan feebly admitted he had no idea what to do about this major problem: The "upswing" in world stock-market shares in New York, Frankfurt, Milan, Paris, and London in recent months has nothing to do with real industrial recovery. In fact, it is a symptom of a speculative orgy precisely like that which brought the world into depression in 1929-31.

Thus, the world's august bankers gathered in the secluded Swiss mountain retreat, at least among what they considered a friendly audience, remarkably admitted: "We are bankrupt, in fact and in policy."

# IMF pushes Indonesian government toward the economic precipice

by Dean Andromidas

The June 18-19 conference at the Hague, Netherlands of the Inter-Governmental Group on Indonesia (IGGI), the multinational aid-donors group supervised by the World Bank and the International Monetary Fund, only proved that those institutions are committed to forcing Indonesia to give up sovereign control over its economic institutions and resources. If allowed to reach its goal, this policy will mean the looting of this nation on the same scale as Mexico and other countries of Ibero-America.

Holding out the promise of \$2.5 billion in development aid and soft loans, \$100 million more than last year, the IMF and World Bank used the opportunity of the IGGI conference to apparently convince Indonesia to adopt a commodity-export strategy, by liberalizing its import regulations and fiscal policies. This was the same policy the IMF and World Bank had forced on Brazil, Mexico, and Argentina, with well-known disastrous results. Because Indonesia has made it clear that it is not prepared to fully accede to the World Bank and IMF demands, these same financial circles have initiated an international campaign directed at destabilizing the government of President Soeharto.

IGGI was formed in 1968 to "rescue" Indonesia from the financial disasters of the period of the late President Sukarno, who fell from power in 1966 following a bloody aborted coup led by the Indonesian Communist Party and an Indonesian default on its foreign debt of \$5 billion. IGGI's stated purpose has been to extend development aid and credits, and to institutionalize IMF/World Bank annual reviews of the performance of the Indonesian economy. For the IMF and the World Bank, it has served as the chief leverage point for forcing the Indonesian government to accept to its destructive programs.

Although the government of President Soeharto has been committed to a policy of industrial development modeled upon that of Japan and South Korea, it has been forced periodically to accede to IMF demands for a labor-intensive, commodity-export policy with liberal and deregulated financial policies.

With \$25 billion in public foreign debt and \$3.8 billion

in privately held foreign debt, Indonesia has not reached the kind of debt crisis that Ibero-American countries have experienced. But it has managed to forestall this only by canceling 48 significant development projects since 1983, cutting food subsidies, and pursuing an extremely conservative financial policy aimed at contracting as few high interest-bearing commercial and export loans as possible.

But the current collapse of the price of oil, a commodity accounting for 70% of foreign-exchange earnings, from \$26 to \$12 a barrel, could rapidly transform this situation. The Indonesian government has already announced that it will have to implement an austerity policy with a 7% cut in the national budget, which will include a 22% cut in the development budget. But worse, even this austere budget proposal was calculated on an oil price of \$25 per barrel, not the current \$12 per barrel. Therefore, despite the austerity measures, the balance-of-payments deficit reached \$2 billion; foreign debt-service payments of \$4 billion were made in 1985 (covering both interest and principal) and the debt-service ratio stands at 27.1%.

## IMF asks for a pound of flesh

The IMF confidential report tabled at the IGGI conference reports that the Indonesian economy expanded by only 1.3% in 1985, down from the 7-9% growth rates of the late 1970s and early 1980s. The IMF recommended that Indonesia shift its development policy from one of building up a domestic industrial base to a commodity-export strategy whose purpose is to ensure the payment of debt.

To quote from the final press release of the IGGI conference: "Given that Indonesia's debt service ratio has risen primarily as a result of the fall of oil prices . . . growth of non-oil exports, which is this year's special topic, is particularly important."

To accomplish this, the IMF demanded the same monetary and protectionist striptease it has demanded of Mexico, Argentina, and other countries of Ibero-America. This policy, while increasing exports of primary commodities, has in fact led to massive capital flight and collapse of these coun-

tries' internal economies, accompanied by a further ballooning of foreign debt. At the conference, the world agencies of usury demanded complete removal of all regulatory practices and monetary controls, including:

- Elimination of price supports for agriculture. This criminal policy will reverse the great success Indonesia experienced in becoming self-sufficient in rice production; the country is now a rice exporter. The success was the result of defying World Bank policy and establishing a domestic fertilizer industry, while maintaining a stable price-support system on the rice market to protect Indonesian farmers. While refusing to dismantle the price-support policy as the IMF demanded, Prof. Ali Wardhana, coordinating minister for economy, finance, industry, and development supervision, did announce that price-supports for fertilizer will be dropped.

- Adoption of a commodity-export strategy. This is aimed at dismantling regulations that the Indonesian government has maintained as a means of encouraging and protecting industries crucial to the industrial and economic development of the nation. Although the Indonesian government announced a package of deregulatory actions May 6, this was not deemed adequate by the IGGI conference and, according to the final press release, the group "suggested the need for further steps to remove restrictive and regulatory practices which adversely affect efficiency and reduce the competitiveness of Indonesia's non-oil exports." Who is to buy these exports was left ambiguous.

- Deregulation of the internal banking structure and lower interest rates for domestic credit. Though certain limited concessions were made on this issue, Dr. Arifin M. Siregar, governor of the Bank of Indonesia, was quick to point out that the government "does not dare" to lower interest rates too much, because this would encourage capital flight. Moreover, he pointed out, Indonesia's domestic banking sector, which is dominated by state-controlled banks, is structured to channel the country's limited financial resources to priorities outlined in its five-year economic development plans.

### Political destabilization

Concurrent with the IMF and World Bank financial and economic demands has been an expanding effort to politically destabilize the Soeharto regime. The destabilization is being managed by political circles representing these same financial interests.

During the week of the IGGI conference, the leading Dutch weekly *Elseviers Magazine* published an article entitled, "Prologue to a Crisis," attacking Soeharto as a corrupt leader whose military-backed government is losing the support of the people. *Elseviers'* chief editor, André Spoor, lives in New York City and happens to be vice-president of the Alerdink Foundation, an institution dedicated to Western press collaboration with the KGB. Spoor's colleagues in the foundation include Larry Grossman, president of NBC News,

which played a leading role in the downfall of President Marcos of the Philippines. It also includes Anatolii Gromyko, son of Soviet President Andrei Gromyko, and Vladimir Lomeiko, chief spokesman of the Soviet foreign ministry.

Another initiative aimed at undermining the government is the Inter Non-Governmental Organization Conference on IGGI Matters (INGI) which lobbied with Dutch Development Minister Schoo, who chaired the IGGI conference, to reduce aid to the Soeharto government. INGI comprises 13 Indonesian non-governmental organizations and 19 organizations of countries represented in IGGI, including the Environmental Defense Fund of the United States; the Friedrich Naumann Foundation, the think-tank of the German Free Democratic Party; and several Dutch organizations implicated in subversive activities in Ibero-America and Asia.

It is interesting to note that INGI's chairman W. J. L. Spit, is former vice-president of the Dutch Trade Union Federation and a close associate of Dutch Trilateral Commission member André Kloss.

## Who backs the IGGI?

**Japan.** 80 billion yen, an increase over last year's 75 billion.

**Canada.** 54 million Canadian dollars.

**United States.** 86 million U.S. dollars, Down from last year's \$100 million because of the Gramm-Rudman budget cuts.

**United Kingdom.** £45 million, down from last year's £50 million.

**Australia.** 47 million Australian dollars.

**Belgium.** 350 million Belgian francs.

**New Zealand.** 3.8 million New Zealand dollars.

**Netherlands.** 179 million Dutch guilder, up from last years 160 million.

**Austria.** 100 million Austrian schillings, first ever pledge.

**Spain.** 12 million U.S. dollars, first ever pledge.

**Switzerland.** 15.5 million Swiss francs.

**Finland.** 12 million Finn marks.

**World Bank.** 1.1 billion U.S. dollars.

**Asian Development Bank.** 500 million U.S. dollars.

**U.N. Development Program.** 44 million U.S. dollars.

**European Community.** 40 million U.S. dollars.

**International Bank for Reconstruction and Development.** 10 million U.S. dollars.

# South Africa wields the debt weapon

by Roger Moore

The Republic of South Africa has become the first debtor-nation to unveil the debt weapon openly, threatening the international banks with a global financial collapse, if Western governments impose economic sanctions against the beleaguered country. Ambassador Dennis Worrall from the South African Embassy in London told a House of Commons committee hearing that his country would re-introduce a debt moratorium if far-reaching sanctions were applied against the South African economy, a step he said "would bring down the whole world financial system."

On July 2, South African Finance Minister Barend Du Plessis reiterated, "A country that is prevented from exporting will obviously not be able to earn foreign exchange required for meeting its other international commitments."

South African government sources told *EIR* that South Africa is now in the same boat with Mexico, Peru, and other Third World countries suffering under the policies of the International Monetary Fund. The Pretoria government is well aware that a South African political response to pressure by its creditors would set a precedent for Ibero-American, African, and Asian debtors.

British government sources report that Prime Minister Margaret Thatcher opposes sanctions against South Africa, despite strong pressure for sanctions from Queen Elizabeth II, as well as the British Commonwealth, in part because she is painfully aware of what the consequences would be. The U.S. House of Representatives, which passed a resolution favoring sanctions, apparently has no clue concerning the consequences of its actions.

The push for sanctions, and South Africa's response, have ended an 18-month standoff between South African and its banks. South Africa introduced a debt moratorium in August 1985, after its creditor banks, led by David Rockefeller's Chase Manhattan, called in South Africa's short-term debt. South African Reserve Bank head De Koch then announced a moratorium on \$14 billion of the country's \$24 billion foreign debt, and asked former Swiss National Bank Chairman Fritz Leutwiler to mediate a "ceasefire" with bankers.

Leutwiler resigned July 3 after South Africa called the

bankers' bluff, and the financial press howled with outrage. "South Africa needs the goodwill of the banks more than the banks need South Africa," wrote the July 3 *London Times* editorial, titled: "South Africa versus the Banks." Citing Ambassador Worrall's warning that confrontation with his country "would bring down the whole world financial system," the *Times* argues that the statement "contains a profound miscalculation. A year ago, big debtor countries in Latin America might well have been tempted to follow if South Africa had been the first lemming over the cliff."

In fact, the British newspaper is whistling in the dark: Both the financial desperation of the South American debtors, and their political will to resist, are greater than at any time since the debt crisis exploded in 1982. The bankers themselves are quietly selling off their South African debt paper on a shadowy secondary market, for discounts of up to 30%, according to various reports.

## Bankers miscalculated

The bankers miscalculated, believing that South Africa could be manipulated by an international perception game into accepting the dismantling of the only industrial economy on the African continent. South Africa is one of the few countries in the world that has systematically used dirigist economic methods to become an industrial power. Were it not for these methods, it would be in the same situation as most Third World countries, trying to subsist on a stunted agriculture and selected raw-material exports, in a market controlled by speculators and cartels at the expense of the producer nation.

It was, ironically, the Afrikaaner-initiated National Party which, on taking power in 1948, tried to bureaucratize the pre-existing British Empire apartheid tradition, while simultaneously launching a postwar industrial boom which created a demand for increasingly skilled black urban labor, thus shattering the irrational constraints of apartheid on economic development. This industrial policy created the Sowetos, the Alexandras, the segregated urban townships, leading to a 50% urbanization rate, without comparison in sub-Saharan Africa.

One Afrikaaner industrialist involved in siege-economy planning against possible sanctions, said that South African whites have a much different attitude to Africa, than those whose objective was to come, make money, and then leave. "We have a commitment, a will, to develop the country. The world underestimates this commitment."

He added, "The economy and apartheid have an interesting relationship. The economy has always been opposed to apartheid. Apartheid inhibits economic growth." The siege-economy plans will include the elimination of free trade under GATT (General Agreement on Tariffs and Trade), in favor of quantitative import controls. Under the protection of these controls, new branches of industry will be created to replace imported products. Chemicals, consumer durables, and electronics, were cited as probable new sectors.

# Illegal-drug use soars in Argentina, thanks to IMF austerity

by Cynthia Rush

Most readers of *EIR* are aware of Argentina's status as the Ibero-American debtor which has for 10 years obediently followed the dictates of the International Monetary Fund, both under the 1976-83 military dictatorship and then under the "democratic" regime of President Raúl Alfonsín.

What is emerging now is a shocking picture of how this deliberate policy of economic looting, especially under the IMF's much-lauded *Austral* plan, has opened this once-productive nation to the drug mafias, and subjected its increasingly impoverished population to the degradation of drug consumption and the "culture" accompanying it.

Five or six years ago, most Argentines would report that their country was only "a country of transit" through which marijuana, cocaine, and other drugs would pass to reach their final destinations in the United States or Europe. "We're lucky, we don't really have a drug problem here," they would say.

Today, Argentina is no longer a transit zone, but a country with a growing drug consumption problem, where a nascent cocaine-processing industry is developing, and where an alarming degree of crime in major urban areas is drug related.

This growth of the drug trade and its "culture," is an assault on the sense of cultural and technological optimism which has historically characterized Argentina's population.

Since December 1983, when Alfonsín came into office, citizens have witnessed the extraordinary growth of Argentina's pornography industry, the highlight of which was the introduction of the Argentine edition of *Playboy* magazine. All this occurred under the rubric of "freedom of the press," flourishing under the new democratic regime.

Now, Argentinians are watching with horror as their children fall prey to the drug trade. A growing number of drug victims are youngsters—teenagers from "marginalized," poorer sectors of the population, or abandoned street children, some as young as 9 or 10, seen sniffing glue or smoking marijuana in Buenos Aires subway stations, when they are not out begging for food or money.

These statistics never find their way into the IMF board meetings, where members demand that Argentina impose *more* austerity, to qualify for new loans.

According to Officer Guillermo Mendizábal of the Buenos Aires Federal Police, reported in a May 1986 edition of *La Semana* magazine, 600 kilos of cocaine now pass through Argentina every year, of which 120 are consumed domestically by 20,000 hard-core addicts. Another 250,000 people can be categorized as "sporadic" consumers.

Ten tons of marijuana from Brazil and Paraguay enter Argentina annually, half of which is consumed domestically. Refined cocaine enters from Bolivia and is transported through the Andes to the cities of Mendoza or Bariloche. From the country's north, it is then distributed to such major cities as Córdoba, Rosario, and Buenos Aires. Marijuana produced domestically can't compete with Brazilian or Paraguayan imports. Even so, a police map of the capital and province of Buenos Aires shows 50% of the total area, covered with small marijuana plantations.

Federal Police note that Argentina exports to neighboring

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*Argentina is no longer a transit zone, but a country with a growing drug consumption problem. A cocaine-processing industry is developing, and an alarming degree of urban crime is drug related.*

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countries all the chemicals used in the refining of cocaine: ether, chlorhydric acid, potassium permanganate, sodium chloride, and alcohol. But federal judge Alberto Piotti, of San Isidro, reports that the country is also developing its own cocaine-processing industry. This began to emerge after 1983 as anti-drug efforts in Colombia, Peru, and Brazil made mafia activities more difficult in these countries.

Piotti told *Somos* magazine that he had two cases in his court related to cocaine processing, and that "of 972 cases in

my court, 500 are drug related.”

A drop in the price of cocaine—a gram now costs between 25 and 30 australes (\$35 to \$40)—has led to increased consumption nationwide. Dr. Carlos Cagliotti, founder and director of Cenariosco (National Center for Social Rehabilitation), reports that his center now receives 100 new cases a month for drug rehabilitation. Between 1980 and 1984, the center received 36 new cases monthly. In 1985, the figure jumped to 85, and today approaches 100.

### Future of a nation

Argentina’s economic crisis didn’t begin under Raúl Alfonsín. But the existence of the drug trade, and its impact on the nation’s culture and social fabric, has become most visible only within the last year. During that same period, the Austral plan was gutting workers’ wages by 40%, causing a drop in living standards, and cutting off credit and investment, which has put tens of thousands out of productive employment.

The social and moral disintegration accompanying this economic collapse can be gleaned from the pages of Buenos Aires’ major newspapers. They include almost daily accounts of violence, crime, and deaths related to drug consumption or trafficking—many of them involving children. *Somos* magazine reports that the average age of most addicts is now 16, down from 25 a few years ago.

In early June, the death from a drug overdose of 12-year-old Marcelo Cerruolo, shocked the inhabitants of Buenos Aires. The son of a poor, working-class family, Marcelo and his classmates had for some time been regularly consuming marijuana and inhaling glue or other substances provided by an adult who came by the school.

The case of Marcelo Cerruolo is not an isolated one. A study done recently of one poor section of Buenos Aires found, that of 48,000 intoxicated children and adolescents, (representing 70% of the youth population of the Ciudadela Norte area), 65% consumed alcohol and inhalants, 25% smoked marijuana, and the 10% remaining consumed psychopharmacological drugs.

The “drugs of poverty” consumed by these children are glue and other combustible substances, which can be purchased at the local drugstore or bookstore, or the corner newspaper stand. In Buenos Aires, a significant degree of street crime—assaults on pedestrians, shops, and cars—is committed by the “poxi gangs”: bands of poor youth who daily inhale these substances.

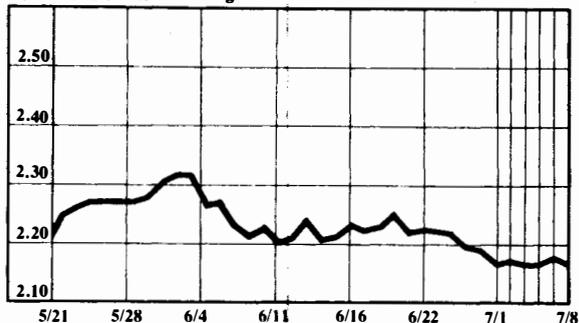
Dr. Cagliotti has documented the devastating effect which glue inhalation has on the body’s vital organs, producing severe respiratory ailments, weight loss, intestinal hemorrhaging, change in blood pressure, and psychosis, among other things. Death from overdose of glue is not uncommon.

In recent international conferences, authorities have pointed out that Argentina is quickly entering the category of countries like Colombia or Mexico, where 10 children per day die from glue inhalation.

## Currency Rates

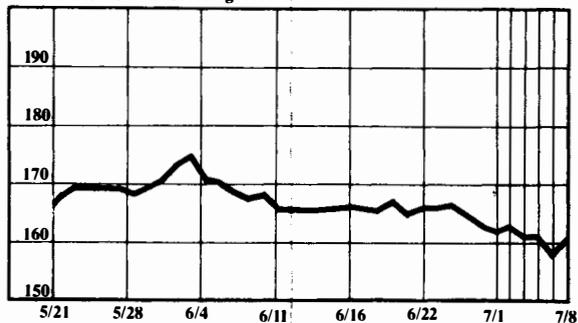
### The dollar in deutschmarks

New York late afternoon fixing



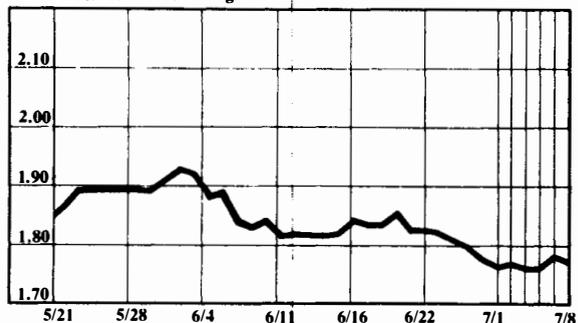
### The dollar in yen

New York late afternoon fixing



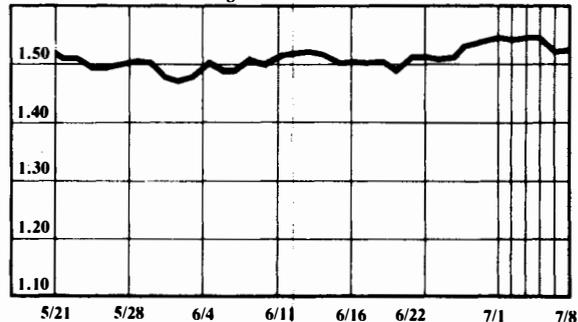
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### Drug mafia descends on Brazil

*The country is turning into a huge cocaine warehouse—especially in the areas of the Thurn und Taxis holdings.*

**B**razil has become a vast cocaine depository, where the drug is refined, packaged, and ultimately shipped off to Europe and the United States, according to the June 17 admission of Brazil's federal police director, Romeo Tuma, after having cracked an important link of the so-called Belgian connection. During the past year, cocaine shipments from Brazil have numbered in the hundreds.

On June 13, Rio de Janeiro police intercepted a shipment of 100 kilograms of pure cocaine, destined for Belgium and France. The shipment, well camouflaged, had a duly authorized export bill of lading from the government's foreign trade agency, CA-CEX. The individuals arrested in that drug bust, including the chief of the operation, one Edgar Barde, are part of the Sicilian network of mafioso Tommaso Buscetta, according to the police. The band also had in its possession a vast number of weapons and ammunition, all from Armed Forces' arsenals.

Edgar Barde launched his career in Switzerland, where he established an antique store which served as a front for exporting Far East heroin to the United States. His financial investments were concentrated in Switzerland and Texas, where he possessed bank deposits in dollars and diamonds.

In following the trail of criminal activities of this international drug-trafficking network, investigators have uncovered the fact that Brazil has become an alternative contraband route

to the original Peru-Mexico trafficking paths. Given the current conflicts in Central America, explained federal police chief Tuma, Brazil offers the drug mafia a more secure trafficking route.

At the present time, coca paste is brought to Brazil primarily from Bolivia, and to a lesser extent from Peru and Ecuador. The paste is refined in giant underground laboratories located in Rio de Janeiro, Sao Paulo, Mato Grosso, and Mato Grosso do Sul, and then smuggled into Miami, Paris, and Belgium.

One important reason that Brazil has become an international center of the cocaine trade is that ether, an indispensable chemical for the refining of coca paste into cocaine, is readily available in Brazil. The chemical is not produced in Colombia, Bolivia, or Peru, and its import into those countries is now carefully monitored.

According to reports published in the *Jornal do Brasil*, of Feb. 19, the mafia operates with total impunity in the states of Mato Grosso and Mato Grosso do Sul, thanks to the complicity of police officials there. Such was the case of the security secretary of Mato Grosso, who in February of this year was accused of involvement in cocaine trafficking and consumption.

In addition, Mato Grosso do Sul is a region controlled by the large landholders, a number of them known to be involved in the drug trade. In April, the federal police discovered that three giant cattle ranches, a major pharmaceuticals distributor, and an elegant

mansion in Mato Grosso do Sul served as the infrastructure for an international ring of drug traffickers. Not accidentally, it is also in Mato Grosso do Sul where the European oligarchic family Thurn und Taxis owns vast tracts of land.

Brazilian police estimate that during the past year, the international drug mafia moved at least six tons of pure cocaine through Brazil, and that figure is expected to be surpassed in 1986.

The cocaine trade has become one of Brazil's most lucrative businesses. "Perspectives of invoicing and marketing are \$1 billion a year, a figure substantially larger than the amount moved by the great majority of the country's private businesses," said a federal police spokesman to the daily *O Globo* June 22.

Another, more fundamental reason for why the international drug-trafficking mafia is making itself at home in Brazil is the fact that the financial elites of Dope, Inc. are now establishing their banking operations there. After 12 years of patient waiting, the Hong Kong & Shanghai Bank has succeeded in emerging from a mere representative office to full entrance into the financial speculative market in Brazil, with the creation of its HKB Distributor of Titles and Property Values.

Enormous ads in Brazil's newspapers and magazines heralded its triumphal arrival. "Brazil is going to know one of the world's largest financial groups," say the ads, which neglect to mention that Brazil is now also going to know the world's largest drug-money laundry. As the book by an *EIR* investigating team, *Dope, Inc.*, has documented, the Hong Kong & Shanghai Bank has functioned since its creation during Britain's Opium Wars as a central bank for liquidating Far Eastern transactions on the opium and heroin black market.

## Drug money leverages drug money

*What is happening in the equity markets bears an eerie resemblance to events of the 1920s and early 1930s.*

**T**he world depression of the 1930s began in Germany in 1928, before the 1929 stock-market crash, and, in fact, as a result of the stock market bubble. Margin loans to stock speculators, with interest rates reaching 12% in 1929, became the single most profitable form of lending in the world. Brokers accepted 10¢ on the dollar for stock purchasers, and lent speculators the remainder. The New York stock bubble sucked cash out of the rest of the world. The small trickle of funds that Germany, Austria, and the Eastern European losers of World War I had obtained from the international banks turned into a leak outwards. The stock market crash only made matters worse, and the global banking collapse began in Austria and Germany in 1931.

That is why some financial observers warn that the reorganization of the London Stock Exchange, the "Big Bang" scheduled for next Oct. 27, might trigger a global financial crash. The post-1929 regulation of U.S. securities markets, starting with the 1934 founding of the Securities and Exchange Commission, gave way in the last three years to the "global marketplace," with a degree of speculative leverage that would have given pause to the most dedicated bulls of 1929.

"What scares me most is what I term, 'creative lending,'" one European equities specialist said July 9. "Merrill Lynch does it, Amex International, Salomon, Crédit Suisse First Boston. We are all in it. Say, for example, South America flight capital. There's so much drug money there.

We try to screen, but I'm sure there's dirty money coming in.

"This money is then leveraged to the hilt. Say someone comes into one of our offices in South America with \$100,000. We then do what we call 'gearing'—his \$100,000 buys equities or securities worth \$600,000 face value. We lend him the other \$500,000. We then sell notes [on the Euromarket] to cover that and collect the profit on the higher interest rates. This is today the biggest source of new business in the world. As long as we know when to get out, we are holding all the cards. The fees we charge our clients for this business, I tell you, are incredible. We gouge our clients. . . . And some people would kill to get a piece of this business because it's so profitable. I don't want to paint a picture that we deal in dirty money, but I'm sure that there's some dirty money coming in. But this business really scares me. There's a lot of wild things going on out there."

In other words, the dope trafficker of today has stepped into the shoes of the speculator of 1929—no surprise, since the \$500 billion annual narcotics traffic is the world's single largest source of ready cash. Through offshore branches of the major brokerage houses, he buys securities for 1/6 of their value—even though U.S. Securities and Exchange Commission rules demand that stock purchasers put down at least 50% of the value of stocks they purchase.

The brokerage houses charge the dope trafficker a high interest rate for

these loans, but obtain funds at a lower rate, by issuing securities on the Eurobond market. However, 80% of all Eurobond sales are to numbered Swiss bank accounts and anonymous trust accounts. Eurobonds are "bearer," i.e., unregistered paper, favored by international dirty money. Most of the funds Merrill Lynch raises to fund margin purchases by one drug trafficker come from other drug traffickers.

"The real thing now driving these markets is all this insane 'options' business," added the chief of the equities division at a London merchant bank. "Not just stock options, but index options, futures options, options on options. It's insane. Where the 1929 Black Friday was triggered by margin problems, if we have a crash today, we could say it was triggered by this options insanity."

For those speculators without large amounts of dirty money to invest, the commodities and options market permits them to speculate for a downpayment worth a few percentage points of the value of the shares they purchase. The London banker cited notes that it is now possible to write an option to buy or sell the future value of a contract linked to the price of the *Standard & Poors* stock market index, representing a degree of leverage unknown in 1929.

What is most remarkable is that the largest source of funds for actual purchase of stock shares—after all of the futures and options contracts have cleared—is offshore dirty money. During the last half of 1985, major corporations made net purchases of about \$50 billion in equity in the U.S. stock markets, in the process of mergers and acquisitions. During the first quarter of 1986, their purchases fell off to "only" \$11 billion. Nonetheless, the market continued to climb, as dirty money washed in.

## The oil belt leads the nation down

*The toll from the collapse in the oil price is only beginning to show up in the Texas economic disaster.*

**I**nternational crude oil prices fell sharply July 8, with trades confirmed as low as \$5.50 a barrel for Kuwaiti crude. Saudi Arabian Light, once OPEC's benchmark crude, traded at \$8 a barrel. Normally both the Kuwaiti and the Saudi Arabian light are sold for about the same price as U.S. grades. North Sea Brent traded at \$9.60 and \$9.80 a barrel, and closed July 9 at \$9.65 per barrel. Significantly, the North Sea price did not move in response to a report of slightly lower U.S. gasoline inventories, released July 9 by the American Petroleum Institute.

EIR's forecast of oil well below \$10 per barrel during the summer appears to be borne out. The consequences for America's oil belt—which do not yet reflect the latest ratchet-decline of oil prices—already amount to a disintegration of that region's economic and social fabric.

The Texas unemployment rate hit a record 10.5% in June, breaking the record of 9.6% set the previous month. Texas has the highest rate among the 11 most populous states, followed by Michigan, with 9.4%. Due to the collapse of oil prices, "every sector is showing some sign of weakening," according to Bryan Richey, regional commissioner of the Bureau of Labor Statistics in Dallas; he said the problems in Texas are "deep-seated and pervasive," and appear to be "outside of the immediate control of anyone." Richey cited troubles in energy and agriculture, and troubles along the Mexican border, as the principal fac-

tors in the slowdown. "It's a very dynamic set of circumstances," he said. "What we're seeing here is a set of problems affecting the state's economy, and they're growing. It doesn't just end in the oil patch. It goes beyond that point." The unemployment rate for Houston hit a record 10.7% in June.

Texas State Comptroller Bob Bullock, who recently forced a special legislative session with his estimate that the state's budget deficit would reach \$2.3 billion, has now predicted that the deficit will be "substantially higher" than that figure. "A skyrocketing unemployment rate will be one key factor moving the state's budget deficit well above the current \$2.3 billion," Bullock said. "Workers without jobs and paychecks reduce economic activity and taxes." Bullock said, "We expect to finish a new revenue estimate before Aug. 1, and, frankly, none of the indicators contain an ounce of good news. I'm not going to second-guess the exact number we'll be facing at the end of the month, but with deteriorating conditions in the Texas economy, it will be substantially higher than the current estimate."

Bullock also reported the first week in July: "We see a small net out-migration of Texas to other states this year. . . . Obviously, when there are no jobs, people will not stay here, and today there are no jobs if you look at the overall picture."

Earlier, EIR reported that the lending collapse of Texas banks had been large enough to outweigh all other in-

creases in lending nationally, producing the first absolute decline in bank lending since 1974, and the second since the close of World War II. The collapse of municipal budgets in the oil-belt, in turn, merely leads the contraction of municipal revenues across the country.

A 660-city survey by the National League of Cities (NLC) reveals that more than half the cities and towns across the country expect to end their budget year in the red. "Wherever you care to look, it is clear that the belt has been tightened to its limit as far as municipal budgets are concerned. It's no longer a matter of cutting corners or trimming fat—the knife is now cutting the bone and slicing into the vital muscle and sinews that make our cities work," says NLC executive director Alan Beals.

Texas and Louisiana cities, he adds, face an extra burden from the oil price collapse, and have been forced to take drastic actions to stay in the black. He cited Houston's 3% employee pay cut, a similar 1-5% cut in Dallas, and the prospect of 1,000 city-employee layoffs in New Orleans. Before the cuts, he said, Houston was facing a \$76 million shortfall and Dallas a \$47 million shortfall. The austerity cuts are "the only flexibility these cities have," he said.

The city of Houston ended its fiscal year by laying off the first 81 of up to 770 city employees; 150 people were scheduled to be laid off June 30, but 66 found jobs elsewhere on the city payroll. Some city-licensed vocational nurses will now be court clerks, while other employees will become police dispatchers, airport laborers, or water and sewer workers. Houston Mayor Kathy Whitmire still plans to lay off 403 people by Aug. 30, but has postponed the remaining 367 layoffs until the City Council approves a budget.

