

# EIR

Executive Intelligence Review

July 24, 1987 • Vol. 14 No. 29

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Irangate hearings: Everybody's covering up  
Will Harvard choose Mexico's next President?  
James Beggs on the future of NASA

**LaRouche's plan to replace  
Executive Order 12333**

**DATA  
BANK**



**Carl "Spitz" Channell**  
Conservative Activist. North's  
chief fund raiser for Contras.

Collected \$4 million. Pleaded guilty to  
conspiracy to defraud the government.

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# THE ONLY WAY TO STOP MARSHAL OGARKOV'S WAR PLAN!



The greatest strategic weapon in the Russians' arsenal against the West, is not any of their weapons systems as such, but their ability to exploit the flaws in Western so-called economic thinking, which go by the name of "free enterprise."

## EIR QUARTERLY ECONOMIC REPORT

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First  
Quarter  
1987

### How to reverse the economic policy blunders that led to 'Irangate'

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- An international financial blow-out: the real story behind 'Irangate'
- The technology-driver of the new economic upsurge: the forty-year Mars-colonization project
- The explosive impact of AIDS on the world economy

EIR Quarterly Economic Report  
\$1,000 annual subscription  
\$250 single issue.

Make check or money order payable to:  
Executive Intelligence Review  
P.O. Box 17390  
Washington, D.C. 20041-0390

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*EIR/Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and last week of December by New Solidarity International Press Service P.O. Box 65178, Washington, DC 20035 (202) 785-1347*

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**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) 785-1347

## From the Editor

A friend of ours who has been studying the two Executive Orders, 12333 and 12334, used since 1981 to justify the cancerous growth of the “secret government,” made the remark that when one reads these two orders it is hard at first to put one’s finger on what is evil about them. They seem like the most boring accumulation of bureaucratic procedures imaginable. And indeed, that *lack of content* is precisely the problem.

Lyndon LaRouche’s draft executive order to revoke and replace the offending orders addresses this question. We are pleased to publish it this week, following the LaRouche “Statement of Findings” which outlined the kind of evils we have seen over the past six years, and which was our *Feature* last week. On the principle that the citizens who elected the individual LaRouche recently described as the “King Lear” in the White House, are responsible for the government they elected, we urge readers to carefully study this draft presidential order, and join in a national debate on the issues therein.

On page 62, LaRouche addresses what some have called the “Ollie North craze,” from the standpoint of the *policy* issues that were bungled by the late William Casey and others.

I also draw your attention to the lead of our *Economics* section, written by our economics editor David Goldman, who has just returned from Europe. The article reviews evidence that we are heading for the worst banking crisis in history—fast. Moreover, as the column on page 15 indicates, the real economy could give President Reagan a humiliating, but realistic, way out of the catastrophic dilemma about to be posed by the new version of Gramm-Rudman-Hollings.

Lyndon LaRouche’s new autobiography, *The Power of Reason: 1988*, published by *EIR*, is off the press in an initial 25,000 run. We invite our subscribers to help us produce 100,000 copies this summer. Not only will this be one of the hottest publishing events of the season, but the contents are crucial reading for every American citizen in this time of crisis, for reasons that should be obvious from the contents of this issue.

*Nora Hamerman*

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NSIPS/Stuart Lewis

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In last week's issue, Lyndon H. LaRouche wrote, "Under EO 12333 and 12334 . . . there grew up a complex of covert activities which has been fairly described as a secret government. This week, we present his "Draft Executive Order" beginning: "Executive Orders 12333 and 12334, dated December 4, 1981, are hereby revoked."

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**Correction:** In last week's issue, the correct title of Table 2 on page 23 of the Science & Technology feature is: "U.S. and Russian work on compact free electron lasers operating at radio frequency is comparable." We apologize for this proofreading lapse.

## Worst bank losses in history are only the beginning

by David Goldman

This year's second quarter marks the first time in history that the U.S. banking system, as a whole, ran in deficit, and the big-bank losses which prompted the overall move into negative are, by any statistical measure, much worse than anything reported during the last Great Depression. They portend the worst banking crisis in history. Contrary to wishful thinking in the business press, the second-quarter losses, stemming mainly from loans to developing nations, do not represent a long-postponed housecleaning. The banks' developing-sector loans are a fraction of their total bad debts, and the mammoth losses just announced weaken their capacity to withstand further shocks to come.

Federal regulators officially admit that release of information showing the true condition of several of the nation's top ten banks could prompt a run against these banks. The truth came out through a side door, when plaintiffs against A.H. Robbins and Co., makers of the Dalkon Shield contraceptive device, petitioned a Richmond, Va. court to release the federal examination records of two of Robbins's banks: Manufacturers Hanover Trust, and Chemical Bank.

According to the July 10 *Washington Post*, lawyers for the Federal Deposit Insurance Corporation and the Federal Reserve, which examine the banks' condition, plan to argue against the release of such documents, on the grounds that "requiring disclosure could result in a financial panic affecting the stability of Manufacturers Hanover Trust and Chemical Bank if information disclosed was misunderstood by the public. Moreover, any such run on these multinational money center banks could reverberate throughout the nation's banking system and the world economy."

The claimants' committee are demanding the records on grounds that, for them, are entirely reasonable: the two New

York banks are to lead a syndicate providing a \$1.67 billion letter of credit to Robbins, to finance claimants' compensation. John J. Walsh, lawyer for the claimants' committee, asserted that "the publicly available information does not permit the committee to make the critical assessments of MHT's and Chemical's financial adequacy . . . or the meaningful risks regarding their ability to perform over that time period." He charged that their "enormous loans" to developing countries could put them out of business.

In effect, the regulators already admitted defeat with the Federal Deposit Insurance Corporation's announcement that it would accept lower capital ratios among banks in depressed states, imitating the earlier procedure of its sister organization, the Federal Savings and Loan Insurance Corporation, which has permitted "zombie" institutions to keep their doors open despite negative net worth, because it does not have the funds to close them. An estimated 2,000 banks of the nation's 14,000 FDIC-insured institutions are likely to take advantage of the loophole, and keep operating below what previously was a Federal safety norm for commercial banks.

Regarding the bank losses, the point is not what has been announced, but what has not. Losses announced, or expected, at major banks, break down as follows:

Chase Manhattan	\$ 1.4	billion
First Chicago	\$698.3	million
Morgan	\$586.4	million
Citicorp	\$ 2.5	billion
BankAmerica	\$ 1.0	billion
Manufacturers Hanover	\$ 1.05	billion
Total	\$ 7.2347	billion

The six major banks cited above reflect only a fraction of

the second quarter's losses. Abroad, most of the leading British banks have been forced to follow suit and set aside massive reserves for loan losses, while the World Bank itself—the sister organization of the International Monetary Fund—has announced that it will set aside its entire \$1 billion 1987 profit to cover losses on its own portfolio of loans. That amounts to an admission of defeat on the part of the official monetary institutions, whose retaliatory powers once commanded the full attention of debtors. They would be paid if no one else was. Now, reality has borne down on them. Brazil, the largest Third World debtor, whose actions give the trend for the world debt crisis, stopped paying its private creditors in February, and its official creditors in May.

Together, the six banks listed above have written off less than a fifth of their total Third World loans; if they wrote them down to the level that the so-called secondary market would take them off their hands, their combined losses would have exceeded \$20 billion, pushing close to their combined shareholders' capital. The loan-loss reserves which pushed them into the red do not even come close to addressing the apparent problem, i.e., the consequences of Brazil's February debt moratorium.

Bank regulators have stressed, in occasional moments of courage, that the worst danger facing the commercial banks is to be found not on, but off, their balance sheets. The 10 largest U.S. commercial banks have off-balance-sheet liabilities of \$1.5 trillion, against assets of about \$600 billion. These include straight loan guarantees (or guarantees of the interest-cost or exchange-rate associated with a loan), guarantees to purchase securities, so-called loan swaps, foreign exchange exposure, and so on. The banks respond that the risk associated with such "off-balance-sheet liabilities," which generate fee income, but for which they hold no capital in reserve, represents a much lower degree of risk than straight loans. That may well be true; but their exposure is so great, that a 3% loss rate on such liabilities would wipe out their entire shareholders' capital.

In February, the Bank of England and the Federal Reserve Board issued a joint set of guidelines, raising the prospect that the banks, at some remote future date, might be asked to put up capital to back their "off-balance-sheet liabilities," following a series of hair-raising warnings by bank regulators at semi-public conferences. After the announcement of megalosses at Citicorp, the Bank of England-Fed proposals appears to have receded into the woodwork, for a highly practical reason: how are the banks, particularly the worst-exposed ones, to raise additional shareholders' capital, when their existing capital may not cover existing losses?

### **Bank of America's misery**

Most exposed of the major banks is San Francisco's Bank of America, the country's second largest. BankAmerica has run two years of losses, without the special \$1 billion write-

off, forced on it by Citibank's earlier action. Both Japanese institutions and American pension funds have balked at BankAmerica's attempt to raise sufficient capital to avoid a failure that many analysts believe cannot otherwise be postponed beyond the end of this year. Senior officials of Japan's big commercial banks gaged at BankAmerica's request that they buy \$250 million in BankAmerica notes as part of its effort to raise \$1 billion in new capital. BankAmerica also wants Japanese financial concerns to purchase \$100 million of convertible preferred stock. Japanese institutions reportedly said that the bank's insecurity prevented them from buying its equity, under Japanese regulatory standards. American institutions are also leery of a plan under which B of A would sell additional shares to existing shareholders, at a 5% discount.

### **The securities market bomb**

Although the monetary authorities of the leading industrial nations (see *Foreign Exchange*) managed to avoid, or postpone, a major withdrawal of foreign funds from U.S. institutions this spring, the mere threat of such withdrawal nearly brought down big chunks of the brokerage industry. Total pre-tax profits for the brokerage houses are expected to fall to \$400 million, from \$1.3 billion for the same quarter last year, according to one analyst's estimate, making the second quarter the worst in several years.

Merrill Lynch's \$275 million trading loss in mortgage securities last April made clear how vulnerable financial institutions are to a collapse of the securities-market bubble. In July, First Boston said that fixed-income trading losses would probably put it in the red for the second quarter. Salomon Brothers' earnings will be cut in half for the same reason.

These results are all the more remarkable, considering that the monetary authorities managed to stabilize the dollar in June, and the dollar fixed-income markets along with it. When this reverses—and the May trade deficit probably marks the turning point—the securities markets will go back into chaos. That does not merely imply losses for the brokerage houses, but for most savings and loans, and many troubled commercial banks as well. As *EIR* has insisted, the worst-off institutions plunged most heavily into rising securities markets, hoping to compensate for lending losses. That worked reasonably well when markets were rising. When markets crash, the savings industry's last prop will crash with them.

With \$40 billion in accumulated liabilities to depositors at "zombie" institutions, the Federal Savings and Loan Insurance Corporation has kept the industry afloat through what senior staff call a "giant government-supported Ponzi scheme," where loss-making, insolvent institutions pay old depositors by paying premium rates for new guaranteed deposits. The run of the century is in preparation, thanks to federal regulators, in the U.S. thrift industry, at the commercial banking sector's moment of greatest weakness.

# UNCTAD: waiting for a policy change

by Mary Lalevée and Hartmut Cramer

It is "an illusion to think that one group of nations could progress and develop while another part of the world economy is collapsing. We have to face the ultimate challenge, to be or not to be. Our generation cannot allow part of our civilization to come to an end," Egyptian President Hosni Mubarak told the conference of the United Nations Conference on Trade and Development (UNCTAD) in Geneva the week of July 15. He noted that the debt of some developing countries reached 200% of their export earnings in 1985, and 270% in 1986.

He was not alone in describing the debt crisis as a threat to civilization.

Indian Trade Minister Shanker said that the economic situation today was as bad as during the Great Depression of the 1930s. He called the 1980s, "the lost decade of development," saying, "Everything we have tried to do since the 1960s has been lost. The postwar system no longer holds. We need a fundamental transformation." He called for action. "We should not wait for another chance. There will not be one."

The unfortunate fact is that, faced with an international economic situation that is "threatening our civilization," as Mubarak described it, the response of most of the OECD countries has been, at best, silence. While many developing sector heads-of-state personally attended the UNCTAD conference, showing the importance they attach to the discussions due to take place on the international economic crisis and the debt problem, from the industrialized countries, only French President François Mitterrand had sense enough to attend and address the conference. There was even a report that the OECD countries, at a meeting on June 3-4, had made a secret "agreement" not to come to any agreement on the debt crisis. According to *Le Monde*, a confidential report on this meeting said: "There was general agreement that we should not get involved in any technical discussion on debt that would be oriented toward a decision."

The United States sent such a low-level delegation—headed by a deputy assistant secretary of state—that it amounted to an insult.

## Peru: 'Listen to LaRouche'

In interview with *EIR* correspondents covering the UNCTAD conference, the leader of the Peruvian delegation, Oswaldo de Rivero, spoke for many developing sector representatives when he said that he hoped the United States would come to its senses and "listen to what Lyndon LaRouche has to say" on the world economic crisis. Yes, he confirmed, that statement "is for attribution."

The inaction and silence of the OECD nations left the field wide open for the Soviet Union.

Developing countries have no illusions about Soviet promises of aid, given their "parsimonious" behavior in the past, as one reporter commented. But, on the propaganda front, the Soviets definitely won a battle by dramatically announcing their support for a "Common Fund" to stabilize commodity prices.

This proposal was originally put forward by UNCTAD in 1980, but has been on hold since an insufficient number of states had agreed to it. The "Common Fund" was described by LaRouche at the time as a fund for "Common Fools." It is no solution at all to the problem of falling commodity prices, which has led to a loss of \$90 billion in export earnings of developing sector countries between 1981 and 1986.

But the developing-sector nations are desperate. The "Common Fund" chimera is seen as doing something, rather than nothing.

During the packed press conference following the Soviet announcement, *EIR* correspondent Ana María Mendoza asked Soviet Trade Minister Aristov, in light of his statement that countries should use the money they now spend on weapons for development instead, if this meant that the Soviet Union was going to give up its policy of massive military build-up and spend everything on economic development? The room rang with laughter. It was revealing of the level of seriousness with which conference participants were greeting the Soviets.

Aristov's reply, that the Soviet Union was not building "offensive" weapons, is not worth comment.

Delegates at the conference admitted in private discussions that they expected no change to result from the discussions at the UNCTAD conference, and that unless some policy change comes from the United States, the situation would only worsen. Pessimism is widespread among developing sector delegates, and many gloomily remarked that whatever was being said, the fact was that they would have to solve their problems alone.

Debt is the key issue, and President Mitterrand's speech calling for reform of the international monetary system and the rescheduling of African debt, has aroused great interest. However, as Congo's President Nguesso, this year's chairman of the Organization of African Unity (OAU), said in his address to the conference, Africans were still waiting to see some concrete steps.

# Some implications of the Gulf re-flagging

by J. Scott Morrison

*It is expected that during the week of July 20, the first of the Kuwaiti oil tankers in the Persian Gulf will be re-flagged to the United States. The strategic implications have been much debated, but there are others. U.S. corporate or organizational requirements have been met, but because the vessels do not meet all of the safety and other standards of U.S. flag vessels, the Coast Guard has exempted the tankers from federal safety and operating standards on grounds of national defense. In addition, a new Delaware-based American-Kuwaiti firm plans to use all-foreign crews, mostly Arab and Filipino, under American captains. Such waivers have never before been granted for ships carrying non-military cargo. U.S. shipping, marine law, and seamen's representatives have all expressed concern. Despite congressional controversy over strategic policy in the Gulf, the background economic issues involved in re-flagging have not been raised. Here these factors are presented by J. Scott Morrison, who spent 25 years in world port, containerization, and military logistics development.*

## Navy for hire?

It is demonstrably in the interest of the United States and the Western alliance to keep oil flowing from Kuwait, and keep shipping lanes, and commerce open and free. However, as the re-flagging of Kuwaiti ships under the U.S. flag proceeds as presently indicated, it will render the United States a mercenary "navy-for-hire," except for the ironic technicality that the United States will be paid nothing, and, in fact, will have to pay to provide the service.

The United States is forced into this position by the immediate circumstances of needing to respond to the Soviet and Iranian threats in the Persian Gulf. Secretary of Defense Caspar Weinberger is required to react quickly to such a strategic threat. However, the full policy implications, and background of such re-flagging need to be made known; and the preferable alternative—to supply genuine American-flag vessels, or vessels of NATO member-nations or NATO-

supporting nations, should be implemented as rapidly as possible.

This is the proper counter-response to the dangers posed in the Gulf and elsewhere. In other words, instead of jumping in and re-flagging vessels that, in no stretch of the imagination, meet American standards, nor employ American seamen, nor function as part of U.S. territory, the counter-response to the Gulf crisis—and future situations—should be to rebuild and to genuinely re-flag, and in so doing, to strengthen all around the commerce, defense, and economies of the Western alliance. This is in the immediate interest of Kuwait.

First, consider what comes with a flag on a ship. If a ship has a Liberian, or an American, or a West German flag, what does it have? What does "flagging a ship" mean?

The first thing it means, is that the ship is an asset of the nation whose flag it carries—with all the implications this brings with it, such as:

First, it is citizen-manned. It is available in times of need for national defense; and the ship is protected from piracy and war (most recently, consider the *Mayaguez* incident, and the *Achille Lauro*).

Second, the flag of a ship brings with it the standards of the nation with respect to its construction and safety requirements. It is well known that American ships, and American flag ships, tend to be: a) much better constructed; b) longer-lasting; and c) safer.