## Funny money for farmers

*It may be insane, but if it's good for the food cartel, it's Department of Agriculture policy.*

**Y**ou probably thought the U.S. Department of Agriculture's PIK (Payment in Kind) program in 1983 was crazy. Farmers who idled land received title to commodities they didn't grow. Now you may think that the 1986 dairy herd buy-out program is crazy—where farmers eliminate their milk herds in exchange for payment for the milk they don't produce. Well, you ain't seen nothin' yet.

For the first time ever, the U.S. Department of Agriculture has started issuing "generic crop certificates" to farmers in payment for various crops they agree not to produce. The farmers, in desperate need of cash, can sell this "funny money" to get real money. The purchaser can then hold the certificates, or cash them in with the government for any of the government's "program crops"—wheat, corn, honey, cheese, whatever. In fact, there is a USDA "catalogue" of what is in stock.

Who benefits from this USDA innovation? Who ever benefits from any USDA program? The international food-cartel companies—Cargill, Continental, Bunge, Louis Dreyfus, André (Garnac), ADM, etc. This provides them, as the main purchasers of the funny money, with a mechanism to tighten their grip over the shrinking U.S. food supply.

The USDA does not represent the matter in this light, of course. In the words of one USDA spokesman: "The certificates are just 'a new currency.'"

Here's how the game works—as far as anyone can tell, including the wizards at the USDA. First, begin with the understanding that the federal gov-

ernment is broke (except when it comes to paying its own debt service). However, government policy under the new farm law, "The Food Security Act of 1985," is to drastically reduce food output. Therefore, early this year, farmers were asked to sign up to take large amounts of their cropland out of production, in exchange for large financial payments—payable in part in generic crop certificates. For example, corn growers who agree to take 50% or more of their land out of production are to receive 90% of the value of that unproduced crop (valued at the September 1 market price). In addition, they are to receive some of that payment in advance of harvest-time, in generic certificates. A similar procedure exists for other crops.

Depending on how much land the farmer removes from production, the value is noted differently on the certificates. They can range from, for example, \$10 to \$10,000 a certificate. They are filled out locally by the county office of the Agriculture Soil Conservation Service, which is overseen nationally by none other than USDA undersecretary in charge of international commodities and domestic cropland, Daniel Amstutz, the 25-year Cargill executive who established the company's Swiss office in 1954.

Thus does the fox guard the henhouse. The certificates—whose total value in circulation is not available at this time—are redeemable in crops from government-approved storage, loan, and "surplus" programs. But most farmers need cash. So they sell them.

At present, certificates are going

for about 105% of their face value. Cargill and other cartel companies are soaking them up like sponges. The companies advertise in farm region newspapers, to acquire them directly from farmers.

Farmers are also selling their certificates at local feed or storage centers, for about 104% of face value. The certificates are then passed along, at a higher point or two, to the same cartel companies.

The certificates are not only issued to farmers who signed up for the cropland set-aside programs this year, but to farmers who signed up in the Conservation Reserve Program, mandated by the new farm law. Under this plan, the farmer agrees to take land out of food production for at least 10 years. As of Oct. 1, he will start receiving generic certificates.

There is also discussion taking place at the USDA on using the certificates to pay dairy farmers in the dairy-herd termination program.

Even without exact numbers, you can see how the USDA's brilliant "new currency" will have the result of depleting national food stocks, while at the same time preventing food production. The rationalization offered for this by Congress and the administration is that, less food will bring higher prices for the farmers—the miracle of the "free market." However, this leaves out the existence of the food cartels, for whom the generic certificates work to provide even more leverage over food supplies here and abroad.

Cargill, for example, can assemble millions of dollars worth of certificates from farmers who set aside all kinds of land—land for rice, cotton, wheat, corn—and then, at any time, in any location, the USDA will be obliged to redeem the certificates in whatever crop Cargill wants.

## Vaccine-preventable diseases return

*Measles, whooping cough, and polio are on the rise, thanks to the "free market" approach to public health.*

**A**mid the tumult and shouting over AIDS, especially since the certification of the Acquired Immune Deficiency Disease Initiative statute on the California ballot, another ominous threat to public health is becoming evident. This is the comeback of a number of vaccination preventable diseases, such as measles and whooping cough, in the United States and a number of other Western countries.

The most striking example is whooping cough, which has doubled over the last three years, from 1,895 cases in 1982 to 3,275 cases in 1985. So far this year there have been 1,223 cases compared to 807 reported at this time last year. This situation has come about as a result of a combination of factors which exemplify the effect of the "free market" approach to public health.

The most significant of these factors is a series of lawsuits against manufacturers of the Diphtheria-Pertussis-Tetanus (DPT) vaccine, which have driven all but one manufacturer, Lederle Laboratories of Wayne, New Jersey, out of the market. Lederle announced this June that it was raising the price of the vaccine to \$11.40 a shot! This compares with a price of \$0.45 in 1982, \$0.65 in 1983, \$0.98 in 1984, and \$2.80 in 1985. Over this same period of time, the Centers for Disease Control (CDC) budget for purchase of vaccines for distribution to state and local health departments has remained unchanged at approximately \$40 million a year.

In addition to the problem of

shortage of the vaccine is the fear of rare, but severe and sometimes fatal side effects. This has led many parents to refuse to have their children inoculated and has provided a basis for a resurgence of various and sundry anti-vaccination groups here and abroad. The consequences of this fear have been tragic. Japan banned the vaccine for two months, after two children died from side effects in 1974 and 1975. As a result many parents refused to inoculate their children after the ban was lifted, and from 1977 to 1979, 28,000 Japanese children developed whooping cough and 93 died of the disease. By comparison, Japan reported only 1,024 cases and 6 deaths between 1972 and 1974. Similarly, in Britain between 1977 and 1979, there were over 100,000 cases and 36 deaths from pertussis (whooping cough) after television broadcasts about side effects.

Measles is another preventable disease, which is now on the increase. This disease which used to affect 500,000 to 800,000 persons a year and which left a number of them deaf and brain damaged, had declined sharply after the licensing of an effective vaccine in 1963. In 1983 the number of cases had declined to 1,497. Since that time there has been a steady increase from 2,587 cases in 1984 to 2,813 cases in 1985 and, as of June 14, 1986, 3,340 had already been reported this year, an increase of over 50% from last year!

Another vaccine which has been the subject of numerous lawsuits is the

live poliovirus vaccine. In this case the problem has been cases of polio caused by the vaccine itself. These cases were the first large suits against vaccine manufacturers, predating the subsequent suits against other vaccines.

The common denominator of suits against these and other vaccines is in fact the success of vaccination for these diseases. The success of vaccination for polio, for example, has made the small number of vaccine-associated cases unacceptable precisely because they represent almost all, if not all, new cases of paralytic polio arising in the United States since 1972.

The real problem is the present "free market" approach to health care, which has succeeded in making vaccination, which has to be the most cost-effective health care practice in terms of benefit/risk ratio, economically unfeasible. This has been accomplished by the same "quality control by litigation" philosophy which has driven medical costs through the roof, while enriching malpractice lawyers. All that is required is a couple of six or seven figure liability awards to raise vaccine costs to a point at which mass vaccination ceases to be a viable approach to protecting the nation's health.

The rare side effects of the pertussis vaccine can be reduced by an improved vaccine, available in Japan, but not in the United States. The problems of vaccine-caused polio could be eliminated by the use of killed vaccine, which is just as effective as the live vaccine for routine immunization and carries none of the risks of causing the disease it was supposed to prevent. All of the so-called vaccine problems are eminently manageable by a society which is committed to a rational concept of public health. It takes the "magic of the marketplace" to change one of the greatest benefits of medical science into a liability.

# Business Briefs

## Industry

### Japanese leader rips monetarist policies

Akio Morita, chairman of Sony Corporation, told the private Zurich monetary meeting of leading central and private bankers on June 30 that their policies of monetarism and speculation have destroyed possibilities for industry worldwide.

"In my 40 years as a scientist at Sony, I have never consulted my banker as to what or how I should produce any product. I am an industrialist. But the situation today with interest rates, exchange fluctuations and such is that industry is run by financiers, not by industrialists.

"Industrialists must play the money speculation game today to stay afloat. . . . They are forced to buy and sell companies just like they were any other commodity. How can industry be strong under such circumstances? Industry is, after all, the foundation of economy.

"Unless industry and industrialists are revitalized, there can be no growth."

## Real Estate

### Houston leads the way down

A recent study by Houston real-estate researcher William D. Berry showed that 72 office buildings are currently vacant in Houston, some of them major office towers. The largest vacant building is the 34-story Phoenix Tower, a 631,000-square-foot tower completed in 1984 but never occupied.

There are two 471,000-square-foot buildings vacant: One housed a research facility for Gulf Oil that was closed after Chevron took over Gulf, and the other is the former southwest regional headquarters of Prudential. Other vacant buildings have square footage of: 221,000; 175,000; 160,000; 148,000; 142,000.

Still under construction, but with little

or no advance leasing, are the 53-story, Heritage Plaza Tower, with 1.2 million square feet, and two office buildings with 360,000 and 280,000 square feet of space. The overall commercial vacancy rate is 26.8%, including complete and incomplete downtown and suburban buildings, according to the survey.

Yet, the Salomon Brothers investment house predicts that Houston real estate values will drop another 20-30% before they hit bottom. "Paneloads of investors would be coming to Houston if we had a 30% decline in our real estate prices on top of what we've already had since the early 1980s," said J. Fred Baca, publisher of the *Baca Report* real estate newsletter. "Nobody is expecting a dramatic increase in the price of oil," said one researcher, referring to Salomon's statement that there is a "strong belief" in Houston that "oil will again reach \$30 per barrel and [Houston] will resume the growth path of the 1970s."

Barton Smith, director of the University of Houston's Center for Public Policy, said, "It's oversimplification to talk about a 20% to 30% drop across-the-board. You can't talk about Houston real estate in homogeneous terms. The residential market has already hit bottom . . . but commercial real estate . . . has a way to fall."

## Space

### Europe could become space power in 2000

Europe should become a space power of the 21st century and West Germany especially should engage in more spaceflight, concludes a report published June 24 by a task force of the German Foreign Policy Association.

The proposed European space program includes development of a space station, launcher capabilities (Ariane 5, Hermes, and air-breathing vehicles), and capabilities for Earth surveillance and military purposes. At the same time, a concept of a new space transport system was presented to the West German Research Minister Riesenhuber: the

space glider *Sänger*, a fully reusable two-stage vehicle for transport into earth-orbit.

The space glider is being developed by the German Institute for Experimental Air and Space Travel and engineers from the Munich company MBB. The basic concept, originally developed in 1943 and later refined in 1960 to 1963 by space-pioneer Eugen Sänger, was one inspiration for the U.S. Shuttle design.

## Food

### Vitamin deficiency blinds a million children

Approximately one million children under the age of six in Bangladesh are blind because of a disease caused by a vitamin deficiency, a Bangladeshi health ministry report released in early July said.

The report said that most of the children suffer from Xerophthalmia, which is caused by the lack of vitamin A. A separate report by Helen Keller International, an independent group, said at least 30,000 children lose their eyesight each year through nutritional weakness. Both reports said the disease was most prevalent in poverty-stricken rural areas. Health Minister M.A. Matin said at least 50% could be cured by increased vitamin intake.

## South Africa

### Thatcher: 'What's moral about sanctions?'

British Prime Minister Margaret Thatcher again lashed out at her critics on the South African sanctions issue, this time in a London interview with two Toronto correspondents, published in Canada on July 8.

Sanctions would damage "the most successful economy in the whole of Africa," she said. Thatcher, due to arrive in Vancouver on July 11, said those who embrace the

"symbols and emotions" of sanctions are a serious threat to the well-being of the black majority.

"What's moral about deliberately and willfully depriving many black people—and whites and coloreds—of the living they are honestly gaining?" she asked, insisting the economy has to be preserved so that "when apartheid is over, all the people of South Africa can inherit a decent economy."

### **International Trade**

## **Ibero-American nations to form common market**

On July 28, Brazilian President José Sarney will sign an unprecedented economic agreement in Buenos Aires, Argentina. The agreement will include a customs union, and is aimed to increase trade between Brazil and Argentina from last year's \$200 million annually to \$1.4 billion by 1990.

Brazil plans to sign a similar bilateral agreement with Uruguay in August. The Rio daily *O Globo* commented July 6, that Uruguay "is part of the apex of the triangle to build the Latin American Common Market."

Argentine President Raúl Alfonsín gave a speech July 5 in which he said Latin American integration is the only way to overcome an "absurd discrimination that we face in foreign trade because the more developed countries have policies to prevent our development and seek to keep us in stagnation."

### **Oil**

## **Price predictions promise more declines**

The recent collapse of oil prices again to \$10 a barrel, has unleashed expectations of a drop to new lows. A spokesman for Petroleum Argus in London told *EIR* on July 7, "The prospect, at least in the short-term, is bleak. The Russians are an increasing fac-

tor, the Norwegians and U.K. OPEC is nowhere near any accord. The effect of the latest round of global overproduction will hit the markets about September. Prices could easily go down to \$8/barrel."

Swiss and London banking sources both project that the oil collapse could finally topple the world financial bubble, which has been held up by currency manipulations and the like. One analyst reported that we can expect the oil price to collapse 20¢ a barrel every day, for the next two months.

In early July, prices were as low as \$5.50 a barrel for Kuwaiti crude. Saudi Arabian Light, once OPEC's benchmark crude, traded at \$8 a barrel. Normally both the Kuwaiti and the Saudi Arabian light are sold for about the same price as U.S. grades. North Sea Brent traded at \$9.60 and \$9.80 a barrel. West Texas Intermediate, the U.S. benchmark crude traded at \$11 a barrel.

### **Pandemics**

## **Insect vectors confirmed for AIDS**

Two researchers from the South African National Virology Institute have demonstrated that bedbugs carry the AIDS virus.

Entomologist Peter Jupp and virologist Sue Lyons have, for the first time, determined that an insect feeding on human blood could transmit the disease, the French daily *Quotidien de Paris* reported on July 5-6.

Preliminary research has established that the virus from contaminated blood survived a few hours when the blood was ingurgitated by a bedbug. This discovery indicates that the insect could contaminate a healthy individual bitten some hours after the contaminated blood was taken by the insect biting a sick individual.

The two researchers also noted that a greater portion of developing-sector children are infected with the HTLV-III/LAV virus than in developed countries, and that this indicated that "the disease could be transmitted in other ways than simply through sexual contacts," *Quotidien* concluded.

# Briefly

● **NEW ORDERS** for the West German engineering industry are down for the March-May period, continuing the recent negative trend. According to the West German engineering industry association VDMA, new foreign orders for the entire industry were down a full 17% from the same period in 1985.

● **A MINI COMPUTER** developed by Soviet scientists is capable of performing up to 1 billion operations per second, or 50% more than comparable U.S. models, TASS announced on July 8. A new state committee to oversee the development of computer technology was established in March.

● **GOVERNOR WHITE** of Texas has renewed his call for an oil-import tariff. "Saudi Arabia is tightening the noose around our industry. . . . World oil prices are down. . . . Domestic production is off. The impact is being felt in related sectors. There's one solution to the problem and I think more people in Texas and across the nation are recognizing the need now for a variable tariff on imported oil."

● **PHILIPPINES** Finance Minister Solita Monsop Collas was in Peru in early July on a private mission for President Aquino to study Peruvian and Mexican debt policies. Collas told Peruvian Vice-Minister Gustavo Saberbein that the difference between Mexico and Peru is that the first can't pay and discretely does not, while Peru proclaims it with audacity, which could bring problems. Saberbein replied that the real difference is that Peru has a debt under \$20 billion, while Mexico's debt is just under \$100 billion.

● **CHINA'S** first domestic satellite network is now operating, and officials say it should be a major boost to modernization efforts, the New China News Agency said in early July. "This is a great step forward in the modernization of China's communications system," Vice Premier Li Peng stated at a ceremony in Peking.

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## Livermore Laboratory vindicated on x-ray laser

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*The campaign to prove that the laboratory's extraordinary successes were a fraud, has been blown out of the water by a new government report. Carol White reports.*

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As we reported in the May 30 issue of this magazine, a very nasty smear campaign has been conducted against Lawrence Livermore Laboratory, as part of the ongoing effort by the pro-Soviet lobby in the United States to wreck U.S. defense capabilities. In June, the U.S. General Accounting Office (GAO) released a report clearing the laboratory of charges that it had deliberately attempted to defraud the government, by exaggerating claims for its x-ray laser experiment.

The laboratory was accused, by both the *Los Angeles Times* and *Science* magazine, of falsifying its startling success in focusing nuclear-pumped x-ray lasers. Their attack followed upon an article which appeared in the *New York Times* in November 1985, in which science correspondent William Broad leaked the news of the Livermore results.

In response to the *Los Angeles Times* allegations, Reps. Edward Markey (D-Mass.) and Bill Green (R-N.Y.) requested that the Department of Energy look into the matter. The DOE report clearing the laboratory of charges, was then submitted to the GAO for further review, to make doubly sure that the laboratory was not involved in a fraudulent attempt to gain funding.

From a certain point of view, the furor about the results was understandable, since they showed an amazing ability to focus lased x-ray beams. These results refuted once and for all the claims by incompetent critics of the Strategic Defense Initiative (SDI)—notably the congressional Office of Technology Assessment—that the x-ray laser would never work.

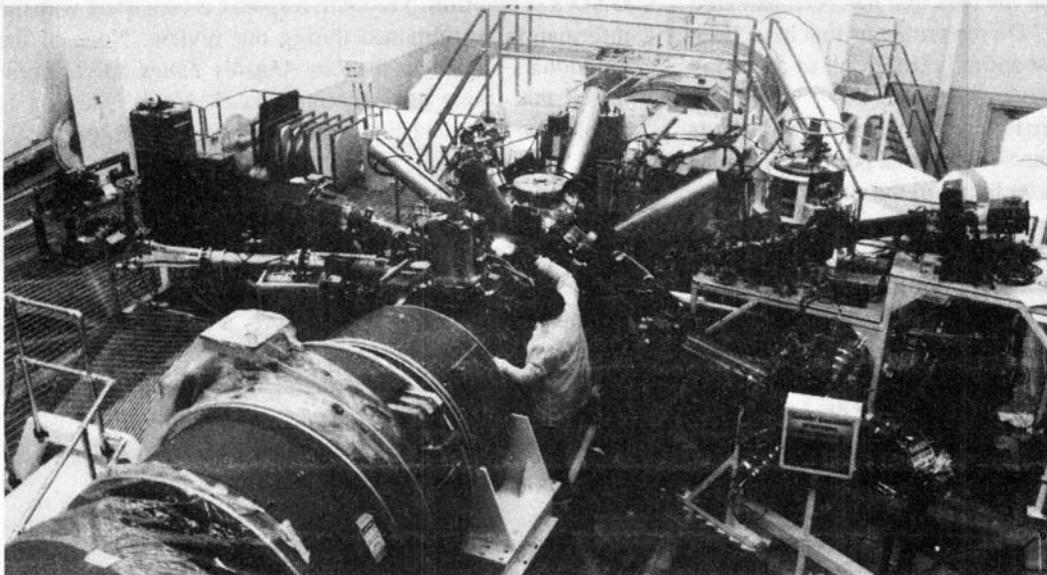
Ironically, it was the very success of the experiment which provided the pretext for the attacks upon Livermore. Such an intense lased beam was created, that the diagnostic instrumentation could not properly measure it. Follow-up tests confirmed the impressive results, as Dr. Edward Teller reported to the Senate on May 9 of this year.

As *EIR*'s Charles Stevens wrote at that time: "Teller explained that U.S. experiments have shown that the nuclear powered x-ray laser, whose principle 'is established,' can be designed to send a beam a thousand miles with a spread of no more than five feet. This degree of focusing, which is thousands of times better than what SDI critics have claimed to be physically possible, means that a single x-ray laser device could destroy upwards of tens of thousands of nuclear warheads and missiles at any state of their trajectory."

Teller also confirmed the earlier statements by SDI Director Lt.-Gen. James Abrahamson, that the Soviet Union was between two and five years ahead of the United States in developing the x-ray laser. A side feature of the GAO report, is the admission that in the United States work on the nuclear-pumped x-ray laser is being hampered by strictures limiting the ABM defense system development to non-nuclear missile kills. As a result, work on the x-ray laser, despite the extreme promise of the results, is being mandated to "assess the potential of Soviet nuclear directed-energy work," rather than to give the United States this capability.

The whole tenor of Markey and Green's questions, is to reproduce press slanders against the SDI, and in particular the x-ray laser program. By raising the red herring of fraud on the part of the national laboratories, they are hampering the work of the labs, already starved of necessary funds.

Clearly, the x-ray laser is an essential part of an effective SDI configuration, but the reality is that the program is being held back by a combined operation. On the one hand, kinetic-energy-weapons development is absorbing the majority of funds available to the SDI, despite the fact that missile ABM systems have, at best, a limited application as point-defense weapons. On the other hand, President Reagan has placed the directed-energy-weapons side of the program in a str-



*The Novette laser at Lawrence Livermore National Laboratory was used for the experiments which yielded a startling ability to focus lased x-ray beams.*

Lawrence Livermore

it jacket, with the stricture that only non-nuclear ABM devices will be developed under the SDI.

It would be more appropriate to subject the pro-Soviet lobby on U.S. defense policy to investigation, than wasting the taxpayers' money and scientists' time by answering their false charges. The real fraud is the attempt by congressmen and the media to cover up the fact that the Soviets are vigorously pursuing their own anti-ballistic missile defense program, at the same time that they are using every means to persuade the United States to abandon the SDI.

*We feel that it is a useful service to our readers to reproduce extensive excerpts from the GAO report, even though this version is an abridgment from a longer non-classified version. The report is addressed to Samuel Stratton, chairman, Subcommittee on Procurement and Military Nuclear Affairs, Committee on Armed Services, House of Representatives:*

This briefing report responds to your May 14, 1986, request that we review the Department of Energy's (DOE's) answers to a series of questions raised by Representatives Edward Markey and Bill Green about the x-ray laser program which DOE is conducting for the Department of Defense's (DOD's) Strategic Defense Initiative Organization (SDIO). Many of these questions resulted from press reports, especially a November 12, 1985, *Los Angeles Times* article. During the period from December 1985 to April 1986, we reviewed selected aspects of the program to answer these same questions at the request of Representatives Edward Markey and Bill Green.

We provided a detailed classified briefing on the results of our review to Representatives Edward Markey and Bill Green on April 10, 1986. We also provided you and Representative Marjorie Holt with the same briefing on May 14, 1986.

Essentially, we found the x-ray laser program is a re-

search program with many unresolved issues. In our opinion, there was no "design flaw" in the diagnostic instrumentation as mentioned in the *Los Angeles Times* article. However, analysis of test data by Lawrence Livermore National Laboratory (LLNL) scientists raised questions about the accuracy of some experimental data. As a result, some diagnostic equipment was reconfigured. These unexpected measurement uncertainties are now much better understood. In our opinion, there was no need to delay the latest x-ray laser nuclear test. We also found that the x-ray laser program was not being arbitrarily accelerated. No tests in the atmosphere or space of the nuclear explosive driven x-ray laser are envisioned, according to LLNL officials.

Our evaluation of DOE's answers to the questions is included in the appendix. The answers that DOE provided to your Subcommittee are generally consistent with what we found during our review of selected aspects of the x-ray laser program. Classification restrictions limit the amount of detailed information we can present in this unclassified briefing report.

We performed our work at DOD's SDIO and at DOE's Office of Military Applications, LLNL, Los Alamos National Laboratory (LANL), and Sandia National Laboratories (SNL). Also, we contacted members of the JASON group, which advises DOD and DOE on national defense scientific and technical issues. Our evaluation was based on a review of various x-ray laser program documents, reports, letters, and memorandums, as well as interviews with program managers, scientists, and reviewers. Most of our work was performed at LLNL. . . .

## Answers to questions by Markey and Green

**Question 1:** How is the performance of the x-ray laser measured, and what is the nature of the design flaw that has been identified in the device mentioned in the press account? What

effect does the flaw have on the data that has been gathered on the x-ray laser program? Do the problems that have been identified relate only to last spring's test or all of the x-ray laser tests that have been conducted to date?

**DOE's response:** There are four properties of the x-ray laser that determine its performance: (a) the total power in the laser beam; (b) the color of the laser light; (c) the size or spreading (divergence) of the laser beam; and (d) when the laser beam turns on and how long it lasts. The measurement of these properties is a difficult task because of the nuclear environment and the high intensity, short timescale of the lasing process. There was no "design flaw" in these experimental measurements. The high intensity laser pulse interacts strongly with the measuring device during the time of observation. A scientific question was how accurately we could make the measurements and, thus, whether the quoted absolute power was correct.

**GAO evaluation:** The DOE response is consistent with the information we obtained during our review. We agree there was no "design flaw" as such, but cannot explain the basis for our conclusion in this unclassified document.

**Question 2:** In addition to the measuring device that has had these problems, examine what other instruments are used to gather data on x-ray laser experiments and explain what kind of information they provide.

**DOE's response:** The color of the laser light is determined by a variety of high-resolution spectrometers. These spectrometers measure the line energy and intensity of the lasing transitions and also measure detailed atomic physics of laser materials. The size of the laser beam is determined by a one-dimensional imaging instrument. The time history of the laser beam is determined by the same diagnostic that measures the total power. This instrument measures the temporal shape of the laser beam, when the laser beam turns on relative to the nuclear pumping source and how long the laser beam lasts.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review.

**Question 3:** The press reports indicate that tests show the x-ray experiment is lasing, but that tests do not provide sufficient information regarding the intensities such devices can achieve. Is this so? Please provide information on the kind of intensities determined to be necessary for the various military applications currently under consideration for an x-ray laser weapon and compare them to other candidate laser systems.

**DOE's response:** There is no controversy over whether x-ray lasing has been observed. The purpose of the ongoing research program is, among other things, to determine what intensities an x-ray laser can achieve.

X-ray lasers have several potential military applications including counterdefense, booster kill, post-boost vehicle kill, reentry vehicle kill and discrimination of reentry vehicle decoys. The technology requirements for each mission are different.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review. None of the individuals named in the *Los Angeles Times* article questioned that lasing has occurred. As shown in Question 1, absolute power calculation inaccuracies occurred in past tests.

**Question 4:** Reports suggest that while there have been some adjustments to the measuring device, further adjustments to the device (that would permit more accurate readings of the laser's intensity) could not have been completed until six months after what the press reports identify as the "Goldstone" test. Is this the case? Provide an assessment of the feasibility of temporarily delaying testing until these technical problems had been resolved.

**DOE's response:** See classified answers.

**GAO's evaluation:** Provided in classified briefing.

**Question 5:** Is it true that the schedule for x-ray laser experiments is going to be accelerated? What is the justification for this acceleration? Provide an assessment of the validity of this justification.

**DOE's response:** Since its inception the x-ray laser program has been operating on a resource-limited basis. Because of the impact a Soviet x-ray laser would have on United States Strategic Defense Initiative (SDI) architectures, the Fletcher Panel strongly recommended acceleration of the x-ray laser program. The only way we have of assessing the potential of Soviet nuclear directed energy work is to conduct such research ourselves. If information on weapon feasibility for the counterdefense mission is to be provided to the Strategic Defense Initiative Organization (SDIO) in a timely fashion, the program must be accelerated.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review. The Fletcher Panel recommended a technology-limited, not a resource-limited, program. The DOD and DOE officials we contacted stated acceleration is needed to provide data to SDIO in a timely manner.

**Question 6:** What is the overall funding for the x-ray laser in FY1986? Please provide a detailed breakdown of the types of activities supported by these funds. Is there a strong scientific and technical basis for accelerating x-ray laser funding at this time?

**DOE's response:** The overall funding of the x-ray laser program and a breakdown of the activities and the amount of funds supported by the program are classified. The basis for accelerating nuclear directed energy weapons (NDEW) research is to assess adversary threat at the earliest possible date.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review.

**Question 7:** We have heard that the SDI Program Office has a program that will provide \$38 million in contracts to the

DOE weapons laboratories. Press reports indicate that these funds are being provided on a "reimbursement basis" for nuclear-related research. Is this so? What exactly will this money be used for? Will it support the x-ray laser program.

**DOE's response:** \$38 million in reimbursable funds are being made available from the SDIO. Of this \$38 million, the LLNL share is \$20 million. These reimbursable funds in the LLNL program will be used in areas of significant and legitimate Department of Defense (DOD) interests. Areas addressed by these funds are: systems analysis studies, weapon platform studies, and acquisition, pointing and tracking systems. These augmented funds potentially help to accelerate a more broadly based x-ray laser program.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review. In fiscal year 1986, \$38.0 million is being provided by the Military Interdepartmental Purchase Request process to be used for matters of interest to the DOD. Of this \$10.0 million is going to LLNL for the x-ray laser program. Only a small portion of the remaining \$18.0, going to LANL and SNL, is earmarked for the x-ray laser program. Detailed explanation of fund usage can not be provided in this unclassified document.

**Question 8:** We have also heard reports that there may be an additional \$62 million available in DOD accounts, either in the SDIO budget or elsewhere, to support additional x-ray laser tests in FY1986. Is this true? Just what will this money be used for? Are these additional funds fully justified?

**DOE's response:** The program is in a state where additional funds can be used to accelerate the rate of technical progress. If the additional \$62 million in funds available from the DOD can be transferred to the DOE, this money could be used to accelerate the rate of testing.

**GAO's evaluation:** The DOE response is consistent with the information we obtained during our review. DOD has proposed a one time \$62.0 million appropriation transfer to be divided between LLNL, LANL, and SNL. The majority of these funds, if approved, will go to LLNL to be used primarily for x-ray laser research. DOD and DOE officials we contacted told us these funds are needed to accelerate the x-ray laser program.

**Question 9:** The attached *Los Angeles Times* article indicates that several classified reviews of the x-ray laser program have called into question earlier claims for the weapon's success. The first of these critiques was issued as far back as August of 1984. According to the article, by last summer scientists from the Los Alamos Laboratory, the Livermore Laboratory, and the Jason group had all identified serious technical problems with this program. Please examine these internal reports and interview the individuals who prepared them. Provide an assessment of these critiques and their implication for further research on the x-ray laser program. Examine whether the officials responsible for managing the x-ray laser program took these criticisms fully into

account in their planning for future research and testing of this device.

**DOE's response:** In all the classified reviews held to date, there has been unanimous opinion that x-ray lasing has been demonstrated. In all the scientific and program reviews, the LLNL staff have used the most current and most accurate information available. Most of the scientific reviews have, in fact, been requested by LLNL in order to provide independent peer review of the results and progress. In all cases, we have accurately conveyed the current status of the x-ray laser program to all levels of government and the scientific community. No major disagreements with LLNL's presentation have been expressed. The outcome of the reviews have, in general, been enthusiastic support for the program as laid out by LLNL. The program management has always used the most current information to plan for the future research and testing of the x-ray laser. Since there is still much to learn about x-ray lasers, there have been changes in the underground tests and their associated experiments to address the physics and systems issues of an x-ray laser weapon. The ongoing internal and external review process has been a normal part of the program planning, and we have always tried to incorporate any suggestions we have received during the review process. We know of no example where a major scientific concern was not fully considered prior to the planning or execution of an under-

**GAO's evaluation:** The limited scope of our review and DOE's use of all inclusive terms does not allow us to express an opinion on the DOE response. However, we have no knowledge about the program that would cause us to question the accuracy of DOE's response based on our review of the x-ray laser program.

We interviewed all the individuals named as reviewers or critics in the *Los Angeles Times* article. These individuals were not outside or independent critics, but were program participants or peer reviewers. As such, they were offering constructive criticism. We also interviewed other individuals we identified as program reviewers.

Overall, the above individuals generally support the current x-ray laser program, but they have identified problems or issues which must be addressed. These issues were, or are, being considered by x-ray laser program managers.

LLNL officials also kept SDIO officials apprised of current program status. Program results were presented at a June 1985 briefing. When some of these results had to be modified, due to the measurement inaccuracies (see Question 1), another briefing was held in July 1985, at which time the revised data was presented.