There are about five ranks of safety standards, with the standard level demanded by the American Bureau of Shipping/U.S. Coast Guard being arguably the highest. Standards demanded by certain Western European and Asian nations—for example, Norway, West Germany, or Japan—rank in the second and third orders of safety. It is a matter only of differences in degree and detail.

However, the Liberian and Panamanian standards are very low in all categories. This permits two things. It makes the initial cost of building the ship substantially lower than otherwise—which has nothing to do with labor-cost differentials of shipyards—the point commonly made. At the lowest standard of tanker construction, for example, you don't need "double tanks"—protection of cargo holds. Double tanks place a double skin between the oil and the water.

Additionally, in the crew quarters, at the lowest level of safety and health standards, a crewman has only 24-30 square feet of minimum space, with no sanitary facilities in his space. An American ship requires about 80-100 square feet, including some sanitary facility.

In a single ship, there are literally thousands of differences in these orders of magnitude that affect the cost.

Typically, people choose flags-of-convenience vessels for reasons of commercial costs, with the assumption that, in time of war or world emergency, two things will happen: 1) The demand for vessels will increase and, therefore, prices

will increase because there will be a shortage of vessels; and 2) If the vessels have to go into a war zone, the assumption is that they will receive some military protection from one side or the other of the belligerents. In other words, if you are loading in Iran, then Iran protects you. If you are loading in Iraq, then Iraq will protect you.

In Kuwait, we have a case in which the Kuwaitis, although they are commercial friends of the United States, nevertheless, nationalized, with compensation, the Gulf Oil Co. and the American Independent Oil Co. concessions in Kuwait, following the 1974 price escalation. The Kuwaitis have taken control of the shipping of the oil. And they have taken over the refining and the marketing ("Q8" gas stations in Europe). In furtherance of the Kuwaiti policy of hiring the most convenient protector, the U.S. Navy, has been converted into a "reserve flag of convenience."

Over recent years, the oil cartel (the Seven Sisters), with their immense power, have seen to it that their tanker fleet was all flagged-for-convenience; and oil-exporting nations that have nationalized have followed suit. The grain cartel (Cargill, Continental, Bunge, André, Louis Dreyfus, and the others) have likewise flagged-for-convenience, affording them the benefit of anonymity-of-location of origin and destination of foodstuffs that "home ports"-of-convenience allow. The American unions deserve a little bit of the blame for this process, by not being more flexible in their manning standards.

Therefore, we are backed into limited policy options. The correct response to the situation would be to supply and protect some American vessels to move the cargo in the Gulf, and make the strategic point to all belligerents. But the United States does not have enough of the right vessels to do the job. The American merchant marine has been systematically destroyed since Henry Kissinger was Secretary of State and negotiated the Russian grain-shipping deal of 1972-73.

Since we do not have any American vessels, we should make use of the NATO shipping protocol. There may be vessels covered in that treaty commitment, that are under flags of the nations of the Western alliance, meet the proper standards, and serve the strategic purpose.

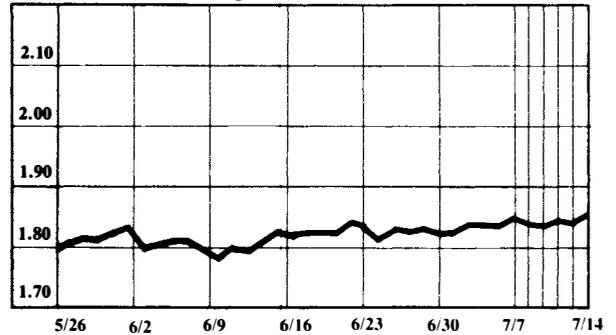
Another policy option, would be to have Kuwait, as a nation, join in the Western defense commitment. Because of the need for immediate defense, Kuwait could enjoy the benefits of putting money into Western defenses—enhancing the military-industrial resources of Western shipyards and defense industries, and reduce the current Kuwaiti involvement in New York and London real estate speculation, investment in U.S. farmland, and Carolina beach resort development. Both Western Europe and Kuwait would continue to enjoy the Q8 gas stations, and the principle of shared industrial development and defense would prevail among allies.

As part of this policy, we should not forget that the grain cartel companies should be similarly positively induced.

## Currency Rates

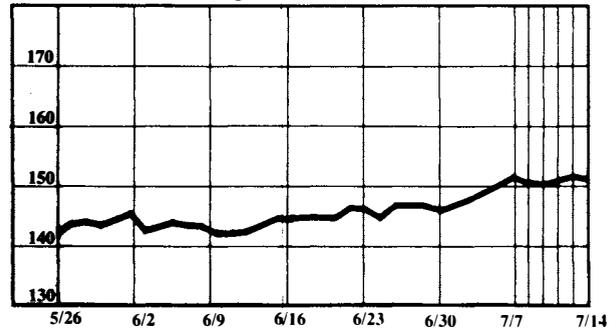
### The dollar in deutschemarks

New York late afternoon fixing



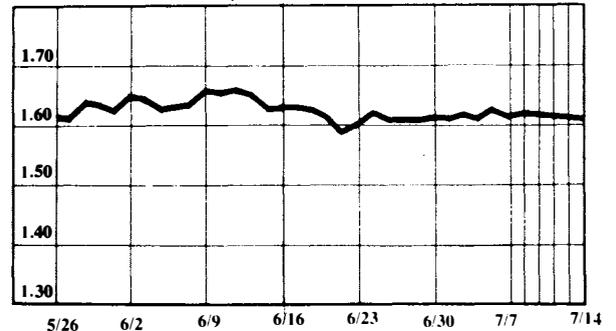
### The dollar in yen

New York late afternoon fixing



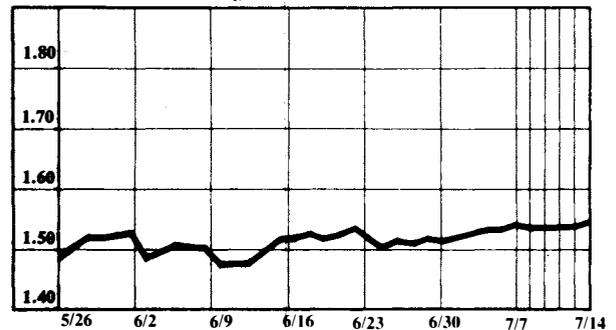
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## Trade deficit ends dollar recovery

*With the figure at \$14.4 billion for May, speculative foreign capital could leave quicker than it came.*

**T**he U.S. Department of Commerce crushed the administration's hopes of a financial respite with its July 15 report that the U.S. trade deficit rose to \$14.4 billion in May.

Days earlier, President Reagan used his weekly Saturday broadcast to pronounce that the United States had "turned the corner" on the trade deficit, warning against pending legislation for mandatory trade reprisals.

Getting tougher against trade partners now, Reagan said, was "a little like closing the barn door when the horse is trying to get back in. . . . Ironically, just at a time when we're making great progress, Congress is seriously considering legislation that could set us back. . . . Our country turned the corner on our trade deficit last fall, and the situation continues to improve."

For the past two months, Japanese monetary authorities have virtually force-fed funds into American markets. Now that the administration's arguments against retaliatory trade measures have slipped down the drain, the Tokyo-Washington agreements to prop up the dollar are in immediate jeopardy—along with the administration's ability to finance its deficit with foreign funds.

Late in June, Japan's monetary authorities engineered a sharp sell-off in the Tokyo bond market, which registered one of the largest one-week price declines ever.

Under the goad of their own finance ministry, Japanese investors "apparently found renewed interest in the American bond market. By the end

of the week, spreads between the two countries had narrowed substantially from their levels earlier in the month. For example, the spread between ten-year Government benchmarks narrowed from over 600 basis points at their peak to less than 450 basis points," Salomon Brothers euphemized June 26.

The sell-off in Japanese securities markets prompted speculation that central banks had, for the moment, succeeded in establishing a trading range for the U.S. dollar.

"Right now, we are all talking for the time being of a stable market, and this could very well last through the summer," Rimmer De Vries of Morgan Guaranty Trust Company said on June 29.

"But it's not something that can last for very long."

Traders suggested at the end of June that the Group of 7 industrial countries, i.e., the United States, Japan, West Germany, France, Britain, Italy, and Canada, who spent \$40 billion supporting the dollar this year, agreed on target zones for currency rates.

In fact, the content of the deal was obvious: The Japanese monetary authorities, alarmed by the boom in their securities markets, which had sent price-earnings ratios for most leading stocks into three digits, preferred to force securities prices down, and push funds into the United States.

In fact, the Japanese action constituted a strengthening of the Japanese markets—by reducing the danger of a speculative blowout—and a weaken-

ing of American markets, where the Dow-Jones industrial average proceeded to record hot-air highs.

That holding action formally dissolved on July 15, for two reasons. First, the United States trade deficit is a function of the collapse of American goods-producing capacity, not of foreign competitive advantage. Short of drastic reduction of output and living standards, nothing within the present monetary environment can reduce it.

Second, Washington's assurances to Tokyo that monetary and trade cooperation will be reciprocated by moderation in U.S. trade policy, are now worthless.

It is far from clear that even a presidential veto could now prevent a panicked Congress from putting a refurbished Smoot-Hawley tariff into law.

The Senate's vote on July 13 for mandatory retaliation against specific countries—as opposed to specific manufactures—was an unprecedented step in the wrong direction.

The United States now owes foreigners almost \$340 billion, more than is owed by Brazil, Mexico, and Argentina combined. Most of that debt is very short-term.

"The United States's international trade position gives a stark perspective to what is at stake as the Senate prepares to consider trade legislation," said Senate Finance Committee chairman Lloyd Bentsen (D-Tex.), warning that overseas debt "may well mean a return to the days of the late 19th century, when British investors caused recessions in the United States by pulling their funds out of this country."

Bentsen may well address the problem by destroying, almost overnight, America's capacity to borrow. That will solve the problem fast, but not in a way most of us would like to live through.

# Save lives, create economic growth: Develop the water resources of Virginia

by Joyce Fredman

*The second in the series of surveys of state-level production potentials, looks at the potential for water resources improvements in the Commonwealth of Virginia.*

Given that Virginia is a state which has so much to offer the world in terms of shipbuilding and ship repair capability, a state which has one of the world's leading port facilities, a state which captivated the vision of many of our Founding Fathers for its industrial and agricultural capability, one would think that water management would be of primary concern. It is an outrageous irony that the inland water-management facilities, in fact, with few exceptions, are so underdeveloped.

The water resources potential in the Commonwealth of Virginia is enormous. There are nine major river systems whose drainage basins—in whole or in part—cover the state's 40,817 square miles. The map shows their locations, and their rank order in size of their drainage basins. Developing these systems fully would provide significant new quantities of water for industrial, agricultural, and residential use, and potentially, even hydro-power. At the same time, flood damage could be minimized.

In the late 1950s and early 1960s, extensive river management plans were worked out by the Army Corps of Engineers for the upgrading of the Appalachian Region—the multi-state zone that forms the entire highland border of western Virginia. From these uplands, water drains in all directions to form the headwaters of the Tennessee, the Roanoke, the James, and the Shenandoah and Potomac Rivers.

However, the rise of the zero-growth and "post-industrial" lobbies of the 1960s to the present, has functioned to prevent the development potential of these rivers from being fulfilled. Dams were not built, channels not cleared, water not cleaned.

The toll this obstruction has taken is dramatically shown by the impact of the "100 Years Flood" which hit the state in November 1985. At least 50 people died, there was over \$1.5 billion of direct damage, hundreds of animals were killed, and dozens of communities in Virginia and West Virginia shut down, never to revive.

This obstruction of development must stop. An existing program for the development of the Potomac River system is paradigmatic for all the Virginia river basins, and indicative of the kind of projects needed nationally. That plan is summarized here, and then the general description of each of the river systems follows.

## Potomac basin development

In 1956, ten projects nationwide were commissioned by the Eisenhower administration. One of those, the Potomac River Basin Report, was outlined for a substantial section of Virginia, as well as the neighboring areas. Completed in 1963 by the Army Corps of Engineers, the plan set goals, whose optimism and comprehensive approach are more than appropriate today. With some upgrading of technologies, it could be easily revived. It entails a program for flood control, water supply, quality control and recreation. Included are:

- 418 headwater reservoirs
- 16 major reservoirs (4 trunk sewers in connection with 3 of them)
- 3 small flood control projects
- treatment of all wastes entering the basin's streams by 2010 to 85% effectiveness throughout the basin, and 90% in the D.C. metropolitan area of.
- land management and conservation measures to reduce erosion and rapid localized runoff.

The cost of the headwater and major reservoir projects is estimated to have been \$498 million (1960 dollars, approximately \$1.2 billion in 1987), 21% of which would have been for headwater reservoirs and 79% of which would have been for major reservoir projects. Under this plan, 50 reservoirs would have been available by 1965, 336 more by 1985, and the remaining 32 by 2010. This would have prevented over 40% of the average annual damage done by flooding. Imagine if systems such as this had been set up for all the river systems. Now reflect on the 50 lives and billions of dollars in direct and indirect damages in the 1985 flooding alone, aside from the billions of dollars and many lives lost in floods since the 1960s, when the plan was first conceived.

## The nine river basins

The state of Virginia is drained by nine major river systems:

1) The James River Basin, in the middle part of the state, is the largest watershed in Virginia, encompassing 10,206 square miles in Virginia and a small area in West Virginia. About 25% of Virginia's area lies in this basin. The average run-off at Richmond is about 4,884 mgd (million gallons per day).

2) The Roanoke River Basin. In the southern part of the state; the watershed of Roanoke River drains portions of Virginia and North Carolina, encompassing about 9,580 square miles, of which 6,261 are in Virginia. Average run-off at Kerr Reservoir Dam is about 5,218 mgd from a drainage area of 7,780.

3) The Potomac-Shenandoah River Basin. Formed by the confluence of its north and south branches in West the Potomac River's basin consists of parts of Maryland, West Virginia, Pennsylvania, the District of Columbia, and Virginia. The Virginia portion comprises about 14% of the state's area. Average flow of the Potomac River at Washington is about 7,361 mgd.

4) The Chowan River and Dismal Swamp. The headwater areas of the Chowan River lie in south-central Virginia. The basin includes about 10% of the state. Main tributaries are the Meherrin, Nottoway, and Blackwater Rivers. Downstream from the confluence of the Backwater and Nottoway Rivers near the Virginia-North Carolina boundary, the name Chowan is used. The most unusual coastal drainage basin is that containing Dismal Swamp, which lies in the Coastal Plain and includes a portion of the cities of Chesapeake and Suffolk, and adjacent North Carolina.

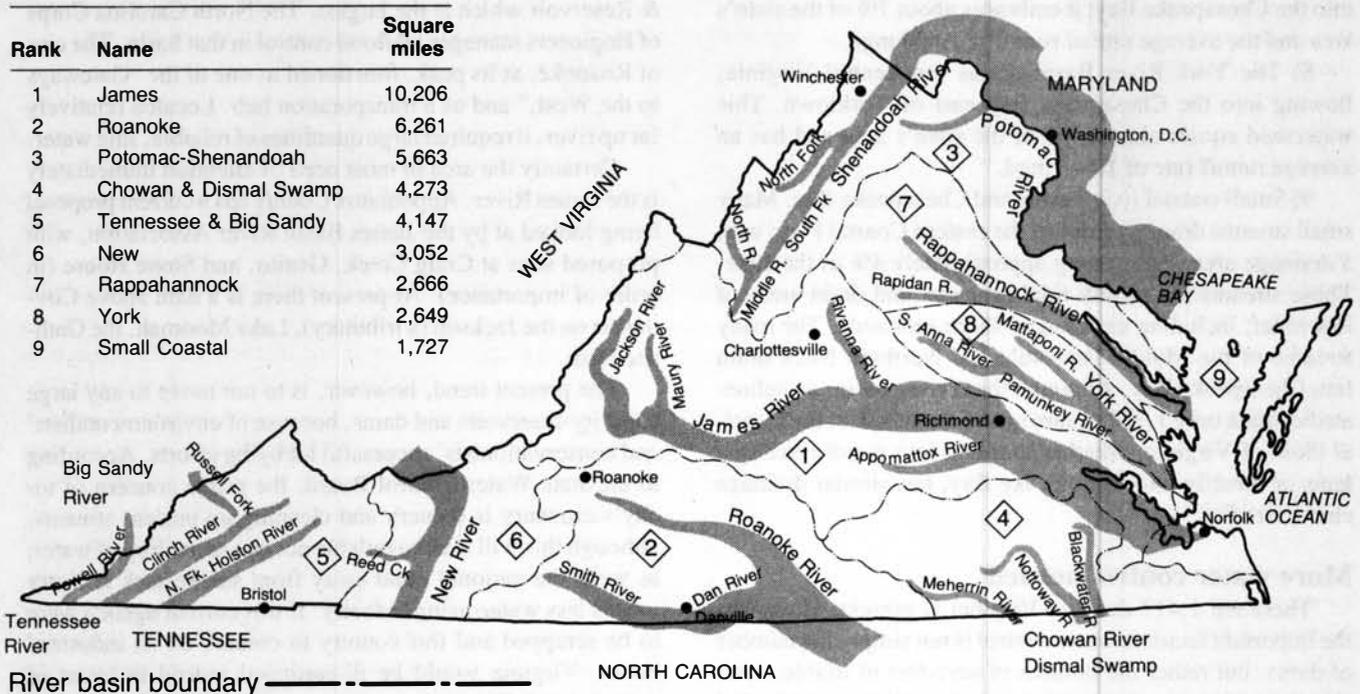
5) The Tennessee and Big Sandy River Basins. The Tennessee River has its headwaters in all or portions of 10 southwest Virginia counties. The area of this portion of the watershed is 3,164 square miles of a total of approximately 40,910 in the entire basin which drains parts of seven states. This basin exceeds others in average annual precipitation which ranges up to 50 inches in the western portion. Average runoff is high and is estimated to be 2,966 mgd. The Big Sandy Basin has a drainage area comprising 2.5% of the state.

6) The New River Basin. The New River flows into Grayson County, Virginia from North Carolina, at the aver-

## Nine river systems give Virginia great water resources

### River systems ranked by size of drainage region in Virginia

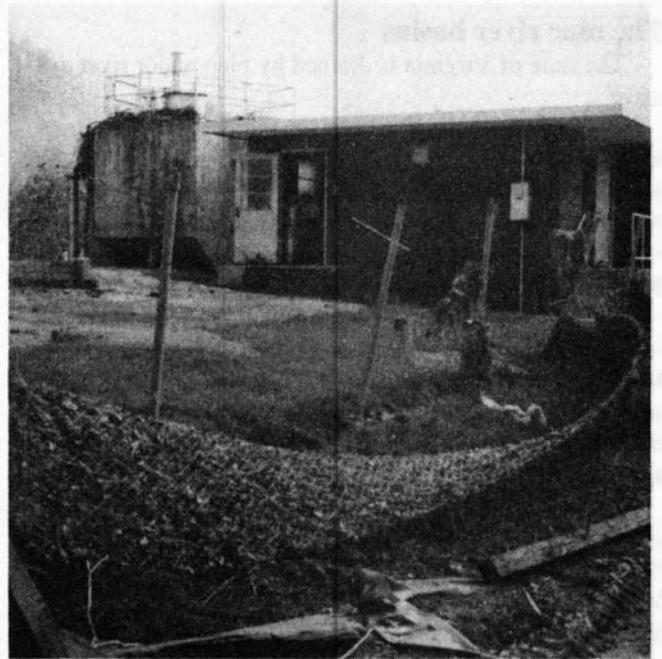
Rank	Name	Square miles
1	James	10,206
2	Roanoke	6,261
3	Potomac-Shenandoah	5,663
4	Chowan & Dismal Swamp	4,273
5	Tennessee & Big Sandy	4,147
6	New	3,052
7	Rappahannock	2,666
8	York	2,649
9	Small Coastal	1,727



Source: Virginia State Water Control Board, Bureau of Water Control Management.



*House trailers were upturned and swept away in this 300 unit trailer park in Roanoke, as the Roanoke River flooded in November 1985.*



*The Buchanan town sewage treatment plant was severely damaged, and shut down, by the raging James River in the November 1985 floods.*

age rate of 837 mgd and leaves near Glen Lyn at the rate of 3,237 mgd. The watershed totals about 7.5% of the area in the state.

7) The Rappahannock River Basin lies in northeastern Virginia, rising in the Blue Ridge Mountains and emptying into the Chesapeake Bay; it embraces about 7% of the state's area and the average rate of runoff is 1,826 mgd.

8) The York River Basin drains east-central Virginia, flowing into the Chesapeake Bay east of Yorktown. This watershed equals almost 7% of the state's area and has an average runoff rate of 1,643 mgd.

9) Small coastal river basins and Chesapeake Bay. Many small streams drain portions of the eastern Coastal Plain with a drainage area representing approximately 4% of the state. These streams are mostly tidal estuaries and drain areas of low relief, including the Eastern Shore peninsula. The many streams of the Middle Peninsula and Northern Neck drain into Chesapeake Bay. Although these river basins as delineated contain only 1,727 square miles, the whole of the Coastal Plain of Virginia, whether draining into major river systems or directly into Chesapeake Bay, has similar drainage characteristics.

### **More water control needed**

There are 1,417 dams in Virginia at present. However, the important factor in water control is not simply the number of dams, but rather the number of acre-feet of usable water storage within any dam and reservoir, and how well sited they are. The most highly developed and regulated basin is

the Roanoke. This has more usable storage than any other; the dams and reservoirs there include: Philpott Reservoir, Smith Mountain Lake, and Leesville Dam and Reservoir, which are owned by Appalachian Power Company, Lake Gaston owned by Virginia Power, and the John H. Carr Dam & Reservoir which is the largest. The North Carolina Corps of Engineers manages all flood control in that basin. The city of Roanoke, at its peak, functioned as one of the "Gateways to the West," and as a transportation hub. Located relatively far up river, it required large quantities of reliable, safe water.

Certainly the area in most need of attention immediately is the James River. Appomatox County has a current proposal being looked at by the James Basin River Association, with proposed sites at Craig Creek, Genito, and Stone House (in order of importance). At present there is a dam above Covington on the Jackson (a tributary), Lake Moomah, the Gathrite Dam.

The present trend, however, is to *not* move to any large capacity-reservoirs and dams, because of environmentalists' and conservationists' successful lobbying efforts. According to the state Water Control Board, the prime concern of today's citizenry is scenery and cleaning up present streams, although this will make available not one more drop of water; as well, the national trend away from smokestack industry means less water-using industry. If this current agenda were to be scrapped and this country to embark on an industrial boom, Virginia would be ill-equipped indeed in terms of water control. The water-management plans "are on the shelf." They need only to be implemented.

## Stored grain suffers record infestation

*Yields per acre are promising this year for the major grains in the United States, so the 1987 harvests may be good despite the large acreage set aside, and the farm-income crisis. However, there has been a record rate of insect infestation in stored grain for the last two years, as grain exports and domestic animal feed utilization both decline. Irradiation, modern chemicals, and proper facilities would permit food storage with minimum damage. Here Dr. Michael Shinkle, an entomologist and food safety expert who heads the Environmental Management Services company in East Peoria, Illinois, discusses the scope of the current problem.*

**EIR:** How big is the problem of infestation of grain in storage?

**Shinkle:** We've had two years back to back. We didn't really have much of a winter, because of mild temperatures. We've had two years of very poor sales of grain, and slow movement of grain, heavy insect infestation of grain, heavy mold counts in grain, and it is not improving.

**EIR:** What about the banning of the fumigant EDB?

**Shinkle:** Farmers are complaining about the fact that they cannot feel safe about using the alternatives they have for treating grain infestation. They used to use the pour-on fumigants [EDB and others], and oddly—that is, I think that the pour-on fumigants are hazardous—if you look at the record, we had very few incidents nationally when the farmers had pour-on fumigants. Basically, I think the reason that we had such a good record when we had the pour-on, is they usually just opened the cans, and threw them inside and then got away, so they limited their exposure. They're a little frightened about using aluminum phosphide, which is the alternative now, because it does have one property that is worrisome, and that is that it will spontaneously combust if

it is combined with water.

There is a new material. It started in general use last year, and it's called, "Actillic." It is a spray-on that can be used when you auger grain into a storage facility. It can also be used to top-dress grain. That has been very good, and is now starting to be used. It gives a long term residual.

Malathion is the old standby, and it can still be used for bran bugs—there are a number of beetles that are categorized as bran bugs. The bran bugs cause heating of grain, and that will ruin the condition of grain. Malathion can be used effectively.

The Indian meal moth is resistant to malathion, and it is a top infestation pest. What we've been finding is that, as early as the end of February, when I walked about 40 million bushels of corn, the Indian meal moth was so plentiful that it was flying in clouds over some of these grain masses. That is very unusual. Usually you don't start to see them until July, because the adults and the larvae are killed by severe winters.

[So, in a mild winter], they over-winter in all stages. It stays in the top 8-10 inches of grain. But it will web over the grain and ruin it, clogging up the augers. Sometimes the wheat gets really hot. The moisture can get trapped and start ruining the grain where the insect has been webbing. The University of Illinois released a statement a few days ago, reporting that central Illinois has a very heavy Indian meal moth infestation in every facility.

**EIR:** What about storage facilities?

**Shinkle:** There is a serious problem of grain loss in these hurriedly built, flat grain-storage facilities out in the field. They build a wooden wall about 4-5 feet tall in either a circular fashion, or rectangular. Very commonly, if it is rectangular, it is 200-300 feet long by 80-100 feet wide. They put tarpaulins up over the grain, after they auger the grain in this. It's just a big pile of grain. Some of it is on a good cement pad, with aeration ducts across the pad so they can keep the grain cool. Some is just on a polyethylene sheet on the ground. You can go here and there and smell the rotting grain.

There has been a lot of loss of grain from the flat storage facilities. Every elevator of any size at all, around the Midwest, built one of these, or more, except for the large companies—Archer Daniels Midland [ADM], etc. The smaller country elevator co-ops did. Some of them have been sensible about putting the right money into the proper construction, but others have built poor storage in haste, and they have lost a lot. It is difficult, if you don't have just the right kind of condensation. Many, even well built, have lost a lot through condensation. It is exactly what we have predicted. I sent an alert to the universities, that I feared very much what they were doing in the field with these facilities.

It's a net loss of grain. Barge storage has proven to be exactly as we had predicted. We have lost most of the grain that was actually stored, rather than moved, in barges.

It's hard to estimate, because they moved the grain around. For instance, they had a number of barges. ADM had a number on the Illinois River, and they moved those down to southern Mississippi for the winter, because of the weather. On the southern Mississippi River, there are a number of firms that actually contract to watch barges, to fumigate and watch the condition of the grain. They are the same types of firms as ours in the north—but there is less of that. Up on the Illinois River, there's a feeling that maybe you can get by if the infestation is not too bad. Then you simply send it south, and you blend it with good grain.

**EIR:** How does blending work?

**Shinkle:** When that has been infested and discounted, they blend it with better quality so they meet what's called a "pass."

We are not at all impressed with USDA inspectors. There was a time when they did quite a credible job, but not seeing what we see now. The regulation has been changed regarding blending, but still some of the same practices go on. We have a problem primarily because we are not moving grain as much to make it work.

We've culled a lot of cattle. A lot of storage is changing. There's a lot of complaining going on in the field today about the large terminal elevator, and the way they purchase grain—the way they discount grain. It is felt that they do so unfairly and inequitably, so that they are really putting the squeeze on the country elevator. Some have gone bankrupt. Some of it is poor management. Some are being squeezed in certain areas.

Some of the Minnesota studies showing what the farmers are doing in treating their grain—what they are not doing—lends some credibility to the discount policy. There are a certain number of bugs allowed in a certain amount of grain—depending on which grain it is and where you happen to be. The elevator people will discount if it's over-tolerance, but they may still take it and blend it. As long as everybody is moving corn and wheat fast enough, you simply move the problem. Some of the fine particles move out—broken grain, dust, debris—that is where insects harbor. But when you move grain, you break it, and that is when the micotoxin levels increase.

**EIR:** What do you recommend?

**Shinkle:** Sell more grain. We never had a problem until CCC days where they encouraged on-farm storage of corn—around the 1940s and '50s. We had a lot of government bins on the farm. Then they developed fumigants, and the farmer was able to use a lot of them. There was very little regulation, but very little incident of hazard, or people being killed. The government moved in—blowing out of proportion the dangers. Something "might cause cancer," or might do this or that. Very theoretical, very impractical. They took materials away from the farmer. The consumer will wind up paying

more for food, more for grain, putting us even more out of a competition mode with the rest of the world. Everytime you stop moving grain and start storing grain, you have a problem. Through the 1960s and '70s, we were moving grain so fast—prices were up; we were moving a lot of grain; we were pretty well-heeled. Then Mr. Carter came along.

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## Declare a recession and go home?

*An officially recognized recession may be the only way out of the Gramm-Rudman bind.*

**T**oughened Gramm-Rudman budget restrictions attached to legislation to expand the federal debt ceiling may leave the administration no way out except to admit that the economy is in recession.

It now appears that the administration will not obtain congressional approval for additional federal borrowing—without which the Treasury will go broke by the end of July—unless it accepts some form of “automatic sequestration,” i.e., a mechanism by which across-the-board cuts become automatic the moment that spending exceeds levels approved under Gramm-Rudman-Hollings.

A form of “automatic sequestration,” under which a lowly official of the General Accounting Office of Congress would interdict federal spending, was ruled unconstitutional in a 1986 Supreme Court decision. But Senator Gramm and other legislators have re-rigged the plan to make it appear legal, and President Reagan has officially endorsed the mechanism.

“Automatic sequestration” is the economic-policy equivalent of Oral Roberts’s threat that God would total him, if contributors failed to send in \$8 million. How, precisely, does the administration cut soldiers’ pay, weapons procurement, civil service salaries, and so forth, at the push of a button?

A way out, humiliating as it would be for President Reagan, might be to exercise the economic loophole in Gramm-Rudman-Hollings, and report Gross National Product growth at less than 1% per annum for two suc-

cessive quarters. Economist Philip Braverman at Irving Securities believes that the second-quarter GNP report which the Commerce Department will issue July 24 may well come in at less than 1%. “The only question is why GNP growth should be above zero,” Braverman says, citing dead consumer spending, poor capital investment, flat construction, and inventory disaccumulation.

As a “solution” to the administration’s budget dilemma, reporting two quarters of less-than-1% growth, inverts former Sen. George Aitken’s old plan to end the Vietnam War: Declare victory, and then leave!

In fact, the Commerce Department has enormous discretion to make the GNP numbers do anything it wants them to. The Commerce Department, among other relevant agencies, is also known to exercise that discretion quite freely when political expediency warrants. It need only bring its inflation estimate (the “GNP deflator”) a couple of percentage points closer to the truth, to wipe out any appearance of growth.

It is expected that Senator Gramm’s revised plan for automatic sequestration will be incorporated into a Senate bill, to be passed before the present debt ceiling expires July 17, and that similar legislation will be passed by the House before the end of July, sources say. The new bills will replace the version struck down as unconstitutional by the Supreme Court last year.

The President has already backed off from his silly “108 in ‘88” slogan,

i.e., a deficit reduction to \$108 billion in fiscal 1988, from the present \$180-190 billion level. Since about \$20 billion of the deficit reduction from last year’s \$220 billion level came from one-shot “windfall” tax receipts built into the 1986 tax bill, and tax rates will begin to fall in coming years, that deficit level would require spending cuts of close to \$100 billion.

The administration is now negotiating a deal, including military spending cuts of about 6%, and domestic cuts of about 7.5%, the *Wall Street Journal* reported July 15. Such cuts are likely to be impossible: About \$40 billion of taxpayers’ money will be needed to deal with the existing (let alone a worsened) savings bank crisis, not to mention bailing out other bankrupt federal programs, e.g., the Farm Credit System and the Pension Benefit Guarantee Board.

For the same reason, the government’s plan to raise money by selling off its loan portfolio has collapsed ignominiously. The quality of federally sponsored loans is not much better than Brazil’s foreign debt, by market valuation. \$100 billion of federal obligations, i.e., loans made directly or guaranteed by the federal government, are down the drain, one government economist estimates, and the total could run much higher.

When the federal government solicited bids to buy out loans which it holds in portfolio, investment banks offered only 60-70¢ on the dollar—about what they pay for Brazilian debt on the secondary market. That suggests that the investment banks are discounting for losses in the range of \$300 to \$500 billion, out of federal guarantees totaling in the low trillions.

There may be no choice left but to throw in the towel and admit that the nonexistent economic recovery does not, in fact, exist.

## Agenda for chaos

*Under conditions of worsening economic crisis, Project Democracy's plans are moving forward in Venezuela.*

Venezuela is in the worst economic crisis in 30 years: Falling oil prices have forced the government to drain reserves to dangerously low levels to pay its foreign debt; inflation is expected to surpass 30% this year; and price hikes and scarcity of basic food items have provoked widespread unrest. Government, business, and labor leaders are doing battle over how to approach the debt crisis, and what kind of policies are needed to revive the national economy.

On July 12, missions from the International Monetary Fund and World Bank arrived in Caracas to order the government to finally accept an orthodox "adjustment" program, which would increase interest rates, end all subsidies, reduce consumption, and force the country to export everything in sight—Hong Kong style—to guarantee the debt payments which Venezuela has faithfully paid to its creditors.

Complementing the bankers' attack, Venezuelan assets of the "Project Democracy" that has run U. S. foreign policy through the illicit "Iran-gate" apparatus, have launched a coordinated offensive, shrieking that the cause of the crisis lies not in current policy orientation, but in the dirigism and concepts of republicanism still found in Venezuela's political system and its Constitution.

If the nation is to know real democratic bliss, these agents say, government and elected leaders must smash such "obsolete" structures as political parties, modify the Consti-

tution to create a parliamentary system (removing the institution of the "strong executive"), and eliminate the state's role in determining or implementing economic policy.

United in this offensive by their hatred for industrial capitalism and the cultural optimism still characterizing portions of Venezuela's population, are allegedly opposing groups from Venezuela's "left" and "right."

We find radical anti-capitalists posing as "conservative" businessmen—the friends of the "informal economy"—drug-running et al.—at the Caracas-based Institute for Liberty and Democracy, whose president, Hugo Fonseca Viso, just took over the industrial association, Fedecamaras. Then there are the old Soviet agents like José Vicente Rangel and leftist guru Arturo Usler Pietri.

Eduardo Fernández, presidential pre-candidate of the opposition Copei party, has stepped forward as the most vociferous spokesman for Project Democracy's agenda.

In a speech to the nation on Independence Day July 5, which he gave at the invitation of President Jaime Lusinchi, Fernández violently attacked national political institutions, and praised recent violent demonstrations as an example of how an "enraged people" express their democratic will.

In Jacobin overtones, Fernández raved that the people will rise up, unless the "old model" of economic and social development is abandoned. "Each new epoch is born at the price

of traumatic conflict," the candidate asserted. "Violence is always the mid-wife of history. . . . We are going to unleash productive forces to stimulate free initiative of Venezuelans. . . . The people are enraged."

Observers were astonished that Lusinchi provided the opposition Copei candidate with a national forum to expound on a program which threatens the very stability of the government and the country.