**Question 10:** What explosive yields have been determined to be necessary for nuclear testing in support of research on the various military applications of an x-ray laser? According to current planning, at what point (if any) would explosive testing in the atmosphere or in space be needed?

**DOE's response:** See classified answers.

**GAO's evaluation:** Provided in classified briefing.

# Weinberger counters anti-SDI lobby

*The secretary of defense likens President Reagan's vision of strategic defense to President Kennedy's space exploration dream.*

On June 23, the U.S. Space Foundation was addressed by Dr. Edward Teller and Defense Secretary Caspar Weinberger. Both endorsed a broad approach to the U.S. space program, supporting the ambitious goals of the National Commission on Space, and both warned of the grave danger of congressional moves to reduce, to below the rate of inflation, the monies made available for development of the Strategic Defense Initiative (SDI). Teller warned that even the Reagan administration's original request for the program, \$5.4 billion, was far too low.

In answer to a question about the state of the Soviet program, Teller said: "The CIA hasn't told me, and what's worse, the CIA doesn't know." He then described the major laser laboratory facility which the Soviets have at Tyuratam, calling it "the kind we cannot have for another few years." "I hope we will have one like it before the end of the decade," he added, "unless the Senate and the House cut back the budget." Teller quipped that we should really call our program the Strategic Defense Response, since it was the Soviets who had initiated the program.

Secretary Weinberger warned, when asked about the effects of a threatened \$3 billion cap on the program, that such a cut "would stimulate a very much larger activity in the Soviet Union, which we would not be able to monitor or measure. They would be quite encouraged by the fact that we were slowing down. . . . It would delay undesirably the time in which we would be able to determine whether and when we can deploy."

*The following are excerpts from Secretary Weinberger's speech at the U.S. Space Foundation on June 23:*

It's just hard to realize that it is just a little over 20 years ago, that President Kennedy seized the imagination of the nation. . . . He didn't really do very much more actually than recognize the obvious, but it did seize the imagination of the nation and the world. And, he said the exploration of space will go ahead whether we join in it or not. We choose to go to the Moon in this decade, and to do the other things, not because they are easy, but because they are hard. And it

seemed so clear to that young President that any effort to chain men forever to the Earth, to deny them access to the vast oceans of space, would surely be doomed.

Man is an explorer, is an adventurer. He is, to put it quite simply, as he should be: very curious. Curious men and women have always looked toward the stars and wondered. They have always asked questions about that infinity. And they have always reflected on their place in the universe. And what made President Kennedy's challenge so compelling was that it really struck so purely at the very core of our nature, as thinking men and women.

America could sit back and debate budgets and question feasibility, and defer decisions, and refer things to expert committees, but you couldn't just spend that time, you couldn't just spend all of our strengths calculating possible commercial spin-offs, or things of that kind. We couldn't really refuse to explore vigorously the unknown reaches of space, and, by definition, to explore them before they were safe to explore, before all of the possible arguments for and against had been exhausted.

Kennedy's message was, don't delude yourself. Others will not hold back. Others will take the risks. Others will spend the money. Others, therefore, will enjoy their rewards, and yes, it will be necessary occasionally to accept the pain of failure in trying to do those things.

Today, we really have another vast challenge set before us. This President is older in years, but he's as young and imaginative in spirit as anyone in this country. President Reagan has challenged us now to find a way to transcend the threat of mutual suicide that is the consequence of the deterrence based on offensive nuclear weapons. He has challenged us to devise a way to rest our security on defense rather than revenge. And he has asked, in short, that through our ingenuity and our technological genius and skills, that we relegate nuclear missiles to the dustbin of history. As in the case of President Kennedy's call to send a man to the Moon, President Reagan's Strategic Defense Initiative will, of course, demand sacrifice. It will, of course, occasionally have failures, as we proceed along the road to success.

But what other alternatives really do exist for us? That's



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*Defense Secretary Caspar Weinberger*

what we should ask, as President Kennedy asked in connection with the original challenge of space. And very much like the challenge of reaching the Moon, President Reagan's challenge to all of us to defend people from nuclear missiles has encountered an endless array of critics and skeptics. . . .

In the aftermath of that Shuttle disaster, a most important and a very little-appreciated thing happened. . . . The American people made clear that they wanted us to continue, and a large factor in that was the President's magnificent and eloquent address the night of that tragedy. On Jan. 30 of this year, which was just shortly after the death of the seven astronauts, polls revealed that 85% of those questioned said they wanted the Shuttle program to continue. In fact, more people consider the Shuttle a good investment today than did in 1981. And a sizeable number of men and women would still volunteer to fly on the Space Shuttle.

This program has very wide and very deep support. And of course I take a personal interest in it, since I was at OMB [the Office of Management and Budget] at one time, and at the time I was there, the Space Shuttle program came up for consideration. This was all the way back in 1971 and '72—in that range. And I think it's fair to say that the staff of OMB was unanimously against the Shuttle program. And we heard all of the arguments that we've heard about so many other

programs and they were all by perfectly reasonable people who had no axe to grind. They didn't want to just kill the program, but were just quite sure that this was something that American should not embark on. And it was overriding those arguments, that I take great pride in now. . . .

So long as we have a space program, the American spirit has a living symbol. And there's no question that the loss of the Challenger has resulted in very significant setbacks in civilian and the defense components of our space program, and we've never tried to hide that and we shouldn't. . . .

One set of reactions to the Space Shuttle tragedy, of course, was completely predictable. . . . what I think was a most unseemly haste, a rush to point out the Challenger failure as an argument that a reliable defense against Soviet missiles is unobtainable. The logic, of course, should be and was lost on many, and they belabored a most obvious truth, that advanced technologies are indeed complicated.

But their criticisms are no more compelling than the array of charges—many of them contradictory—that we have been hearing since March 1983 about the Strategic Defense Initiative, when the President first announced it. Strategic defense, we are told, will be impossible to build, prohibitively expensive, easily overcome by Soviet countermeasures, and destabilizing, and it will create an arms race in space. But I have not yet figured out how it is possible for a technologically infeasible, economically disastrous, easily neutralized military system also to be destabilizing. If it is so unobtainable, why have the Soviets been working so desperately on it for 17 years?

Indeed, you hear very little about the Soviet strategic defense program from our critics. They prefer to ignore it. And what leads them to their "destabilizing" argument is the fact that they don't seem to realize that the Soviets are very well advanced toward achieving what we must achieve, and what I'm confident we can achieve.

Our strategic defense critics have set out on a new course, one that avoids contradictory arguments by avoiding argumentation altogether. We now simply hear that the funding levels are too high and must be cut. I think we should be quite clear about what's going on.

The effort to slash the SDI budget request is nothing more or less than an attempt to strangle the program in its cradle. And the same is true of efforts to define what we may continue to do with respect to SDI. . . . But even with the increases that we think the program requires, even with a budget, as the President submitted it, strategic defense would represent about 1.5% of the total defense budget. The Soviets seem not to heed the cries of skeptics, if cries of skeptics are permitted there, for they spend just as much on strategic defense—including air defense—as they do on strategic offense.

The fact is that the assault on the strategic defense budget is an excuse, really, I think, for avoiding serious thought concerning the strategic problems of our time. It's so much easier not to have to bring any new concept in. And indeed,

one of the problems with strategic defense, is that it repeals the education of so many people who have committed themselves to only one kind of strategic concept. And with the failure of the SALT II accord to do anything but allow a large growth of the Soviet strategic arsenal, and with even that accord regularly violated by the Soviets, we have to consider how we might transform the basis on which we construct and maintain a nuclear balance.

Arms reduction talks must remain a part of our overall strategy for dealing with a very aggressive Soviet Union. We really need arms reduction and we need it very badly, and we have not had agreements that brought it in the past. And negotiations must be integrated into a larger framework that includes our own strategic modernization, conventional deterrence, and vigorous research into strategic defense, with nothing done to ban our ultimate ability to use strategic defense.

We must understand that the SALT II variety of arms control is both obsolete and undesirable. President Reagan has said that we want treaties that result in real reductions in nuclear arms, and not agreements that allow or codify massive Soviet growth. . . .

And now I'd like to deal with another attempt to defeat and ridicule the strategic defense—and that is the claim that there is no unanimous agreement as to its objectives, as to its goals. . . . We believe that a very fundamental part of a more stable nuclear balance, and a far more durable policy of deterrence, will be the advanced technologies that compromise strategic defense. And if our research into this proves fruitful, as I believe that will—stability will be achieved, I think, rather than the systems that we have had to rely on now. And even a partially effective defense of the nation and of the allies would be a powerful deterrent to the Soviet Union, as well as from the maverick nations which also have—and more that will have—nuclear missiles.

Such a system of strategic defense would so complicate Soviet first-strike planning and introduce so much more uncertainty into their calculations, that they would, I think, be deterred from the target. At least, they would have a great deal more to take into consideration. Moreover, it's essential that strategic nuclear deterrence not be based only on the threat of retaliation, which is what we have to do now—a mutual suicide pact of Mutually Assured Destruction. Of course, we continue with that now, because we have nothing else. But that should not prevent creative, inquiring minds, and minds—such as the President's—fully willing to accept challenges to the conventional wisdom, from trying to get something better. And that's what he's doing.

### **A totally new concept**

The objective is very simple: to destroy enemy missiles, and to destroy them as far away from any targets on any point on Earth—preferably outside the Earth's atmosphere—as we can. Ideally, of course, before the warheads have even been

separated from the boosters. The purpose of the President's initiative is not to return to some idea of Mutually Assured Destruction. It is not merely to protect our defensive missiles, or anything of the kind. It is not to protect those, so we can better threaten retaliation. It is a totally new concept; and part, at least, of the confusion that our opponents pretend to find, arises from the fact that it is a new concept, and that people still may talk in terms of targets that would be protected and the missiles that would be protected. But that is not the goal of the system in any sense.

If we can, as we seek to, destroy Soviet missiles before they get into the Earth's atmosphere, then, yes, we can protect our people. And if we can do that, yes, we can protect some other things. But more than that, we can make the missiles obsolete and impotent. It isn't a matter of protecting the sites or protecting points or protecting missiles or protecting a retaliatory capability. It is a matter of destroying Soviet missiles outside the atmosphere of the Earth, before they get near any target. And there is not the slightest confusion about that in the administration; and there is not the slightest misunderstanding about it. And I'm sure that most of our opponents who talk about that—that being a reason for reducing funding—know it perfectly well. . . .

As with the American space program, for which all of you have done so very much, the President's dream of defense against missile attack, his dream that we can someday protect our citizens from the threat of nuclear holocaust, is compelling to those capable of looking behind the narrow confines of the commonplace and the mundane. And it is only those, I think, disposed to dream of the future, who can build space stations, launch probes beyond our solar system, send Americans to distant planets, bring them home, and, yes, create a reliable defense against the horrible weapons of war, a defense that involves destroying them outside the atmosphere of the Earth before they get near any target, and is not designed to protect any retaliatory capability, but is designed to protect people. . . .

**Q:** When the Shuttle comes back on line in the next couple of years, there will be a backlog of both defense as well as commercial ventures trying to get onboard. Do you see the commercial ventures being bumped in favor of national security?

**Weinberger:** We would have to find out how many resources were available, what was our capability and our capacity. It is, I think, quite risky for us to allow very much time to go by without replacing, in one way or another, the ability of the military payloads to be carried aloft. And I think that a great deal of the answer to whatever continued commercial activity we could have would depend on the total number of resources and the ability to satisfy the very urgent military requirements that will flow from the backing-up you describe.

Meanwhile, I am basically a great advocate of the private

sector and privatization, and I think we ought to explore and try to develop as many ways of supplementing whatever capabilities the government has with private initiatives.

**Q:** Mr. Secretary, you spoke of the importance of the East-West relationship of arms control. How, in your view, will SDI contribute to arms control and the reduction of Soviet weapons? Do you feel that, on the one hand, the prospects of a successful SDI will so intimidate the Soviets that they will voluntarily or through negotiations reduce their levels? Or do you see the SDI program itself as a negotiable element in these talks with the Soviets, i.e., will you negotiate certain elements of the SDI program?

**Weinberger:** I don't think we should do anything at all that would hamper our ability to do the necessary research at the best level we can, the most consistent with the necessities and the realities of the situation, that is, nothing should hamper the research program and certainly nothing should hamper or delay in any way our ability to deploy a strategic defense system, should the research prove, as I believe it will, feasible.

That said, I don't see any reason at all why we can't have very effective agreements to bring about substantial reductions in offensive systems and arms, if, indeed, the Soviets want them. We urgently want them. We want them to be real reductions. We want them to be thoroughly verifiable. And it would seem to me that, since the Soviets are working very vigorously on strategic defense, and I'm sure haven't the slightest intention of slowing down their work on it, no matter what they might sign, it would appeal to them that, if there can be a Strategic Defense Initiative developed in the United States, that it would be very clear and underline the lack of necessity, not only for an ever-increasing number of offensive weapons, but be a strong, impelling argument for the reduction of many of those offensive weapons; and that, therefore, I think the two go hand-in-hand, that is, the ability to continue working on strategic defense—not with some ineffective or narrowly defined research that basically is designed to persuade the Congress that they shouldn't fund anything, but would permit full-scale development as soon as possible, and deployment. . . .

**Q:** I wanted to know if you see a point of convergence where SDI, as a defense initiative, and the Space Act, stately for peace and the benefit of all mankind, can publicly improve the perspective of both supporters and adversaries?

**Weinberger:** Yes. It seems to me that, inevitably, there will be a very great deal of major benefits, totally aside from the strategic benefits of having a much larger number of people protected and safe, that will flow from the program itself. Just as there is an inevitable large amount of commercial and quasi-public fallout from research on this scale, and particularly research that delves into so many new technologies that can have uses that many of us can't even perceive or conceive

at the moment. With any effort of this kind, there's bound to be a very substantial improvement in the quality of life of millions of people, hundreds of millions of people, really, just as has followed from the space program.

I think this is why so many European countries, after their political leadership initially reacted the same way many people here did with respect to strategic defense, because of its novelty and because it does represent a total departure from conventional wisdom. But as they see more about it, as they are now, more and more they want to be part of the program. And it is very important that they do. I will be welcoming the defense minister of the United Kingdom tomorrow for his first visit here, and we certainly are going to discuss at very great length the commercial benefits, as well as the strategic benefits from our both working on this program together, as we have now signed to do.

**Q:** Mr. Secretary, do you see any possibility of the SDI becoming a bargaining chip?

**Weinberger:** No sir, I do not. I think that the President is too firmly committed to it. It has much too high a priority in his mind. He is not putting it forward as something to be given away. In the first place, what you would get for it would be promises that would ultimately have to be proved to be faithfully kept. And you would also be giving up the ability to finance a program of this kind, while conceding to the Soviets, because of the differences in their system and the closed nature of their society and ability to keep on working on it by themselves, as indeed they have now for 17 years. They wanted urgently to maintain their monopoly, and that would be what they would be bargaining for. And I don't believe the President would have any real desire to help them in that process, particularly in view of the importance he attaches to protecting them, rather than just getting a better or a larger way of destroying them.

**Q:** Mr. Secretary, if the SDI budget is cut to the \$3 billion level as the senators are now saying it should be, what would be the implications of this as far as the ability to affect a program and the future for the United States?

**Weinberger:** Two or three things. I think it would stimulate a very much larger activity in the Soviet Union, which we would not be able to monitor or measure because of the nature of their society. They would be quite encouraged by the fact that we were slowing down. It would slow us down and it would, I think, delay undesirably the time in which we would be able to determine whether and when we can deploy it. And it is, I think, very important that we not have that slowing down process. It will also make the whole process more expensive because we can always, with larger initial investments, do more at a time when prices will inevitably be lower than they will be in the future. I think the main worry, however, is the fact that it will slow down and distort the planned research in a way that can delay us in a very undesirable way.

## A golden moment to act against the AIDS pandemic

by Warren J. Hamerman, Director  
EIR Biological Holocaust Task Force

A golden opportunity now exists to stop the spread of the acquired immune deficiency syndrome (AIDS). The California secretary of state has certified a ballot initiative undertaken by the Prevent AIDS Now Initiative Committee (PANIC), backed by nearly 700,000 petition signers. The initiative will let voters in November decide if they want government and public-health officials to continue their coverup and inaction in the face of this deadly epidemic, or to implement traditional public-health measures to halt the spread of the disease.

Each day, new and horrifying developments on the AIDS front from all parts of the world are reported. Only the Soviet Union and its Warsaw Pact allies are to date, apparently, relatively unscathed. World Health Organization (WHO) and U.S. Centers for Disease Control officials, who only yesterday were lying that AIDS was a threat limited to certain so-called high-risk groups, and not widespread at all in Africa, have now been overwhelmed by events. Their lies stand exposed.

What the *EIR* Biological Holocaust Task Force alone raised at the November 1985 Brussels Conference on AIDS in Africa, namely, that tens of millions of impoverished "non-risk" Africans are infected with the 100% fatal disease, is now becoming generally accepted as truth.

Evidence has accumulated that in the tropical hellholes of Africa, Ibero-America, the Caribbean, and southern Florida, AIDS is spreading out of control—the result of the conditions of enforced poverty deliberately created by the IMF and World Bank in these areas.

Scientists are now warning that, in Africa, the "post-AIDS diseases," three deadly hemorrhagic fevers carried by wild rodents, fleas, ticks, and monkeys—Lassa fever, Marburg virus, and Ebola virus—are breaking out of their "reservoirs." If anything, these have an even faster and more widespread "kill potential" than AIDS.

The only institution in the world which has accurately evaluated and reported the growing threat of "biological holocaust" has been the *EIR* Biological Holocaust Task Force, formed in 1973 at the initiative of economist Lyndon H. LaRouche, Jr. The Task Force has published three major scientific studies to date, and dozens



*A distasteful scene from a San Francisco "gay" parade on June 28. Hundreds of thousands of homosexuals have denounced Lyndon LaRouche as a "fascist" for proposing measures to attempt to save them from otherwise certain, early death. "One can only conclude that these homosexuals are suffering a very special kind of insanity."*

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of reports, on these questions:

A. In early 1974, the Task Force published a now-famous forecast on how deadly new, newly "recombined," and reactivated old diseases would be the inevitable consequence of then-proposed "zero-growth," "Fourth World triage," and brutal "population-reduction" or mass-murder policies of the IMF, World Bank, and Bank for International Settlements.

B. On July 1, 1985, the Task Force published an *EIR Special Report* entitled, "Economic Breakdown and the Threat of Global Pandemics," in which the 1974 study was reviewed in the context of the unfolding "biological holocaust" in Africa and the overwhelming of the health defenses of the United States and Europe. High officials of the U.S. government dismissed the *EIR* report on the grounds that we would be correct but for the fact that "economic recovery" was raising the standard of living in Africa, the United States, and around the world. These officials also rejected the *EIR* evaluation that AIDS was a threat to national security.

C. On Feb. 15, 1986, the Task Force published another *EIR Special Report* presenting "An Emergency War Plan to Fight AIDS and Other Pandemics." It contained a 12-point War Plan to combat AIDS and other disease threats:

1) Declaration of war mobilization; 2) universal screening; 3) an Apollo Moon-shot-scale crash biomedical research program; 4) full state-of-the-art medical treatment for all confirmed cases; 5) universal "classic" public-health measures, including quarantine; 6) an all-out war on drugs; 7) a Biological Strategic Defense Initiative (BSDI) utilizing the most modern laser and other optical-biophysics technologies for defense of the health of the world's populations; 8) upgrading of the nutritional intake of the world's populations to enhance immune function; 9) worldwide mosquito, insect, and vermin control; 10) emergency upgrading of sanitation,

housing, and water systems; 11) activation of the National Disaster Medical System (NDMS); 12) U.S. withdrawal from the Soviet-dominated WHO.

The 140-page *EIR War Plan* is the only proposal for a global effort to wage war on disease.

We are at a unique historic moment. The combination of the PANIC initiative in California, the acknowledgment of the general threat to "non-risk" populations, the Supreme Court decision against sodomy, and a growing movement in Ibero-America against the IMF have created an opening for concerted action.

Mankind has the scientific resources, if mobilized, to successfully colonize Mars within the first three decades of the coming century. We must utilize that scientific and economic mobilization capability now to implement the full *EIR War Plan* against AIDS.

Recently, scientist Edward Teller echoed the proposal by *EIR* for a Biological Strategic Defense Initiative against AIDS. Other scientists internationally have also endorsed the thrust of the *EIR War Plan*.

All that remains in the way is the "political" and "budgetary" impediments imposed by governments, which persist in judging it too "costly" to fight for life. No institution, force, or individual who stands in the way of launching that fight can be allowed the continued liberty to destroy society. We must fight a global War on AIDS and other pandemics.

Societies which mobilize their resources to fight disease and raise the general health of their populations will thrive. We now have a golden opportunity to unleash our full scientific and medical capability. This course—or the alternative, a biological holocaust worse than the 14th-century Black Death—is the fundamental cultural and political question now before mankind.

## A program to stop the AIDS pandemic

by Lyndon H. LaRouche, Jr.

*Mr. LaRouche is a candidate for the Democratic Party's 1988 U.S. presidential nomination. The following discussion is excerpted from the second in a series of occasional press briefings by the candidate, dated July 1.*

As of this past week, public-health policy in the matter of AIDS has become a leading issue of the 1988 presidential campaign. The November 1986 California ballot will carry a proposition requiring that AIDS be classified as a dangerous communicable disease. One hundred and fifty thousand homosexuals paraded, denouncing me, in Los Angeles during the middle of the week, and there were much smaller demonstrations against me in San Francisco and New York City this past Sunday. Meanwhile, in Paris, the World Health Organization (WHO) began to admit publicly, for the first time, that AIDS is a major threat to life among the normal members of the world's population.

The population is beginning to be strongly polarized around the AIDS issue, and the personal attacks on me on this issue are now threatening to dominate the 1988 presidential campaign, as well as influencing marginally the November 1985 elections. In addition to the attacks on me by homosexual parades, there have been hysterical statements by politicians and some newspapers. Meanwhile, it is estimated that about 4 million Americans will die of AIDS or AIDS-related causes by 1990, and at least a million such deaths during the coming 12 to 18 months; barring a thermonuclear war, AIDS will soon be the leading cause of death in the United States, unless effective measures are taken to stop the spread of this pandemic. A politician's stand on AIDS will soon be the leading domestic issue in an increasingly polarized environment.

It is safe to predict that a majority of the voters will soon demand support for my policies on AIDS. Polls taken by some news media in California are already indicating such a trend. A growing percentile of homosexuals will be included

among those supporting these policies. It is also expected, unfortunately, that there will be a rather violent minority which denounces me for my public-health policy on AIDS.

In light of these political developments, honest journalists and editors will begin to break the black-out on the facts about AIDS. As the facts about AIDS become better known, the reason that AIDS has become a major political issue internationally will begin to become better understood. For the sake of those who are interested, I summarize the basic presently known facts about AIDS, and then describe the two reasons AIDS has become a leading policy-issue for the 1988 presidential campaign.

### Facts about AIDS

My knowledge about AIDS is based on the work of a special scientific task-force, which has been working for about a year, reviewing the facts with leading medical specialists around the world. Recent developments confirm the accuracy of what I published on this issue last September and October, but there have been more recent discoveries which enable me to report the facts with better precision than was possible with the knowledge available to scientific specialists nine months ago.

AIDS is the most diabolically clever kind of fatal infection which is ever known to have attacked the human population. To the best of our knowledge, AIDS is approximately 100% fatal to those who contract the infection, and every person infected is an active carrier of the disease to unsuspecting contacts, even before the infected carrier presents AIDS or AIDS-related symptoms. One of the reasons AIDS is so diabolical, is that it is a slow-incubation infection; the present estimate is, that, on the average, an infected person will carry the disease for about four years before coming down with symptoms, and will die within about a year or so after coming down with the symptoms. This means that millions of infected persons walk around, infecting others for about four years each, before showing symptoms of the infection.

The popularized assumptions about the possibility of communicating the infection, are dangerously false. Casual communication of the infection by an unsuspecting carrier to an unsuspecting victim, is highly likely. Under certain conditions, the infection can be communicated as an air-borne disease. In black Africa, there are at least 30 million cases of infections. Most of those infected are not classifiable as members of what the U.S. Centers for Disease Control list as "high-risk categories," such as male homosexuals and drug-users. In the United States, among sections of the very poor living in the insect-bite belts of the Caribbean and Atlantic coastal states, we have an explosion of AIDS among local populations who do not fit any of the CDC "high-risk" classifications. Exactly what the probabilities are, we do not know presently, chiefly because our government has failed

to conduct the necessary kinds of investigations, and has even attempted to prevent such investigations; we do have conclusive proof that casual transmission of the infection is the normal method by which the infection is carried to persons who are neither homosexuals nor drug-users.

The best estimate available so far, is that the number of persons infected with AIDS in the U.S.A. is not less than 4 million persons, and that the rate of infection is doubling approximately every six to eight months.

These estimates suggest, that Americans dying of AIDS or AIDS-related causes during 1986, are, on the average, those who contracted the infection during 1981 or 1982. This also means that at least one-third of the 4 million presently infected will die during the coming two years, and nearly all of them within four years. It means that, under present medical and public-health conditions, the death-rates caused by AIDS will double, triple, or even quadruple every year, and will soon become the leading cause of death among younger American adults.

Unless we do two things, as a matter of policy, the entire U.S. population could be wiped out by about the end of this century. First, we must isolate and treat all carriers of the infection. Second, we must launch a "crash program" of research and treatment for AIDS infection and symptoms, whatever cost such a program entails.

The medical research and treatment programs must center around two general objectives. First, we must aim to suppress the infection. This means attempting to prevent a person already infected from continuing to be a carrier of the infection. It also means attempting to suppress the growth of the disease in the person already infected. Second, our "crash program" must aim to develop both cure and inoculation for the infection. There are already some promising lines of research in both directions, some more promising, some less so; the amount being spent on this disease is so pitifully small that we must describe our government's present AIDS program as a grim joke.

### **An issue of economic policy**

At present, detection and isolation of persons infected with AIDS is our first line of national defense. We have no cure, and we have no assured method of treatment to suppress the infection. Every person infected with AIDS is, however innocently, a menace to hundreds or thousands of unsuspecting other citizens. Humane isolation and treatment of persons infected with AIDS means the kind of cost per person we associate with tuberculosis sanatoria; with not less than 4 million Americans already infected, this means many billions of dollars, much less than the hundreds of billions Americans are spending annually on their recreational-drug habits.

In the present budget-balancing hysteria, our government does not wish to hear about spending such sums, no matter how many millions of Americans die because of such stub-

born neglect.

A "crash program" for medical research, is also a multi-billion-dollar effort. It means reviving those institutions which the United States closed down over the 1969-72 period as a result of Henry A. Kissinger's negotiations with Moscow; it means matching the Soviets' work in their 10 major immunological centers. It means cranking up medical and biological training-programs, as well as promoting research by a wide range of kinds of laboratory programs, all of which have significant bearing on the study and conquest of this and related diseases.

AIDS is the greatest danger the human race has ever faced, potentially a greater menace to life on Earth than a full-scale thermonuclear war. However, we are faced with early spread of new varieties of deadly epidemics from Africa, including the dreaded Lassa Fever, according to scientific reports delivered to a recent Paris conference. Meanwhile, inside the United States, we already have major outbreaks of new strains of tuberculosis, and of new varieties of familiar diseases we thought we had brought under control earlier during this century. It is the poor who suffer the greatest degree of threat from all of these infections, AIDS included; but, once these diseases gain a large foothold among the urban poor, they spread rapidly to the population in general.

We need a "crash program" of national defense against infectious disease, and against diseases of aging of tissue, such as cancer and cardiovascular diseases. Assuming that we conquer AIDS during the coming 5 to 10 years, as we could surely do with a "crash program," we still need these same institutions of research and care as our national defense against all dangerous forms of new and old diseases.

Today, there is a great hullabaloo around government, over a few billions spent on national defense, and a refusal even to discuss the expenditure for AIDS so urgently needed. At the same time, we are spending only a few tens of millions on fighting an annual U.S. expenditure for recreational drugs running into the hundreds of billions. Not only are our citizens and children paying hundreds of billions of dollars annually for recreational drugs; this is the major cause of street-crime and related forms of crime, and costs our society many, many billions of dollars through other effects. So far, despite the dedicated efforts of a few public servants and other citizens' groups, our national war on drugs is a bad joke, even by comparison with the Nixon administration's program. So far, there are only token, slap-on-the-wrist treatments of major financial interests involved in drug-money laundering, while influential groups, such as the Inter-American Dialogue organization, propose to legalize the cocaine, marijuana, and heroin traffic into the United States. The argument, that we can not afford adequate national defense, can not afford a "crash program" against AIDS, is naked hypocrisy when seen in light of the expenditure for drugs.

Beyond this sort of hypocrisy around Gramm-Rudman-Hollings, the reason our government is refusing to face the issues of both national defense and AIDS, is that our Liberal Establishment, together with a cartel of international financiers, is still insisting that our government and Federal Reserve continue those monetary and economic policies of the

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past 15 years which have bankrupted both our government and our national banking system. If the United States scrapped these monetary and economic policies, in favor of the kinds of economic-recovery measures we used so successfully between 1939 and 1943, our tax-revenue base would grow, our deficits would be brought under control, and we could afford both national defense and a "crash program" against AIDS.

In black Africa today, a visitor driving through the streets watches persons collapsing and dying on the streets before their eyes. This is a commonplace experience. We have not reached that point with the AIDS epidemic in the United States; but we shall within a few years, unless we adopt a "crash program" against AIDS now. For our government to say that we can not afford such a "crash program" is the most monstrously insane sort of hypocrisy one might imagine.

### **AIDS and the 'counterculture'**

More than half the male homosexuals in the United States are now estimated to be carrying the AIDS infection. All of those infected today will be dead within two to four years, unless the kind of program I have outlined is implemented. Yet, hundreds of thousands of these homosexuals, in Los Angeles, San Francisco, New York City, and elsewhere, have denounced me as a "fascist" for proposing measures to attempt to save them from otherwise certain, early death. One can only conclude that these homosexuals are suffering a very special kind of insanity.

One of the parading groups attacking me in New York

City, on Sunday, presented itself as "Nazis in Leather." It is rather well known that the fascist dictator Benito Mussolini was a pederastic bi-sexual. A prominent authority has published a report in Italy, describing Mussolini as "even a bigger homosexual than Hitler." The leadership of the Nazi *Sturmabteilung* (SA) was a homosexual ring; much of the Nazi inner core was recruited from among post-World War I homosexual circles such as that of Stefan George. Although Hitler later launched a brutal, although token persecution against some German catamites, this was done as a measure of compromise with forces which demanded that the Nazis suppress their own homosexual practices as a condition for Hitler's remaining dictator.

Many of the neo-Nazi groups of today are homosexual rings, just as the cited contingent of New York homosexuals described themselves as "Nazis in Leather." The high incidence of homosexuality among fascist groups is not an accidental phenomenon. Naturally, those homosexuals tending toward sado-masochistic preferences are the most likely candidates for brutal concentration-camp guards; but, wherever homosexuality appears in the form of a "political movement," rather than an individual inclination of scattered members of the population, such "political movements" express the essence of the fascist personality type.

The trouble is, that the average American has been "brainwashed" by Hollywood and other popular media, into a dangerously false image of the Nazi type. The duped public imagines that the Nazis were some "super-rationalist" variety of "authoritarian personality," an extreme of the image of the "Prussian officer" type. Directly the opposite was true. The violence-prone Green Party activist in West Germany today, is an almost perfect copy of the ranks of Hitler's Nazis. The Nazis were fanatically "ecologists," of the "back to nature" types, like today's Green Party. The West German terrorist and "punker" of today, is a resurrection of the kind of violence-prone Nazi who brought down the Weimar Republic.