Lusinchi reportedly saw his invitation to Fernández as a smart maneuver against former President Carlos Andrés Pérez, his factional opponent within Acción Democrática who is fighting to become the party's presidential candidate. Pérez has criticized the government's slavish obedience to the banks, and has called for greater cooperation with other Ibero-American debtors.

Lusinchi's ploy has backfired. Taking his cue from Fernández, the leftist rector of the Universidad Central, Edmundo Chirinos, has whipped up the student population to serve as cannon fodder in a number of violent confrontations with the police and military. The demonstrations protest "government repression," and treatment of arrested students. Chirinos has even likened the Lusinchi government to that of Chilean dictator Pinochet.

Sensing that the demonstrations are orchestrated, the population hasn't backed them—at least not yet. But under conditions of worsening economic crisis, the Project Democracy crowd intends to mobilize whole sectors of the population into mobs that can assault national institutions.

Hence the emphasis on building up a national movement of "neighborhood associations" which can replace "corrupt" political parties and carry out pots-and-pans style "civil disobedience to defend democracy."

## Party vs. minister

*Will Brazil's renewed courtship of the IMF last? The upcoming national PMDB convention could make a difference.*

The national convention of the Brazilian Democratic Movement Party (PMDB) on July 18 could prove a turning point for the future of Brazil's stability. Since the government began to execute the "New Cruzado" austerity program, copied from the "recommendations" of the IMF, the party has opened fire against Finance Minister Luiz Carlos Bresser Pereira; it is expected that the convention will unanimously reject Bresser's plan outright.

When the convention concludes, Bresser Pereira and his negotiating team are expected to head for Washington, for a new round of negotiations with the IMF and the creditor banks. That is, unless something intercedes.

In its economic program, the PMDB has remained consistent in its defense of a growth policy without submission to the genocidal orthodoxy of the IMF, for real recovery of wages, and for a change in the present heavy orientation toward export to earn foreign exchange solely to meet debt service obligations.

The difficulties between Bresser Pereira and the PMDB began shortly after Bresser assumed his office, when it became clear that he had taken part in the conspiracy to unseat his predecessor, the nationalist Dilson Funaro. Funaro became a folk hero with Brazilians after his design of Brazil's debt moratorium.

The split in the party has since become exacerbated, to the point that Bresser has been publicly booed by party members and leaders each time he has attempted to defend his wage-

looting measures, a key feature of the "New Cruzado" program. By freezing wages, Bresser condemned minimum wage earners to take-home pay of less than \$40 a week, the lowest level in 20 years.

Whistles of protest and mocking laughter virtually prevented Bresser from giving a speech at the regional PMDB headquarters in São Paulo June 27. The howls of protest grew louder when he insisted that the wage freeze would actually allow for a 10% increase by the end of the freeze period. "Why don't you go to the supermarket and see how the prices are doing?" shouted one regional leader. Prices are supposed to be frozen, too. When Bresser answered—shouting at the top of his lungs—that last year's wage hike was so large that "the economy couldn't support it," the audience broke out into loud guffaws.

Things didn't stop there. On June 30, when Bresser appeared before the Chamber of Deputies to defend that same wage policy, the response was even stronger. PMDB deputy Irajá Rodrigues declared that the situation had reached such extremes that "instead of resigning the PMDB program, one should resign the minister."

In the face of such challenges, the flustered Bresser could only demand that the PMDB behave itself and turn into a social democratic party that would tamely accept his looting policy. In particular, he had in mind as a model the Spanish socialist Felipe González, who had just concluded a visit to Brazil and had strongly defended the Kissinger scheme of exchanging debt for equity, dismantling

state industry, and keeping the creditor banks happy.

In the past, said Bresser, "I always defended a movable wage scale. . . . I am a PMDB economist, but first I am a thinking animal, and as such I can change my mind." He went on to insist that "the PMDB should withdraw the moving wage scale from its program, like the social democratic parties do when they get into power." Thus, Bresser was calling upon the social-democratic infiltrators in the party, beginning with himself, to close ranks around a formal agreement with the IMF.

It is this same faction of PMDB social democrats who earlier had launched the campaign that the IMF had "changed its Satan's face." They are the same ones who are keeping Bresser in power, such as Senator Fernando Henrique Cardoso, the only one who has publicly dared to claim that Bresser's plan bore "great similarity to the party program."

Nonetheless, the implementation of Bresser's plan has violently convulsed the nation. On June 24, there were protests in Rio de Janeiro when a 50% hike in transport costs was decreed; buses were destroyed, stores burned down. Inflation in June reached 25.8%, and nearly 16,000 workers were fired in São Paulo alone, comparable in numbers only to August of 1983.

Responding to this crisis, the powerful PMDB Senator José Richa warned July 6 that the only threat to democracy he saw was the economy: "Never was there a greater contrast between official Brazil and real Brazil. In the eighth-largest economy in the world, 41% of the economically active population receives somewhere between zero and the minimum wage each month. . . . Hunger threatens democracy, that is the real challenge we face."

## Evidence heard on insects and AIDS

*An Office of Technology Assessment workshop heard 16 scientists review the evidence about this mode of transmission.*

On Wednesday, July 8, an all-day workshop on insect transmission of AIDS was held at the Office of Technology Assessment. A total of 16 scientists participated on the program.

Dr. Caroline MacLeod, of the Institute of Tropical Medicine in Miami, Florida, was among the scientists on the panel, which included Jean-Claude Chermann of the Pasteur Institute and Peter Jupp of South Africa. Dr. Chermann had conducted widely reported studies on the presence of integrated HIV provirus DNA in the cells of lion ants, tse-tse flies, mosquitoes, and cockroaches from AIDS endemic areas of Africa. Dr. Jupp was one of the authors of a South African study which demonstrated that HIV could survive for extended periods in bedbugs.

Dr. Thomas Monath, of the CDC Vector Diseases Laboratory in Fort Collins, Colorado, backed down from his claim in the July 7 *Washington Post* that it would take 2,800 bites to transmit HIV because of the high number of virus particles needed to establish infection, when Dr. Philip Markham, from Robert Gallo's laboratory, confronted him with the fact, mentioned in last week's column here, that no one knows how much virus is necessary to transmit infection.

Dr. Markham and Dr. Carl Saxinger were the scientists conducting the studies in Dr. Robert Gallo's laboratory, the preliminary reports of which had resulted in the convening of the OTA conference.

Dr. Greg Tigner of Yale refuted the argument that lack of childhood cases eliminated the possibility of in-

sect transmission by pointing out that such a pattern is characteristic of other insect transmitted viruses. Dr. Tigner works in the laboratory of Dr. Robert Shope, one of the world's foremost experts on insect-transmitted viruses, otherwise known as *arthropod borne*, or arboviruses.

Dr. Baruch Blumberg, who won the Nobel Prize for the discovery of hepatitis B virus, supported the possibility of insect transmission and called for more studies. Dr. Blumberg referenced the evidence for insect transmission of hepatitis B virus, which is also a blood-borne virus like HIV.

Dr. Leon Rosen, an arbovirus specialist from Hawaii, who had worked at the Pasteur Institute, said the data indicate "something is going on" and raised the question of biological transmission of a virulent African variant of HIV.

Drs. Issel and Foyle of Louisiana State University supported the possibility of insect transmission based on their work with the insect-transmitted retrovirus, equine infectious anemia. Equine infectious anemia virus is mechanically transmitted from horse to horse through biting stable flies. The disease is characterized by intermittent high levels of virus in the blood (viremia) and when a horse in the viremic stage is bitten, a single bite from that fly can transmit the infection. At other times, when the levels of virus are low, it may take hundreds of bites to transmit infection.

This is pertinent to the situation with AIDS, since it has now been doc-

umented that HIV-infected patients, who normally have low levels of virus in the blood, develop a viremia in the period immediately preceding the development of disease.

Dr. Ken Castro of CDC presented his irrelevant study on Belle Glade, Florida. This study consisted of doing a cross-section screening of the entire town of Belle Glade, which statistically "washed out" the 10-square-block poverty pocket which has 76 official, and over 200 unofficial, cases of AIDS, while the rest of the city has none. The high number of no identifiable risk cases were eliminated by simply classifying them as heterosexual contacts, and the question of insect transmission was simply dismissed in a population which has one of the highest levels of exposure to insect-transmitted viruses in the world.

Dr. Caroline MacLeod presented her very relevant work on the same area, extensively documenting the appalling filth and levels of insect infestation in the areas. In the course of these presentations, it became clear that the studies that showed no levels of exposure in children, examined only children who lived at home and went to school, and had totally avoided examining children who worked in the cane fields—the ones actually exposed to large numbers of mosquitoes and other biting insects.

Interestingly, the strongest opposition to the possibility of insect transmission of HIV came from Dr. Donald Burke of the U.S. Army, who categorically denied the possibility of insect transmission on the basis of little, if any, data, and said that studies would be a waste of money.

It would appear that the budget may be a little tight and he was concerned about his funds. A formal report and recommendations from OTA are expected within a month.

### **Nurse contracts AIDS from patient**

*Turin case explodes as Italy's official anti-AIDS program is revealed a sham.*

In the years of "Il Duce" Mussolini, the Fascist regime decided to censor press coverage of violent crime, so as to lull the population with a sugar-coated image of reality. The blackout of all news of atrocious crimes naturally had no impact on crime rates, and soon became a laughingstock.

The Italian government is now trying to do the same thing with the AIDS virus, with the disastrous result of exposing the entire citizenry to incalculable risks. Yet, reality is breaking through the official cover-up.

The press has given wide coverage to the case of a nurse in Turin who contracted AIDS through casual contact with the blood of a patient who was carrying the virus. Blood splashed on the nurse's hands and face, and a month later, she tested seropositive for the AIDS virus. The official story is that the virus penetrated via a microscopic wound in her hands or possibly through her eye.

It must be noted that this mode of contagion is not supposed to be possible, according to the official line of the Italian Health Ministry.

The Turin case, besides sparking justified worry among professionals who work with AIDS patients, is also starting to worry the "AIDS mafia," the clique of professors which dictates the official line on the disease. One of these, Professor Moroni of Milan, was forced to grudgingly admit that given cases such as that of the Turin nurse, "some of the present convictions on the rare contagiousness of the infection should be reviewed."

Reality is demonstrating that *EIR*—the Italian edition of whose *Special Report*, "An Emergency War Plan to Fight AIDS," was circulated to every leading health authority in Italy—was right last year to sound the alarm on the potential for casual transmission as a threat to not just so-called risk groups, but to every citizen. Now, who will want to give first aid to a person injured in a highway accident who might be infected with AIDS?

Prof. Fernando Aiuti, the top authority on the National Commission on AIDS, stunned many when he was quoted in the press during the campaign for the June 14 national elections, appealing to Italians to vote for the Radical Party. The Radical Party is headed by Marco Pannella, the first Italian politician to openly campaign for "gay rights" over a decade ago. We wonder if it is compatible for a member of the commission against AIDS, to support a party which openly calls for full legalization of drugs, and which ran a prostitute, "Cicciolina," as its standard-bearer in the last elections!

In any case, Professor Aiuti's scientific competence is called into question by the evolution of the AIDS epidemic in a way that shows his own predictions to have been wide of the mark. Months ago, at a conference called by the Communist Party, Aiuti stated that there was no need for particular precautions in the handling of AIDS patients, adding that he himself did not even use gloves, since there was no danger of contagion whatsoever.

The facts speak otherwise. According to data put out on June 24 by the National Commission on AIDS, new cases in Italy have risen to 110, at a rate of almost four per day, in the last month. That took place only a very short time after the Commission had announced that AIDS cases were *decreasing* in the country.

There is also total silence on Professor Moroni's estimate that there are 200,000 seropositives in Italy. How many of them are practicing professions where they might infect others? For example, it is well known that the Communist Party forced the hiring of a large number of ex-drug addicts at San Giovanni Hospital in Rome. How many of these contracted AIDS during the period when they were using IV drugs? What measures have been taken to protect patients from contagion?

The famous "28 Wise Men" of the Health Ministry's National Commission on AIDS told the press in June that of the 150 billion liras approved to spend on AIDS, only 6 billion have been appropriated, to agencies which had already done research on AIDS—Sacco Hospital in Milan and Catholic Hospital in Rome. Not even the travel expenses of the "28 Wise Men" for their weekly trips to Rome have been paid. No money has been spent for hospital infrastructure, none for general screening. Research funds are a pittance.

With the government paralyzed, a PR firm, Pubblicità Progresso, has funded an advertising campaign against AIDS out of its own pockets. As in other countries, however, this private effort will merely help to spread AIDS, by lobbying for the "civil rights" of the virus. The firm's managers say, "Our advertisements will stress the social problems linked to AIDS, such as a possible ghettoization of the risk groups."

# Business Briefs

## ***The Black Economy***

### **Top bankers to meet in cocaine capital**

An "international banking seminar" will be held in Medellín, Colombia, according to a report in *El Siglo* newspaper on July 10. William Rhodes of Citibank and other top financial operatives will attend. Medellín is the home base of the infamous Medellín Cartel of international cocaine traffickers.

The seminar will be discussing how to transform Medellín into a center for instant international funds transfers. The Medellín stock market was up 63.9% in June above a year ago, in volume.

## ***Demography***

### **García: The world needs more people!**

Peruvian President Alan García declared, in a visit to a children's hospital early in July, that the world has the capacity to hold many more people than it currently does. "The human species, seen as a whole," he said, "has sufficient technological capacity to make our planet into a habitat sufficiently satisfactory for not only 5 billion, but for 10 or 15 billion human beings."

The statement was a sharp reversal of Peru's previous support for World Bank population reduction policies. As *EIR* has reported (June 12, 1987, "Peru's bishops rip lies of the neo-malthusian 'population lobby'"), the Catholic Bishops Conference of Peru kicked off a national debate on the World Bank policy, with a statement issued May 1 calling for a "daring" new approach to the population question. That debate has clearly had the desired effect.

In his speech, García hailed the birth of the world's 5 billionth child, and said: "Our Christian faith makes us profoundly believe that our responsibility goes beyond the mere giving of life; one must nourish its spiritual, cultural, and human development."

## ***Domestic Credit***

### **FSLIC is now 'flat broke'**

The Federal Savings and Loan Insurance Corporation is now flat broke, according to regulatory sources. "On paper, we're supposed to have \$800 million, but that's all paper, not cash. The staff here who wind up the affairs of bankrupt S&Ls have all been unemployed for weeks," said one source, because the savings-bank insurance fund cannot pay off their depositors.

Congress is still debating a plan under which the FSLIC would obtain \$8 billion, by issuing bonds against future contributions to the FSLIC by member banks. "Even that \$8 billion would barely cover half the present bankruptcy cases," one staffer estimated. At least \$40 billion of taxpayers' money will be required to handle existing cases, a regulator estimates.

## ***Industry***

### **U.S. considers paying steel to shut down**

The Reagan administration is considering a plan to pay steel companies to close some of their factories. The idea is that it would be cheaper and more efficient for the government to help pay the costs of closing "inefficient" plants and the pensions of those plants' workers, than to allow the steel companies to seek Chapter 11 bankruptcy protection and then dump their large unfunded pension liabilities on the government.

A confidential government memorandum stated that major steel companies that have not yet filed for bankruptcy have potential claims against the government totaling \$4-6 billion. By contrast, the proposal to help close steel plants would cost the government \$1-1.6 billion.

But then, of course, we would not be producing steel; this does not seem to bother the planners in the Labor Department. It is

estimated that if the plan were implemented, 20% of what is left of the steel industry would be shut down in short order.

"As responsible and concerned public officials, we feel we have to explore all reasonable options," said David Walker, Deputy Assistant Secretary of Labor for Pension Programs.

Two major steel companies, the Wheeling-Pittsburgh Steel Corp. and the LTV Corp., have already sought bankruptcy protection from creditors and transferred their pension liabilities to the government. On July 15, the Pension Benefit Guarantee Corp., which has taken over about \$2.3 billion of LTV's four massively underfunded pension plans, claimed that a new pact reached with the United Steelworkers union violates federal law, and sought to have the case removed from bankruptcy court.

## ***'The Recovery'***

### **U.S. retail trade continues stagnant**

Retail spending inched up in June to a mere 0.4% to a seasonally adjusted \$125.1 billion, remaining virtually flat for the fourth month running, the Commerce Department announced July 14. "Consumers should continue to lift their spending modestly, but they will not provide the economy's driving force this year," predicted Commerce Secretary Malcolm Baldrige.

According to Associated Press, "Private economists tended to agree, saying consumers have cut their buying because of low personal income growth and high debt burdens. 'They have less money to spend, and most of them can't go out and borrow because they are up to their heels in debt,' said Michael Evans, president of Evans Economics, Inc. of Washington. 'So, they're saying it's time to cut back.' 'The consumer is no longer the locomotive for this particular economy,' said David Wyss of Data Resources, Inc. of Lexington, Mass. 'Consumers are pausing to let their income catch up.'"

The weak report for June extended

## Briefly

● **MEAT CONSUMPTION** in Mexico collapsed by 60% during the first half of 1987, said Arturo González, chief of the Butchers Union.

● **BOLIVIA** has ceded control over 4 million acres of its jungle to a group called Conservation International, in exchange for purchase of \$650,000 worth of its \$4 billion foreign debt, which it had picked up for \$100,000. A similar deal will soon be consolidated in Costa Rica by the World Wildlife Federation.

● **PRESIDENT REAGAN** discussed banking deregulation with a bi-partisan group of congressmen early in July. The Congress is preparing legislation designed to "plug the non-bank bank loophole" in existing bank law, which allows mega-corporations like Sears to go into banking. A spokesman for the Independent Bankers' Association told *EIR* that the administration has vowed to veto the bill, on grounds of "an ideological commitment to deregulation of the entire economy."