A former Swiss volunteer member of the Nazi SS, Dr. Armin Mohler, a student of Nazi-sympathizing Prof. Karl Jaspers, has documented the inner mind of the Nazi type of yesterday and today with some precision. The Nazi type is a product of the influence of such figures as Fyodor Dostoevskii, Friedrich Nietzsche, and Aleister Crowley upon post-World War I Germany: Hitler was an Austrian "bohemian," and his followers were chiefly members of the "Age of Aquarius" movement led by Nietzsche and Crowley, the same "Aquarius" movement behind today's "ecologists" and "political homosexuals."

Nietzsche and Crowley proposed to eradicate the heritage of Socrates and Christ, to make the 20th century the birth of the "Age of Aquarius." Both Nietzsche and Crowley identified the "Age of Aquarius" with the worship of Dionysos and Lucifer. Both identified Socrates and Christ with the "Age of Pisces"; hence, their doctrine was to destroy the "Age of

Pisces," in order to make way for the "Age of Aquarius."

Twentieth-century fascism and bolshevism were twin outgrowths of this "Age of Aquarius" project, both steered from such centers of influence as Venice and the Tiberius cult on the island of Capri. The sponsors of both, who overlapped, as the case of Venice's Count Volpi di Misurata illustrates the connection, created two gangs, the fascists and the bolshevists, with the idea that one of the two competing gangs would prove to be the successful one, and that the two would ultimately be merged into one, under either German or Russian sponsorship. Various theosophical cults, such as Crowley's theosophists and the Golden Dawn cult which Aldous Huxley introduced to California, were also organized forms of the "Age of Aquarius" projects.

When the fascist or bolshevist ideologue speaks of "The Revolution," what he means is not simply a particular kind of political revolution. He means a "permanent revolution": a continuing, violence-ridden upheaval, to the purpose of destroying the last relic of the Augustinian Judeo-Christian heritage, and destroying the heritage of Socratic reason. He means a pandemic of countercultural upheavals, to crush and eradicate everything produced by Western Judeo-Christian civilization.

Such a fascist or bolshevist ideologue is a pure type, of satanic evil incarnate. His pleasure, his pleasure-seeking motive, is to commit any act which he views as rejecting and destroying Western Judeo-Christian culture. This is the satanic essence of Hitler and Hitler's Nazism, and the satanic quality of Mussolini's fascism as well: pleasure in doing evil simply because one's conscience believes that it is evil, like Iago in Shakespeare's *Othello*.

The establishment of a homosexual political movement, is of this satanic type. This is not the individual homosexual who says, "Despite my peculiarity, treat me as a human person." This is homosexuality pursued out of hatred against Judeo-Christian morality; this is purely satanism. Those poor wretches who paraded in front of New York's St. Patrick's cathedral, announcing themselves as "Nazis in Leather," accurately pinpointed themselves as a satanic type, and revealed more nakedly than some others in the demonstration, the essential character of the political movement for homosexuality.

When these Nazi-like satanists of the political homosexual movement accuse me of being "Nazi-like," they are echoing the Sen. Daniel P. Moynihan who insisted, at a New York University gathering, that I must be exposed as a follower of Socrates. Moynihan's argument echoed the thesis of the leftist I. F. Stone, who endorsed the judicial murder of Socrates; his argument echoed the thesis of the London Tavistock Institute, which insists that Socratic reason is the essence of what Tavistock and Moynihan describe as "the authoritarian personality." Moynihan and the "Aquarian" ideologues generally, insist that whoever insists that public

policy must be consistent with both morality and reason is the kind of "authoritarian" who must be driven out of American political life, and perhaps judicially murdered, as Socrates was.

I have no evidence that Moynihan is a homosexual or a cocaine-sniffer; however, he is a member of the "Aquarian" counterculture in a more general way. Moynihan's "neo-Malthusianism" is key to the Congress's "benign neglect" of both the wretchedly poor of the world, and of the plight of present and future AIDS victims.

The core of the neo-fascist counterculture of today is the so-called "neo-Malthusian" movement centered around the Club of Rome, and the Club of Rome's interface with the Soviet KGB, the Laxenberg, Austria-based International Institute for Applied Systems Analysis. This movement was formally launched in 1963, by Soviet-friendly British officials working inside the OECD organization. It was first launched in the form of the OECD's proposals for reforms in public education, the source of the policies of today's U.S. National Education Association. The Club of Rome was launched by OECD official, Dr. Alexander King, and Lord Solly Zuckerman, during the second half of the 1960s. Zuckerman and King worked closely with Soviet KGB official Dzermen Gvishiani, to establish the International Institute for Applied Systems Analysis as the Club of Rome's interface with Soviet KGB headquarters in Moscow. Zuckerman is a member of the circle of Henry A. Kissinger's special friends in London, the inner group of associates of former British Prime Minister Harold Wilson, who resigned under a cloud of suspicion as a suspected Soviet asset. Zuckerman himself is well known as a Soviet asset in his own right.

The transformation of the 1960s "New Left" into the "ecologist 'Rainbow Coalition,'" beginning 1969-70, was a project steered by the same U.S. Establishment circles which had adopted the neo-Malthusianism of the Club of Rome. The creation of the lesbian and male-homosexual cults of today, was begun during the 1969-70 period, by such groups as the Trotskyist Socialist Workers Party, as part of the process of transforming the 1960s anti-war organizations into an Aquarian "Rainbow Coalition." The launching of the first U.S. terrorist organization, the Weatherman narco-terrorist cult, was an integral part of this same project.

In several interviews, Club of Rome founder King has insisted that the purpose of the Club of Rome was pure Anglo-Saxon racialism: Bertrand Russell's program for reducing drastically the population of Greeks, Italians, and Iberians, as well as the darker-skinned races of Africa and Asia. Notably, this policy was first introduced to the U.S. government in a pilot-project form, during the mid-1960s, and was promoted by Zbigniew Brzezinski under the rubric of "Technetronic Society," during the second half of the 1960s. The center of this support for the Club of Rome, and for the promotion of the Aquarian counterculture more generally,

was the same group of Establishment families, associated with the New York Museum of Natural History, which had backed Adolf Hitler during the early 1930s. This includes the Harriman family, which is the principal backer of both Brzezinski and Moynihan.

U.S. tradition, until the late 1960s and early 1970s, was the promotion of technological progress in an energy-intensive, capital-intensive mode. On the basis of the ability to increase our productivity, through such technological progress, the majority of Americans insisted we could meet the material costs of defending the sacredness of individual life, and of providing political and economic equalities of opportunity for our citizens' households. The "ecologist" movement, and other elements of the "Rainbow Coalition" of Aquarian radicalism, was used to destroy the means for meeting such material demands, and to undermine the principle of the sacredness of human life as the principle of law set forth in our Declaration of Independence and at the outset of our federal Constitution.

The characteristic shift in public morality during the past 20 years, has been toward revoking the principle of the sacredness of life, step by step. The "abortion movement" was used as the wedge-end of a campaign which has introduced to the U.S. today the Nazi crime against humanity, euthanasia, in the name of the "right to die" movement, and, now, the introduction of active measures of homicide in hospital and other practice, as a cost-saving measure.

This countercultural mentality comes to the fore in the refusal of our government and the leadership of our political parties to confront the realities of the AIDS pandemic. "Let them die," says our government, say the liberal leaders of both major parties: "Our budget will not let us defend our nation against Soviet imperialism, or defend our citizens against the most diabolically deadly pandemic the world has known."

Who are today's Nazis? They are the homosexual political movement and Senator Moynihan, among others of the counterculture's Rainbow Coalition.

Whether homosexuals are Nazis or not, we shall not treat them as the Nazis would have done. Their lives are sacred, too, and we must respond to their plight so, for the sake of the principle of life.

The crazed political elements among homosexuals may refuse to accept the public-health measures needed to defend the United States from a pandemic more deadly than thermonuclear war, but those among our citizens who are still sane will not allow us to be blackmailed by the counterculture's threats of violence. The AIDS issue has surfaced as the leading domestic issue of the 1988 presidential campaign, and will become the most discussed issue as the death-rates from AIDS-related causes soar. How a prospective President stands on the AIDS question implicitly reveals his or her morality on every issue; so, increasingly, the majority of our citizens will come to view the candidates. . . .

## Political war over AIDS referendum

A California ballot initiative to have AIDS declared a communicable disease, subject to existing public health laws, has polarized the political life of the state.

The initiative, sponsored by the Prevent AIDS Now Initiative Committee (PANIC), was certified on June 20 for placement on the ballot in the Nov. 3 election, after supporters of presidential candidate Lyndon LaRouche gathered nearly 700,000 voter signatures to do so.

The AIDS referendum has been endorsed by a growing number of national medical experts, and one congressman. Gus Sermos, the Centers for Disease Control health officer who set up the AIDS surveillance program in Florida, on July 7 announced his support for the initiative. A Mississippi resident, Sermos charged that the Atlanta-based CDC's cover-up of the AIDS crisis constitutes "malfeasance," and a violation of the CDC's own procedures for dealing with a deadly communicable disease.

An eight-year veteran of the CDC, Sermos set up the AIDS surveillance program for the state of Florida in 1983. In November 1985, he was abruptly ordered back to an empty office at CDC headquarters in Atlanta, as a result of a deal between the CDC and Florida health officials, who were upset by Sermos's exposure of their misuse of federal monies granted for AIDS surveillance. Now Florida—with the third-highest number of AIDS cases in the United States—has no active surveillance program for seeking out new cases.

Although an investigation by the inspector general of the Department of Health and Human Services has documented a number of Sermos's charges, Sermos was fired from the federal service.

California Rep. **William Dannemeyer** (R-Fullerton) became the first congressman to support the PANIC Initiative, in a July 2 press conference. Noting that the initiative would not change a single already-existing law in the state, Dannemeyer said he is also proposing federal legislation to make it a crime for infected individuals to kiss, copulate, or donate blood. "We cannot just sit here and watch the growth of this epidemic without taking rational acts to stop the transmission of this disease," he said.

Medical doctors who have officially endorsed the initiative include: **Donald E. Gibson**, Connecticut; **H. S. Hewes**, Texas; **G. W. Kimball**, Arkansas; **Carlos Mattioli**, Texas; **Luz Velandia Popescu**, D.D.S., Texas; **James M. Sandel**,

Texas; **George W. Sibley**, Texas; **Edward Sivick**, Pennsylvania.

## Gays and liberals

The opponents of the AIDS initiative are moving swiftly to try to block support for it, and have vowed to raise a \$6 million war chest for propaganda and dirty tricks efforts. On June 22, close to 200,000 activists demonstrated on "Gay Pride Day" in Los Angeles, carrying signs that read, "No to LaRouche." The campaign to stop the AIDS initiative was also a prominent feature of the San Francisco Lesbian/Gay Freedom Day Parade on June 29, as an estimated 18,000 participants marched through the streets, led by a contingent of 200 "Dykes on Bikes." The *San Francisco Chronicle* described it as "11 solid blocks of humanity swathed in leather, chaps, lace, gold lame or nothing."

Several San Francisco politicians—Democratic and Re-

publican—joined the demonstration, including Supervisor Quentin Kopp (D), who marched near the front carrying a "Stop LaRouche" sign; ultraliberal Democratic Assemblyman Willie Brown; and Republican officials passing out handbills from such organizations as "Concerned Republicans for Individual Rights."

Other California politicians who have attacked the PAN-IC initiative include:

- Senator Alan Cranston (D);
- The liberal Republican contender for Cranston's Senate seat, Rep. Ed Zschau, who called the initiative "dangerous and irresponsible";
- Los Angeles Mayor Tom Bradley (D), who sent a letter to Gov. George Deukmejian (R) urging him to oppose the ballot measure;
- Los Angeles City Councilmen Joel Wachs and Gilbert Lindsey.

## Prevent AIDS now: the California initiative

*The following referendum to place AIDS on California's list of "communicable diseases and conditions," will appear on the state ballot in the November election. The initiative, certified on June 20, was signed by nearly 690,000 voters. It would require the Department of Health Services to use standard public health measures to treat AIDS, the same way it treats other deadly contagious diseases. This means that all cases must be reported; no carrier of the virus may be a teacher, employee, or student in a public or private school; no carrier may be employed as a commercial food handler; it is a crime to knowingly spread the disease; and the state is obliged to test and quarantine as much as required to stop the spread of the disease.*

### Section 1

The purpose of this Act is to:

A. Enforce and confirm the declaration of the California Legislature set forth in Health and Safety Code Section 195 that acquired immune deficiency syndrome (AIDS) is serious and life threatening to men and women from all segments of society, that AIDS is usually lethal and that it is caused by an infectious agent with a high concentration of cases in California.

B. Protect victims of acquired immune deficiency syndrome (AIDS), members of their families and local com-

munities, and the public health at large; and

C. Utilize the existing structure of the State Department of Health Services and local health officers and the statutes and regulations under which they serve to preserve the public health from acquired immune deficiency syndrome (AIDS).

### Section 2

Acquired immune deficiency syndrome (AIDS) is an infectious, contagious and communicable disease and the condition of being a carrier of the HTLV-III virus is an infectious, contagious and communicable condition and both shall be placed and maintained by the director of the Department of Health Services on the list of reportable diseases and conditions mandated by Health and Safety Code Section 3123, and both shall be included within the provisions of Division 4 of such code and the rules and regulations set forth in Administrative Code Title 17, Part 1, Chapter 4, Subchapter 1, and all personnel of the Department of Health Services and all health officers shall fulfill all of the duties and obligations specified in each and all of the sections of said statutory division and administrative code subchapter in a manner consistent with the intent of this Act, as shall all other persons identified in said provisions.

### Section 3

In the event that any section, subsection or portion therefore of this Act is deemed unconstitutional by a proper court of law, then that section, subsection and portions thereof shall be stricken from the Act and all other sections, subsections and portions thereof shall remain in force, alterable only by the people, according to process.

# 'Experts' perpetuate WHO's cover-up of the AIDS epidemic

by Wolfgang Lillge, M.D.

The Second International Conference on AIDS which took place in Paris June 23-25 could be viewed as an "interesting" science meeting, if the stakes for mankind, given the worldwide AIDS epidemic, were not so high. But "interesting" science conferences are not enough to defeat one of the most dangerous pandemics that has ever faced the human race.

At the outset, this conference, bringing more than 2,500 medical doctors and scientists from all parts of the world to the Paris Conference Center, seemed destined to finally break the cover-up of the real dimensions of AIDS by agencies like the World Health Organization (WHO) and the Atlanta Centers for Disease Control (CDC). Alas, that proved not to be the conference organizers' purpose at all, and they did not allow it to happen.

Bila Kapita, the head of the Infectious Disease Center at the Kinshasa General Hospital in Zaire, and also a WHO representative, reported that 6% of the African population has been infected by the AIDS virus, HTLV-III/LAV, and there is a spread of the infection of 1% each year.

These figures come from a previously secret study of Africa conducted by the World Health Organization. The study was worked out in cooperation with the U.S. government, Zairean authorities, and the Antwerp Institute for Tropical Medicine. The French press, in particular, ran headlines on the results of the WHO study, which states that 2 million Africans are infected, and 50,000 have come down with the full symptoms of AIDS.

This rare piece of truthfulness in reporting on the AIDS catastrophe on the African continent fully confirms the conclusions of *EIR's* Biological Holocaust Task Force on the true dimensions of the AIDS pandemic. Kapita reported: "AIDS is striking more and more people every year, and the number of infections, illnesses, and deaths are multiplying at a disturbing rate. For Africa in general and Zaire in particular, we can say there is a hidden epidemic under way."

These statements represent a sudden change, at least in reporting of statistics: The Soviet-dominated WHO has officially listed only 378 AIDS cases on the entire African continent.

Probably even more alarming are figures from East African countries like Ruanda and Uganda, and the West African nation of Senegal, where the rate of symptom-free carriers of the AIDS virus stands at 18-23% of the population. In the bigger cities, the carrier ratio is 10%. In the Zairean capital, Kinshasa, 180,000 of 3 million people are infected.

The sudden recognition of reality on the part of the WHO, however, is restricted to the reportage of more accurate statistics. When it comes to the more decisive questions of epidemiology and prevention of AIDS, Kapita quickly returned to the same old WHO line, that AIDS is exclusively a sexually transmitted disease. Kapita refused to talk about the obvious economic and environmental factors, poverty, breakdown of the health infrastructure, and immune suppression by multiple infection with other tropical diseases as co-factors in AIDS. Incredibly, he had only one recommendation for the African population: "Learn to change your lifestyle"—as if African victims frequent gay bathhouses!

## AIDS and tuberculosis

At this huge conference, on only one occasion known to this author was there any officially sanctioned talk about environmental factors. This was a small afternoon session on AIDS in Africa, where Dr. Nzilambi of the Zaire Health Department, who collaborates with Dr. Kapita's group, presented a revealing picture of AIDS in Zaire, which is in sharp contrast to the WHO line on "AIDS, the purely sexual disease." He reported on a study of patients in a tuberculosis sanatorium in Kinshasa and demonstrated that, in Africa, the first manifestation of AIDS may very well be tuberculosis. The AIDS infection was discovered in 247 tuberculosis patients examined by Dr. Nzilambi.

*EIR's* task force insisted on the tuberculosis link to AIDS as early as 1984, when it became known that a massive increase in tuberculosis cases in New York City was very probably triggered by the immune-suppressive effects of the AIDS virus. People have died from a sudden flare-up of a drug-resistant strain of tuberculosis, and only *post mortem* was it found that they were infected by the HTLV-III virus.

Typical of WHO/CDC methods of cover-up, these are listed as TB deaths. All the AIDS-related cases from New York City, Africa, or elsewhere are not counted in any official statistics for AIDS cases or deaths. They do not fit the WHO or CDC "definition."

In the subsequent question-and-answer period in the Africa session, the significance of malnutrition for weakening the immune system and activating the AIDS virus was mentioned. But this did not compensate for the otherwise complete WHO/CDC control over the conference proceedings.

Work on the possibility of insect transmission of AIDS in the tropics, which Dr. Mark Whiteside from Florida wanted to present to the conference, was banned outright in the preparatory phase of the conference. Studies which do not quite fit the WHO guidelines were, if anything, referred to the "poster sessions," where, in a tiny space, an "abstract" of potentially significant work could be presented.

### **No cure in sight**

In contrast to this, the special sessions on virology, epidemiology, and psychiatry of the AIDS disease were packed with presentations about the latest little details of molecular biology, gene sequencing, immune reactions, etc. Overall, one's chief impression was the astounding lack of any real science at this Second International Conference on AIDS.

Even Dr. James Curran of the CDC was forced to admit that there has been no major breakthrough in AIDS-related research in the last year. He estimates that by 1991 there will be 74,000 AIDS cases per year in the United States, and an additional 29,000 cases must be assumed, due to "underreporting." The overall health care costs per year for AIDS victims in the United States alone would, by then, amount to \$8 billion!

While this is only a linear projection of the heavily underreported figures of today, Curran admitted that he had no idea what the incidence rate for AIDS would be in the future. In one graph, he presented three options for the way in which AIDS' incidence might develop: The worst case is a continuous acceleration of the number of cases; he ruled this out as unrealistic, because the CDC based its statistics on an alleged decrease in the doubling rate of AIDS. Second, a virtual stop of the AIDS incidence rate. While such might be accomplished in the case of transmission by blood transfusions, more broadly, this, too, he called unrealistic, and not to be expected generally. So, third, the CDC assumes a linear extrapolation of the current incidence!

There was not much comfort, somehow, in Curran's promise that CDC would be vigilant in watching for possible changes in the rate of AIDS' spread—especially after Curran stated that, given the lack of an effective drug or vaccine, the single most effective factor in influencing the incidence rate would be "a change in the behavior of gay men." This, in a situation in which AIDS is about to wipe out the whole African continent.

The "stars" of AIDS research like Robert Gallo, William

Haseltine, and Luc Montagnier did not contribute to bringing about a change of orientation. In their view, research must be exclusively focused on the laboratory aspects of molecular biology. They imagine their work will be completed as soon as an effective drug or vaccine for AIDS has been developed. What about the economic conditions that produced AIDS, and are already producing other, new, perhaps more deadly hemorrhagic fevers? How many more vaccines will be needed?

Ironically, the Paris conference destroyed any illusions about early prospects for an anti-AIDS drug. All reports on clinical trials with different substances produced rather disappointing results. A vaccine against AIDS, according to Dr. Gallo, is still a possibility, but nobody believes in an early success.

Dr. Hervé Fleury, a virologist from Bordeaux, who spoke at a Fusion Energy Foundation conference in honor of the great Louis Pasteur in Paris two weeks earlier, stated at the end of this conference: "This conference was a hoax. Beyond that, I come away with the conviction that we have no treatment in sight, and I would even say no hopes of one if we continue on the present path."

Another scientist who has specialized in documentation of the relationship between environmental factors and the spread of AIDS in the tropics, had earlier expressed doubt that WHO and CDC could successfully exercise control over AIDS research. "The best thing," he said, "is to forget this conference as fast as possible. . . . People are satisfied when they have run their gene sequences in the laboratory and don't care about what is going on in Africa or the Caribbean."

## **EIR**

### **Special Report**

# **An Emergency War Plan to Fight**

# **AIDS**

**\$250.00.** Order from: EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390. Order #85020

# AIDS in the tropics: How does it spread?

by Dr. Mark Whiteside

*Dr. Whiteside is co-director of the Institute of Tropical Medicine in Miami, Florida, where he carries out clinical work and research on tropical diseases, including AIDS. He also heads the tropical clinic in Belle Glade, which has the highest per capita incidence of AIDS in the United States. We publish here portions of a speech which he delivered on June 7, before a conference in Paris on "The Importance of the Method of Louis Pasteur for Conquering AIDS and Other Pandemics." The conference was sponsored by the Fusion Energy Foundation.*

... Increasingly in the state of Florida, in a sub-tropical area, we are seeing men and women, heterosexuals, who may not have the usual risk factors that we are inclined to think about in developed countries, including the United States and Europe.

We are very interested in environmental factors in relation to the disease in the tropics. This includes insect-transmitted diseases, which we will talk about; other blood mechanisms in the tropics, for example, sores rubbing against sores in crowded living conditions. AIDS is presumably caught by virus, or viruses that go into the blood stream. We think that some of these environmental factors are being unfortunately neglected today. We think it is critical to study them, for they have great significance for prevention and control of this disease.

AIDS is becoming a worldwide disease, with a rapid increase in Africa, the Caribbean, South America, as well as concentration in risk-groups in other areas, such as the United States and Europe. . . . Many areas show a relentless increase, and especially in south Florida, we think we are seeing a very different pattern of the disease, with more cases outside the established and so-called risk groups. . . .

The coming debate is over how much disease we will see transferred between men and women. Heterosexual transmission today has been very rare in the United States. It was at least rare in the case of male to female transmission. . . . We don't know if AIDS can be transmitted from woman to man, although that is the subject of intense investigation. We think it needs to be studied, but we don't think it explains the equal sex ratio in the tropics, for example in Central Africa. That's part of the reason we are interested in environmental factors.

In many parts of the world, AIDS is parallel to insect-

transmitted viruses, for example, Dengue. The AIDS belt seems to be also the insect belt in many areas of the world, such as the belt for Kaposi's sarcoma and Burkitt's lymphoma. The epicenter of the endemic Kaposi's sarcoma is the area between Zaire and Uganda, and of course modern day AIDS is increasing rapidly in men and women—almost equally in men and women in Central Africa—and spreading somewhat to East and West Africa. . . .

We think that AIDS has a broad base in the Caribbean, and is increasing in many of the major islands of the Caribbean, from Cuba on over to Puerto Rico. We have never thought it was limited to Haiti, but Haiti is the poorest country there. AIDS is spreading in Cuba, the Dominican Republic, Jamaica, Puerto Rico, etc., including heterosexual AIDS as well as high-risk AIDS (homosexual men, intravenous drug users, etc.). In the United States, about 17% of the AIDS patients are Hispanic individuals, which often means Caribbean. . . .

AIDS does not show only one abnormality in the lab, but many, like low white blood cell count, low lymphocyte count, depression in the ratio of helper lymphocytes to suppressor lymphocytes, sometimes anemia and low platelets, causing the production of antibodies to several different viruses, including the implicated cause of AIDS, HTLV-III/LAV virus. But we don't think that LAV is the only cause of AIDS. These people often have antibodies to several different virus agents. We noticed that symptoms of AIDS resembled the symptoms of many viruses, including insect- or mosquito-borne viruses, which we call arboviruses, and especially parallel were severe forms of arboviral disease, the prototype of modern Dengue hemorrhagic fever. . . .

## **Environmental factors: the case of Florida**

Our clinic is in Miami, but we have worked in Belle Glade for several years, and I run the tropical disease clinic in Belle Glade, working with the county health department of Palm Beach County. We have had a screening program for AIDS among sexually active homosexual men in Key West for a number of years. Belle Glade has about 20,000 people, Key West about 25,000—small towns with a high prevalence and incidence of AIDS. There are over 1,200 AIDS patients in the state of Florida, with over 500 in Miami. There are neighborhoods in Little Haiti in Miami with multiple cases of AIDS among Haitians, and AIDS cases among other groups are beginning to show up. The Haitians are clustered within a certain section of Miami. We noticed that in the places where our Haitian patients lived, there were many public health problems. We had seen more disease in the environmentally poorest areas, which is what got us interested in looking into environmental factors, even before going up to Belle Glade.

We gathered mosquitoes from an abandoned swimming pool in Little Haiti, in an area of high incidence of AIDS. This old swimming pool was breeding not hundreds or thousands, but *millions* of the *Culex* mosquito, which is the South-

ern house mosquito and an efficient vector of encephalitis. The well in front of the house was breeding *Aedes aegypti*, which is the urban vector of Dengue and, in the past, of yellow fever. It took us almost two years to clean up this swimming pool. *Culex* likes dirty water, while *Aedes aegypti* breeds in clean water.

Little Haiti has also one of the highest populations of rats in the city. We still have blood saved from rats that we are looking at as a reservoir for some of these viral kinds of infection. Rats have played an important part in epidemics throughout history.

In Key West, there are 50 cases of AIDS, 50 cases of multiple sclerosis, which is a neurologic disease. The homosexual men for whom we had screening and an educational program came from the old part of Key West.

Belle Glade is isolated, rural, agricultural, with sugar cane and vegetables. It's about 75 miles northwest of Miami. It has the highest rate of AIDS in the United States, 2.5 per thousand, with a steady increase. It has been documented that in the poorer areas of Belle Glade, 10% of people are sero-positive, as to antibodies HTLV-III/LAV. Some 1 in 10 so far is infected in that neighborhood, and already 1 in 200 has AIDS.

Over half of our AIDS cases in Belle Glade are in men and women who do not fit into the usual risk groups. That includes 30% born in the Caribbean, and 20% born in the Southeast of the United States, men and women, heterosexual, and belonging to what we call non-identified risk (NIR) groups. The final striking thing, is that all our cases have long-term residence in one of two central depressed neighborhoods, the same neighborhoods which have been described as world-class slums for some time.

There are 50 confirmed cases of AIDS in Belle Glade, but we know that AIDS is under-reported by a factor of at least three to one, because of lack of diagnostic facilities, and there have been very few autopsies in the past. In this rural area, we know that there are, therefore, many more cases of AIDS than those which got reported—and this will be true for many other areas. But at least, in Belle Glade, we are keeping track: We have lists of our AIDS patients, our ARC [AIDS-related complex] high-risk patients, our HTLV-III/LAV sero-positive patients identified by the Institute of Tropical Medicine or by the Centers for Disease Control. We have 50 confirmed cases, 100 suspect cases—many of whom have died before diagnosis—200 ARC, and at least 500 HTLV-III-positive individuals, in this one small town. As of one year ago, all these patients had long-time residence in one of two small neighborhoods.

We are seeing an overlay with cases of tuberculosis, which are increasing in the same areas. Tuberculosis has long been recognized as an environmental disease, but I don't know anyone who considers it to be a sexually transmitted disease. Who knows, maybe it will be reclassified?

It is very difficult to convey the impression one gets when

walking through the slums of Belle Glade. Much of Belle Glade is a nice middle-class town, with no disease. The central depressed neighborhoods are mostly non-white, mostly native-born black Americans, but with a Caribbean influx of Haitians and other groups. Ten thousand Caribbean workers, Jamaican workers mainly in sugar cane, experience overcrowding and tremendous public health problems. When we do our environmental survey, we will go down the list, and often over 90% of the items on that list are going to be positive: active and potential insect-breeding, high rat populations, other animals, animal sewage, raw sewage, etc. . . .

### What really causes AIDS?

With crowded living conditions, many blood-sucking insects, and high levels of viremia, one can get mechanical transmission of retroviruses. We think that includes HTLV-III/LAV, although that has not been proven in humans. It is known that animal retroviruses, however—like equine infections leucemia, bovine leucemia—can be transmitted mechanically by blood-sucking insects. In fact, that's one of the main ways they are transmitted, again in conditions of crowding where there are many, many insects.

I know this is very controversial, because most people consider the retrovirus HTLV-III/LAV to be the cause of AIDS. It should be pointed out that it has not been proven to be the cause of AIDS. . . . Even if one thought AIDS was caused by only one agent, we know that animal retroviruses are transmitted mechanically, so insect transmission should be studied anyway.

In south Florida, we have high levels of urban-breeding mosquitoes that like containers. We have not identified a mosquito vector or carrier yet, although this summer we are going to begin collecting mosquitoes, and look for retrovirus as well as arbovirus in our target areas, and this would include Belle Glade. . . .

Again, the coming debate is over how much heterosexual transmission there is of AIDS. In the United States, we would argue that it has been very limited. . . . There have been no female cases in the areas of high incidence, including Key West, and only one female heterosexual contact case in the entire city of San Francisco. Our main objection, is that we don't think there are good control studies of the data to date. Most of the studies, even the Centers for Disease Control study in Belle Glade, are very biased to look at sexually transmitted disease, to the virtual exclusion of environmental factors. . . .

In south Florida, we live in a swamp. We must not forget the delicate ecological relationships, and for heaven's sake, we cannot forget the environment as part of the epidemiological triad. We must emphasize, that we do not think AIDS would ever go from an isolated insect bite, but we think it takes a tremendous exposure over time. The environmental factors must be looked at in respect to AIDS transmission in the tropics.

## John Paul II in Colombia: drugs worse than slavery

by Valerie Rush

During his July 1-7 visit to Colombia, Pope John Paul II issued a call to the leadership circles of Ibero-America to join forces against the modern forms of enslavement: drugs and usury. His intervention was timely, as international banking elites are racing to prop up their disintegrating financial institutions with the profits of Ibero-American drug traffickers, before the "debt bomb" explodes in their faces.

From the first to the last day of his trip, the Pontiff's speeches were appeals for the resurgence of universal standards of morality in society and, most pointedly, in the economic and political life of nations. In his first speech to 700 political, business, and government leaders in the presidential palace of Bogota on July 1, the Pope reminded his audience of Paul VI's warning during his 1968 visit to Colombia that courageous intervention and sacrifice at moments of crisis in history could have averted "explosive revolutions of desperation." John Paul II identified the problem of the continent's foreign debt as precisely such a moment of crisis:

"The poor people cannot pay intolerable social costs by sacrificing the right of development, a right which grows increasingly illusory while other countries enjoy opulence. Dialogue among populations is indispensable if equitable agreements are to be reached in which not everything is subject to harshly tributary economic laws, lacking in soul and moral criteria. Here one encounters the urgency of international solidarity, especially in regard to the problem of the foreign debt, which exhausts Latin American and other countries of the world. . . . An order of priorities *can* be established which takes into account that man is the subject, and

not the object, of economics and of politics."

Speaking on July 7 in the coastal resort city of Cartagena, which was once the port where black slaves were brought into Colombia, John Paul II extended his theme on the immorality of the "free market" ideology:

"Slavery has been abolished throughout the world. But . . . new and more subtle forms of slavery have emerged. . . . Today, as in the 17th century . . . the lust for money has seized the hearts of many persons, turning them through the drug trade into traffickers in the freedom of their brothers and enslaving them with an enslavement more fearsome, at times, than that of black slavery. The slave dealers denied their victims the exercise of freedom. The drug traffickers lead their victims to the very destruction of their personalities.

"As free men whom Christ has called to live in freedom, we must fight decisively against this new form of slavery which subjugates so many in so many parts of the world, but especially the youth, and which it is necessary to halt at all cost. . . ."

### **Uplifting national morale**

The Pope's intervention in Colombia, according to eyewitnesses, dramatically uplifted the morale of the Colombians at a crucial moment in the country's political life. Millions of Colombian Catholics were moved to tears as John Paul II urged each of them to take Jesus Christ "as the prototype of our own dignity. . . . Each time that you cross paths with a poor or needy fellow citizen, if you truly see with the eyes of faith, you will see in him the image of God, you will

see Christ, you will see a temple of the Holy Spirit, and you will realize that how you have treated him is how you have treated Christ himself."

The trip was timed with a government change from the strongly anti-drug Belisario Betancur to a Liberal Party presidency under Virgilio Barco. John Paul II's focus on the issues of drugs and corruption, and his repeated appeals to the national leadership to assume responsibility for the future of the citizens, were clearly a challenge to Barco to rid himself of a coterie of advisers who are notorious for pushing the drug economy.

There is little doubt that the Pope's crusade for morality in government hit its mark. During his above-cited address to the nation's leadership July 1, the only invited cabinet member who did not dare show his face, nor even send an excuse, was Attorney General Carlos Jiménez Gómez. Jiménez's sympathies for the drug mafia have been so scandalously overt during his four years in office that his official decisions favoring the drug trade have been listed in the newspaper columns of several outraged journalists.

As many Colombians were heard to observe, "The Pope is the only one who can say the truth without being shut up!" That truth, however, made more than a few unhappy. The magazine *Hoy por Hoy*, owned by former president Turbay Ayala (1982-86), lamented that John Paul II "made more political pronouncements than clerical ones" during his seven-day stay in Colombia. Such a comment is not accidentally similar to the repeated insistence of Turbay's predecessor, ex-President Alfonso López Michelsen, that morality and politics do not mix. Both López and Turbay oversaw during their executive terms in office the surrender of the Colombian nation to the drug mafia and its political and financial protectors.

Answering the outrage of these "purists" at the Pope's politicking was Peruvian President Alan García, who declared July 10 at the inauguration of a new airport in the Peruvian jungle, "There cannot be politics without religion. . . . If one does not believe in God, politics is only materialism, venality, and egoism. Only when one believes in the transcendence of the spirit and in another life can one give oneself without fear. . . . Only when one believes in God can one truly make politics."

John Paul II's denunciation of immorality in politics and in economics has apparently prompted the Ibero-American Church to take one step closer to the drive of Alan García for Ibero-American unity on the debt. On July 9, the secretary general of the Latin American Episcopal Council (CELAM), Colombian Bishop Dario Castrillón, told the press, "For us, the debt is no longer debt but has become misery, something central to our concerns." The bishop declared that the Pope's call for developing-sector solidarity in solving the debt crisis "forces us to insist on one point: the debt cannot be paid with the desperation of our peoples. We cannot establish the security of capital on the insecurity of man."

Perhaps the unhappiest of all over John Paul II's visit are the narco-terrorists, who were the targets of the Pope's most vehement condemnation. "There is no lack of those who proclaim as the ultimate desperate solution, the armed violence of the guerrilla, to whom have fallen a number of your companions, sometimes against their will, others disoriented by ideologies which are inspired by the principle of violence as the only remedy for society's ills. In many cases, it has reached the absurd point of brother fighting brother, youth against youth, swept away by blind violence which respects neither the law of God nor the elementary principle of human co-existence."

Overwhelmed by the outpouring of support for the Pope, the leading narco-terrorist force in Colombia, the M-19, was reduced to childish tantrums such as interrupting the Pontiff's radio broadcasts. In El Salvador, however, the M-19's sympathizers used illegal airwaves to broadcast a vicious attack on the Pope and his trip as "a great leap into the past." The rebels declared, "Once more the message of the current head of the Catholic Church is characterized by a cynical, counter-revolutionary anti-communism. In a country like Colombia, with its dramatic conditions of misery and poverty, anyone who calls on the youth to desert the guerrilla and forget the class struggle is taking a clear and public ideological posture in favor of the ruling classes."

The protests of the narco-terrorists and their political backers are one important reflection of the success of the papal visit to Colombia. President Betancur, summing up that success, declared in his July 7 farewell address to the Pope: "After your visit, violence, guerrilla warfare, terrorism, and the drug trade have even less reason to exist. What remains clear . . . is the urgency of Latin American solidarity to mutually contribute to our development and to change unjust relations with the affluent countries, such as the external debt, which has become the eternal debt. . . ."

## Populorum Progressio

John Paul II particularly invoked in his journey the encyclical of Pope Paul VI, *Populorum Progressio*, issued in 1967, and Paul VI's trip to Colombia the following year, 1968. In that document, Paul VI had stated that "development is the new name for peace." John Paul has already designated next year, 1987, as the year of *Populorum Progressio*, and on July 1 he told 700 national leaders of Colombia to "be the authors of a more just society."

He specified, "We are speaking of a society in which hard work, honesty, the spirit of participation at all levels, the performance of justice and charity are a reality. This society could be called the civilization of love."

He concluded that speech, "May you all be pioneers in that integral respect for the rights of man in the image of God."

*EIR* will publish extensive quotes from the Pope's interventions in Colombia in the next issue.

# Chihuahua elections: Mexico turns back a threat to sovereignty

by Mark Sonnenblick

The victory of the ruling PRI party in the July 6 Chihuahua state elections shows that Mexican patriotic forces inside that party and the labor movement are reasserting their power. Despite heavy pressure from Washington for "political pluralism," the state was not given away to the National Action Party (PAN), an anti-government mob rooted in a Nazi past. The "Mexico-bashing" games played in the U.S. Congress by Sen. Jesse Helms (R-N.C.) have backfired.

The remoralization of Mexico's ruling party means that the country's creditors will find it more difficult than they may have expected to grab control of Mexico's prime assets as conditions for renegotiating the country's unpayable \$97 billion debt. On the contrary, Mexico has opened its doors, its radio and television, for Peruvian President Alan García to talk up his sovereign imposition of national priorities on creditors.

Mexico is still talking with its creditors. But, behind the scenes, it is intensely promoting the first Latin American summit meeting ever, as a vehicle for joint regional action on the debt.

The overwhelming PRI vote has also stalled, even if temporarily, the "New Yalta" plans of the U.S. State Department and allied political circles. Those plans revolved around using electoral violence on the U.S.-Mexican border to force a redeployment of American troops from Europe back to North America—thereby abandoning Europe to Soviet domination.

The danger of the PAN provoking a violent explosion along the Texas border remains, but newsmen sent to look for trouble on election day failed to find it. "I'm really disappointed," a veteran U.S. TV correspondent complained, the daily *Unomasuno* reported the day after the elections. The correspondent went on, "My chiefs in New York called me and said I was sending them crap, that they want stories on the violence. . . . But there isn't any!" The U.S. media, which had worked so hard to prepare for violence, blacked out reports of an election with less disturbances than in a hotly contested race in Massachusetts. Four days after the elections, the *New York Times* could come up with little more proof of fraud than a PAN poll watcher who said he had been kept out of a polling place for trivial credential problems.

Harley Schlanger, Texas leader of the National Demo-

cratic Policy Committee, reported from Chihuahua just before the election, "As election day approached, foreign press and 'observers' descended on Chihuahua. Most of them were pro-PAN, and were convinced that fraud and violence were inevitable. A reporter from El Paso told me that he had seen the PRI bring in ballot boxes already full. When asked where he saw this, he said, 'I didn't really see it, but I heard about it.'"

As per the scenarios ground out by Washington think tanks, the defeated PAN gubernatorial candidate, Francisco Barrios, demanded that the election be annulled. To "make the government repent for having committed the biggest electoral fraud in Mexican history," he promised "10 days of action," a formulation bringing to mind the "10 days of rage" enacted by Weatherman terrorists in Chicago in 1969.

Barrios said the PAN executive has planned 56 actions. On the first day, the PAN blocked streets in Ciudad Juárez, across the Río Grande from El Paso, Texas, and tied up 17 intersections in the capital, Chihuahua, for an hour. On the second day, 3,000 PAN members rioted in Ciudad Juárez after one of them was arrested on charges of carrying a pistol. On the third day, most businesses closed down for 12 hours.

Any upsurge of PAN violence has nothing to do with annulling the elections. Any chance of that ended when Mexican President Miguel de la Madrid ratified the PRI victory July 8 by proclaiming, "We [Mexicans] have ratified our decision to continue forming a society of free men, in a democratic context in which power originates in the great majorities."

Observers in Mexico believe the PAN may be stirring a ruckus as part of bargaining a new peace with the government, in which all the illegal things it did during the electoral period would be pardoned. Or, it might be going after a serious stepping-up of violence. But a violent rampage would be short-lived, because the Mexican army has quartered 25,000 soldiers and police under its command in the state to deal with any trouble.

Were the PAN to act on its repeated threats of violence, it would be proving accusations that it was an agent of Mexico's foreign enemies seeking to undermine the country. It would pay a heavy price, including the loss of its party registration.

Such a crazy gambit cannot be ruled out, since even the PAN's foreign controllers realize the party is incompetent to rule Mexico. The PAN has never been anything more than a collection of drug pushers and promoters of Hitler's slave-labor economic policies, and of wealthy landowners who never accepted the Mexican Revolution. Under the "free enterprise" slogan, which endears PANista operatives to the easily-manipulated Senator Helms, lurks an unholy alliance of Nazi-Communists, made clear by the open collaboration between the PAN, and the Moscow-controlled PSUM, Mexico's communist party.

PAN's controllers would be willing to destroy their own asset in a flurry of violence, if they thought it would lead to pulling U.S. troops out of Europe, as advocated by Henry Kissinger. Parallel chaos operations such as mercenary vigilante squads rounding up illegal aliens on the Arizona-Mexico border have the same intent.

### **Chihuahua: a turning point**

The exciting part of the Chihuahua election story went unreported by the U.S. press. All the hype of Helms, and the foreign press, was not sufficient to overcome the PRI's major advantage: It is the political party which represents Mexico's majorities. To win, it must mobilize that support and get it to the polls. That is what the PRI did.

Helms and cronies portrayed the Chihuahua elections as a "test" of Mexico's democracy. They expected the PRI to lose in a fair election. In an abomination to the PRI's mass membership, the PRI candidate was hand-picked to be a loser, in a back-room deal between Interior Minister Manuel Bartlett and the "Chihuahua Group," the tightly-knit club of feudal landowners, front-men for foreign-owned border sweatshops, and cross-border narcotics traffickers.

The Chihuahua Group declared July 7 that the PRI and PAN candidates were equally acceptable. As far as PRI leaders of peasant and worker constituencies were concerned, both were unacceptable.

Several steps taken by Mexico's leaders during the last week of the campaign turned around this planned defeat, without systematic fraud. First, the "LaRouche Card" was played. As a representative of the NDPC, the political organization founded by U.S. presidential candidate Lyndon LaRouche, Harley Schlanger held a series of press conferences in Chihuahua and Mexico City, in which the IMF/New Yalta scenario was exposed. These were covered on TV news nationwide, and on page one of the leading dailies. This provided the Mexican voters with an understanding that Senator Helms's intervention on behalf of the PAN was part of a conspiracy aimed at destroying Mexico, and the Western alliance.

Secondly, the PRI sent some of its top organizers into Chihuahua, to "get out the vote." In "town meetings" throughout the state, the PAN was exposed, and voters were challenged to give a massive defeat to the "traitors." On election day, foreign reporters were stunned to see buses of

peasants and workers arrive at the polls to vote for the PRI candidates.

Finally, to ensure a calm and orderly election, more than 25,000 troops were brought in. This discouraged PAN plans for violent disruptions and intimidation of voters and election officials; it also was a preemptive measure against post-election violence, and demonstrated that the government would not be intimidated.

These last-minute steps spoiled the scenarios in Washington and Moscow, which counted on a PAN victory or massive fraud. The buses arriving at the polling places would have been empty had the issue been the candidates or the declining economy.

The turnaround was engineered largely by the Mexican labor movement. Over the past few months, its battle cry for defense of living standards and defense of sovereignty from creditor demands has won hegemony inside the PRI. Its position was recognized by President de la Madrid in his Feb. 21 speech, reiterated much more strongly June 2.

Fidel Velázquez, the head of the Confederation of Mexican Workers stated July 3, "PAN has shown itself to be a traitor to the Fatherland by provoking the interference of U.S. authorities in the internal affairs of Mexico." Velázquez moved on Chihuahua knowing that by giving PAN even a foothold in Chihuahua, to propitiate Mexico's "friends" in the United States, the country's sovereignty would be lost. With the overwhelming victory for the PRI's reluctant candidate, the party smashed whatever political deal Bartlett had cut during his secret meetings with top Wall Street strategists at Columbia University in New York.

### **Peruvian emissaries**

Now, Mexico has greater freedom to take sovereign action on its debt. Mexico will be adamant in insisting that creditors accept the terms de la Madrid has outlined, which permit a bit of growth in 1987 and 1988. Its will is already being strengthened by Peruvian envoys.

From June 23 to July 5, Peruvian Congressman Wilbert Bendezú Carpio toured Mexico. He was sponsored by the international Schiller Institute of Helga Zepp-LaRouche. One of the most trusted partners of Peruvian President Alan García, Bendezú spoke at a dinner with 200 leaders of Mexico's powerful oilworkers' union, met with the Foreign Relations Commission of the Mexican House of Representatives, and addressed 80 students and teachers from the National Polytechnic Institute.

Again and again, the Mexican leaders listening to Bendezú expressed shock at the relative ease with which the economy of a nation may be ordered, once national interest is put first over debt payment, as the García government has done.

"How far can one go against the powerful economic interests without suffering reprisals?" asked one congressman from Sonora. Congressman Bendezú's answer was simple: Peru expects the support of the Ibero-American continent.

# U.S.-Japan alliance holds firm in vote

by Linda de Hoyos

Although the forces for the break-up of the Western alliance are moving with increasing speed in Western Europe and the United States, in Japan, the line for the U.S.-Japan alliance held firmly July 6 with the landslide victory of the Liberal Democratic Party in national elections. When the count was in, the LDP won 304 seats in the 512-seat lower house of the Japanese Diet.

For the LDP, the election, held for seats in both houses of the Diet, was a clear reversal of the setback it suffered in 1983, when LDP voters tended to stay home. Although it is recognized in Japan that the opposition parties had nothing to offer voters but criticism of the LDP and government of Prime Minister Yasuhiro Nakasone, the elections July 6 saw a 71% vote turnout. But LDP voters came out not only to affirm their allegiance to the party, but to deliver a mandate to Nakasone.

This mandate was delivered despite the fact that the prime minister's acceding to demands to "open" Japan's market and suppress its exports has caused a near-recession in the Japanese economy. Only a week before the elections, statistics were released showing that the growth in GNP for the first quarter of the year was minus .5%, and that Japan, Inc. was for the first time registering a negative growth rate. Nevertheless, Japanese came out to the polls to vote for the LDP.

The vote itself had been called by Nakasone in a bid for an unprecedented third term, required, said the prime minister, in order to "put Japan on the road to the 21st century." Nakasone, who states in his autobiography that he wants to become "the de Gaulle of Japan," has set as a goal bringing Japan's role in international strategic and political affairs in line with its global economic power. In the political spectrum of the faction leaders and government servants of the LDP, he stands out as a strong nationalist who implies that Japan is ready to emerge from the shadows of World War II and take its place in the world with greater international contributions.

He also stands for increased defense spending, and in part based his political career while in office on maintaining a strong alliance with the United States. He has stated unequivocally that personally, he believes Japan should enter into government-to-government participation in the U.S. Strategic Defense Initiative.

This image of a strong Japan, proud of its achievements of the last 40 years, a Japan strongly tied to the United States

but also able to defend itself, is what brought voters out for the LDP. The vote was produced by "the Japanese character," said one Japanese political observer. "In the bottom of their hearts, the Japanese people like Mr. Nakasone."

The biggest loser in the election was the Japanese Socialist Party, the counterpart to Western Europe's Socialist International decouplers. The JSP, the largest opposition party, lost some 25 seats while other opposition parties lost 1 or 2 seats. JSP leader Masahi Ishibashi, who has carried on his own diplomacy with the Soviet Union and North Korea, hinted July 7 that he might resign: "I feel a strong sense of crisis. Nakasone will push forward many dangerous plans, such as Japanese participation in the Strategic Defense Initiative."

## A Nakasone third term?

Nakasone emerged from the elections the strongest politician in Japan, but he must win a power struggle within the party if he is to force through the two-thirds majority that would allow him to change the rule that limits the chairman's term to two. The chairman of the majority LDP automatically becomes prime minister.

Nakasone's own faction in the party now stands as the second largest, right behind that of the powerful Kakuei Tanaka, the last Japanese prime minister to gain an international reputation before he was watergated by the Kissinger-orchestrated Lockheed scandal of 1976.

Nakasone's first challenger is Foreign Minister Shintaro Abe, a member of the faction led by former prime minister Takeo Fukuda, who announced his bid for the prime ministership right before the elections. Another strong rival is Finance Minister Noboru Takeshita, a leader in the 87-member strong Tanaka faction. Either one of these two leaders is expected to continue the policies of the Nakasone government. LDP Executive Council Chairman Kiichi Miyazawa was also a contender, but his chances are dashed by the election results. Miyazawa favored resistance to the trade pressures coming from the United States and the agreement that Japan should stimulate domestic demand for consumer goods, rather than continuing its export-oriented economy. Miyazawa would only be in the running for the premiership, political sources say, if the LDP had lost the majority.

If Nakasone uses his mandate to bring down the Japanese economy, on orders from Washington, his popularity will wane fast. At the May Tokyo summit of OECD leaders, the Japanese prime minister was unable to withstand pressures from the White House and Western Europe for Japan to self-destruct. Japanese corporate and financial circles fear that Nakasone could well bring the U.S. recession to the Far Eastern side of the Pacific. However, Nakasone could also use his political strength and the strength of his nation's institutions to judo the pressure back—in forcing reorganization of the monetary system. This he will be required to do, if he is deliver on his promise to take Japan into the 21st century.

# Soviet anti-SDI warfare: German high-tech specialist killed by RAF

The director of the German Siemens Corporation's R&D department, Prof. Karl Heinz Beckurts, was killed on July 9 in a brutal bomb attack that was claimed by the notorious terrorist *Rote Armee Fraktion* (Red Army Faction, or Baader-Meinhof Gang).

Shortly after leaving his home in the town of Strasslach, 12 miles south of Munich, Beckurts's car was ripped apart by an explosive device that was attached to the base of a tree and triggered manually by the terrorists, who were hiding in the woods.

According to police estimates, the bomb was composed of more than 20 pounds of commercial or military explosive mixed with steel scrap and filled into steel pipes to focus the blast wave onto the vehicle. Mr. Beckurts unfortunately had refused to use an armored vehicle and preferred to use several different cars, hoping that terrorists would have problems finding out which car he was traveling in—obviously underestimating the skill of professional terrorists like those of the RAF.

Mr. Beckurts's driver, Eckart Groppler (42), also died in the attack. The explosion was timed so well that the security car with two private guards following the Beckurts car was only slightly damaged.

## An outstanding industrialist

Karl-Heinz Beckurts was an outstanding promoter of the use of nuclear energy and the development of fusion energy and computer technology. As director of the Siemens R&D department, he was also on top of all developments relating to the Strategic Defense Initiative and the European high-tech promotion program Eureka. Before becoming a Siemens executive, where he was in charge of the 36,000 personnel engaged in the research and development department of the German multinational, he was the director of the Jülich Nuclear Research Center.

The assassination is but the latest step in an escalating campaign against every person and institution resisting Soviet threats and intimidation against President Reagan's Strategic Defense Initiative (SDI). The Soviets have repeatedly warned that they will not allow the West to develop a defense

system which would render their overwhelming strategic attack capability impotent.

Indeed, on the day of the murder, July 9, the Soviet army daily *Krasnaya Zvezda* said the U.S.A. would never achieve the goals of the SDI because Moscow would take all measures needed to counter it. The military paper noted, "Many scientists and military specialists of different countries hold that such an anti-missile system cannot be effective," and added, "This is all the more so since the Soviet Union will not idly watch space weapons being created across the ocean." To restore the balance, it said, "the Soviet Union will have to take necessary measures to neutralize the 'Star Wars' electronic space machine. . . ."

## Soviet complicity

Specialists in German security agencies do not hesitate to point out the Soviet hand behind the wave of terrorist attacks in Western Europe and the Federal Republic of Germany in particular as long as they talk off the record. As one specialist put it, "It is only the cowardice of politicians in Bonn that keeps us from revealing all the proof of Soviet terrorist involvement in public."

In this case, though, some of the Soviet steering of so-called anarchist terrorism was revealed by Federal Prosecutor Kurt Rebmann in his press conference and a TV interview. Rebmann said that it was the student organization of the German Communist Party, which had published in its magazine, *Rote Blätter*, the list of participants in a secret meeting of high-ranking German military personnel and industrialists with a delegation of U.S. SDI specialists under Gen. James Abrahamson. The meeting took place in July 1985, and the list of participants can have been obtained only through professional espionage capabilities. This very list, as published in *Rote Blätter*, was found in January 1986 in a terrorist safehouse in Hanover used by two terrorist suspects, who have since been released "for lack of proof of their terrorist involvement."

But Beckurts's name had been found as early as 1984 in a terrorist safehouse in Frankfurt—where six terrorists were arrested—among about 10,000 names, more than 1,000 of

which police believed to be likely terrorist targets. In January 1985, another high ranking German manager, Dr. Ernst Zimmermann of the MTU-corporation in Munich, was assassinated by RAF-terrorists, six months after his name was found on the Frankfurt terrorist list.

A European-wide meeting of terrorists and their supporters, held in Frankfurt in February of this year, passed the word to the terrorist scene that the "military-industrial-complex," namely, the SDI, is the focus of all terrorist activities for the foreseeable future. A dossier of 18 pages was circulated on that occasion outlining the terrorist strategy to strike against as many "high tech" targets as possible. The assassination of key industrial and military leaders is only the tip of this iceberg. During 1985, in West Germany, 1,604 terrorist attacks were carried out, ranging from minor arson against police cars up to outright executions and mass murder.

This is the reason that one has to conceive the terrorist attacks as what German military strategist Brigadier F. A. von der Heydte (see *EIR*, July 4, 1986, pp. 26-31) described as a Soviet strategy of "low-intensity warfare." This low-intensity warfare is by no means limited to West Germany, but is carried out all over Western Europe and beyond. But in West Germany, since the violent "demonstrations" against nuclear plant sites at Wackersdorf and Brokdorf in May-June, it has escalated to a particularly intense level. There is now a transition in progress among the hard-core strata, from improvised killer-weapons, such as deadly slingshots, to limited use of conventional weapons and accumulation of pre-positioned and other military-weapons caches.

### Specifically anti-SDI

Leaving aside the earlier assassination attempts against General Kroesen and former NATO Commander Alexander Haig, and the assassination of Gen. Leamon Hunt in Italy, the terrorist hits since 1985 have had a specific anti-SDI orientation. One week after the killing of Zimmerman in January 1985, the SDI-linked Gen. René Audran in Paris was killed by the terrorist Direct Action, which closely collaborates with the RAF. At the same time, in a militarily planned fashion, the NATO-pipeline network in Europe was under constant terrorist attack. The series of assassination attempts continued against the French General Blandin (failed), against the leader of the French industrialists association CNPF, Brana (failed), and then on July 9, against Mr. Beckurts.

According to the best estimates of German security specialists, the RAF is expected to try two more major hits against high-ranking military or industrial leaders before retiring to regroup for several months. This strategy has also proven to be very successful in France and would give the Soviet threat against German SDI involvement the necessary emphasis. As a military security specialist put it: "As long as our politicians are lining up in Moscow to hand over the latest technologies, while the leaders of the companies developing these technologies are killed by Soviet-directed terrorists in their homeland, we are in a bad position."

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## Interview: Gen. García Conde Cenal

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# The defense of West is the duty of all the

*General García Conde Cenal, former Chief of General Staff of the Spanish Air Force, spoke with our correspondent Leonardo Servadio, in Madrid at the beginning of June.*

**EIR:** Spain occupies a strategic position of great importance for the defense of the Mediterranean and all Europe. There are military threats to Spain. Can you give us your evaluation of these threats, and where they come from?

**Conde:** There is a lot of talk of the threat from the south, an imaginable threat, but this threat has two aspects. There is a possible direct threat to Spain for reasons of territorial disputes, as in the case of Ceuta or Melilla, but this bilateral threat is not very probable, at least in the short term. And there is another, much more serious threat, also from the south, which from the point of view of defending Europe is very important: the threat that an invasion from the East would try to envelope Europe by the south.

The first threat is not very probable; the relation of force between the possible aggressor and Spain is relatively reassuring. This is not the case of the threat of the encirclement of Europe from the south, and naturally, from the north. On this terrain, the policy of the government [of Felipe González] in the joint strategic plan, is a policy we would call shamefaced. It cannot be said, as has been said when we were called to the referendum on NATO, that Spain's military non-integration into NATO has as its objective that our soldiers may not go outside our borders.

In short, let us consider what aggression from the East would look like, this famous aggression which they say would arrive in Burdeos in eight days. If the absurdity were put forward that the Ukraine Republic is going to declare war on West Germany, and Poland is going to declare war on Holland, and that some other socialist Soviet republic is going to declare war on France, in this absurd scenario it would seem natural that the German soldiers defend themselves against the Ukraine, that Holland defend itself against Poland, and that the French defend themselves against their aggressor. But in reality the scenario is not this.

The scenario is that the armies of all the socialist Soviet republics and their allies of the East are going to attack all the states of Europe. And therefore, to say that Spain integrated into NATO is only going to defend its soil when the enemy arrives at our frontiers—which is what is implied by the idea that our soliders will not move outside our borders—is, from

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# Germany states of Europe

the purely military, scientific, and ethical standpoint, truly repulsive.

Germany's frontier with the East is under the threat of being attacked by all the states of the Warsaw Pact together, and it must be defended by all the states that are on this side of the Iron Curtain, and on the front line.

The proposal that the government is right now putting forward, is that our forces are in the south of Spain to defend Spain from a possible attack from the south, which means, taking it to the absurd, that after 8-10 days of war, the forces of the East will be at our borders, and 24 hours later they will encounter our forces in the south of Spain, looking at the Straits [of Gibraltar—ed.], and they will take them from the rear.

There is another case which is much talked about and which theoretically is much studied as well, that of the Balearic Islands-Straits-Canaries axis. The Balearic Islands are well defended, including by their proximity to the coast of the peninsula. But the problem of the Canaries is completely different. If you analyze the state of the North Atlantic, you will observe that the Canaries are the only island air bases in the whole Atlantic, the only ones that could be the target of an East bloc offensive, to occupy them and thus exercise a decisive influence on the whole traffic in Gibraltar.

To be sure, the Madeiras Islands are not well defended, but in no case can they be an aeronautical base, because they have no air base, nor can it be constructed, nor do they have a port capable of serving as a naval base. It is the Canaries that are, in their present state of lack of defense, an easy target, I believe, and of first priority because of their ease of being occupied by the East in case of a conflict. Therefore, the Balearic-Straits-Canaries strategic policy, as it is proposed, is absolutely absurd.

I think that the defense of Spain must be carried out beyond the Rhine, in the case that the attack of the East comes through Europe, as predicted; or in the south of Spain and in particular in the Canaries, in the case that the East tries to make a maneuver involving the south.

**EIR:** It seems relatively easy for the terrorists or destabilizers to pass through the Canaries to enter into Spain. What do you think of this class of indirect war threat by the Soviets, via terrorism and destabilization, as they are doing now in Germany with the Greens? Here in Spain, you have the ETA

terrorists, for example.

**Conde:** Given my profession, I do not have concrete data, proof of concrete accusations. But examples can be given.

The prime minister of the Spanish government went to render posthumous homage to [Swedish Prime Minister] Olof Palme after his unfortunate assassination. Olof Palme had asked for money in the streets of his country, for ETA. Palme, and his party, subsidized ETA. Whether Olof Palme was an agent of Moscow in this domain or in some other, you would have to ask the politicians more than the military men; I don't have information on this. But it is a hard fact: Olof Palme sent money to ETA. And as a corollary I can add that after the funeral, Mr. Ortega, of Nicaragua, returned to his country on a plane belonging to the Spanish government, placed at his disposal by the Spanish prime minister. Here the game is being played by international politicians who have always supported ETA, because Ortega is another one of those they have backed.

As far as the Canaries go, I can easily demonstrate that via the Canary ports, one can get into Spain without the slightest hinderance. Any Russian boat, in the port of Las Palmas, can debark its men without the least hinderance. If these persons go to the airport and get a ticket to Madrid, since the Las Palmas-Madrid flight is a domestic flight, they don't have to present any I.D. They just have to give a name. So, they can go to Madrid without any personal security check. The Canaries are a free and open port of entry for every class of foreign agents who want to get into the country.

**EIR:** Regarding the political backing which the terrorists can expect to get here in Spain, it seems that people from the Shining Path [*Sendero Luminoso* of Peru] and M-19 [Colombian terrorists] are finding some facilities here.

**Conde:** There are offices here of these terrorist organizations which are dedicated to recruiting personnel, but above all to collecting money to financially support these terrorist organizations. They have always existed, and are tolerated.

**EIR:** In the face of this situation, do you believe that the national defense apparatus is adequate? What do you think of the prospect of reducing U.S. troops? Can this be done without affecting the national defense capabilities?

**Conde:** The Spanish defense budget is, in proportion to the Gross National Product, the lowest practically of all the Western countries. Therefore, however well it may be administered, the effect of the potency of our armed forces is diminished by this fact. This diminution or limitation was partially alleviated by the presence of American forces in Spain, which now they are trying to cut or nullify. But the policy of reducing the American forces not only is going to have the consequence of diminishing our offensive power, but has the consequence that it is going to diminish also the same Spanish force.

Because, although no one says so, the reality is that the presence of American troops in Spain produces, as compen-

sation, extraordinary economic and technical aid to our forces from the United States. And no one says this. So that if the U.S. forces are withdrawn from our country, not only are we going to lose the support of their strength, stationed here, and of their technology, but we are going to lose the economic and technical support that this presumes for our armed forces.

**EIR:** How could one strengthen cooperation between Spain and the United States?

**Conde:** One thing that would have to be done is that the policy of the U.S. State Department would have to change, which has this extraordinary capacity to mistreat its friends and reinforce its enemies. Numerous examples could be cited.

Otherwise, the media here that are directly or indirectly subsidized by the communists, by the East, are trying to generate animosity against the American people. This could be compensated by the media that are not compromised with the KGB, which could compensate for the negative effect of these ultra-leftists.

But what cannot be tolerated is that the state-owned media should be the first agent promoting aversion to the people and policy of the United States among the Spanish people.