● **NEW YORK CITY** has passed a "Do Not Resuscitate" law that allows physicians to ignore patients undergoing cardiac or respiratory arrest, without risking any criminal liability. The patient has to have asked not to be resuscitated—or a relative or friend can request the patient's death if he is deemed "incompetent."

● **SIX LARGE U.S. BANKS** received approval from the Federal Reserve Board on July 16 to broaden their securities-dealing activities. The Fed approved the banks' underwriting and dealing in new securities, like car loans and delinquent credit card accounts, that can be bought and sold by banks.

● **STEELWORKERS** of Local 6860 were told to accept a three-year contract that cuts wages by \$2.43 an hour, a spokesman for Eveleth Mines reported, or face phase-out of the company's operations.

through all categories. Total sales, excluding autos, were unchanged from May, following gains of 0.1% each in April and May and a 0.5% decline in March. June sales of durable goods were up 0.9% from May, but May's figures were down 0.9% from April. Auto sales were up 1.9% from May, but May's figures were down 1.8% from April.

### Foreign Exchange

#### Peru hit with flood of narco-dollars

Peruvian Planning Minister Javier Tantalean declared early in July that the flood of \$1 billion in narco-dollars into the Peruvian economy had complicated the nation's monetary system and prevented the national currency, the inti, from stabilizing against the dollar. While it was initially thought that the drug money was a mere 1-2% of the country's foreign exchange earnings, he said, "It is now believed to be as much as one-third! We are seriously studying this situation, so that, based on a deep analysis, proper measures can be taken."

Tantalean also accused former central banker Manuel Moreyra, of fomenting "economic terrorism," and demanded that he prove his charge that the government has decreed a 45% devaluation of the inti. "I maintain that this gentleman is out to create distrust among entrepreneurs, by predicting things that are not true."

He indicated that the real amount of the devaluation in July will be 9-10%, not 45%.

### Health

#### AIDS spreads faster among heterosexuals

The AIDS disease is now spreading faster among the heterosexual population in the United States than among homosexuals, according to a Munich-based epidemiologist, Professor Froesner.

This assessment is confirmed by a study of military recruits reported in the *New Eng-*

*land Journal of Medicine* July 15, which showed that equal numbers of men and women were infected by AIDS in some areas of the United States. Twice as many blacks as whites carry the virus, according to the study.

The researchers, using blood tests of recruits from October 1985 through March 1986, said the AIDS epidemic is apparently no longer primarily restricted to male homosexuals and intravenous drug users. The study found that 1.65 of every 1,000 military applicants tested positive for the disease, compared to 0.61 of every 1,000 women. But 20.3 of every 1,000 male applicants and 17.4 of every 1,000 female applicants from New York City tested positive. In San Francisco, 11 out of every 1,000 men and 10.9 of every 1,000 women had been exposed to AIDS. For blacks, the ratios were higher: 3.89 of every 1,000 black applicants tested positive, against 0.88 of every 1,000 whites.

### Defense Production

#### China emerges with formidable sub force

The Navy of the People's Republic of China has developed from its original four obsolete submarines into an important undersea shock force with more than 100 submarines, becoming one of the world's top five submarine powers.

According to a report from Beijing Domestic Service on June 12, the first submarine force, consisting of some 100 college and high school graduates, was established in June 1954. The Navy sub school, established at the same time, now has become the only submarine institute in Asia.

The submarine force is now completely equipped with domestically made medium-sized submarines. A very powerful extra-long-wave radio system that covers the whole globe, and advanced navigation equipment, are installed on each vessel. The Navy submarine force has extended its scope of activity to west Pacific waters and the whole territorial waters that include the Xisha and Nansha archipelagos.

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## James Beggs speaks on the future of NASA

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*The former NASA administrator talks about his recent victory over the Justice Department, the Space Shuttle disaster, and what it will take to restore America's leading role in space.*

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*On June 19, the Justice Department dropped its criminal indictments of former NASA Administrator James M. Beggs, the General Dynamics Corporation, and three current executives of the company. The charges concerned defense contracts at General Dynamics in 1981, when Beggs was a vice president at the company. The indictments were handed down in late November 1985, and a month later, under pressure from the White House, Beggs resigned as the head of NASA. Dr. William Graham, who had been brought into NASA as the deputy administrator over the objection of Beggs and others at NASA, became the acting administrator overnight. He was not on the scene to make the decision to launch the Challenger, nor was he capable of making that decision.*

*Mr. Beggs stated at a press conference in Washington, following the announcement that the case had been dropped, that the indictments brought by the DoJ and a second grand jury were "politically motivated," and that had he continued in his job as NASA Administrator, the Space Shuttle Challenger would not have been launched in such extremely cold weather, the morning of Jan. 28, 1986. Beggs was interviewed on July 2, by Marsha Freeman.*

**EIR:** First, I would like to offer our congratulations on the dropping of your case by the Justice Department. One of the most important things discussed in the last week and a half has been the effect that your removal from NASA had on the decision to launch the Challenger on Jan. 28. You are quoted in the book *Prescription for Disaster*, by Joseph Trento, describing what happened that morning in terms of the ice on the pad, the cold temperature. . . .

**Beggs:** Trento misquoted me a lot. He had a tape recorder but he still misquoted me and of course, quoted out of context a lot. What I said was that it was a cold morning and it had been below freezing through the night, and what you don't know with that vehicle is whether you've got internal ice. You had an on-shore breeze and a very humid wind comes off the ocean, and there could have been [internal ice], and the trouble is, we'll never know, because the investigation . . . was not terribly thorough.

The Rogers Commission zeroed in almost immediately on the booster seals, and if you talk to this fellow [Alan] McDonald, who was the one who was the most vocal from Thiokol [in opposing the launch], he says that he was concerned about several things in addition to the seals. He was concerned about the ability to recover the booster cases, which is a Thiokol responsibility. He was also concerned about the potential of cold on any of a number of components in the machine. . . . In short, he was worried about several things that morning, which is what I would have been worried about had I been down there.

There was ice all over the gantry and that was a concern, because while damaging tiles is no great issue of safety, we would have severely impacted the turnaround time for that vehicle had the ice on the gantry scarred or torn up a number of tiles on the vehicle. There were several good reasons why we shouldn't launch that morning.

The interesting thing to me is the Sunday before [the Tuesday launch]—"Superbowl Sunday." We had tried to launch on Friday and we didn't get off on Friday. The next launch opportunity would have been "Superbowl Sunday,"

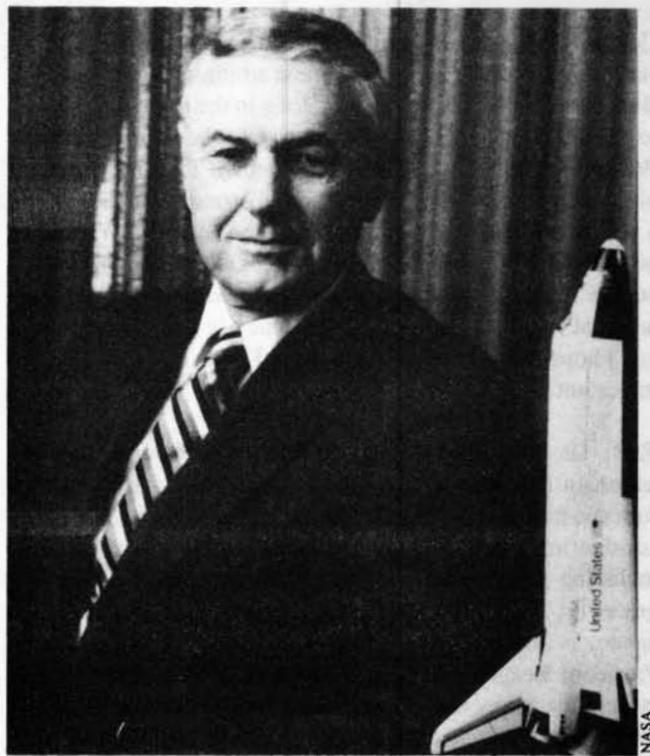
which from the point of view of almost everything, would have been a very good time to launch. . . . But for some reason—no one has really asked the question, so I guess we'll never know the answer—after we stood down on Friday, the decision was made [not to try to launch on Sunday]. NASA went and asked the Air Force weather guy what the weather would be on Sunday, and his prognosis was that the weather wasn't going to be very good on Sunday. So they said, "Okay, we'll stand down and we won't try to launch on Sunday."

Now that decision is very unusual. In fact it's the first time in all of the experience I have had that we did not count down as quickly as we could, even into a prognostication of bad weather. That's just not something we normally do. [Congressman] Don Fuqua who was down there for the launch, either flew back or talked to Graham, who was down there for the Friday launch, and asked him why [they didn't try to launch on Sunday], and Graham said, "because I decided we shouldn't try it given the forecast on the weather." I don't think he had anything to do with the decision at all, either the decision not to fly on Friday, and probably not to fly on Sunday, but he took credit for it, which was kind of interesting to me. Anyway, "Superbowl Sunday" dawned, bright, clear, and warm, and we would have gotten off "Superbowl Sunday." That's just the nature of the weather down there. That's why you don't listen to the weather forecast during the countdown. . . . we always had a policy of going on and continuing to count, except for that one, and I really wonder about it.

**EIR:** One thing of great concern now is the replay of your situation in the investigation being done of current NASA Administrator Dr. Fletcher. There have been charges against him that, when he was NASA Administrator in the early 1970s, he made a decision that the Utah-based Thiokol Company would build the Shuttle's solid rocket boosters, and that this contract was awarded, not on the basis of the best technical design, but as a political favor to industry in Utah, and the Mormon community.

**Beggs:** That decision he made was clearly the recommendation of the Source Evaluation Board that had been convened on that. As far as politics playing a role in it, in addition to the two competitors who were in Utah, there was a strong competitor in California and one in Florida, both of whom have very strong political influence. I don't believe that that's an issue. I don't see how, after all this time, they can make an issue out of Fletcher's decision in that case. . . . As far as I know, as far as the production of the boosters was concerned, I think Thiokol did a reasonably good job. I would have liked to have seen some competition come into that field, but it was hard after Thiokol got going on the thing, how you could bring in a second source without it costing a lot of money—money the agency didn't have. . . .

A lot of this criticism is coming without any names attached to it, it's just coming. There are some of the staffers



*James Beggs during his tenure as NASA administrator, with a model of the Space Shuttle.*

on the Hill who will allow themselves to be used in this way, and in that case, probably that information was fed from good old Charlie Kupperman up there to the staff, and I can't verify that.

**EIR:** He was William Graham's assistant when he was at NASA, wasn't he? Where is Kupperman now?

**Beggs:** Hidden somewhere over there in the OMB.

**EIR:** What do you think of the offer made by the Soviets, to launch U.S. payloads on Soviet boosters?

**Beggs:** I don't think I would get involved with the Soviets in launch services, but of course, at the present time, with almost everything down in the West, if they offer that at a very good price, I guess I'd look at it very carefully.

**EIR:** What do you think the future of the space program looks like?

**Beggs:** Political winds will blow. We'll have a new President in another year and a half.

**EIR:** Then maybe you'll come back to NASA? I understand that the Maryland congressional delegation is circulating that idea.

**Beggs:** They're a bunch of Democrats!

**EIR:** Maybe they liked the job you did at the space agency.

Certainly a lot of people feel that “justice” would mean resuming your post, maybe in the next administration.

**Beggs:** Well, I’m getting a little long in the tooth to go back to the space agency. I’ll be close to 64 when we get a new President. We ought to get a younger man. They need young blood in that agency, a younger administrator, and they need a lot of younger men coming into the agency. We were beginning to do that, I think it’s kind of slowed down again, but we’re beginning to get some new blood into the agency and that’s what they need if the agency is to have a future, and I hope it will have a future, since I think it’s a very, very important piece of what this country does.

**EIR:** Dr. Fletcher just set up an Office of Exploration, which astronaut Dr. Sally Ride is pulling together and staffing before she leaves NASA at the beginning of August. They are considering three or four long-range plans for the agency, including a scientific base on the Moon, and various programs for Mars exploration. This is clearly the response the agency is making to the Paine Commission report, although President Reagan has had that report for nearly a year and has not made any recommendation, and neither has William Graham, now his science adviser. What should the goals for the agency be?

**Beggs:** I think the goals for the agency now are the goals for the agency in the past. . . . The basic approach that the agency’s had for the past 20 years or so, is to get into place the means to do what you want to do, and that has included transportation, which always seems to elude us. We always start out in a certain direction—in this case, we started out with the Shuttle—and now we seem to be hung up on that one, because of the accident, but that [transportation] is a key. You’ve got to have efficient, relatively low-cost transportation, and we’ve always talked in terms of reducing the cost of transportation down to a few hundred dollars a pound, as opposed to the thousand dollars a pound it’s always seemed to be at. That target has always eluded us. The first approach is to get the infrastructure in space, the transportation and the pieces and parts that allow you to devise approaches to the longer-term exploration goals that you’d like to take. That’s why we went for the space station, because it provides a way station, if you will; it provides a place to start to think about the approach to broader scale exploration. You can start to think about the scientific tools that the scientists have been thinking of for a long time; an array of telescopes, maybe a very long baseline interferometer kind of system.

The space station is key to all of those scientific tools—the study of the Earth with very sophisticated instruments. The scientists always are ambivalent on this point. They’d like to have the more sophisticated tools, but at the same time, they do not like to commit themselves, or tie themselves to manned or womaned activities. I think there’s good justification for their fear in that area, because every time they’ve gotten tied to the human side of transportation and maintenance

of human activities in space, they find that their timetables have been upset, just as they were in the case of the Challenger.

I see that articles are starting to appear saying, “Let’s get back and do the less sophisticated and complex experiments and do them in an unmanned way.” You can do that, but when you do that, you give up the more ambitious plans for exploration, that, for example, Tom Paine’s [National Commission on Space] talked about. You can’t do those in an unmanned way. You can do a lot but you can’t achieve the goals he set in an unmanned way. . . .

Get to the space station where you can put an array of sophisticated equipment effectively in space and use the station as a way station, and do the broader-scale exploration that Tom Paine was recommending. Those things are very interesting—a possible return to the Moon, maybe a station on the Moon, a Mars lander, and in the long-term, large-scale exploration of Mars, either in an automated way or potentially to land humans, which is what the Soviets seem to be talking about these days. . . . That requires the development of a lot of additional technology which will force-feed the outward thrust of our technological advance in space, and probably will suggest a lot of other things we ought to do. Beyond that, there’s all kinds of interesting scientific things to do, colonies in L5 and those kinds of things.

But all of that is dependent on how the political winds blow. If you want to do that, you’ve got to have a fairly stable NASA budget at some number that represents an increase of what the agency has been able to get their hands on. By that I mean, Tom’s projection indicated a growth to maybe \$20 billion a year. I just don’t think that’s in the political cards. If you get 10 or 12 and some kind of commitment that money would continue to flow into the agency at a constant rate, keeping up with inflation—NASA’s never been able to maintain a budget even with inflation—but if you could do that, and work it up to \$10 or 12 billion, and be able to count on it, then you could do a lot of things you’d like to do. You could, over a 10- or 15-year period, start thinking about the highly complex broad exploration goals which are cited. You can’t do them all—you’d have to be selective.

**EIR:** You would have to do them in sequence anyway, in terms of building the infrastructure. . . .

**Beggs:** But that isn’t what the Paine Commission suggested. They suggested a broader and more expensive thrust forward. That’s not to be critical of his report, because I think it’s a very thoughtful report.

**EIR:** What is your view of the possibility of the current “political winds” changing?

**Beggs:** The Democratic candidates are talking about reinvigorating the economy, but they don’t seem to talk about technology. At least, I haven’t heard any of them talking about technology—Mr. Biden, Mr. Simon, even Mr. Gore,

who is a young man. As a young man, he ought to be the one that starts to think about a technological return to bring this country back to a position of preeminence in technology, which we are starting to lose.

**EIR:** Gore is campaigning on a very different issue, which is that he can be more like Gorbachov than the other candidates. . . .

**Beggs:** Yeah, whatever the hell that means. I can't figure that one out. If you could find a candidate who would embrace those kinds of ideas, maybe we could do something, but I don't know who that candidate is. Maybe there is one on the Republican side, but I don't hear either Mr. Bush or Mr. Dole talking that way either.

**EIR:** About a year before Tom Paine's Commission finished its work, the Schiller Institute had a conference in Washington honoring the work of Krafft Ehrlicke, whom I'm sure you knew, since you were both at General Dynamics. At that conference, presidential candidate Lyndon LaRouche outlined what he called a "Moon-Mars" mission as a 40-50 year perspective for the space program. Here's a candidate with a long-range economic technology program for the United States. In terms of the Soviet program, there are people who have been pushing a manned mission to Mars in cooperation with the Soviets. . . .

**Beggs:** I'm one of those who think it would make an excellent collaboration. The "cold warriors" would probably have trouble with that, but I really don't think they should, because such an expedition could be conducted just like Apollo-Soyuz—we do our thing, and they do theirs, and we will work together at the interface. There need not be any great interchange of technology. The "cold warriors" would argue that as a result of Apollo-Soyuz they received our technology for rendezvous and docking, and that may or may not be so. I really don't know. They probably could have gotten the rendezvous and docking technique out of public documents because it was not all that secret at the time. I guess there is some argument that that piece of technology did flow from that, but I think a manned Mars program makes a lot of sense. If we're going to do it, if we want to go to Mars, sharing the cost of that mission with the Soviet makes a lot of sense. As a matter of fact, I don't see why you shouldn't invite the other space-faring nations, at least those that want to get into it like Japan, Western Europe, and anybody else that wants to join in. It would make an excellent program of collaboration if you want to go visit Mars, and I see no reason why we shouldn't collaborate. But again, the political winds will have to blow right for us to even consider a program of that magnitude. That's an expensive program.