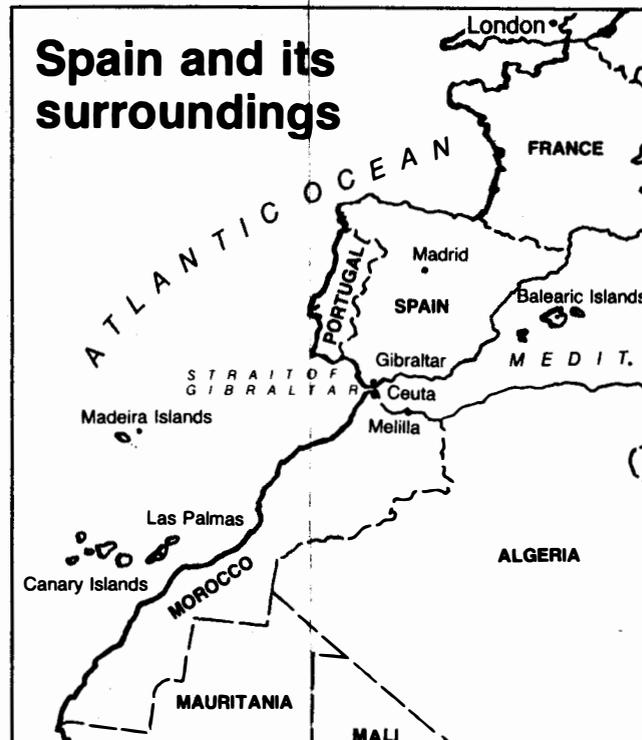
**EIR:** Speaking of the State Department, what examples are you referring to, of policy which goes against friends and favors enemies? Is it true that the U.S. State Department was the first to propose the reduction of the air base at Torrejón?

**Conde:** The base at Torrejón is a very debatable thing; it was chosen by the Americans at an earlier time. When it was built, it was much debated and had no justification. The Torrejón base should have been in Albacete or in some other place. The Torrejón base has created an extraordinary conflict for air traffic in the Spanish capital. And, moreover, it is a threat to the capital, a base which is so close to the city. We have to say frankly: The Americans, when they decided where to put the base, committed an abuse.

The Americans wanted to live in Madrid, not in the mesas of La Mancha or of Castile. It was an error; there are many billions of pesetas invested in Torrejón and really the situation from the standpoint of air traffic and military objectives is very serious. Torrejón is not an independent air base, it is so close to Barajas that it is one more runway of the Barajas airport, or if you wish to turn it around, the Barajas runways are just extra runways for the airport of Torrejón. They have to function in coordination, a plane can't take off from Torrejón without the Barajas control tower knowing it, or vice versa; the runways come together.

As far as the State Department goes, the Philippines is a past example. The case of Korea is a future example, of a State Department policy which places friendly countries in jeopardy.

Otherwise, there is a failure of propaganda. There are kinds of aid which the United States is giving to Spain in the cultural realm, the health realm, and sanitation; these are



truly extraordinary, not only in terms of scientific, but also economic collaboration. In the reconstruction of works of art, financed in some cases at an absolute loss by the U.S.; and in health, the same. This is not published, not stated, and that's how battles in psychological warfare are lost, not only in Spain, but around the world.

**EIR:** Do you think that technical and military cooperation between Spain and the U.S.A. on the Strategic Defense Initiative is possible, and would you favor cooperation between the two continents?

**Conde:** We always run up against France. Historically, Spain runs up against France. For me there is no doubt that any kind that cooperation with the United States on the SDI would be useful for Spain, not only in the military aspect, but in the scientific, economic, and development aspects. But we stumble up against France, which has inserted itself with the Eureka plan [a "counter" proposal to the SDI involving only Europe—ed.], and it cannot be forgotten that France has great sway over Spain, because there is a kind of blackmail produced in the domain of terrorism. Terrorism in Spain is 90% protected, directly or indirectly, by France. It is a harsh thing to say, but that's the way it is. I mean by this that the French proposals, such as Eureka and others, for Spain often turn out to be impositions.

**EIR:** The only way, then, would be to establish cooperation with France against terrorism, which would also allow better cooperation with the United States.

**Conde:** Yes, of course, but first we would have to see if France were disposed to establish this cooperation.

# Lebanon falling to New Yalta plan

by Scott Thompson

On June 26-27, Assistant Secretary of State for Near East Affairs Richard Murphy met in Stockholm with his Soviet counterpart, Vladimir Polyakov, a member of the Collegium of the Soviet foreign ministry. At their first meeting in February 1985, sources report that Murphy had offered the Soviets leave to take over Lebanon, acting through their main client state in the region, Syria. The latest Murphy-Polyakov meeting reportedly hammered further details of a "New Yalta" settlement that would virtually annex Lebanon into this "Greater Syria" design.

High-level Pentagon sources confirm this assessment of the Murphy-Polyakov meeting, saying that at present, State Department policy is: "Anyone who wants to get into Lebanon is welcome. If the Syrians can bring a degree of stability, that's terrific." According to this same source, Syrian manipulation of sectarian fighting in Lebanon has caused so much deterioration, Israel is no longer even interested in going back in to partition the country between Greater Syria and Eretz Yisroel, as Secretary of State Henry Kissinger had first treasonously proposed in 1975.

After the State Department and Congress kept the Reagan administration from settling the Lebanon crisis in 1983, as President Eisenhower had done earlier, the stage was set for an accelerated "New Yalta" giveaway of our Lebanese allies by Richard Murphy. Well-informed sources report that outgoing U.S. Ambassador to Lebanon Bartholomew recently circulated a highly classified final mission report that envisions further collapse of the political situation through 1988. Predicting the growth of sectarian zones, Bartholomew endorsed Murphy's plan by saying that U.S. policy toward Lebanon must plant its left hoof in Damascus and right hoof in Jerusalem.

On the very day that Murphy and Polyakov were meeting in Stockholm, Syrian military intelligence Brigadier Ghazi Kanaan oversaw the move of 1,000 Shi'ite members of the Lebanese Forces (6th Brigade) into West Beirut, where they closed scores of offices of the Shi'ite Amal and Druze Progressive Socialist Party militias.

No sooner had the Lebanese 6th Brigade taken up positions in West Beirut, than 500-1,000 heavily armed Syrian elite troops became the first to occupy Beirut since the 1982 Israeli invasion. Lebanese sources report that they are the vanguard of as many as 4,000 more Syrian troops who may

move into West Beirut. Syrian military advisers have also set up checkpoints with the Amal and PSP militias that cut off Beirut from southern Lebanon.

Six weeks earlier the same Syrian intelligence Brigadier Kanaan had turned the Amal loose on the Sabra, Shatila, and Bourj al-Barajneh refugee camps in West Beirut to crush a resurgence of support for PLO chairman Yasser Arafat. Armed with Soviet T-54 and T-55 tanks and supported by the 6th Brigade's heavy artillery, the Amal troops caused 2,200 Palestinian casualties in this new "war of the camps," killing civilians and guerrillas indiscriminately.

President Amin Gemayel has denounced the latest Syrian occupation of West Beirut as "illegitimate," saying that neither the President nor the military leadership of the Lebanese Forces had been consulted. But on July 10, a State Department spokesman for Richard Murphy countered this, saying the occupation was approved by Lebanese Prime Minister Rashid Karami. Murphy's spokesman added that: "It is difficult anymore to know where the seat of authority within Lebanon lies."

The Syrian occupation of West Beirut has also been approved by the Soviets. The day after the first 500 Syrian troops entered the city, pro-Syrian stooge, Prime Minister Karami met with new Soviet Ambassador, Vassili Ivanovich Kolotucha, to discuss the "peace plan." Simultaneously Syrian Brigadier Ghazi Kanaan met with and briefed the Second Secretary of the Soviet Embassy, Alexei Bolivitch, on his operations.

The entire occupation plan and the camps war had been worked out June 15 in Damascus in a meeting chaired by Syrian Vice-President Abdul Halim Khaddam who is in charge of plans to partition and annex Lebanon. Attending the meeting were Lebanese Prime Minister Rashid Karami, Nabih Berri of the Amal, and Socialist International Vice-President and Druze PSP leader Walid Jumblatt. Apart from hammering away at the need to crush any resurgence of Palestinian support for Arafat, Vice-President Khaddam also stressed that the Syrian occupation of West Beirut would be only the first step toward renewing the "tripartite agreement." This calls for rewriting the Lebanese Constitution in such a way as to give Syria's Muslim allies unchallenged control of the country, which would topple Christian President Amin Gemayel and end Lebanese sovereignty.

Murphy and Polyakov reportedly also discussed how the Soviet Union would be brought directly into Lebanon by Moscow replacing Washington as the funder of the U.N. forces (Unifil) that form the "Red Line" with Israel in the South. Both the U.S. and U.S.S.R. agreed to renew U.N. Resolution 495 for the Unifil forces when it comes up on July 19, as long as Israel's demand to clean out the Palestinians from Southern Lebanon is met. Meanwhile, Amal militiaman Mahmud Atweh appeared on Israeli radio July 5 to agree with an offer from Maj. Gen. Antoine Lahd of the Israeli Southern Lebanese Army that the Amal would work with Israel to police the Palestinians in Lebanon.

# Silence covers East Berlin bloodbath

by Konstantin George

According to reports from the West Berlin based West-Ost Nachrichtenagentur (WONA), on May 7, a group of 10-12 East Germans, some of them armed, failed in a dramatic attempt to escape to West Berlin. They were either betrayed or spotted beforehand, and the attempt ended in the worst bloodbath seen in an East European satellite country since the Hungarian Revolution. All the participants were either killed on the spot, or soon thereafter executed by firing squad. As a sign of the "New Yalta" epoch, even though the facts are known to the governments of the United States, Great Britain, France, and the Federal Republic of Germany, not one government spokesman or member of parliament has uttered a word of protest. The West German government has gone out of its way to deny the story as a "fabrication."

The facts of what transpired and the scandalous responses by the West German government and the three Western Allied Powers are chilling testimony to how far the West has plunged toward concluding a "New Yalta" sellout of the West to the Soviet Empire.

The escape plan involved driving an East Berlin eight-car subway train, which was lying in an unused side-tunnel, running southeast from the Alexanderplatz subway station and junction, towards the abandoned Jannowitzbrücke subway station which lies inside East Berlin on the tracks of the West Berlin subway Line No. 8. The subway Line No. 8 is one of two West Berlin subway lines running under East Berlin for part of their route.

Something extraordinary did happen on May 7 in that tunnel. The East German News Agency ADN, on May 9, reported that a major "electrical" fire had erupted in a subway side-tunnel, somewhere between the Alexanderplatz subway station and Klosterstrasse. ADN reported that the fire completely burned out an eight-car idle subway train in the side tunnel, and caused sufficient damage to halt all subway service between Alexanderplatz and Klosterstrasse, with passengers forced to take a shuttle bus service. The description of the fire and its effects is inexplicable, when matched with any normal electrical-failure fires (large amounts of smoke and relatively little fire damage) among idle subway trains.

On May 7, a French military patrol was in East Berlin near Alexanderplatz—such patrols occur daily by the rights accorded the three Western Allies under Berlin's Four-Power

Status—and reported that the entire area had been sealed off, not only by police, but by hundreds of East German armed secret police from the Ministry of State Security (Stasi). Such a deployment would never be ordered for a mere subway fire. The July 6 *Bild am Sonntag* mass-circulation newspaper reported that U.S. military monitoring and interception in West Berlin of East German radio communications confirmed that a mass escape attempt had occurred and failed.

Until the Wall was built in 1961, the tracks of the side-tunnel used in the escape attempt linked up with the tracks of the West Berlin subway system. Then, a nine-inch-thick slab was placed in between. The plan was to drive the train up to this slab, and then leave the train and run the last several hundred meters along the tracks into West Berlin.

According to WONA, the group included six former East German soldiers, who had received paratroop training during their military service; the nephew of an active Stasi official; and the son of a retired Stasi major-general. One of the group was said by WONA to be a Bulgarian officer, who had been serving as the aide to the Bulgarian military attaché in East Berlin. *EIR* has confirmed that a Bulgarian first lieutenant, Nedelin Makedonski, serving as assistant to the military attaché at the Bulgarian embassy in East Berlin, has indeed been missing from the embassy since May 7.

## Call for investigation

After the WONA story broke in the major press, the general secretary of the Berlin (West) Christian Democratic Union (CDU), Klaus Rüdiger Landowsky, called for a "joint expert commission of the Four Powers" (U.S., Britain, France, U.S.S.R.) to investigate what occurred in the East Berlin subway tunnel on May 7. Landowsky said that if the East Germans had nothing to hide they would agree to such an investigation. He added, however, that if indeed a mass escape had failed and ended in a bloodbath, then, referring to the postwar history of Soviet and satellite puppet mass executions, it is "a case not seen in Central Europe since the Hungarian uprising of 1956."

Landowsky's call has provoked rage and hysteria from East Berlin. The East German foreign ministry issued a statement, calling Landowsky's remarks "stinking fabrications." The East German News Agency, ADN, raved about a "hair-raising wild west story cooked up in the dirty poison kitchen of Landowsky," and denounced Landowsky as a "notorious liar" and "sabre-rattler."

The West German newspaper, *Frankfurter Allgemeine Zeitung*, supplied an appropriate commentary, in an editorial on July 2: "Germans attempting to escape from East Berlin and East Germany are gunned down like rabbits by the authorities." The editorial denounces the reluctance among politicians to take up any issue like the Berlin subway affair, which they fear would conflict with the general détente mood: "It is unwelcome here . . . to pose any questions on affairs which, if confirmed, would disturb the so-called détente."

### Money laundering for the SPD

*The investigation of the Friedrich Ebert Stiftung may hit top Social Democratic leaders hard.*

Over a period of one year, the Social Democrats here have unsuccessfully tried to turn part of the "Flick" party bribery scandal into a means of toppling Christian Democratic Chancellor Helmut Kohl. The investigation of the Chancellor's possible involvement was formally dropped in May. But now, the Social Democrats themselves have been hit by a scandal involving the Friedrich Ebert Stiftung (FES).

The FES is being investigated for illegal money transfers, misuse of its status as a foundation, and even money laundering. Rumors have it that several tens of millions of deutschemarks passing through the foundation are not in the foundation's books. Considerable sums of money, which the FES received from German industry donors, were transferred to the Fritz Naphtali Foundation in Tel Aviv, which turns out to be a mere letter-box venture, with a telephone that no one ever answers.

The main interest of the German investigators right now is a secret bank account kept in Basel, Switzerland, at the Internationale Genossenschaftsbank (Ingeba). As it turned out, millions of deutschemarks were placed in this bank account by Alfred Nau, the treasurer of the Social Democratic Party (SPD) until 1982. The director of the Ingeba board is Walter Hesselbach, a West German banker with many connections to the international underworld of real-estate speculation and dirty-money transactions. A So-

cial Democrat, Hesselbach is also on the board of the FES, the same board which decides where the donations the foundation receives are to be invested.

Moreover, Hesselbach is the man who founded the Fritz Naphtali Foundation in 1961.

From the Naphtali Foundation, connections reach into the Bank Hapoalim in Tel Aviv, the Histadrut labor confederation, and the Israeli Labor Party, and back from there into the German Social Democrats and the BFG, the German Labor Union Federation's Bank für Gemeinwirtschaft.

Well, such investigations take a long time, one might say, and little may come out in the end.

This is certainly true. In fact, the FES has been under investigation since 1982. It was not until mid-June that the prosecutors decided to raid some financial offices of the BFG, the FES, and the SPD, securing a lot of documents and bookkeeping material. This should have come earlier, because, as happens in these kinds of affairs, the responsible parties, those who could tell the whole story, have a habit of dying off rather quickly.

The following people are already dead in the FES/Naphtali affair:

- Alfred Nau. The Social Democratic Party treasurer during the period in question died in the summer of 1982. His successor, Friedrich Halstenberg, happens to know nothing of what Nau did. Nau never told him, naturally.

- Henryk Margulies. Walter Hesselbach's main representative in

Tel Aviv died of a heart attack.

- Jakob Levinson. The president of Bank Hapoalim, who knew about his bank's relations to the Naphtali Foundation, decided to shoot himself in the head in February 1984. The same Levinson happened to be the only person, outside Hesselbach himself, who knew the details of all the money transactions. Hesselbach himself, of course, is not talking.

The SPD, naturally, knows nothing of the affair. But the German prosecutors are investigating where 40 million deutschemarks for the Social Democrats' election campaigns in 1980 actually came from. The documents, if there ever were any, went with the late treasurer Alfred Nau, who had been working for the FES for decades. What is known is that the FES, the SPD's political foundation, placed a lot of money in the Naphtali Foundation's bank account in Basel.

While those who died can tell no tales, the membership list of the FES board "speaks." It reads like a leadership list of the SPD: Holger Börner, acting governor of the state of Hesse; Horst Ehmke and Egon Bahr, the key strategic policy makers of the SPD; Peter Glotz, national party manager of the SPD; Peter von Oertzen, publisher of *Vorwärts* magazine, the Social Democrats' official party publication. And, last but not least, Johannes Rau, the Social Democrats' chancellor candidate for the national elections in January 1987.

All of this is now being investigated, and it will take time. But six months before the next national elections, Johannes Rau and his SPD associates cannot welcome such an investigation, with all the bad media headlines it will entail.

Worse may happen than just bad headlines: The affair could end some very prominent political careers in the SPD. Let us hope so.

### What Andreotti has in mind

*Now that the New Yalta crowd has toppled Craxi, the Communists will "make the trains run on time."*

**A**t this moment of writing, the government crisis in Italy has just started, but we can already foresee its outcome: The incumbent foreign minister, Christian Democrat Giulio Andreotti, will be the next prime minister, and his government will be supported by the powerful Italian Communist Party.

The government of the Socialist Bettino Craxi had lasted three years, the most stable government of post-war Italy. Formally, Craxi fell because of a secret vote of Parliament against one law proposed by his administration. The reality is different: Craxi was pulled down immediately after the end-of-May congress of the Christian Democracy, where the absolute winner had been Giulio Andreotti. If Craxi was able to keep the Communists out of power for three years, Andreotti will do exactly the contrary.

Already in 1978-79, Andreotti formed a government with the silent but important external support of the PCI: In other words, the Communist deputies, almost 30% of Parliament, voted in favor of the government or abstained on decisive bills, thus allowing the government to survive. Although Craxi was not particularly pro-American, and never really gave clear and strong support to the Strategic Defense Initiative of President Reagan, Andreotti is a well-known friend of Moscow's Libyan asset Qaddafi and of the Kremlin.

It is not that Andreotti is a Communist. He follows the policy of the New Yalta, elaborated by Lord Peter

Carrington, Henry Kissinger, Willy Brandt, and Vatican Secretary of State Cardinal Casaroli, for an agreement with Russia at any cost. The New Yalta implies that strategic areas like Europe and the Middle East are left to Russian control, and the United States should confine itself to the Americas. Since West Germany will fall into the hands of the Soviets, if, as expected, next January the Social Democrats of Willy Brandt win the national elections, then Italy should follow a similar pattern.

This is why, suddenly, the Craxi government has fallen—and why the Vatican newspaper *Osservatore Romano* started last month to issue harsh attacks against Premier Craxi. This is why Andreotti was welcomed in June by U.S. Secretary of State George Shultz, one of the top "New Yalta" advocates, as the only trusted political man in Italy. Add to this that Soviet leader Gorbachov had promised Craxi he would come to Italy in the spring but postponed his trip to October, when another government will be there. This is a crisis totally orchestrated by the Italian and international forces of the New Yalta and has nothing to do with an internal power struggle between Craxi and Christian Democrat leader De Mita, as the American press has stated.

After the fall of Craxi, Italian President Francesco Cossiga invited the president of the Senate, Amintore Fanfani, to find out if there was any possibility of forming a second Craxi government. Fanfani ended his consultations and reported to Cossiga that

there is no room for a second Craxi government, opening the situation to all solutions.

The Communists have proposed a "programmatic government," based on a platform they would support if they were included in the next cabinet, which is identical to that of Andreotti and De Mita: cutting public spending and the public deficit. The Andreotti faction has proposed a budget law for the next fiscal year that Italian Republican Party head Giorgio La Malfa correctly labeled "a kind of Italian Gramm-Rudman." It proposes to drastically cut pensions to the elderly and public health, and then cut every other kind of public welfare, lowering the living standards of Italians.

It should be noted that most of Italy's state public deficit is a debt of the state toward its own citizens who bought tax-free Treasury Bonds. Mussolini, during the 1920s, managed not to pay Italians on their Treasury Bonds, a Fascist move that was done with the consultation and full support of the U.S. Mellon banking family, and then-U.S. Federal Reserve chief Benjamin Strong.

Now the Andreotti faction is trying to push people to abandon Treasury Bonds and invest in the Italian stock exchange, which is growing at an incredible and crazy speed toward an inevitable crash. This is fascism "with a democratic face." The Communist Party of Italy, which is still dominant in the labor movement, expects to be able to deliver workers to passive acceptance of the massive austerity measures demanded by the New Yalta arrangement. To prove this capability, the Communists just pulled off a "quiet summer" operation, which guaranteed that for the first time in Italian history, there will be no trains or ships or airports on strike in Italy during the summer season.

## Peru outdoes U.S. in war on drugs

*The García government's anti-drug fight shows up the efforts of the Reagan administration as not serious.*

A stunning new anti-drug raid by Peruvian police forces testifies to the determination of the Alan García government to step up its war against narco-terrorism despite the attempts—domestic and international—to destabilize it in the wake of the mid-June *Sendero Luminoso* (the “Shining Path” terror band) prison uprisings.

In a multi-flanked operation begun July 1 and lasting three days, more than 100 of Peru's special anti-drug (Umopar) police penetrated by air and land that region of Peru's Upper Hualлага Valley known as “the cocaine triangle” (Uchiza, Sion, Paraiso, and Paupayacu). An army of mercenaries ensconced in three fortresses gave battle to the raiding police forces, using weapons that included powerful surface-to-air missiles and other modern weaponry.

One police official who took part in the operation noted, “What we found was truly incredible. Not a single police or military unit in the jungle is equipped with such sophisticated weaponry nor with these ultra-modern means of attack and defense.” One of three Air Force helicopters was nearly downed by the drug traffickers.

When the fighting ended, over 2.5 tons of cocaine paste ready for refinement into pure cocaine were seized, along with vast arsenals of weaponry. Two of the largest and most sophisticated refinement laboratories ever found were discovered, and 13 traffickers captured. The government declared the bust its largest to date.

Interior Minister Abel Salinas revealed in his press conference on the raids that in the first 10 months of the García government, more than 23 tons of pure cocaine (or its equivalent in basic coca paste, PBC) had been seized—almost as much as the 27.5 tons confiscated in all federally assisted anti-drug operations in the United States during 1985 (DEA estimates).

In addition, 144 clandestine airstrips and 28 drug laboratories have been destroyed in the Peruvian jungles, along with 452 tons of coca leaves ready for processing. Fourteen planes and 25 motorboats have been seized, and 62 traffickers captured. “We will not rest until we exterminate the gangs,” said Salinas. He asserted that with the raid the government has demonstrated its commitment to reestablishing “the rule of law” in the jungle.

Days after the police raids in Upper Huallaga, an explosion in a suburban house in Lima on July 6 revealed a terrorist factory belonging to the Tupac Amaru (MRTA) urban guerrilla. A car-bomb the narco-terrorists had been preparing went off, killing them and injuring inhabitants of neighboring houses. Besides the abundant weapons and MRTA literature discovered, Peru's investigative police (PIP) found quantities of ether and other chemicals used in processing coca paste, leading the Peruvian press to speculate anew about the mafia-terrorist link.

While the police were raiding the Huallaga Valley drug networks, Pres-

ident Alan García was bombarded with demands from both left and right that his cabinet resign in confession of its complicity in the executions of *Sendero* prisoners during the June prison rebellion. Luis Bedoya, head of the Social Christian Party and supporter of Chilean dictator Augusto Pinochet, joined with the Peruvian Communist Party in indicting García for making “gross errors” in deploying the military against the *Sendero* uprising.

On the international front, “friend of Peru,” Socialist International chairman Willy Brandt was accused by former Venezuelan Foreign Minister José Alberto Zambrano of trying to force Alan García to negotiate with *Sendero Luminoso*. In charges made to the Caracas press and carried by the Lima daily *El Comercio* on July 3, Zambrano revealed that Brandt had tried to convince García to negotiate with the terrorists while chairing a Socialist International conference in Lima; the Venezuelan likened such an act to the West German government negotiating with the Baader-Meinhof terrorists. Zambrano added that Brandt's efforts had endangered the stability of Peru's democratic government. He did not mention that dialogue with the narco-terrorist *Sendero* would also have undermined García's war on drugs.

The voice of Brandt's faction in the Social Democratic Party, *Vorwärts* magazine, devoted its late June issue to a sympathetic appraisal of the *Sendero Luminoso* narco-terrorists which is also an attack on the García government. Journalist Michael Stuehrenberg, an ardent defender of *Sendero*'s Colombian cohorts, the M-19, writes: “The only thing to know [about *Sendero*] is why they belong to the Peruvian reality of today, and how they could resist the dirty war of the Army. The Senderistas are . . . victims of a terrorism, the shape of which is congruent with state power.”

## **Rajiv Gandhi on the frontline**

*Rhetoric ran headlong into reality during the prime minister's whirlwind visit to Mauritius.*

**R**ajiv Gandhi's sudden and unusually high-powered 36-hour visit to the tiny island-nation of Mauritius on July 4-5 seems to have been a singular misadventure for Indian diplomacy. In the event, however, it may have served to bring something of a reality principle to the push for mandatory sanctions against South Africa, a push for which Prime Minister Gandhi is emerging the self-appointed leader.

At a July 4 state dinner in his honor, hosted by Mauritian Prime Minister Anerood Jugnauth, Rajiv Gandhi declared categorically that there was no alternative to comprehensive and mandatory sanctions to end the era of apartheid.

During official talks the following day, Mr. Jugnauth reportedly explained to Mr. Gandhi that the sanctions were very nice, but there was no way that Mauritius could participate without compensation for the economic losses the island will suffer the moment it cuts trade links with South Africa.

At a joint press conference before his departure that evening, in response to a question about Mauritius's reluctance to endorse sanctions, Mr. Gandhi delivered a small lecture on "principles" before proposing that the Commonwealth link the sanctions with a compensation guarantee for those adversely affected by cutting links with the Botha regime.

"When one stands up for certain principles, one has to make certain sacrifices," Rajiv Gandhi instructed the Mauritians, adding that in 1964, when India snapped ties with South Africa,

8% of its trade was with that nation, and it could have grown much larger.

It remains to be seen what effect such a patronizing approach, however earnest, will have on India's relations with Mauritius, 60% of whose population is of Indian origin. Bilateral ties slightly frayed by recent public charges of "Indian interference" may need more than the \$10 million aid-promise the prime minister also brought along.

More immediately, the visit gave a two-pronged jolt to the sanctions campaign. First, Mauritius's insistence on putting reality before rhetoric forced out onto the table the open secret of the Black frontline states: their economic dependence on South Africa.

Second, Rajiv Gandhi's typically earnest response—the proposal for the Commonwealth to compensate the boycotters—may be the deathknell of the sanctions initiative itself.

According to Mauritian officials, the country's import bill would soar if the tiny nation were forced to import goods from countries other than South Africa. Mauritius not only has tourist and trade links with South Africa, but is angry at having been singled out for condemnation while the other, larger frontline states maintain their dealings with Pretoria at the same time that they wax fiery on the need for economic boycott.

In fact, Mauritius is not unique, except perhaps in the candor of its government leaders. There is not one southern African nation that isn't dependent on ties with South Africa for anywhere from 50-90% of its eco-

nomie activity. Yet, during Rajiv Gandhi's big May tour of the frontline states of Zambia, Zimbabwe, and Angola, not a whisper of this complication was heard.

India is, to be fair, not at all unaware of the urgent and rudimentary economic needs of the African nations, as shown by Foreign Minister K. R. Narayanan's participation in the recent U.N.-sponsored session on Africa's economic crisis.

But now that the cat is out of the bag, so to speak, Rajiv Gandhi seems to have put himself in the curious position of sponsoring a proposal which will bring the sanctions campaign he has championed to a permanent halt. When he announced the compensation proposal in Port Louis, the Indian prime minister vowed it would be on the agenda of the August Commonwealth Summit. But it can hardly be expected to garner support from the repositories of monetarist austerity, both in and out of the Commonwealth, who could otherwise underwrite its provisions.

A Commonwealth breakup over the South Africa issue, seriously mooted in some African quarters, wouldn't help much—unless, that is, India itself is prepared to finance the sanctions. Indeed, India is finding it difficult to even maintain trade ties with Africa, and proposals are circulating here to get European aid flows to Africa earmarked for purchases in India.

India's imports from Africa have dropped from 10% of its total imports in 1970 to less than 2%, and today represent no more than .6% of Africa's exports. Moreover, most of the purchases are not direct, but through London or other colonial centers. The purchase of \$1 billion worth of diamonds in Belgium annually, much of which no doubt originates in South Africa, is a case in point.

## Phuket ablaze: Thailand's Wackersdorf

*Escalating Soviet "irregular warfare" is the framework in which a tantalum plant was burned by an angry mob on June 23.*

With the escalation of irregular warfare, also called "low-intensity operations," in the Greenie-led assault on the Wackersdorf nuclear site in West Germany, the Soviet Union has chosen to move into another new phase of its global war plans. This is the strategic framework for the June 23 event in Thailand, when the Thailand Tantalum Factory—85% completed—was burned down by an angry mob.

Nobody thought that the beautiful island resort Phuket off the coast of Thailand in the Andaman Sea could overnight turn into an unprecedented scene of violence. A crowd of 40,000-60,000 gathered in front of the provincial community hall to protest against the establishment of Thailand Tantalum Industry Corp., Ltd. on Phuket, degenerated into an uncontrollable mob which burned down the Tantalum Factory and a couple of floors of the first-class Phuket Merlin Hotel. Police officers, insufficient in number, were taken by surprise and gripped with fear. There were no casualties.

The board of directors of the Thailand Tantalum Industry Corp., Ltd. has made it known that the firm will undertake a feasibility study to relocate the plant from Phuket.

The tantalum plant in Phuket was designed to become the world's most modern plant of its kind, according to Dr. Wilfried Rockenbauer, a top executive of the German-based Hermann C. Starck Berlin which sold the technology to Thailand Tantalum. Tantalum is found in tantalite, columbite, struverite, and tin slag. It is

used as an alloy for making metal cutting and drilling elements in machine tools; as a material for making capacitors; for aerospace engines because of its ability to withstand heat and its malleability; and for nuclear reactors and special lenses.

In Thailand, tantalum is obtained as a by-product of tin, and comes in the waste material of tin slag. The setting up of the tantalum factory would have been an exemplary attempt to introduce downstream advanced technology industries to Thailand. The plant was to become the world's largest tantalum producer, with a capacity of 300 tons of tantalum, representing 30-40% of the world's annual supply.

Given the strategic quality of tantalum, the real manipulators of the conflict are unlikely to be local. Reliable sources estimate that the whole scenario was mounted as a joint Anglo-Soviet operation. Sources also point to Singapore, since smuggled tin from Thailand is usually refined on the island nation, and Singapore stands to lose a cheap source of smuggled tin.

With Laos the headquarters of the Soviet KGB in Southeast Asia, it is not surprising that the official Laotian press is hailing the destruction of the Phuket tantalum plant. A wire issued by the Vientiane domestic service says: "This tantalum is used in the manufacture of weapons and space equipment and may cause radioactivity affecting the environment and human lives, thus damaging the tourist industry on this island . . . with high industry. It is necessary to resort to violence by setting ablaze many parts of the plant.

The Thai people's struggle in Phuket is just because it is to protect the environment and their own lives. This just struggle will continue," says Vientiane authoritatively, "despite the state of emergency declared by the Thai government."

One of the local operatives, however, who played a key role in organizing the anti-industry climate around the plant, is university environmentalist Prof. Dr. Suraphol Sudara, a leading member of the World Wildlife Fund of Thailand, where he joins the genocidal likes of Prince Philip and Thacratejchai Viravaidhya. Rumors have it that Royal Dutch Shell gives substantial support to his environmental club in the University of Chulalongkorn. A marine biologist posing as an expert in nuclear technology, Dr. Suraphol argued that the radioactive element in tantalum was going to contaminate the environment. Suraphol has been stirring up protests against the tantalum plant since its inception in 1982. He also vowed that he will protest other projects such as the Nam Jone Dam project and projects in the Eastern Seaboard Complex. Suraphol did his graduate work at the University of Hawaii.

Also significant is the arrest of New Force Party candidate Rewuth Chindapol and his younger brother. The New Force Party is an ultra-liberal party which enjoys links to the Friedrich Ebert Foundation, the German Social Democratic Party, and the Green Party.

Prior to the mob scene on June 23, Rewuth was known to have plotted a kamikaze assassination scheme. He declared that he was ready to die if necessary in order to eliminate both Industry Minister Chirayu Isarakura Na Ayuthaya and Thailand Tantalum Industry's main shareholder, Yeap Soon Arun.

# International Intelligence

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## **German Social Dems map ties to the East**

Leaders of the West German Social Democratic Party (SPD) are currently mobilizing support for a draft party program which calls for "a security partnership between East and West" and "a total withdrawal from nuclear technology." It demands reorienting NATO armed forces for a "non-attack capability," and replacing NATO with a West European defense system if "the United States continues to use the Alliance as an instrument for its military superiority and confrontation-seeking global strategy."

The program, which is scheduled to be adopted at the party's national congress in August, is indistinguishable from Soviet propaganda, and in many respects from the program of the fascist ecologists, the Greens.

Erhard Eppler, an ultra-leftist who heads the party's Commission on Basic Values, announced on July 3 that the new program would mean "a farewell to the notion of technological dependencies." The future, he said, in reference to America's Strategic Defense Initiative, "lies in the solution of problems here on Earth, rather than in outer space."

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## **Soviets boost forces in Europe**

The Soviet Union is building a capability for conventional attack on Western Europe, warned the inspector-general of the German Armed Forces, Gen. Wolfgang Altenburg, in an interview to Deutsche Welle radio on July 8. Numerous statements by Soviet military leaders lead to the conclusion that they believe in the option of a limited conventional war against Western Europe, he said.

Altenburg, who recently issued a "Situation Report" pointing to massive Soviet superiority over NATO forces in Europe, cited the modernization of equipment in all categories of the Soviet armed forces. New missiles with conventional warheads stationed in East Germany and Czechoslovakia threaten about 300 key NATO bases in West

Germany, he said. The T-80 tank is being introduced in Soviet divisions stationed in Eastern Europe.

Altenburg called for an increase in NATO's own conventional armaments to meet this threat.

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## **'Black Africans will be hurt most by sanctions'**

President Quett Masire of Botswana said on July 8 that South Africa's blacks and its black neighbors would suffer the most if Western countries imposed economic sanctions on South Africa. "We are vulnerable in the highest degree," Masire said, in an interview with the German newspaper *Die Welt*.

Almost all of Botswana's imports and exports are channeled through South Africa. "Obviously, we can't prohibit the West from imposing sanctions on South Africa and we welcome every form of pressure on the apartheid regime," Masire said. "But the people who would be hardest hit by a boycott and reprisal measures by the South Africans are simply the blacks, the neighboring states like Botswana."

Even if Western nations gave extra help to his country and other black African states, he said, it would never compensate for the damage done.

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## **Soviet role in drug trafficking exposed**

A Soviet ship, the *Captain Tomson*, was quietly seized on May 30 in the port of Rotterdam, Holland, with 220 kilos of heroin aboard—the first time that Western authorities are known to have caught Soviet nationals directly involved in drug-trafficking.

Yet, the Rotterdam bust was covered by a conspiracy of silence. Dutch police released no details, and the media at the time only mentioned the arrest of three Dutch nationals.

Soviet involvement was first revealed in the Italian newspaper *Il Giornale* on July 2, which quoted from a report by Italian Anti-

Mafia High Commissioner, Prefect Riccardo Boccia: "From preliminary investigations, it has emerged that this remarkable amount of heroin [the biggest seizure in Europe ever] came from Kabul in Afghanistan, and, by land, through Soviet territory. It was transported to the shores of the Baltic Sea in Latvia, to the port of Riga, and from there it was boarded on the cited ship for the Netherlands."

*Il Giornale* also revealed on July 8 that a top-secret directive of the Soviet KGB, designated "M-120/00-50," was given to Western intelligence services on Feb. 10, 1971 by a Bulgarian defector, Stefan Sverdlev. The directive, dating from 1967, allegedly included plans for using drugs to destabilize the Western countries. The strategy for manipulating corruption in the West was launched in 1967, during a top meeting of the Eastern intelligence services in Moscow. Later, in Sofia, Bulgaria, a more detailed strategy was worked out, and drug traffic was a focus.

*Il Giornale* also reported that drug cultivation is widespread on Soviet territory: "In Uzbekistan the drug seems to be the primary natural resource. In Soviet Asia, there is an infinity of plantations; in Kazakhstan, in Tadzhikistan, in Turkmenistan, and also in Georgia and European Russia," drug plantations are to be found.

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## **See sabotage in space launch disasters**

French intelligence has concluded that the recent explosion of an Ariane space launch was probably due to sabotage, according to a *Los Angeles Times* article by Tad Szulc. The French have shared this information with the United States, Szulc reports, noting that French Defense Minister Giraud was in Washington for meetings last week.

The disasters which have hit the U.S. space program, beginning with the Space Shuttle Challenger explosion, may also have been caused by Soviet-directed sabotage, Szulc implies.

There was a "bizarre pattern" to the French and U.S. accidents which were "sur-

## Briefly

● **'I SEDUCED** a lot of underage boys," Herbert Rusche, Green Party representative in the West German parliament, stated in the July 6 edition of *Bild am Sonntag*. It reported that Rusche's office is full of "pin ups" of naked young boys. Rusche is reportedly the only open homosexual in the Parliament. He framed Green policy on "the rights of homosexuals," featuring legalization of sex with children. He was once a male nurse, but was fired because "he was a danger to the children. . . ."

● **MIKHAIL GORBACHOV** has proposed that the five permanent members of the U.N. Security Council hold a conference on the Middle East, during talks with French President François Mitterrand in Moscow July 9. Unnamed Soviet diplomatic sources cited by UPI note that central to Moscow's Middle East strategy is that of "reunifying the PLO"—i.e., eliminating Yasser Arafat.

● **THE WHITE HOUSE** announced July 9 that President Reagan will meet with Miguel de la Madrid, the Mexican President, on Aug. 13 in Washington. President de la Madrid has accepted the invitation, which comes as Mexico, burdened with a \$97.6 billion foreign debt, has made clear it can no longer honor the debt service demands of principally the U.S. financial community.

● **ABU ABBAS**, the fugitive terrorist leader protected by NBC-TV, was among three Palestinians sentenced by an Italian court to life imprisonment July 10 for their part in the hijacking of the Achille Lauro cruise liner and the murder of American Leon Klinghoffer in waters off Egypt last year. Three others received long jail terms.

● **NIGERIA AND GHANA** will boycott the Commonwealth Games scheduled for later this month in Edinburgh, Scotland, because of Britain's refusal to impose sanctions against South Africa. In Lagos, news spokesman Durq Onabule described the government's move as "a major foreign policy decision."

rounded by strange coincidences and unexplained events . . . including the apparent defection to the Soviet Union in 1983 of the U.S. Air Force's leading expert on rocket self-destruct procedures." The expert, Capt. William Howard Hughes, Jr., was "worth his weight in gold to the Russians in terms of future 'Star Wars,' if we have them," says Szulc.

He also reports that Russian spy "trawlers" off Cape Canaveral exhibited "odd behavior" prior to the Challenger launch Jan. 28, steaming at flank speed to the northeast for four hours just before lift-off. The cumulative U.S./French losses mean that the "U.S. no longer has the capability of putting satellites into orbit to monitor Soviet nuclear deployments and serve as early-warning systems against a ballistic-missile attack."

### *Filipino body wants U.S. bases scrapped*

Members of a Philippine Commission have proposed the scrapping of the strategically vital U.S. bases on the islands. The commission, charged with drafting a new constitution, is considering a proposal not to renew the agreement allowing operation of the U.S. bases at Clark Field and Subic Bay.

Of 50 members of the commission, 17 were said to have endorsed the proposal on July 8. The results of public hearings conducted by the commission were said to show popular sentiment for removal of the bases.

The United States and the Philippines have disagreed on the nature of the U.S. basing arrangement. The United States pays \$900 million annually for the operation of the bases. The United States calls this aid, while the Philippines considers it rent.

### *A 'Berlin Wall' on U.S.-Mexico border?*

"Let Us Close Our Back Door" is the title of a blueprint for militarizing the U.S.-Mexico border, by either bringing three Army units over from Europe or calling up the National Guard and the Naval Reserve forces. This

scenario for deserting Europe has circulated among U.S. Navy circles. The author is Rear-Admiral William P. Mack (USN-ret.).

He writes: "We Must:

"Prepare to establish on short notice a continuous barrier along the entire 2,000 miles of the U.S.-Mexican border. . . . The border is approximately 2,000 miles long, half of it river, most of which is not readily fordable. Assume that 1,000 watch towers, placed two miles apart, are manned by two persons using binoculars, searchlights, and personnel movement sensors. . . . On a five-to-one manning basis, this will require 10,000 persons. Assume 1,000 intercept units of one truck and two persons placed in the rear between towers. This means another 10,000 persons. Plan for another 20,000 persons for administration, logistics, stockade manning, and other contingencies, and you have used up most of three Army divisions. . . ."

What does the author propose to do to keep drugs from entering the country? "Legalize and control drugs as is now done with alcohol." Mack's scenario was first published in April 1985 in the U.S. Naval Academy Alumni Association's magazine, *Shipmate*.

### *Paris daily found guilty of defamation*

The Parti Ouvrier Européen (POE) in France has won a law suit against the Socialist daily, *Le Matin de Paris*, which ran a slanderous piece in March calling the POE a "sect led by mentally-sick people." The POE has campaigned in France on behalf of the international programs of Lyndon H. LaRouche, Jr.

The First Civil Court of the Paris Tribunal ruled that such an allegation is more than abuse, that it is defamatory to both Jacques Cheminade, general secretary of the POE, and his party, and damaging to the image of both.

*Le Matin de Paris* was ordered to pay 13,000 francs to Cheminade and the POE, and to pay for the publication of the ruling in two French national newsdailies.

## SDI faces its most dangerous challenge yet

by Kathleen Klenetsky

The U.S. Strategic Defense Initiative faces what may be the most dangerous challenge to its survival yet, as a result of Moscow's aggressive campaign to convince President Ronald Reagan that a new arms control agreement would be well worth accepting stringent limitations on the anti-missile defense program.

Through his latest arms-control gambit, which calls for extending the 1972 Anti-Ballistic Missile Treaty for 15-20 years, and limiting the SDI to laboratory-only research, in exchange for cuts in the U.S. and Soviet offensive nuclear forces, Mikhail Gorbachov has succeeded in bolstering those forces in the West, including such members of the Reagan administration as Secretary of State George Shultz, who have been pressing the President to negotiate away the SDI as part of an accommodation with Moscow.

Gorbachov's "offer," which he first made public June 16, has been seized upon by these jokers to "prove" to the President that the Kremlin has "softened" its position, and is now truly interested in striking an arms-control bargain. Thus, their argument goes, Reagan must reciprocate with a goodwill gesture of his own, namely, accepting "temporary" limits on the SDI.

This is a dangerous fantasy. Reagan would be signing a virtual treaty of national surrender were he to go along with Shultz's version of Neville Chamberlainism. Knocking out the SDI has been Moscow's No. 1 strategic priority, and with good reason. The Soviet Union now enjoys a solid—and expanding—military advantage over the United States. At this juncture, the deployment of even a first-generation ABM system holds out the only hope America has of reversing its otherwise inevitable slide into Soviet serfdom. Nevertheless, Shultz and his factional allies are using every deceitful trick in the book to convince Reagan he must give way.

The fight between the Shultz gaggle and the much-small-

er grouping around Defense Secretary Caspar Weinberger, who remains firmly committed to the SDI, has reportedly reached its most intense level yet. The *Washington Post's* Lou Cannon, a longtime "Reagan watcher" who also functions as a mouthpiece for the State Department position, revealed July 10 that the outlines of a "grand compromise" that would see the U.S. delaying SDI development for Soviet cuts in offensive weapons have emerged in the administration.

Weinberger opposes any limits on future deployment of SDI, while Shultz is intrigued by the possibility if it leads to a significant reduction in nuclear weapons, Cannon reported. Sources cited by Cannon stressed that Reagan has reached no decision, while at the same time saying the President would insist on a 50% reduction in Soviet and American strategic arms—as opposed to the 35% proposed by Moscow—before considering any limits on SDI. Cannon's sources also claimed that while Reagan is unwilling to curb SDI research, a ban on deployment, perhaps to the mid-1990s, of any product of this research might be negotiable.

Unfortunately, the President himself has been dropping hints which could be interpreted to mean he is contemplating such a trade-off. In his latest public statement on the new burst of Washington-Moscow diplomacy, Reagan told the July 9 *New York Daily News* that the Soviet's alleged willingness to allow some research to proceed on SDI "is a concession to the extent that it is a step forward from just their one-time flat declaration that we must give up that research." "Certainly," Reagan stated, "we're going to give them the benefit of any doubt" that the nature of the Soviet proposals signals seriousness about reaching agreements.

Referring to the letter he received from Gorbachov in June, Reagan said, "Obviously, there's reason for optimism" since the Soviets "are actually talking specific percentages

... of weapons and this ... has not taken place before." He also expressed hope that his next summit with Gorbachov would take place this year, and that "we could perhaps agree upon something" there, and leave the details to underlings.

White House spokesman Larry Speakes subsequently told reporters that Reagan was preparing a detailed reply to Gorbachev's letter, which would specifically address the Soviet proposals on an offensive-defensive exchange.

### Summit madness and SDI

Talk like this has set off alarm bells among SDI supporters. Syndicated columnist Bob Novak warned, in a television discussion show taped July 3, that the anti-missile program is facing "serious trouble" from "the know-nothing spirit in Congress"—as well as the President's "mad desire" for a summit. Referring to Moscow's latest "offer," Novak said, "The really dangerous thing is that the mad desire for a summit may lead the President to give a guarantee of seven years, eight years, on the ABM treaty, and would effectively ... put SDI on the shelf.

"I think we're in a critical state for the nation's future," Novak stated. "What's at stake is what is Ronald Reagan, because it's inconceivable that the greatest advancement he has made in strategic thinking, the SDI, that he would throw down to have a little piddling summit meeting so this butcher [Gorbachov] can come over here and see the United States." Novak said he was nevertheless "afraid" Reagan will agree to limit SDI.

Reagan himself denied this when he met with French President François Mitterrand over the Fourth of July weekend. According to Larry Speakes, the President told Mitterrand that while he believed the Soviets may be more serious than ever about an arms agreement, he underscored his position that the SDI was "non-negotiable, not a bargaining chip."

It is conceivable that Reagan may be sending out ambiguous signals deliberately, to keep alive the prospects of a summit. There is no question but that the upcoming November elections—in which the Republican Party could lose control of the Senate—may be one reason why the President is now playing lovey-dovey with Moscow.

But even if this is all a charade, Reagan's new-found friendliness toward Moscow is certainly feeding into the growing anti-SDI momentum on Capitol Hill. Sources in Congress have told *EIR* that any suggestion from Reagan that the Soviet proposal for an offensive-defensive trade-off has some merit, can be used to force deep cutbacks in the SDI's funding. "If Reagan concedes there's even the slightest movement on Moscow's part on Star Wars, then we'll be able to argue that it would be silly to give anything like full funding to the program. If Reagan is going to delay the program for political reasons, then Congress sure as hell isn't going to keep giving it money," said one congressional staffer who is deeply involved in the anti-SDI fight.

Weinberger indirectly warned of this in a television in-

terview June 4. Stating bluntly that the Soviet proposal is "against the national interests of the United States" and "an attempt to kill the SDI by the side door," the Pentagon chief warned: "The Soviets know you can't get funding for a program if you've said you're not going to use it for 10 years." Accepting the Soviet proposal for extending the ABM Treaty would cause SDI research "to lose a great deal of momentum" and cause a "loss of all public support or the possibility of ever deploying a strategic defense."

A similar point could be made about the administration's acceptance of the congressional budget resolution, which slashed a whopping \$28 billion from the administration's proposed Pentagon budget for next year. By acquiescing in such disastrous cuts without making a national stink about it—Larry Speakes actually called the resolution "acceptable"—Reagan is undermining his arguments about the need to increase military spending.

Pressure on the SDI is going to grow massively in the weeks to come. Through a combination of diplomatic niceties and outright terror, the Soviets are moving rapidly to extirpate all support for strategic defense in Western Europe. The assassination of Karl Heinz Beckurts, a West German scientist closely associated with the SDI, signals unmistakably that the Soviets have decided to pull out all the stops to derail the SDI. As the Soviet army daily *Krasnaya Zvezda* declared the day Beckurts was killed, the U.S.A. will never achieve the SDI because Moscow will take all measures needed to counter it.

Moscow is enlisting the help of various European heads-of-state in this effort. French President Mitterrand emerged from a tête-à-tête with Gorbachov in Moscow July 10 to tell the press that the Kremlin believes, and he agrees, that the SDI is the one remaining obstacle to a U.S.-Soviet arms accord. The situation is not hopeless, the French leader continued, because Soviet proposals to allow some research into SDI provided a basis for negotiation! Further Soviet blandishments toward Europe were expected during Soviet Foreign Minister Eduard Shevardnadze's visit to Britain for three days beginning July 13.

As for the U.S. Congress, that body hardly requires any encouragement when it comes to destroying the SDI. The House and Senate Armed Services Committees have already voted substantial cuts in the Administration's proposed \$4.8 billion SDI allocation. It is not at all impossible that, once what passes for the congressional budget process winds up in September, the SDI will have been savaged even further.

In the latest anti-SDI initiative, eight Democratic congressmen announced on June 28 that they will attempt to freeze SDI funding at the current year's level of \$2.8 billion. The eight, including Majority Leader Jim Wright of Texas and assistant Democratic leader Tom Foley of Washington, are circulating a "dear colleague" letter expressing "concern" that the armed services committee had allocated too much for the program. If they are successful, the SDI will be a dead letter.

# Sodomy ruling by high court poses threat to liberal counterculture

by Edward Spannaus

Few U.S. Supreme Court decisions in recent years have provoked a greater hue and cry than its June 30 anti-sodomy ruling in the case *Bowers v. Hardwick*. In its 5-4 ruling, the Court upheld the constitutionality of the Georgia anti-sodomy law, overriding the arguments of the appellants that there exists a fundamental constitutional right to engage in homosexual sodomy.

Not only did overt homosexuals take to the streets for demonstrations, but the Eastern Establishment press—led by the *New York Times* and the *Washington Post*—are still howling about the potential reversal of a “60-years broadening of the sphere of privacy rights protected by the Constitution.” Their moaning and groaning is accompanied by cartoons of “sex police” invading the home, and warnings of a Supreme Court Justice hiding under every bed.

Hyperbole aside, the liberals have real reason to be upset. The moral corruption of our culture, characterized by the rise of the radical counterculture of the 1960s and 1970s, and the Yuppie “me generation” of the 1980s, has been accompanied by a corruption of our constitutional law. For years, a shifting majority of the Supreme Court has attempted to write into the Constitution a libertarian notion of individual rights and personal privacy which is in fundamental conflict with the basic premises of that document.

This is most clearly expressed in Justice Harry Blackmun’s dissenting opinion in the *Bowers* case, in which he says that the court protects certain rights associated with the family:

...not because they contribute, in some direct and material way, to the general public welfare, but because they form so central a part of an individual’s life. “The concept of privacy embodies the ‘moral fact that a person belongs to himself and not others nor to society as a whole.’”

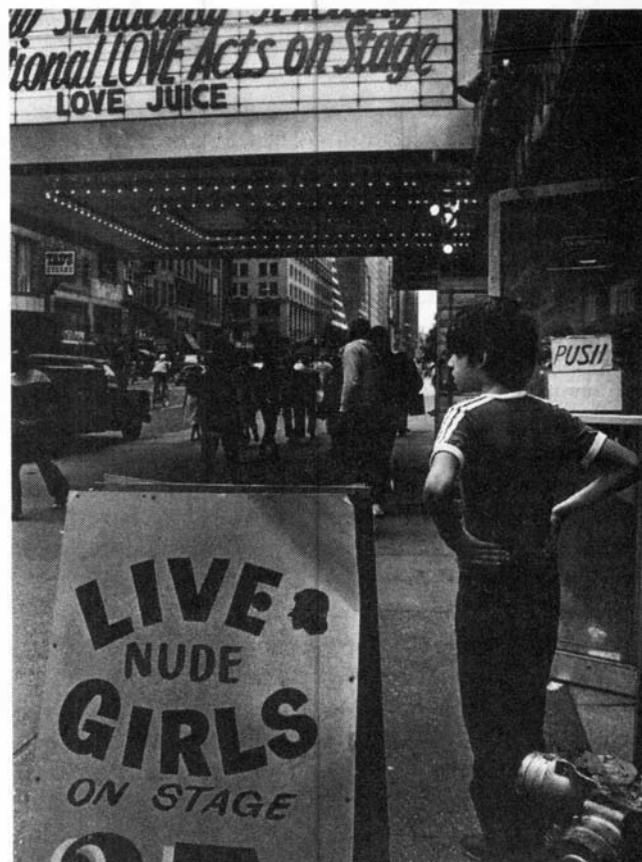
Hedonistic personal liberty was never the purpose of our republic. Our forefathers fought for *political* liberty, understood to be essential for a republic in which the moral and intellectual development of the individual could flourish. Our Constitution is fundamentally Augustinian in conception, recognizing a higher purpose to existence than mere individual self-gratification.

Yet Blackmun is absolutely explicit in his rejection of such a conception, in his efforts to give a libertarian cast to the Court’s earlier “privacy” rulings:

We protect the decision whether to have a child because parenthood alters so dramatically an individual’s self-definition, not because of demographic considerations or the Bible’s command to be fruitful and multiply.

Blackmun goes on to argue that since sexual intimacy is “a sensitive, key relationship of human existence”:

The fact that individuals define themselves in a significant way through their intimate sexual relationships with others suggests, in a Nation as diverse as ours, that there may be many “right” ways of conducting those relationships. . . . The Court claims that its decision today merely refuses to recognize a fun-



The liberals are upset with the Supreme Court ruling for good reason. Hedonistic personal liberty was never the purpose of our republic.

damental right to engage in homosexual sodomy; what the Court really has refused to recognize is the fundamental interest all individuals have in controlling the nature of their intimate associations with others.

In the *Bowers* case, and in the related abortion and pornography cases, it is clear that the liberals, led by Blackmun, have a much clearer idea what they are fighting *against*, than the so-called conservatives have of what they are fighting *for*. The liberals are fighting to sever any connection between morality and law. The "conservatives," unfortunate to say, may be waging a vigorous and sometimes bitter battle against unbridled liberalism, but they are not fighting for Augustinian culture or a conception of the Constitution which comports with the natural-law outlook of the Founding Fathers.

The Rehnquist-led bloc in the Court has no positive conception of the Constitution, in the sense that Franklin, Washington, Hamilton, and Marshall understood the Constitution as creating a republic in which the moral development of its citizens—the creation of *virtue* in the population—was the ultimate object. While Rehnquist and company may be personally opposed to abortion, pornography, selling contraceptives to minors, and sodomy, the consistent thread in their rulings and dissents is that the *states* can more or less do what they want in these areas, and that the federal government and the Supreme Court shouldn't get in the way. If a state legislature wants to legalize abortion on demand, or legalize pornography, so be it.

Let's look at the *Bowers* ruling from this standpoint. It does *not* say that sodomy is unconstitutional. It explicitly does *not* even say that sodomy is wrong. It does not say that a state cannot legalize sodomy. What it says, is that the federal government—through its judiciary branch—cannot overturn a state law outlawing sodomy, on the grounds that the right to practice sodomy is protected by the Constitution.

The same ideological prejudice holds true with respect to the bitter split in the court on the issue of abortion. The four-person bloc on the court which now opposes *Roe v. Wade* is not asserting a "right to life" inherent in the U.S. Constitution; they are merely arguing that the Constitution does not convey a right to abortion on demand. They would uphold state laws restricting free access to abortions performed for the "convenience, whim or caprice of the putative mother"; but likewise they would uphold the states' right to legalize abortion on demand.

Despite this, the political significance of the *Bowers* ruling goes beyond the limitations of the majority's own reasoning. It reflects the popular reaction against the counterculture and the "gay lobby" which has been catalyzed by the AIDS crisis, and it is giving encouragement and impetus to the developing citizens' revolt against the destructive effects which the rise of the counterculture has had on our society over the past two decades.

## Excerpts from the Supreme Court ruling

*Below are excerpts from the Supreme Court ruling on the right of states to make sodomy illegal, in the case of Bowers, Attorney General of Georgia v. Hardwick et al.*

This case does not require a judgment on whether laws against sodomy between consenting adults in general, or between homosexuals in particular, are wise or desirable. It raises no question about the right or propriety of state legislative decisions to repeal their laws that criminalize homosexual sodomy, or of state court decisions invalidating those laws on state constitutional grounds. The issue presented is whether the Federal Constitution confers a fundamental right upon homosexuals to engage in sodomy and hence invalidates the laws of the many States that still make such conduct illegal and have done so for a very long time. The case also calls for some judgment about the limits of the Court's role in carrying out its constitutional mandate.

We first register our disagreement with the Court of Appeals and with respondent that the Court's prior cases have construed the Constitution to confer a right of privacy that extends to homosexual sodomy and for all intents and purposes have decided this case. . . .

Accepting the decisions in these cases and the above description of them, we think it evident that none of the rights announced in those cases bears any resemblance to the claimed constitutional right of homosexuals to engage in acts of sodomy that is asserted in this case. No connection between family, marriage, or procreation on the one hand and homosexual activity on the other has been demonstrated, either by the Court of Appeals or by respondent. Moreover, any claim that these cases nevertheless stand for the proposition that any kind of private sexual conduct between consenting adults is constitutionally insulated from state proscription is unsupported. . . .

Precedent aside, however, respondent would have us announce, as the Court of Appeals did, a fundamental right to engage in homosexual sodomy. This we are quite unwilling to do. It is true that despite the language of the Due Process Clauses of the Fifth and Fourteenth Amendments, which appears to focus only on the processes by which life, liberty, or property is taken, the cases are legion in which those Clauses have been interpreted to have substantive content, subsuming rights that to a great extent are immune from federal or state regulation or proscription. Among such cases are those recognizing rights that have little or no textual support in the constitutional language. . . .

Striving to assure itself and the public that announcing

rights not readily identifiable in the Constitution's text involves much more than the imposition of the Justices' own choice of values on the States and the Federal Government, the Court has sought to identify the nature of the rights qualifying for heightened judicial protection. In *Palko v. Connecticut* . . . it was said that this category includes those fundamental liberties that are "implicit in the concept or ordered liberty," such that "neither liberty nor justice would exist if [they] were sacrificed." A different description of fundamental liberties appeared in *Moore v. East Cleveland*, . . . where they are characterized as those liberties that are "deeply rooted in this Nation's history and tradition." . . .

It is obvious to us that neither of these formulations would extend a fundamental right to homosexuals to engage in acts of consensual sodomy. Proscriptions against that conduct have ancient roots. See generally, Survey on the Constitutional Right to Privacy in the Context of Homosexual Activity, 40 Miami U. L. Rev. 521, 525 (1986). Sodomy was a criminal offense at common law and was forbidden by the laws of the original thirteen States when they ratified the Bill of Rights. In 1868, when the Fourteenth Amendment was ratified, all but 5 of the 37 States in the Union had criminal sodomy laws. In fact, until 1961, all 50 States outlawed sodomy, and today, 24 States and the District of Columbia continue to provide criminal penalties for sodomy performed in private and between consenting adults. Survey, Miami U. L. Rev., *supra*, at 524, n. 9. Against this background, to claim that a right to engage in such conduct is "deeply rooted in this Nation's history and tradition" or "implicit in the concept of ordered liberty" is, at best, facetious.

Nor are we inclined to take a more expansive view of our authority to discover new fundamental rights imbedded in the Due Process Clause. The Court is most vulnerable and comes nearest to illegitimacy when it deals with judge-made constitutional law having little or no cognizable roots in the language or design of the Constitution. That this is so was painfully demonstrated by the face-off between the Executive and the Court in the 1930's, which resulted in the repudiation of much of the substantive gloss that the Court had placed on the Due Process Clause of the Fifth and Fourteenth Amendments. There should be, therefore, great resistance to expand the substantive reach of those Clauses, particularly if it requires redefining the category of rights deemed to be fundamental. Otherwise, the Judiciary necessarily takes to itself further authority to govern the country without express constitutional authority. The claimed right pressed on us today falls far short of overcoming this resistance.

Respondent, however, asserts that the result should be different where the homosexual conduct occurs in the privacy of the home. . . . Plainly enough, otherwise illegal conduct is not always immunized whenever it occurs in the home. Victimless crimes, such as the possession and use of illegal drugs do not escape the law where they are committed at home. *Stanley* itself recognized that its holding offered no protection for the possession in the home of drugs, firearms,

or stolen goods. . . . And if respondent's submission is limited to the voluntary sexual conduct between consenting adults, it would be difficult, except by fiat, to limit the claimed right to homosexual conduct while leaving exposed to prosecution adultery, incest, and other sexual crimes even though they are committed in the home. We are unwilling to start down that road.

Even if the conduct at issue here is not a fundamental right, respondent asserts that there must be a rational basis for the law and that there is none in this case other than the presumed belief of a majority of the electorate in Georgia that homosexual sodomy is immoral and unacceptable. This is said to be an inadequate rationale to support the law. The law, however, is constantly based on notions of morality, and if all laws representing essentially moral choices are to be invalidated under the Due Process Clause, the courts will be very busy indeed. Even respondent makes no such claim, but insists that majority sentiments about the morality of homosexuality should be declared inadequate. We do not agree, and are unpersuaded that the sodomy laws of some 25 States should be invalidated on this basis. . . .

*Chief Justice Warren Burger wrote a separate opinion, concurring with the Court, printed in full.*

I join the Court's opinion, but I write separately to underscore my view that in constitutional terms there is no such thing as a fundamental right to commit homosexual sodomy.

As the Court notes, *ante* at 5, the proscriptions against sodomy have very "ancient roots." Decisions of individuals relating to homosexual conduct have been subject to state intervention throughout the history of Western Civilization. Condemnation of those practices is firmly rooted in Judeo-Christian moral and ethical standards. Homosexual sodomy was a capital crime under Roman law. See Code Theod. 9.7.6; Code Just. 9.9.31. See also D. Bailey, *Homosexuality in the Western Christian Tradition* 70-81 (1975). During the English Reformation when powers of the ecclesiastical courts were transferred to the King's Courts, the first English statute criminalizing sodomy was passed. 25 Hen. VIII, c. 6. Blackstone described "the infamous crime against nature" as an offense of "deeper malignity" than rape, a heinous act, "the very mention of which is a disgrace to human nature," and "a crime not fit to be named." Blackstone's Commentaries \*215. The common law of England, including its prohibition of sodomy, became the received law of Georgia and the other Colonies. In 1816 the Georgia Legislature passed the statute at issue here, and that statute has been continuously in force in one form or another since that time. To hold that the act of homosexual sodomy is somehow protected as a fundamental right would be to cast aside millennia of moral teaching.

This is essentially not a question of personal "preferences" but rather of the legislative authority of the State. I find nothing in the Constitution depriving a State of the power to enact the statute challenged here.

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## Book Reviews

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# D. Stockman and the triumph of subterfuge

by Carol White

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### **The Triumph of Politics: How the Reagan Revolution Failed**

by David A. Stockman  
Harper & Row, Publishers  
422 pages  
\$21.95

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Few Americans, suffering from the depression which David Stockman helped to create, should be willing to throw away \$21.95 on this dull, dull book. Were he merely dishonest and self-serving it would be one thing—but boring to boot.