The other problem would be to decide on what kind of timetable the Soviets would be thinking about for such a mission. If they were in a hurry to do it, I doubt that we'd be interested. If it stretched out to a 10- or 15-year period, we

could include that in our program. But again, you'd have to get by the powers-that-be that worry about technology transfer and all those terrible things.

**EIR:** I think the critical point is that the United States would have to make a commitment to do it—period—and then you decide who you want to collaborate with.

**Beggs:** That's right. That's the first decision you have to make: Do you want to do the mission? Then, I think collaborating with the Soviets makes a lot of sense from an economic point of view, and probably makes a lot of sense from a political point of view, because I think we all have to acknowledge that the Soviet program is a very active one. It's a very sophisticated program. . . . If they do move ahead on their announced plans to expand their space station, they will have something that will be the equivalent of, if not larger than, our space station, coming along in the same time period, maybe a tad earlier. They're starting to do some first-class scientific work. Their Venus probes have been quite successful, while their Venus mapper was a very successful program.

While I would not acknowledge that their program is the equivalent of ours, that it's caught up with it, it has become much more sophisticated in the last 10 years. Their announcement of that big heavy-lift booster of theirs is something that, quite frankly, I envy, because we would like to have a heavy-lift booster in operation. That's that low-cost transportation I spoke of, and they do appear to be serious about going to Mars. If they are, and we were to decide that that is an objective we want to obtain, I certainly think that collaboration is a very, very attractive option.

**EIR:** On the Soviet *Energia* booster, we have made the case in *EIR* that the major objective will be to put up sections of their own SDI program when they have it ready to deploy.

**Beggs:** I have no knowledge of that, but certainly it's capable of being used that way, sure. And it may be part of their plan. But heavy lift is very useful in the kind of activity that leads to Mars exploration, because at some point in time, you want to put a lot of fuel up there and you probably want to put a lot of supplies of various types up there. Having heavy-lift, relatively inexpensive transportation makes that a very feasible thing to do, whereas carrying it up one load at a time on smaller transportation is not only very expensive, but very difficult. A heavy-lift vehicle was always part of the NASA plan. We'd always hoped we could talk the Department of Defense into putting up most of the money for that, but we always felt the need.

**EIR:** There has been a joint NASA-Air Force study on advanced transportation, and one quick way to get to an unmanned heavy-lift booster is to use Shuttle components like the solid rocket boosters and external fuel tank, in what is called a Shuttle-derived vehicle.

**Beggs:** That's one option, there are other options. You could go Shuttle-derived and that is probably the least expensive way to get there quickly, or you also could start with a clean sheet of paper and design it brand new—the Shuttle-derived propulsion systems are now 20 years old, maybe a tad more. Today, you have better technology, which would enable you to design a more efficient system if you started afresh, and that may be the way to go, too. . . . It depends on how the timing works out for you. But if you want one quickly, you'd go back and use the Shuttle components.

**EIR:** I don't see any reason why you wouldn't do both, and have a first and second generation. . . .

**Beggs:** Except for money. My job was to look at what was in the realm of the possible, I constantly had to look at how much money we were likely to get and all the things you want to do. The point is that you want to keep balance in the program. That means that you've got to continue to spend a fixed share or near fixed share of your budget on science, a share into the propulsion activities, and the manned and womaned activities, a share into creating the new infrastructure.

That new infrastructure, incidentally, is not only in space, but some of it has to be on the ground. Some of our equipment on the ground is getting pretty damned old. We facilitated our laboratories and facilities back in the Apollo days, going on 25 years ago, so you have to take care of that need, and it's not insignificant in terms of money. We have been spending far too little on facilities of various types in our laboratories and centers, and you have to maintain an active and continuing aeronautics program. You can't forget that, because that provides the technology to support the advanced vehicles we need—both aeronautics and space technology, the fundamental work you need to supply the new stuff and the new systems that will allow you to do those advanced missions that you dream about.

If you look at that within the context of a budget which is somewhat higher than the current one, say \$12-15 billion a year, then a lot of things you'd like to do you can't do, and you can't take multiple approaches.

Everybody says, "Why didn't we have an alternate to the Shuttle?" Well, the answer is that we didn't have the money to have an alternate. Everybody would have liked to have a back-up to the Shuttle, and no one could figure out a way to put it in. We would have liked to have brought the heavy-lift vehicle along with the Shuttle. There were a lot of things that were on our wish list, but we couldn't afford them. You say, "March up to the Hill, or down to the White House, and demand!" Well, demands are fine but what comes out of the budget process these days is sometimes significantly less than you would like.

That's the problem that we have, and I must say that the Air Force has the same problem. I picked up the paper this

morning, and poor old [Lt. Gen.] Jim Abrahamson [director of the Strategic Defense Initiative Organization] is over there arguing that we ought to move out and spend money immediately to get some part of his infrastructure in space, and the Air Force has been quietly digging in their heels, though they seem to be slowly coming around to his point of view. But the Air Force has a limited amount of money, and they want to maintain their balanced program. . . . That's always a problem, especially for the practical planners, who after they put down their dreams on paper, have to look at how much money they're likely to get. It's got to have economic reality, at least a modicum of economic reality.

**EIR:** What we're living through now is a very serious period of economic unreality. . . .

**Beggs:** That's why I would get back to the argument we were making a few minutes ago, about somebody embracing technology. The way to get out of our current economic difficulties is not to curtail the technological advances, but rather to encourage them. . . . Look at R&D expenditures in this country over the last 25 years, which is a good time because 25 years ago, we were initiating all kinds of new technology programs. Those were the Kennedy years; he started an SST, he started the Apollo program. We were spending and we had been spending about 3% of GNP on research and technology development, and we led the world. From that time to today, we steadily disinvested in research and technology. It reached a low point in the Carter years, it went down to about 2.2%—going from 3% to 2.2%. If you just talk about those kinds of percentages, it has no meaning to people, but if you say that eight-tenths of one percent disinvestment in research and technology over that 25-year span means about a 25-30% disinvestment, it means you are doing 25-30% less research and technology than you were doing 25 years ago.

I don't think it's any coincidence that in that same period of time, the competitive edge started to get pretty dull, and we started to lose our technological thrust; new products, new techniques, new systems started to slow down. Furthermore, you could make a fairly good argument that we probably, as time goes on, should be spending not less, but more, because the equipment becomes more complex, the newer systems require a much more expensive facility base, the research requires bigger tools and larger wind tunnels, and larger simulators and bigger computers, and all the rest of that stuff. So, probably we should be spending more rather than less, but yet, we disinvested that 25% over the last 25 years. . . . This disinvestment, by the way, has been both in the private sector and in the public sector. A bigger proportion of it has been in the public sector, but there still has been disinvestment in the private sector. And the emphasis has been placed in recent years on shorter-term results, particularly in the private sector.

# Soviets offer launch of U.S. satellites

by Scott Thompson

*EIR* has caught red-handed a group of U.S. pseudo-scientists from the Institute for Security Cooperation in Outer Space, in a plot to sabotage U.S. defense capabilities. It was Carol Rosin of ISCOS whom we exposed in 1984, for conducting into the House of Representatives legislation against the Strategic Defense Initiative, which she admitted had been drafted by officials in the Soviet embassy. Now the same group is capitalizing on the recent "accidents" in the space program—which some say may have been a result of Soviet irregular warfare sabotage—to put Moscow forward as the savior of the U.S. space effort. Using the propaganda cover of Mikhail Gorbachov's *glasnost*, they are proposing a Soviet program to launch the U.S. satellites.

The Soviet Union has offered three of its boosters—the Proton, SL-4 Soyuz, and Vertical—to launch U.S. communication and other satellites. "A window of opportunity exists for the Soviets until 1991-92," said Tom Cremins of ISCOS. This "window" arises from the mishaps that have plagued U.S. boosters since the Challenger disaster, and a bottleneck in booster production that may not be solved for as much as five years.

The Soviets stepped into the gap through their space agency Glavkosmos and V/O Licensentorg, offering bargain basement rates of \$24-43 million to place a satellite in orbit. There is a potential \$7 billion market in the satellite launch business. The Soviets are being assisted by a group of U.S. law firms and companies, all of which are working with ISCOS. The group includes opponents of NASA who are trying to shut down the space agency with proposals for private enterprise to take over.

## Joint ventures

One of the leaders in the business of marrying the U.S. aerospace and telecommunications business with the Soviets' Glavkosmos is the law firm of Heron, Burchette, Ruckert, and Rothwell in Washington, D.C. This is the same firm that incorporated ISCOS, and its team working on the satellite launch business includes Sarah Carey, who is on a retainer with ISCOS. Carey is one of the leading experts on joint venture schemes with the U.S.S.R. She heads a regular seminar conducted by the law firm on the subject, which is one of the cornerstones of Gorbachov's *perestroika*, the reorganization of the Soviet economy onto a war footing. Proposed

joint ventures include introduction of high technology from the West in a partnership, where the Soviet Union holds the majority interest in the new venture being created there. Gorbachov has repeatedly stressed the importance of joint ventures, which are taking on alarming dimensions, especially with West Germany and Japan.

In a two-day seminar sponsored by the Soviet State Committee on Science and Technology, Carey and two other attorneys briefed the Soviets on what would make joint venture activities most attractive to Western customers. She also worked on this project with the legal committee of the U.S.-U.S.S.R. Trade and Economic Council, which was set up at the height of the détente era to promote trade by such figures as then Treasury Secretary George Shultz, David Rockefeller, Soviet Trust agent Armand Hammer, and Donald Kendall of Pepsico. The Trade Council is known to be penetrated by the KGB.

Together with Grier C. Raclin, Sarah Carey is part of a team at Heron, Burchette which has interested several U.S. firms in the possibility of a Soviet space launch. One of Heron, Burchette's main bargaining positions is its ability to negotiate with the U.S. government, where the State Department's Office of Munitions Control presently bans all satellite exports to the Soviet Union on national security grounds. Burchette is attempting to get around these concerns by offering to keep the satellite under a special surveillance team of technicians until launch, but significant information would still have to be exchanged with the Soviets to mate the satellite to the launch booster.

Another firm involved in trying to drum up business for Glavkosmos is Space Commerce Corporation of Houston, whose head is Arthur Dula, of the firm of Dula, Shields, and Egbert. On May 15 Dula brought a team from Glavkosmos to the United States, which reportedly met with officials of Hughes and Western Union, but found no takers. A deal with Telesat Canada reportedly fell through, when Telesat signed on for an Ariane space launch.

Dula is a member of the Houston Space Business Roundtable, which advocates replacing NASA's function with private enterprise. He represents the firm of Space Services Inc., which is attempting to build a small booster for this purpose. But Dula argues that there is still a gap that can only be filled by the Soviet Union.

Dula has been in close contact with ISCOS, according to ISCOS officials. Carol Rosin, the head of ISCOS, is putting together a task force that will look for loopholes in the law banning the export of U.S. satellites to the Soviet Union. But, in an interview made available to *EIR*, Rosin reports that she pins her main hopes for such technology transfer arrangements upon a change in administrations. Only when President Reagan is replaced by a liberal Democrat does Rosin envision full cooperation between the U.S. and U.S.S.R. in such ventures.

## A plan to replace Executive Orders 12333 and 12334

by Lyndon H. LaRouche, Jr.

*Editors' note: On July 4, Democratic presidential candidate LaRouche issued this draft presidential executive order on national security, prefaced by a "summary statement of findings," which appeared in last week's issue of EIR (July 17, p. 24). There, he stated, "Under Presidential Executive Orders 12333 and 12334, issued Dec. 4, 1981, there grew up a complex of covert activities which has been fairly described as a virtual 'secret government'" —the covert apparatus behind Lt. Col. Oliver North's now famous escapades. Mr. LaRouche himself has been a target of politically motivated, covert intelligence operations conducted chiefly under 12333 and 12334.*

**Draft Executive Order:** The implementation of measures by agencies of the U.S. government in service of the national security of the United States, its allies, and of such other nations as may be classed as sharing a community of principle with the United States

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**1.0** Executive Orders 12333 and 12334, dated December 4, 1981, are hereby revoked.

**1.1** It is the included intent of this revocation, to tear out by the root all known and yet-to-be-uncovered abuses which grew up under any practiced interpretation of the authority of said revoked orders, and to accomplish this by aid of termination of all activities by the Executive Branch which have derived their existence from the authority attributed to said revoked orders.

**1.2** Therefore, all parts of activities of government which derive their existence from said Executive Orders 12333 and 12334, shall be caused to cease to exist herewith, by the publication of this Order. It shall be, in this respect, as if the revoked Executive Orders had never existed.

**1.3** All else heretofore made subject to said revoked Executive Orders, shall remain intact, as if *status quo ante*, and shall be guided and sustained in their intact functions by this new Executive Order, in place of those said revoked Executive Orders.



NSIPS/Philip Ulanovsky

Citizens commemorate the testing of the national mission 125 years ago in the Civil War, shown here in a modern reenactment of the Battle of Colvin Run Mill. "The principles of law and government upon which the United States' independence and Constitution were based, dictate the proper foreign and defense policies of the United States."

**1.4** This purgative action shall include, but not be limited to the following:

- a) All operations by agencies of government which have derived their existence from said revoked Executive Orders shall be terminated promptly.
- b) All agencies and interagency liaisons whose existence and functioning originates in any part upon the authority of said revoked Executive Orders, shall be dissolved in that part, and this done promptly with publication of this Order.
- c) All arrangements with foreign governments or their agencies which derived their existence from the authority of said revoked Executive Orders shall be terminated promptly in that part.
- d) All arrangements with private or semi-public agencies which have derived their existence, in whole or in part, from the authority of said revoked Executive Orders, shall be terminated promptly in that part.
- e) The Intelligence Oversight Board, established under EO 12334, is abolished.

**1.5** To the same purpose, in the same manner, and to similar effect, the President's Foreign Intelligence Advisory Board is abolished.

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**2.0** *This Executive Order shall guide agencies and persons in those parts of their existence and activities which are subject to the National Security Act, and which are also subject to the authority of the President; the directives pro-*

*vided herein shall be superseding instruction in all matters touched by said revoked Executive Orders.*

**2.1** It shall be observed efficiently, that the primary directives supplied by this Executive Order have a quality of construction and coherence which causes this instrument to differ remarkably from the said revoked Executive Orders. This difference is subsumed by the decision, that the functions of the intelligence community of the United States must be made efficiently subject to delimiting conceptions of purpose, and that these conceptions shall be applied to the functioning of that community and its components with the force of obligatory moral principle.

**2.2** All entities and functions of the Executive Branch previously subject to Executive Order 12333, are now subject to this Executive Order, and to the delimiting conceptions of purpose contained herein.

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**3.0** *The intelligence mission*

The primary definition of duties, authorities, and responsibilities of each and all branches of the U.S. intelligence services, and of each person employed by these services, is efficient dedication to a well-defined notion of a national mission.

- a) All intelligence officers and other employees shall adopt a prescribed and efficient notion of mission, and the performance of such persons shall be judged by this standard.
- b) All officers of the intelligence services shall serve a



NSIPS/Philip Ulanovsky

*Lyndon H. LaRouche, Jr., author of this plan to "tear out by the root all known and yet-to-be-uncovered abuses which grew up under any practiced interpretation of the authority of Executive Orders 12333 and 12334."*

common mission, known as the national mission. Also, during his or her period of assignment to any unit or undertaking, each officer will bear responsibility for the specific kind of mission associated with that assignment. The specific mission shall always be in coherence with, and subordinated to the national mission.

### 3.1 *The national mission*

The principles of law and government upon which the United States' independence and Constitution were based, dictate the proper foreign and defense policies of the United States. The combined military and civilian intelligence services, and associated functions of the U.S. federal Executive, are assigned the mission of defending our republic as a perfectly sovereign nation-state founded upon these principles.

a) The conception of this national mission is prescribed as follows:

i) The successful development of political and economic institutions of the Judeo-Christian culture of Western European civilization, since the constitutional reforms instituted at Athens under Solon, led into the establishment of our form of constitutional, republican, representative self-government, not only to the benefit of our own nation, but as a beacon of hope and temple of liberty for all mankind.

ii) Out of these and related circumstances of its conception and birth, our republic has acquired a unique proper destiny among the nations of the world. Our destiny is not one of empire and conquest, but to serve those self-interests defined in the Declaration of Independence and Preamble of our Constitution. We must serve those self-interests not only

by defending our nation from foes, but by creating a safer world, adequately so for the peaceful conduct of our constitutional commitment.

iii) Thus, our national security depends to a great degree upon the existence, prosperity, and strength of many sovereign republics who share our commitment to those higher principles of law and government expressed by our Declaration of Independence and the Preamble of our federal Constitution. All nations which share these higher principles with us, and which seek to collaborate with us in that spirit, constitute what we define as a community of principle.

iv) Our relations are closest, our mutual interests most common with those nations which belong to such a community of principle. An injury to any nation of this community is an injury to the vital security interests of all. The government of the United States shall seek to establish treaty agreements with such nations, thus establishing membership in such a community by treaty law.

v) In addition to our republic's implicit membership in such a community of principle, there are nations who may not accept fully the higher principle identified here, but who desire collaborative relations with us and with our larger community of principle. We encourage that collaboration, and seek to persuade them of the merit of our principle by the example we set and by constructive and fair dealings with them.

vi) In addition to these two kinds of friendly relations with foreign nations, there are states which have formal ties to us through treaties pertaining to defense against hostile forces. These treaty relations include some friendly nations which do not fully subscribe to our higher principle, and some which do.

vii) On the opposite side, there are states and military alliances which are explicitly adversaries of our existence, such as the Russian empire under the current Bolshevik dynasty, and states which are either allied with the Soviet Union, or hostile states not allied with the Soviet Union, and other states which are unfriendly to us and our principles.

viii) Respecting our Russian adversary, our policy is one of seeking correct and fair dealings during peacetime, and to deter and thus avoid war through maintenance of the cultural, political, and economic strength, and adequate military capabilities of ourselves, our friends, and our allies.

ix) It would be wishful self-delusion to imagine that the Russian empire in its present form would ever seek any form of peace from us, excepting that special kind of peace bought by our submission to terms of existence like those presently enjoyed among the captive nations of Eastern Europe. Fortunately, although the Russia of today is a militaristic cult dedicated to establishment of a worldwide empire at the earliest opportunity, the Russian leaders are calculatingly cautious bullies, who would accept protracted war-avoidance, however reluctantly, as long as our power of means and strength of will persuaded them they had no other acceptable alternative, and this as long as they recognize that

we are governed by the desire to avoid general warfare with their state.

x) Respecting other hostile states, or states which are merely unfriendly, our relations are as forbearing and constructive as circumstances permit.

xi) The promotion and defense of these policies is the principal assigned general strategic mission of all officers of the intelligence services of the United States.

### 3.2 *The general economic mission*

The national mission of the United States subsumes a general economic mission. This mission is a dedication to promoting the social and political benefits of increase in the productive powers of labor, through technological progress, to the advantage of the United States, other members of our community of principle, and of our friends and allies generally.

### 3.3 *The specific mission*

The specific mission is simply the form in which the national mission is expressed as a task-orientation in the area of responsibility to which elements of our intelligence services are assigned.

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## 4.0 *Professionalism*

It is the included purpose of this Executive Order to remove all continued resistance to the proposition, that a strict standard of professionalism shall be established for all branches of our intelligence services.

4.1 As soon as means can be organized, a single national service academy for training of officer-cadets for all branches of the nation's intelligence services shall be established.

4.2 The desired qualification of senior intelligence officers includes a combined mastery of history and the classics. Such intelligence officers should know history in its broad sweep, especially European history since the time of the wars between the Ionians and the Achaemenid (Persian) empire, and should base this knowledge on study of primary sources, rather than textbook commentaries. This intelligence officer should aim his efforts efficiently, to come to know each such portion of history as if he or she had been living as an intelligence officer in that place and time.

a) This should be the standard for a basic curriculum for education of officer-cadets of the intelligence community. This standard, combined with training in the physical and military sciences, develops the mental potentials desired in the professional intelligence officer, that potential essential to the most effective mastery of specialized matters added to the core curriculum.

b) This standard is difficult to meet, under conditions determined by recent and present policies of public and university education. Until a suitable professional academy is established, and until new generations of intelligence officers are supplied by aid of such means, the standard will not be met generally. However, this should be the standard used as guidance. It should be the adopted image of professional



*President Ronald Reagan. "The intelligence establishment is not the creature of a particular President, but must function as a constitutional institution of the presidency, an institution whose continuing dedication to its national mission far outlives the incumbency of Presidents."*

excellence, which all officers seek to approximate to the best of their abilities.

4.3 *The bare essentials of professionalism are the following:*

a) Efficient knowledge of and dedication to the national mission.

b) Proficiency in the special mission assigned to the units to which intelligence officers are assigned.

c) Proficiency in employment of the equivalent of tactical rules of engagement, as appropriately defined for the intelligence agencies as a whole, and also for each sector of responsibility.

d) Effective leadership of units under his or her direction, to the effect of assuring efficient conformity with principled objectives of national mission, special missions, and rules of engagement.

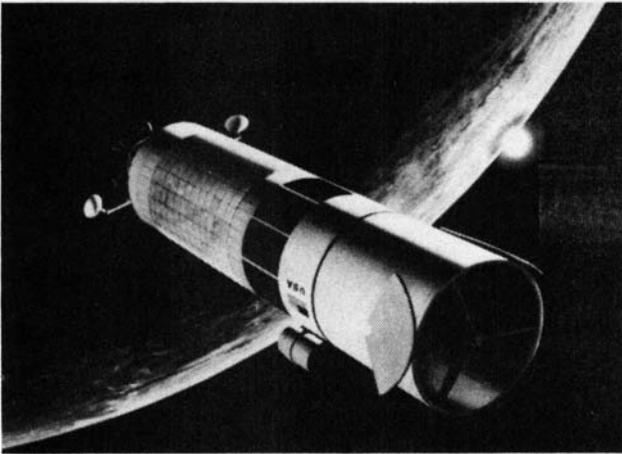
e) Dedication to service to the nation and its intelligence functions in the form of service to the principles of the Preamble of our federal Constitution.

f) A rigorous and efficient, as distinct from contemplative philosophical outlook toward matters bearing upon the principles of statecraft traceable from Solon's constitutional reforms at Athens, through the establishment of our republic.

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## 5.0 *Organization of the national intelligence services*

The organization of the intelligence community of the United States flows properly and strictly from a definition of



Department of Defense

*The space-based laser system being developed under the SDI, offers the opportunity to intercept ballistic missiles in the boost phase. The large expansion of the role of scientific and technological progress requires that the President be regularly advised by a panel of distinguished scientists, which LaRouche's draft executive order provides for.*

the national mission. The concrete expression of that national mission, at each point in time, is properly determined by the dominant features of the national strategic mission, especially with respect to the problems posed by principal adversaries.

a) It is our national strategic mission, that through energetic but patient pursuit of our objectives vis-à-vis our Russian strategic adversary, we may hope to deter and thus avoid war over generations, if need be, and to accomplish this without betrayal of the vital interests of our nation, our community of principle, or any among our friends and allies.

b) The prospect of a transition from protracted war-avoidance to durable peace among major powers, depends chiefly upon our setting an example of the achievements of our growing community of principle, an example so persuasive, that Russians will come to admire our culture more than their own. If we know how to balance a peace-through-strength policy of war-avoiding deterrence with constructive measures in relations with the Russian government, we shall have done the most that is possible to avoid war and establish the foundations for transition to future durable peace.

c) However, in looking forward to such a transition, we are viewing a time-span of perhaps two or more generations, two if we are fortunate. The term of a President is four years, and under current law, eight years at most. So, an interesting organizational problem confronts us. All agencies of the Executive Branch are accountable to the President, yet we have before us a strategic intelligence mission which spans several generations in its execution. To whom is the intelligence community accountable over a span of two or more generations?

The intelligence establishment is not the creature of a particular President, but must function as a constitutional institution of the presidency, an institution whose continuing

dedication to its national mission far outlives the incumbency of a succession of Presidents. Such an arrangement is implicit in the intent of our federal Constitution.

d) In respect to this requirement for our intelligence community, at this historical juncture, it is the President's first duty to establish a well-defined sense of national mission, in terms of reference spanning two or more future generations. The President will and must work to embed this sense of mission so securely in our national passions, that no future President during this forward period were likely to be chosen by the electorate should he oppose this mission.

e) This incumbent President's specific authority is limited to his term of office. Nonetheless, that includes the power to influence the policy of future Presidents; in setting forth these standards of mission, organization, and practice, it is this President's duty to cause this improvement to be sufficiently successful that the majority of the electorate and future Presidents would desire nothing essentially different.

f) It is the duty of the intelligence community to aid the President in winning such deserved admiration for the usefulness of these institutions.

g) In that sense, and in that manner, this President serves the institution of the presidency, and it is as this President serves that higher obligation, that the intelligence community must serve the presidency as an institution, under this President.

### 5.1 The National Security Council

The National Security Council is composed of those cabinet members and others designated by precedent, and shall include the Vice President of the United States.

The President's own intelligence functions are centered in four regular functions of the Executive Branch:

- 1) His direction of the cabinet.
- 2) His duties, authorities, and responsibilities as commander-in-chief of the armed forces.
- 3) His command of the Director of Central Intelligence.
- 4) His command of the functions of the Executive Mansion's National Security Council staff.

The Executive Mansion's National Security Council staff is under the immediate direction of the President's Assistant for National Security Affairs.

a) The National Security Council's composition remains as established heretofore, with the following adjustments in emphasis:

i) The Director of Central Intelligence (DCI) shall sit with the National Security Council members, and shall have voice but not vote in the deliberation on policy-recommendations to the President.

ii) The President's Assistant for National Security Affairs shall attend meetings of the National Security Council, shall receive and deliver communications between the members, the DCI, the Joint Chiefs of Staff, and the President, and shall present written and oral reports to the Council at the pleasure of the President.

iii) One or all of the members of the Joint Chiefs of Staff

shall frequently attend meetings of the Council at the pleasure of the President or the Secretary of Defense, and shall be given voice in the deliberations of the Council on those occasions when the President or the Council may direct this, and in respect to such matters as the President or Council may direct.

b) All ordinary responsibility for coordination of intelligence and counterintelligence operations is assigned to the DCI, except as the President may assign his Assistant for National Security Affairs to establish a special commission to conduct a specific audit or other inquiry on the President's behalf. This shall be efficiently the interpretation of the established definition of the DCI's duties, authorities, and responsibilities under the National Security Act.

The following conditions are attached.

i) There shall be no interference with the military arms' conduct of intelligence and counterintelligence functions in matters affecting the duties and security of the armed forces or the territories assigned to their custody, except as the President or Secretary of Defense may specifically direct exceptions to this.

ii) Rules of engagement shall be established defining the exclusive and partial jurisdiction of the armed services in these matters.

iii) The same qualifications shall apply to the autonomous intelligence and counterintelligence functions of any other department of government, excepting that the DCI shall coordinate all foreign intelligence and counterintelligence except as specifically otherwise directed by the President.

iv) True duplicates of all intelligence and counterintelligence information obtained by any department of government shall be placed promptly in the custody of the DCI, except as the President may determine that some extraordinary circumstance requires exception to this.

v) In addition to his jurisdiction over the CIA, except under rules of military engagement, the DCI shall direct all intelligence and counterintelligence operations which involve matters extending beyond the scope of immediate jurisdiction of any one other agency or department of government.

vi) The Department of Justice shall be notified promptly of evidence pointing to the probable commission of an offense, and unless this be an offense within the jurisdiction of the military code of justice, the Department of Justice shall conduct such further investigations as bear solely on matters of law enforcement, while being accountable for preventing unnecessary interference with continuation of inquiry under DCI authority into matters of the DCI's jurisdiction over matters of intelligence or counterintelligence interest.

vii) In matters of foreign counterintelligence, as distinct from domestic law enforcement activities flowing from counterintelligence, or matters entirely within the prescribed jurisdiction of the armed services, the DCI shall have primary jurisdiction, except as the President shall direct otherwise for specific cases.

viii) The sole ordinary exception to the foregoing guidelines respecting jurisdiction, shall be the personal gathering of intelligence and counterintelligence by the President or his National Security Council staff. The President will provide guidance to his staff on release of ordinary intelligence collected by himself or that staff, and will determine which other sensitive information shall be issued to the DCI's custody and in what form.

ix) It is stated, in clarification of this point, that the President must not only maintain the privilege of privacy of some aspects of his personal deliberations, but must be a trustworthy recipient of personal confidences from foreign governments and citizens of the United States and other nations. The circulation of some such information would jeopardize the President's access to some classes of information which he must desire to receive in connection with his service to the national interest, and must also prevent circulation of information which might tend to aid in foretelling his intentions respecting issuance of future decisions on sensitive matters.

x) The DCI shall prepare guidelines for the security and use of the intelligence and counterintelligence information he coordinates, and for the conduct of intelligence and counterintelligence operations involving areas within the jurisdiction of departments of government other than the CIA. He shall submit these to the National Security Council for deliberations bearing upon the President's approval of such guidelines.

c) The National Security staff is the President's personal intelligence organization, which is assigned to collecting and digesting intelligence and counterintelligence necessary to the policy and related deliberations by the President. Its authority, duties, and responsibilities include assisting the President in maintaining efficient oversight over the functioning of the intelligence community.

i) As part of these duties, that staff functions also as the staff of the National Security Council as a body.

ii) Its responsibilities include liaison with the other departments of government on behalf of the President and the National Security Council as a body. This liaison is ordinarily the responsibility of the Assistant for National Security Affairs.

iii) At the President's direction, the President's Assistant for National Security Affairs shall supply information to the committees of the Congress assigned to intelligence and military affairs.

d) The President will establish a special advisory body on intelligence functions, attached to the National Security staff. This body shall be composed of distinguished, retired senior military, intelligence, and foreign service officers who shall serve at the pleasure of the President. The body shall be commissioned for this function, and all appointed and sworn members commissioned to the same effect.

i) This commission shall function as a committee of elders.

ii) The commission shall have access to all ordinary func-

tioning of the National Security staff's areas of responsibility, and to such other information as the President may have cause to lay before it.

*iii)* This commission, or some representative portion of it, shall meet frequently with the President, for the customary purpose of detecting or anticipating "glitches" and "monkey-shines" in areas of the President's formulation of directives bearing on national security affairs, and functioning of various aspects of the intelligence community.

*e)* The President will expand the function of the National Security Science Adviser, by the establishment of a commission of distinguished scientists, constituted in the same manner as the commission on intelligence functions, and functioning in an analogous manner. The large expansion of the role of scientific and technological progress in domestic and international affairs requires that the President have regular and intimate counsel in such matters bearing upon the domestic economy, world trade, and other national security matters.

**5.2** The Central Intelligence Agency shall be strengthened according to standards for a professional political-intelligence agency. It shall have primary jurisdiction and responsibility for coordinating all matters of cultural, political, scientific, and economic intelligence, domestic and foreign, primary jurisdiction in matters of foreign intelligence, and for all aspects of counterintelligence except the features falling under the jurisdiction either of the armed services or of domestic law enforcement strictly defined.

*a)* This represents an expanded scope of responsibility, and inclusion of newly defined mission for the CIA. Both are in keeping with recognition of the growing importance of national defense against what is best defined as irregular warfare: the use of all means of cultural, political, scientific, economic, and lethal-force forms of subversion, short of regular warfare.

*b)* The irregular warfare mission:

At the 1920 Baku Conference of the Communist International, the Bolshevik dynasty of the Russian empire set forth the first outline of a program of long-range, full-spectrum irregular warfare, attempting to destroy Western civilization by aid of erosive action in areas of culture and religion, and political subversion, in addition to those means usually classed as "Marxist-Leninist" tactics.

*i)* Today, although "Marxist-Leninist" and kindred sorts of political assets are used as cadre for a wide variety of operations, the principal means of subversion deployed by the Russian empire are subversive activities deployed under many cultural, religious, and political labels, including old Nazi networks lingering after the defeat of the Nazi regime. Emphasis on forms of culture and religious practices erosive to the values of Western civilization is the general rule. The launching of international narco-terrorism, interfaced with anti-technology radical movements, early during Yuri Andropov's tenure as chief of the Soviet KGB, typifies the greatest single problem in the defense of Western civilization

against the efforts of the Russian empire to achieve virtual world conquest during the years ahead.

*ii)* The situation has reached the point, that the integration of Soviet spetsnaz forces with violence- and sabotage-prone elements of radical counterculture insurgencies within Western nations, has become the first echelon of any future Russian imperial military onslaught against NATO and allied forces.

*iii)* Failure to mount an effective defense against these and related forms of Russian-steered irregular warfare, could lead toward Moscow's subjugation of much of the planet, even without our self-appointed adversary's resorting to means of regular warfare.

*iv)* In these circumstances, the intelligence missions of the immediate postwar period are no longer even nearly adequate. The comprehensive tracking of all Russian-directed and kindred forms of irregular-warfare actions against Western civilization and our other friends, is a central feature of effectively designed intelligence functions. This intelligence warfare must be globally centralized in the most efficient, well-integrated manner within the intelligence functions of the United States.

*v)* In irregular warfare as a whole, it is fairly estimated to be the case, even in full-scale guerrilla warfare, that 80-90% of the effort required to defeat the insurgency must be devoted to non-lethal forms of cultural, political, and economic warfare. For this reason, the primary emphasis must be placed upon political intelligence and political counterintelligence.

*vi)* Recognition of this fact requires corresponding amplification of the foreign intelligence and counterintelligence functions of the U.S. intelligence community, and the need for a more unified coordination of such intelligence and counterintelligence functions under the DCI.

*c)* In the case of assignment of special forces of the military services to conduct operations in some area, primary jurisdiction for irregular warfare in that area is given to the military commanders assigned. In this case, the CIA and other relevant political-intelligence arms of the United States shall give such assistance to the military commanders as may be required in aid of the success of their mission. Up to that point, the primary ordinary jurisdiction for political intelligence and political counterintelligence in matters bearing upon defense against irregular warfare lies with the coordinating authority of the DCI.

*i)* It is the general rule, that pending conditions which trigger military posture under military rules of engagement, the political intelligence and diplomatic authorities of the United States have primary jurisdiction. Once military engagement occurs, the military commanders assume primary jurisdiction until the cessation of such hostilities.

*ii)* The National Security Council shall receive proposed missions and rules of engagement for contingencies in various sectors of the world, to the purpose of defining the composition of division of labor under, alternatively, political and military command within those sectors. This shall be

reviewed periodically, to bring the rules of conduct into conformity with shifting conditions. The primary responsibility for drafting such proposals shall lie respectively with the DCI and Joint Chiefs of Staff. The deliberation on such proposals will be conducted by the National Security Council, and the final decision shall be that of the President.