On the surface of it, this is an apologia. Stockman admits to cooking the books in order to achieve his purpose—which was to chop the federal budget to bits. His method, as he tells it, was to deliberately increase the federal deficit, while assuring the President and the country that the opposite was the case: that the federal budget deficit was being eliminated.

Then, as the economic situation deteriorated, and the budget deficit skyrocketed, he would have further justification for forcing through still more cuts. His major targets, of course, were social security and defense spending.

Indeed, the only thing that could make the Gramm-Rudman computer look good—would be the alternative of having Stockman back in the Office of Management and the Budget.

This is a horrifying book, because it plainly shows how an honest and well-meaning President was deliberately, and repeatedly, hornswoggled by the advisers whom he trusted. Even despite Stockman's viciously cynical put-down of President Reagan, the picture comes across of a bemused but decent President, committed to a strong defense and economic growth, but being brainwashed into taking decisions which would inevitably accomplish the opposite.

One meeting is described, right before President Reagan's first inauguration, at which he tackled the high interest rates, and the role of Paul Volcker at the Federal Reserve Board, only to be given an economic "briefing" by economic adviser Alan Greenspan, designed to confuse the President, and convince him that the Federal Reserve Board had no

control over interest rates. Other times, the President would defend the need to match the defense budget line to the needs of national security, rather than the nostrums of David Stockman.

The premise offered by Stockman about how a national economy should be run, is that it functions in the same way as a household budget. Unfortunately, this corresponded to the President's own prejudices on the subject. Thus, while the President resisted cutting defense spending and was unwilling to force social security recipients and pensioners onto the welfare rolls, he was a sucker for deregulation.

The President's ignorance of American System economics, as laid out by Alexander Hamilton, and practised by Abraham Lincoln, created his tragic vulnerability to the likes of David Stockman. Thus, although the President supports the Moon-Mars initiative and understands the necessity that America maintain a frontier in space, he has yet to decide to replace the fourth Space Shuttle orbiter, because of the arguments of Don Regan that it costs too much.

There are many deliberate lies in this book, but the worst is the so-called economic lesson drawn by Stockman, that the budget deficit can only be eliminated by cutting social services or an across-the-board confiscatory tax increase.

Ruled out of discussion is the role that the Federal Reserve Board has played in distorting the U.S. and world economy, by its high-interest policy, which not only transformed the United States into a debtor nation, but made it a predator upon the developing sector. Ruled out is the alternative route, in which the government would substitute programs to encourage productivity growth while phasing out the bureaucratic distortions of the Johnson Great Society Welfare State.

The book opens with the incident in which *Washington Post* reporter Bill Grieder published an exposé of the Reagan administration in November of 1981, based upon leaks from Stockman. While Stockman pleads innocent, he himself admits that he had allowed Grieder to tape weekly "background" discussions with him. This level of subterfuge is characteristic of the book.

Thus, Stockman claims that he is opposed to the automatic budget-reduction features of the Gramm-Rudman amendment, but in fact, his entire book is nothing but a rationale for the amendment. His image of the Congress is a herd of swine with snouts in the feeding trough, and the White House is presented in the same light.

Stockman admits that he was a left-wing radical in his student days. He was then a protégé of Daniel Moynihan. From there, he was picked up by the Trilateral Commission's John Anderson, who groomed him for his cabinet position by placing him as executive director of the Republican Conference.

What was David Stockman's secret agenda? What is the purpose of this book? Whatever interests he was really serving, they certainly were not the national interests of the United States of America.

# Military reform: If you liked McNamara, you'll love Gary Hart

by Leo Scanlon

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## **America Can Win: The Case for Military Reform**

by Gary Hart and William S. Lind  
Adler and Adler, Bethesda, Maryland, 1986  
301 pages, clothbound, \$17.95

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There are two important features of the latest production of the "military reform movement" which recommend a detailed review of this title. By virtue of the prominence given to one of its co-authors, Gary Hart, this book will be widely read as a campaign statement by a contender for the 1988 Democratic presidential nomination. The second point is that the authors of the book are partisans of a grand strategy, popularly called "New Yalta," which has broad support within a section of the civilian bureaucracy of the Pentagon. The book is therefore more insidious than garden-variety defense bashing.

It should be stressed that this book is not a "Democratic" political statement, despite Hart's party affiliation. The principal author is Hart's defense adviser, William Lind, who began his career in Washington writing defense white papers for former Sen. Robert Taft (R-Ohio), and is also currently defense affairs adviser to Paul Weyrich. Weyrich, the potentate of several neo-conservative fiefdoms in the realm of the Heritage Foundation, has declared that Lind is the person who has most influenced him on defense matters. Weyrich has also identified Gary Hart as the standard-bearer for the new "social conservatism," a movement which putatively backs the Heritage Foundation's efforts to forge coalitions of liberals and neo-conservatives united in opposition to spending to maintain the vital defense and infrastructure of the republic.

The sly, anecdotal arguments of the authors have been tailored for the speech writers of the neo-conservatives from both parties, who will be in need of rationalizations for their abysmal behavior during this recent session of Congress. Under the banner of "Gramm-Rudman," this amalgam of liberal and conservative networks is vigorously lobbying for different bits and pieces of the package of reforms presented in the book, and, as with many of the military reform crowd,

few involved would claim to be working from any particular notion of grand strategy.

William Lind, however, has been advocating a dramatic shift in U.S. policy, specifically that the United States pull out of NATO, and is on the record with this proposal in Senate Defense White Papers going back almost 10 years. Lind believes that this type of change will come when Congress becomes the dominant power in shaping defense policy, and that this can be accomplished through congressional control of the budget process. Each of the book's specific proposals flows from that strategy, although the authors take pains to conceal this.

## **The theoretical framework**

For example, Lind credits Edward Luttwak, of Georgetown's Center for Strategic and International Studies, for the theoretical framework for his attacks on the American conception of a republican army, and other contributions. Luttwak, a Romanian-born academic, is the author of *The Pentagon and the Art of War*, a critique of the U.S. officer corps and defense establishment. Luttwak asserts that the United States must recognize the failure of our original foreign policies, oriented toward the development of republican allies, and should model itself on the Roman Empire, with a military capability matched to the task of managing a continuous series of satrapal wars. Hart and Lind repeat Luttwak's claims that the current officer corps lacks the flexibility to manage such a strategy, but you have to read Luttwak, or Lind's old white papers, to know what it is that these gentlemen expect of the officer corps. They never discuss the war planning requirements of a nation committed to the defeat of the Soviet strategy for global domination, and this point is the tell-tale which will guide the reader across the sea of sophistry that passes for military analysis among the "military reformers."

The name given to the grand strategy motivating the authors is "New Yalta"; its arrangements are currently being negotiated by the State Department and the White House staff. Under the terms of New Yalta, the United States will drop political and military commitments to most areas of the world outside of the Western Hemisphere, and will no longer need to support a land army in Europe. Likewise, naval and strategic air forces can be re-designed to support the limited mission of fighting "wars of maneuver" on our southern bor-

ders. Finally, the Strategic Defense Initiative (SDI) need only be a point defense system under these conditions, and the President's program can be scrapped and replaced by the conventional technologies advocated by Gary Hart, Danny Graham of the Heritage Foundation, and Assistant Secretary of Defense Richard Perle.

These men, who represent leading strata of what is called conservative among government bureaucrats, share a profound pessimism which induces them to reject any policy approach which demands the mobilization of national resources to achieve great political, economic, or scientific accomplishments. Richard Perle, for example, in popular perception a "hard-liner," is a zealous advocate of practical accommodation to Soviet strategic aims. Perle's open break with the President and Weinberger on the SDI, first signaled during his appearance in an ABC *Nightline* interview, and stated more forcefully to *Time* magazine, was preceded by months of diplomatic activity, documented in *EIR*, devoted to spreading the line among our allies, that the SDI would not survive as a program, beyond the Reagan years.

Perle's actions are coordinated with those of Don Regan at the White House, and designed to ensure that the disastrous defense budget cuts negotiated by Regan will be passed by Congress. This faction of the executive branch is calling the shots behind the congressional revolt against the President's defense budget. Gary Hart and William Lind are providing the window dressing.

There are, of course, monumental problems besetting the the U.S. military. The McNamara team institutionalized a variety of horrendous policies, and, like our present military reformers, they also claimed to have no political purpose, only a desire to introduce "efficiency" to defense planning. McNamara's policies all operated under a strategic umbrella formed by the commitment to Mutually Assured Destruction. The new military reforms, like the New Yalta policy they are attached to, are the logical extension of that MAD policy, and have to be considered as a package, and judged by the strategic purpose that package is suited to.

To avoid this issue, the authors make use of a style of argument which mines the rich vein of horror stories—attached to every program run under the McNamara system—and then present the reader with two mutually exclusive approaches to solve the problem, carefully reducing the causality of the situation to the simplistic premises they have constructed for the reader. They begin by reporting on a variety of problems facing the Army, then assert that the wars which will be fought by the United States in the future will be limited wars (this emphatically excludes actual low-intensity warfare, which the Soviet Union is currently deploying). They close the circle with the remarkable assertion: "Because our conventional forces are relatively ineffective, we have adopted a doctrine of first use of nuclear weapons." You see, it is not the inherent fallacies of MAD which bedevil our military planners, it is rather that the deficiencies of our officer corps forced McNamara and company to adopt MAD!

One soon discovers that the term "reform," as used by the authors, has the same remarkable flexibility as their reasoning processes. They first inform us that the best examples of reform are: the upheavals which followed the 1806 defeat of the Prussian military by Napoleon, an event which sparked the reforms of Scharnhorst and Gneisenau; the U.S. Civil War, and its accompanying technological developments; and the World War II mobilization of U.S. industry (p. 24).

After all, the Prussian reforms were not limited to the creation of the institution of the General Staff, but incorporated the republican nation-building policies of vom Stein and the educational reforms of Humboldt; Lincoln implemented Hamiltonian banking reforms which created the greatest industrial expansion ever witnessed in history; and FDR, using similar credit policies, was able to implement the industrial mobilization policy developed by Douglas MacArthur and his staff before World War II. It is obvious, therefore, that "reform" will occur as the consequence of mobilizing the country to accomplish great industrial and technological feats which secure a republican peace. Right?

Wrong. "But even in the military, major changes driven by technology are rare. Despite all the talk about 'technological revolutions in warfare' by the advocates of complex technology, such revolutions occur very seldom. . . . Military reform consists of returning to the constants of the art of war, not moving in new and untried directions" (p. 257)! In the space of 200 pages, "reform" has demonstrated great "flexibility."

Not surprisingly, Lind dismisses the space program with the assertion, "The last 30 years have seen only one such major change, the spread of television." Another nice trick—if the space program didn't happen, and the only beam technologies in existence are cathode-ray tubes, we certainly don't have to worry about a revolution in war fighting caused by the deployment of relativistic beam weapons in near-Earth space. Lind has assured us that "these revolutions occur very seldom," and neglects to tell us why the military space program of the Soviet Union will not produce such a revolution.

The main areas of military technological development in the postwar period are grouped around a relatively few signal programs which have served as the drivers of larger broader efforts in the military and civilian economy generally. These are the NASA program, which in turn is the continuation of the Army Ballistic Missile program developed by Gen. Bruce Medaris; the aeronautical and weapons engineering feats accomplished by outfits such as the vaunted "Skunkworks" at Lockheed (developed the U-2, SR-71, etc.), or the Navy's China Lake facility (Sidewinder missile, etc.); and the tremendous effort of Adm. Hyman Rickover to develop the nuclear navy.

Each of these projects is characterized by the "crash program" approach (the weapons programs were not true "crash programs," but did run as "black" programs, unconstrained by the McNamara conditions), and provide the best recent examples of how to run roughshod over bureaucratic oppo-

sition to progress. Gen. James Abrahamson originally proposed to use the SDI program in such a fashion, and thereby re-establish standards of engineering performance consistent with the best traditions of the U.S. military. Do our reformers look to this possibility to junk the McNamara abuses? Not one word on the subject is to be found!

Rickover is given credit for his prowess as a master military engineer, Lind writes that this personality type is unsuited to modern, "maneuver war," and it is precisely the over-abundance of engineers in the officer corps which inhibits the study of the "art of war." The authors can barely contain their hatred for the rigorous thinking which characterizes true military planning.

The authors are noted for their thesis which asserts that there is a contradiction between "maneuver" and "firepower" as strategies of war fighting (engineers favor the dull use of "firepower," and eschew maneuver, of course), yet they present examples of military actions which show that there is no such dichotomy in the mind of any successful commander. This attack on the engineering bias among the officer corps, and the related criticism of the high ratio of officers to soldiers of the U.S. military, is an argument directed against the classical American model of an "expandable army" developed by Hamilton and Calhoun.

As the founding of West Point as an *engineering* school shows, the American system is oriented toward creating a large base of trained military engineers who can be called upon to lead the country in times of military-industrial mobilization. The large ratio of officers to soldiers in peacetime is the precondition for any mobilization call-up of civilians in time of crisis. In short, those aspects of the officer-corps structure which Luttwak and Lind abhor, are the *sine qua non* of republican military reforms, as seen in both the Prussian and American examples!

## Criticisms of the Navy

Gary Hart's criticisms of the Navy is about as valid as his officer's commission—both have been acquired for political reasons. Nonetheless, he presents himself as somewhat of an expert on naval affairs, and has written extensively on naval strategy. The gist of his argument, summarized in this book, is that the aircraft carrier is no longer the "capital ship" of the fleet, and has been superseded by the Soviet employment of large numbers of submarines. Therefore, we must abandon the "too-expensive" aircraft carrier, and emulate the Soviets in constructing large numbers of relatively cheap submarines.

There is no gainsaying the awesome power of the Soviet submarine threat, but let's look at what the Soviet navy is actually doing. First, they are embarked on a program of building large aircraft carriers of the type that Hart and Lind recommend we forego. Second, the Soviets have recently introduced a very large missile-carrying submarine, the *Oscar* class, which has no direct counterpart in the West, but is of a type and size which Hart and Lind demand we abandon.

So in the strange world of military reform, we should abandon aircraft carriers and nuclear submarines because the Soviets have superseded them by building aircraft carriers and large nuclear submarines!

The Soviet naval strategy happens to be highly competent, and as they move their strategic missile fleet out of "European" territory and onto their submarines, they will make use of the large-scale offensive and anti-submarine warfare capabilities inherent in a carrier action group. Soviet missile submarines will become no less deadly to troops in Europe if the United States reduces itself to a coastal navy, as Hart proposes. Once again, Hart and company demand we abandon the European battlefield, and any of our allies who depend on our ability to counter Soviet strategic pressures.

Hart does propose to build standardized military/merchant ships, which are necessary to revitalize our merchant marine, and in an expanding economy there is no conflict between this necessity and our other strategic naval obligations. But he again counterposes the two issues, and demands that we accept his strategic goal of confining our naval operations to the Western Hemisphere.

The criticism of the Air Force is based on a similar sleight of hand. The authors build an argument which sees a conflict between the air-intercept role ("dogfighting"), and interdiction bombing (the disruption of the enemy supply lines and rear area by fighter-bombers). The latter function is characteristic of an air war which is supporting the advance of large land armies, such as would occur in Europe.

The authors dredge up the usual anecdotes, drawing on the large stock of fiascos which have attended every high-technology weapons development effort conducted under "McNamara rules." These electronic warfare devices are heavy and expensive, explain our authors, and would be unnecessary if we confine ourselves to intercepting enemy fighters in surprise attacks conducted in good weather. This, in turn, would allow us to abandon the expense of research into the margins of electronic battlefield technology, freeing our limited resources to build lots of light, cheap fighters.

Of course, these fighters would not be able to fly in the overcast which characterizes European weather, and they would also be unable to penetrate the dense electronically sophisticated air defenses of the Soviet armies, and they would lack the heavy and expensive radars necessary to counter cruise missiles, but these are European problems, after all. And why should we worry if such a fighter is unusable as a patrol aircraft over the Arctic wastes? It can't counter the waves of cruise missiles carried by Soviet bombers in the first place.

This argument again ends at the unstated premises of the authors. Each of the weapons systems they propose is characteristically useless in Europe, and designed to fight border wars in the Western hemisphere. This is the strategic world of New Yalta, it is the military philosophy of a nation which has abandoned its responsibilities as a global power. It is a prescription for surrender to the Soviets.

## Defense cuts flaunt Cap's 'dire warnings'

White House spokesman Larry Speakes expressed frustration when he noted to this reporter July 2 that the agreement between the House and Senate to slash \$28 billion off the administration's FY 1987 defense budget request was done "despite repeated dire warnings from Secretary Weinberger."

Caspar Weinberger insisted in congressional testimony down to the eve of the vote June 27 that every penny of the \$319 billion request was indispensable to keep the Soviets from exploiting a growing strategic military advantage.

Reacting to reports that certain congressmen will attempt to reorient the Strategic Defense Initiative (SDI) from population defense to a mere "point defense" of missile silos, Weinberger held an unscheduled press briefing at the Pentagon July 1 to lash out at this insanity.

The move to re-focus the SDI came out of the Senate Armed Services Committee, led by its ranking minority member, Sen. Sam Nunn (D-Ga.) with the support of Maine Republican William Cohen. The Republican-controlled committee voted 10-9 in favor of this position.

Weinberger pointed out that congressional cuts in defense requests

have totaled \$328 billion in the last four years—equal to an entire year's defense spending. "Thus," he said, "We've been required to try to keep pace with the Soviets over the last five years with only four years worth of funding."

The FY 1987 request of \$5.4 billion for the SDI was cut by Congress to \$3.8 billion—almost 30%—with 48 senators still on record as dedicated to shaving that figure to \$3.0 billion.

Despite the successful test of a "point defense" experiment July 1 called FLAGE (flexible lightweight agile guided experiment), Weinberger is insistent that the cornerstone of the SDI must be a forward-directed defense that uses long-range lasers to hit attacking Soviet missiles as they take off.

## New government AIDS program a sham

The Department of Health and Human Services is more interested in offering cost-efficient placebos than anything capable of dealing with the AIDS crisis. This became evident with the much-heralded new program announced June 30, which will parcel out a meager \$20 million a year for the next five years, to 14 test facilities.

These facilities will involve a handful of AIDS victims in experiments using about a dozen drugs developed in the nation's losing war against the most dangerous virus ever known.

Whereas there are conceivable benefits from this program, should an effective therapy be developed, the paltry funding, the low numbers involved in the testing (estimated to be only 1,000 after the first six months), and the fact the program involves drugs which have already been found to be generally ineffective, gives the whole

thing a "snake oil salesman" aroma. It seems designed to offer more in the way of unfounded hope than real cures. Most importantly, it fits neatly into the budget.

Even more shocking was the admission by Deputy Health Secretary James Windom, when confronted by this reporter June 30, that almost all the 179,000 who will die of AIDS in the next five years contracted the virus after the AIDS antibody test had been developed in 1983. Public Health officials who refused to deploy this test weapon to stop the spread of the virus with universal screening and quarantine, must face the fact that their neglect has doomed three times the number of Americans who died in the Vietnam War.

Dr. Windom's admission of such "war crimes," accompanied by plaintive references to "the wisdom of hindsight," makes monstrously more criminal his agency's continuing policy against such measures, and places the lives of tens of millions of Americans in jeopardy.

As far as the persistent argument that AIDS cannot be "casually transmitted," as officials at the Centers for Disease Control still hold, even experts in the field, whatever their official view, have instincts which are very different.

During congressional hearings on the status of AIDS research on July 1, when an AIDS patient was brought in as the first to testify, every scheduled witness jamming the hearing room recoiled with a gasp when Rep. Ted Weiss (D-N.Y.), chairing the hearings, suggested that the AIDS victim put his mouth closer to the microphone that would be used by subsequent witnesses.

Such a mass involuntary reaction by this room full of experts exposed the hypocrisy of the cost-motivated "no casual transmission" line.

# National News

## Congress out to militarize border

In the name of fighting drugs and halting immigration, U.S. congressmen are proposing to deploy U.S. troops to the Mexican border.

Rep. Eldon Rudd (R-Ariz.), a former FBI special agent, introduced a bill in mid-June which would allow the President to deploy military personnel and equipment to both the southern and northern borders, to stop the flow of illegal aliens, if Congress fails to enact the Simpson-Mazzoli immigration "reform" bill by year's end. The Rudd measure, which an aide admitted was directed chiefly at Mexico, has 16 co-sponsors.

In a related move, Rep. Helen Bentley (R-Md.) introduced a bill June 19 that would cut off all aid to countries which fail to substantially cut their illegal drug exports to the United States. Bentley has also sent letters to President Reagan and Vice-President Bush urging them to deploy all National Guard and Army Reserve units scheduled for summer maneuvers, to the Mexican border for purposes of drug interdiction.

## U.S. general doubts Noriega is corrupt

"Hard facts" have yet to be produced which support allegations that Panama's commander of the Defense Forces, Gen. Manuel Antonio Noriega, runs "the Panamanian connection" to international drug- and gun-running, U.S. Army Gen. Robert Schweitzer wrote, in a letter to the *Washington Times* published on June 30.

General Noriega had been accused by the *New York Times'* Seymour Hersh and in Senate hearings orchestrated by Sen. Jesse Helms (R-N.C.).

Until his retirement on July 1, General Schweitzer headed the Inter-American Defense Board, with many years of duty related to the United States' southern flank.

"I have seen no evidence either within the government, or in the public sector that would support the charges," General Schweitzer wrote. "Whoever has the supposed evidence ought to bring it forward, rather than repeat a series of old allegations."

"You will note the original *New York Times* story is long on 'reports,' but devoid of any evidence. Subsequent to publication of the *New York Times* story, I have sought again—thus far in vain—at the classified and unclassified levels, to locate any of the hard facts that would support the story," Schweitzer wrote. "Maybe there is such evidence, but I have yet to see it."

Schweitzer's letter responded to an article appearing in the *Washington Times* on June 19, by Georgie Anne Geyer. Entitled "Five Minutes to Midnight in Panama," Geyer's article repeated the *New York Times* allegations against Noriega, claiming that a "tragedy" was unfolding in Panama, "with stakes . . . even higher than they were in Cuba" in 1958. What is the danger? Says Geyer, it is the signs of an alliance between U.S. politician Lyndon LaRouche and General Noriega—which now threatens "the Panama Canal and all the American military and intelligence-gathering units in Panama."

## Senate candidate: 'All of Gramm-Rudman must go'

"The U. S. Supreme Court has now declared the Gramm-Rudman budget-cutting law to be unconstitutional. But although the Supreme Court was right to find Gramm-Rudman unconstitutional, they have done so on a very narrow basis, knocking out the automatic-cuts mechanism, but leaving the rest of Gramm Rudman intact. In reality all of Gramm-Rudman is unconstitutional," said a statement issued by New York senatorial candidate Webster Tarpley on July 6.

Tarpley, an *EIR* contributing editor, is running for the seat now held by Alfonse D'Amato (R), whom he attacked for voting for Gramm-Rudman.

Tarpley took the bill's sponsors and sup-

porters to task. "The bill's authors now claim that cuts will go on, killing our citizens with cuts of one-third in domestic and social programs, and leaving us defenseless in the face of the Soviet threat with a 25% cut in defense. No budget cuts or tax increases will ever give us what we need, which is a real economic recovery from the present depression. We need a national defense emergency mobilization, modeled on Franklin D. Roosevelt's policies of 1939.

## Hoffman charges fraud move to halt recount

Attorneys for Art Hoffman, the "LaRouche Democrat" for Congress in California's 40th C.D., has filed suit in Orange County, California to halt the ongoing recount challenge mounted by his write-in opponent, Bruce Sumner. Hoffman won his party's congressional primary June 3, beating Sumner, who is the head of the Orange County Democratic Party. A disgruntled Sumner is contesting the victory.

Sumner, a former judge, prematurely claimed victory Election Night. The next day, it became clear that Sumner had lost the election to Hoffman by 262 votes. The Democratic chairman, having vowed to prevent "another LaRouche victory," called for a recount.

Hoffman campaign workers have gathered evidence that shows that ballots which were nowhere to be found Election Night have mysteriously begun to appear for Sumner. Al Olsen, Orange County's Registrar of Voters, not wanting to admit that an election under his supervision could be tainted, has told reporters that the reason is that poll workers did not count various spellings of Sumner's name election night.

Hoffman workers have gathered over 50 affidavits from poll workers, many of them Sumner supporters, declaring that they did count all possible votes for the former judge within the legal guidelines provided them. The poll-worker affidavits aver that, therefore, they do not know where the additional votes now "turning up" in the recount could be coming from.

In one precinct, the recount picked up four votes for Sumner. In another precinct which was not counted election night, poll workers were called into the registrar's office the day after the election to count the ballots in plain view of officials. This precinct, the Hoffman suit reveals, had 20 new votes for Sumner when it was counted during the recount.

The mysterious appearance of new ballots, combined with evidence of forgeries and violations of the secret ballot guidelines, gave Hoffman's attorneys no other choice but to seek an injunction to halt the recount and to call for a criminal investigation.

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## Helms has business dealings in Panama?

The President of Panama has suggested that Sen. Jesse Helms, who has issued vitriolic attacks on the head of the Panamanian army, Gen. Manuel Antonio Noriega, may be doing so to protect his own personal corruption.

Senator Helms should show "a little more judgment and sensibility" in his dealings with Ibero-American countries, President Eric Delvalle warned in an interview with the Mexican daily *Excelsior* on June 30. "The only thing that he has succeeded in achieving is anti-American sentiment in Mexico and Panama."

Senator Helms's campaign against "corruption" in other countries has gone so far this year, that he has charged that Mexico's current government is "illegitimate," and that Panama's General Noriega, is "the biggest drug-trafficker in the Western Hemisphere."

This is "viewed as one more attempt" to derail full implementation of the 1978 Carter-Torrijos Treaties returning the Canal Zone to Panama in 1999. "Our brother Latin American countries, while not being involved yet, are surely thinking, when will we be hit, and why? Suddenly, for example, will something be unleashed in Peru, because President Alan García suggested a meeting of Presidents so that we could discuss the foreign debt?"

Perhaps it is Senator Helms who should be investigated for "corruption," he stated. "There are those that say" that Helms opposes any revision of the Treaties controlling the Panama Canal, Delvalle reported, "because he has some type of contract here in the Canal Zone, that he would lose if the Torrijos-Carter Canal Treaties were faithfully implemented."

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## Lugar: U.S. will leave South Africa

Senate Foreign Relations Committee chairman Richard Lugar said July 7 that South Africa is moving so slowly in dismantling apartheid that political and economic pressure is moving "toward our getting out."

"The net political and economic situation is leading toward our getting out whether we have decided to do that formally or not," said Mr. Lugar, a key player in the review of U.S. policy toward South Africa.

"I think there is a basic decision to be made here, and that is whether the United States will continue to be involved in affairs in South Africa or whether, in fact, we are going to get out now," Mr. Lugar said.

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## Colleges should stop drug use

College presidents should show "a little courage" and make America's campuses drug-free starting in September, urged Education Secretary William J. Bennett on July 9. He suggested that America's universities learn a lesson from military academies that have kept out illicit drugs.

"If necessary, you use the campus police, and finally, if absolutely necessary, you use the city police and the state police" to keep drugs off campuses, Bennett said in a speech to the Heritage Foundation. A total drug ban on all campuses "could in fact be enforced," Bennett stated. "There is not a parent or taxpayer in the country who would object if such a policy were announced and carried out. . . ."

# Briefly

● **20 ARMED MEN**, members of a group known as Civilian Material Assistance, seized 15 illegal aliens in Arizona near the Mexican border on July 5, and held them at gunpoint for 90 minutes until Border Patrol agents arrived, an immigration official said July 6. Harold Ezell, regional commissioner of INS, criticized the action, calling it dangerous and "bizarre." The U.S. Attorney's office is not filing charges because none of the aliens were hurt, but the FBI is investigating the incident. All 20 men carried AK-47 rifles.

● **HENRY KISSINGER** was one of 12 recipients of the "Liberty Medal" awarded by the Statue of Liberty Foundation during ceremonies on July 4. President Reagan presented the award to the Soviet agent-of-influence who was once secretary of state. The award goes to 12 "distinguished American naturalized citizens" who have "made the American dream a reality," according to the foundation.

● **DON REGAN**, White House chief of staff, may visit Moscow according to sources. His office denies it.

● **A POLL** commissioned by Illinois Democratic Party regulars but kept secret, has found that the "LaRouche factor" is strengthening the Democratic ticket in the state. The poll found a solid 15-20% core vote for LaRouche-affiliated candidates. Of voters whose intention is to vote a straight Democratic line, most would not split the ticket against LaRouche Democrats Mark Fairchild (lieutenant-governor) and Janice Hart (secretary of state). State Attorney-General Neal Hardigan and Sen. Allan Dixon commissioned the poll.

● **THE SUPREME COURT'S** decision to uphold state laws outlawing sodomy makes it highly unlikely that it will rule against stronger public-health measures designed to halt the spread of AIDS, the current issue of *Newsweek* complains.

## Editorial

### 'Where there is no vision, the people perish'

The death of Admiral Hyman Rickover, just after the Fourth of July festivities, gives us an appropriate occasion to celebrate the qualities which justly made this nation great. The colossal banality of the New York City ceremonies, in which the traitor Henry Kissinger was honored with a medal and the patriot Admiral Rickover forgotten, only emphasizes the need to remember why this nation has been great.

Hyman Rickover was born in Russia in 1900, of Jewish parents. He came to America when he was six years old, and he was educated in the public schools of New York City and Chicago, and then secured an appointment to the Naval Academy at Annapolis. He qualified as an electrical engineer, and served as a submarine commander in the 1930s.

Following World War II, it was Rickover who developed the first nuclear reactor, which would be used to propel a submarine.

These days, when it takes as much as 15 years to build a nuclear plant (due, of course, to the sabotage of the anti-nuclear lobby), it is hard to believe that Rickover built the first nuclear reactor in less than four years—and under far more stringent, real safety conditions, since it would be housed in a submarine. The contract was signed on July 15, 1949 and, by the end of May 1953, the Mark I reactor was finished. By June 15 of that year, full power was successfully reached.

Rickover's vision of a future in which nuclear fission was the transition to the cheap, unlimited resource of fusion power transforming the world, was put forward in his book *Education and Freedom*, in 1959:

"Whenever man makes a major advance in his age old effort to utilize the forces of nature, he must simultaneously raise his education, his techniques, and his institutions to a higher plateau.

"From the splitting of the atom in the 1930s to the bomb of the 1940s, to the practical nuclear power plant of 1953, a vast amount of intellectual effort of a high order had to be expended. Highly trained nuclear engineers are needed to design, build, and run nuclear power plants. Still greater demands on the human mind will be made if and when we obtain energy from hydrogen fusion.

"It is obvious that the kind of American who thoroughly mastered his environment on the frontier in the muscle, wind, and water state of technology would be totally ineffective in the atomic age which is just around the corner, and the fusion age which is still a way off."

Rickover was a different breed of man from Henry Kissinger, as shown by this brief selection from his comments on Robert McNamara and his method:

"At one time Pagan gods ruled the world. . . . Now it is the cost accountants. The cost effectiveness studies have become a religion. . . . They are fog bombs. . . . Frankly, I have no more faith in the ability of social scientists to quantify military effectiveness than I do in numerologists to calculate the future. . . .

"On a cost-effectiveness basis the colonists would not have revolted against King George III, nor would John Paul Jones have engaged the *Serapis* with the *Bonhomme Richard*, an inferior ship. The Greeks at Thermopylae and Salamis would not have stood up to the Persians had they had cost effectiveness people to advise them. . . . Computer logic would have advised the British to make terms with Hitler in 1940, a course that would have been disastrous."

Rickover's spirit is exemplified by the Biblical motto from Proverbs that always hung on his office wall: "Where there is no vision, the people perish." We honor Admiral Hyman Rickover. His was a good life.

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