### 5.3 The FBI

The Federal Bureau of Investigation (FBI) shall be separated insofar as is consistent with its law enforcement functions from all intelligence functions but those of coordinating the gathering and dissemination of criminal intelligence pursuant to assisting federal, state, and local law enforcement agencies, and to the performance of its own assigned law enforcement duties.

i) The "unsanitized" commingling of political-intelligence functions with those of law enforcement is inherently a source of political corruption of law enforcement functions.

ii) A law enforcement duty signifies chiefly either prevention of the commission of a crime, or investigation based on probable cause leading toward possible arrest of offenders for reason of criminal incidents which have actually occurred.

a) In the course of these primary functions, improved criminal intelligence is urgent.

i) It will be necessary to secure enactment of laws by the

Congress which afford federal, state, and local law enforcement agencies improved means for performing essential criminal intelligence functions.

ii) In devising methods and procedures pertaining to criminal intelligence, a line must be drawn and enforced, which prevents the use of information classed as "criminal intelligence" from being misunderstood or willfully misused to impair wrongly the civil rights of persons and associations.

iii) It is necessary for law enforcement agencies to take into account reasonable suspicion, for purposes of defining a course of investigation; the danger to civil rights arise when this information were used in any other way, such as dissemination of such information as "black" or "grey" propaganda, in ways which might influence publishers, employers, common gossips, and so forth to cause wrongful injury to the civil rights of persons. The legitimate public outcry against wrongful circulation of such information would probably cause great injury to the legitimate criminal-intelligence functions misused in such a fashion. This risk must be avoided by the strictest means, with severe penalties prescribed for abuses.

iv) The problem of protecting civil rights is simplified if criminal intelligence concentrates on those classes of offenses and perpetrators which have the highest priority for our citizens and national security. A cross-grid, matching classes



*The Soviet launching of narco-terrorism is the greatest single problem in the defense of Western civilization against the efforts of the Russian empire to achieve virtual world conquest during the years ahead. Here, a Colombian soldier outside the Justice Palace in Bogota after it was seized by narco-terrorists in November 1985.*

*Figures in the "secret government" operations which LaRouche's draft executive order will bring to an end: Henry Kissinger, whose agreement with the Soviet Union during his tenure as Secretary of State, led to Soviet subversion of the Justice Department through the Office of Special Investigations; Jeane Kirkpatrick, former U.N. ambassador, a prime player in the "Project Democracy" moves to overthrow Panama's government; Charles Z. Wick, head of the U.S. Information Agency, which aids "Project Democracy," himself an intimate collaborator of Aleksandr Yakovlev, Soviet Politburo member and right-hand man to Gorbachov; Elliott Abrams, Assistant Secretary of State, who has directed operations against numerous Ibero-American allied governments.*



of the most damaging and frequent kinds of offenses with classes of habitual or frequent perpetrators, is an obvious method for assessing priorities of criminal intelligence. This method shall be employed in shaping policy.

v) Among offenses, we shall be concerned chiefly with those which tend to cause irreparable or severe physical injury to the vital interests of persons and institutions, and with those which represent aggregately the gravest threat of physical injury to our national security. Among perpetrators, we should be most concerned with criminalized strata of the population, such as drug-users and those participating in or assisting the traffic in drugs or in circulation of revenues from distribution of drugs originating either inside the United States or abroad. This cross-grid epitomizes the principal features of the national crime problem, the area in which we are losing the war against crime. This is also to be recognized as an intelligence matter, as, directly and indirectly, the greatest of our domestic national security problems.

vi) We must get the drugs out of our society. We require the laws and the strict law enforcement needed to do this; if we do not do this, we lose the war against crime, and could thus lose the war to defend our national security here at home. On condition that we secure from Congress and the courts, the kinds of cooperation needed for this, the establishment of more effective national criminal-intelligence systems, for tracking of the relevant classes of criminalized strata, becomes an indispensable aid in winning the war.

**b) National security crimes as such:**

Any law enforcement agency, once it has reason to suspect the identity of a spy or similar offender, shall notify the office of the DCI immediately by secure procedures. If that law enforcement agency has sufficient cause for detention of that identified person, for any proper cause, or should detect the person in the commission of an act of espionage or related crime, the law enforcement agency should employ its proper authority for detaining that person immediately, even prior

to notification. However, the counterintelligence aspects of the matter come immediately and directly under the jurisdiction of the DCI.

i) In the case of a suspected such person, the DCI shall cause a preliminary determination to be made, as to what course of investigation should be adopted. However, at the point sufficient evidence for felony arrest exists, for any cause, the arrest shall be made immediately, unless the DCI shall have notified the Attorney General to contrary effect by established standards, channels, and procedures.

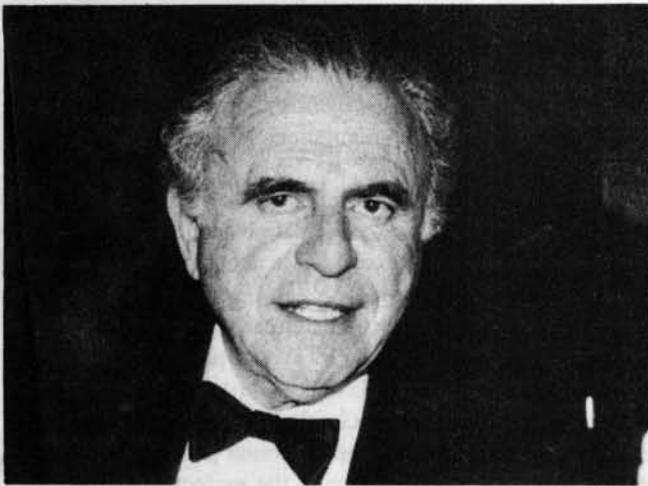
ii) The policy in this and related matters is, that it were generally better to remove spies, as well as drug-traffickers, from circulation as early and often as possible, unless there is strong reason to believe that other considerations are overriding in significant degree.

iii) This policy borrows from the principles of irregular warfare:

Organized criminal activity, like guerrilla warfare, depends upon a political and logistical infrastructure. Successful containment of guerrilla warfare, or organized criminal activity, focuses the greater part of its work, 80% or more, on neutralizing the political and logistical infrastructure, rather than focusing upon the problem only at or near the highest level of criminality. Even in combatting guerrilla forces, the commander who hunts the adversary in the bushes, but fails to round up the pimps, drug-pushers, black-marketeers, and assorted petty criminals in the streets of the towns and cities, will probably lose the guerrilla warfare, or, at best, not win it.

iv) The policy of tolerating the political and logistical infrastructure of crime, to "concentrate on getting the big fish," is proscribed.

v) It is the nature of organized crime, as guerrilla warfare, that the elimination of "big fish," when that occurs, merely creates a vacuum into which new "big fish" are drawn. It is the political and logistical infrastructure of crime which is



NSIPS/Stuart Lewis

the body of organized crime. Not to clean the drug-pushers and drug-users from the streets, on the presumption that one is interested in "only the big fish," is to ensure defeat in the war against crime. The best way to catch "big fish" is to learn from Mao Zedong's famous dictum: Dry up the ocean of criminality in which they swim, and they are readily neutralized.

*vi)* Whenever law enforcement catches an offender red-handed in a criminal act, the detention should be effected immediately. Unless the DCI determines otherwise within the scope of his jurisdiction in counterintelligence matters, this should be the rule for spies and similar sorts, as for drug-pushers and drug-users.

*vii)* Relevant guidelines will be proposed by the relevant agencies, and will be reviewed by the National Security Council in the process of securing a final determination by order of the President.

**c) Drug Enforcement:**

Except that any law enforcement agency with jurisdiction should arrest a producer of illicit drugs, trafficker in such drugs, or drug-user as soon as sufficient grounds for making the arrest exist, the war against drugs is not primarily a law enforcement function, but is rather variously a military or political-intelligence function.

*i)* We are confronted with an international narcotics traffic, combined with drug-revenue money-laundering in the order of hundreds of billions of dollars annually, and interfaced with Soviet-directed narco-terrorism. Actions within the jurisdiction of U.S. domestic law enforcement agencies are an indispensable part of the war on drugs. We must define the responsibility for directing the war on drugs to agencies whose jurisdiction is of the same extent as the international narcotics traffic.

*ii)* In earlier times, when the traditional British East India Company drug-trafficking routes from the Golden Triangle and the Middle East were the principal sources of drug-

trafficking into the U.S.A., the Federal Bureau of Narcotics performed a commendable job within the means at its disposal, and was among our leading foreign-intelligence capabilities into the period of World War II, for that reason.

Since World War II, the drug war against the United States has come increasingly under the direction of agencies of communist and allied governments. During the 1950s and early 1960s, Communist China conducted a drug war against the U.S. population. During the latter half of the 1960s, the Warsaw Pact nations and Syria, under direction of the Soviet KGB, moved heavily into drug war against the populations of Western Europe and the Americas, in conjunction with the KGB's development of Syria as a key base for building up international terrorism.

During recent years, the government of the United States has declared a war against drugs, but did not fight that war by means of more than limited amounts of exemplary actions. We must deploy the means to stop the incoming traffic at our borders, or earlier, while enforcing a massive crackdown on drug-trafficking, drug-production, and drug-use within our borders. Our first line of defense is adequate levels of technical assistance and political support to nations, which are combatting the drug-trafficking. Our second line of defense is a reinforcement of the capabilities of our Coast Guard, Customs, and anti-drug intelligence services, to stop the traffic by all necessary means at our borders. Our third line of defense is domestic law enforcement aided by national, state, and local criminal-intelligence mobilization, against the domestic production, traffic, and use of these substances.

*iii)* Except for lawful "hot pursuit" of drug shipments and offenders into our interior, by Customs and DEA officers, the domestic war against drugs is the work of domestic federal, state, and local law enforcement agencies. The overall direction of the international war against drugs, is primarily an intelligence function conducted under the doctrine of irregular warfare identified in this Executive Order.

#### 5.4 Other intelligence functions:

Other intelligence functions of the U.S. government shall continue their present functions under the guiding principles of mission and organization set forth above.

#### 5.5 Use of private sources of assistance:

Assistance from assorted nominally private individuals and organizations is an indispensable complement to the performance of the missions of the intelligence functions of agencies of the U.S. government.

##### a) Legal provisions:

i) It is frequently justified, and necessary to provide legal and other forms of protection of the identity of such persons or organizations respecting actions they take in the performance of a service to official governmental agencies, to provide legal means for protecting the identities of such persons or organizations, or to provide legal means for concealment of the nature of their relationship to relevant governmental agencies.

ii) It is also indispensable to provide legal procedures for permitting some among such persons to receive such classified or otherwise sensitive information they may reasonably require in the course of their rendering assistance to the interests of the United States.

iii) Although such associations and indicated kinds of legal arrangements are indispensable, such relationships are fraught with risks to both the government and those persons and organizations. Most of the risks are well known, to the degree that it were redundant to list those risks here. The greatest dangers are three: 1) That the aggregate effect might become, that some combination of such private persons and organizations is exerting a kind of influence contrary to the national or specific mission, on the policy of practice of government itself; or 2) That a combination of factional forces opposed to the national mission from inside government might align with private influences upon the intelligence community, to employ the powers of government in politically motivated efforts to victimize opponents of that faction; or 3) That such combination of the first two dangers might enable foreign, even hostile intelligence services to penetrate deep into the intelligence community and policy-shaping structures of our republic. These latter three evils, grown to a large scale, were the developments which made urgent the revocation of Executive Orders 12333 and 12334.

iv) The following guidelines are stipulated, both as policies and as illustration, to indicate the philosophy of practice used to minimize the identified and some other well-known risks.

1) Persons and organizations acting in the interest of the U.S. government must enjoy, for that limited purpose, the same degree of legal and kindred protection they would have enjoyed as agents of the relevant unit or units of our intelligence services.

2) Revised codes for this must be presented to the National Security Council, for deliberation and adoption.

3) Any person receiving classified information must be sworn to a relevant form of oath respecting that kind of information he is instructed he or she must protect, but shall not be held otherwise to regulations governing members of the intelligence community.

4) As an alternative to administration of an oath, as in the case of a foreign national, information needed by the person may be declassified, or excerpted in declassified form.

This must be codified.

##### b) Classification of private sources of assistance:

i) The classification of such a private person as "reliable," shall be limited to those instances in which the person is known to be committed efficiently to the national mission, is specifically committed to the perpetual perfect sovereignty of the United States, and also to the perfect sovereignty of the member-nations of a community of principle.

ii) There is no requirement of the person's concurrence with current national policy beyond this commitment to national mission. Intelligence policy in these matters must be nonpartisan. Provided the person places common commitment to the national mission absolutely above differences on matters of current policy, and makes any such differences in policy known as circumstances warrant, his or her frank and rational identification of policy differences enhances the reliability of his or her assistance.

iii) "Reliable" persons who provide frequent assistance, may be designated by the DCI or President as de facto members of the national intelligence community.

iv) The classification of a private person providing assistance as "useful," as distinct from the higher classification of "reliable," is established to designate a person of good character, truthfulness, and relevant competencies, whose desired degree of commitment to the national mission is not established as firm knowledge of officials of the intelligence community, but whose occasional or frequent assistance is shown to be significantly reliable and valuable.

v) Any person who has not been qualified as either "reliable" or "useful," should be classed as "ordinary."

vi) These classifications shall be codified.

##### c) Membership in the intelligence community:

The status of "membership in the intelligence community" is limited to persons who share unquestionably a common commitment to the national mission, including designated selections from among private persons classified as "reliable."

i) This distinction is not intended to promote any unfair discrimination against persons who lack such degree of commitment, or who have not become known as having such degree of commitment. It is an administrative classification, established solely for the good of the services and the functioning of the intelligence community as a whole, and applies only to the regular course of business by the intelligence community.

ii) Membership is assigned to the relevant agencies of

government, as agencies, and to the senior and other appropriate officials and agents of those agencies.

*iii*) Membership is also assigned to private persons, classed as "reliable," whose contributions to the deliberative processes of evaluation and planning are of exceptional value to the services and the community.

*iv*) The function of the designation of membership is twofold.

1) To define a deliberative process within the community which reflects the assessments of persons judging from the vantage-point of a firm commitment to a sense of national mission.

2) To bias the deliberative process within the community in a manner consistent with the intent to provide the President with efficient accountability for intelligence functions.

**d) Private organizations:**

*i*) Private membership in the intelligence community is restricted to persons classed as qualified and needed for this status.

*ii*) Organizations which are not members of the intelligence functions of the government, or not proprietaries, domestic or foreign, must enter either through the "front door," or through covert channels which, except for being covert, are subject to the same standards as the public "front door." Contact with private organizations, as distinct from specially qualified persons within such organizations, shall be "sanitized" by means of assignment of a liaison officer to maintain and supervise the contact.

*iii*) Covert contacts with private organizations should be maintained through "cut-outs," wherever possible, to the purpose of "sanitizing" the contact with intelligence agencies of the government.

*iv*) Established policy of practice governing proprietaries is continued, except as the direction of such proprietaries is modified by the implications of this Executive Order.

**e) Related functions of inspectors general:**

The conduct of relations between the intelligence services and private persons and organizations shall be subject to audit by the most relevant among the Inspectors General appointed by order of the President.

*i*) The primary standard applied to audit of such relations shall be the standard of national mission.

*ii*) In each instance, the position of Inspector General shall be held by a selected, distinguished senior officer of an intelligence or military service, one also outstanding in his or her commitment to the national mission. The President will select such appointments from among the ranks of currently serving or retired senior officers, with aid of counsel from the President's commissioned advisory body on national security affairs.

*iii*) The Inspectors General shall have no function within the agency to which they are assigned except that of auditing the functioning of the agency respecting performance of national mission, competence of functioning, and other matters

of proprieties.

*iv*) In matters pertaining to private persons or organizations, or interagency affairs, the Inspectors General shall inform the President's Assistant for National Security Affairs in a confidential manner, who shall personally notify the President in confidence of the nature of such report. The President will exercise his judgment in determining whether to refer the matter to the counsel of the advisory body on national security affairs, and will determine whether it may be prudent or necessary to refer the matter to the National Security Council for deliberation.

**f) Related functions of special counsel to the Department of Justice:**

*i*) A special counsel for national security affairs shall be attached to the Department of Justice.

*ii*) This special counsel shall be the legal adviser to the National Security Council and the Attorney General on intelligence matters.

*iii*) All known incidence of intelligence matters which may be indicated as touching the constitutional jurisdiction of the Department of Justice, shall be reviewed by the office of this special counsel in secrecy, for the purpose of determining whether the matter should be recommended to be turned over in relevant part to the customary law enforcement and related functions of the Department.

*iv*) In the relevant instances referred to his or her attention, this special counsel shall determine the distinction between legally protected classes of acts properly executed in necessary fulfillment of national and special missions, and actions not deserving of this legal protection. He shall also determine whether or not the matter should be closed, referred for further inquiry and other action by the special counsel of the relevant arm of the intelligence service, or should be retained for appropriate further inquiry and action by his office.

*v*) In the ordinary course, matters pertaining only to the jurisdiction of one intelligence agency should be the responsibility of the legal counsel of that agency. The special counsel's function will be invoked by direction of the President or National Security Council, usually through the President's Assistant for National Security Affairs, only in matters involving more than one agency of the official intelligence community, or matters which the President or National Security Council may judge to be of exceptional importance.

*vi*) In related matters coming into the jurisdiction of the Department of Justice by other routes, this special counsel shall provide relevant specialized legal advice to the Attorney General.

*vii*) The mission of this special counsel may be described as that of a legal safety valve, bridging but separating the proper law enforcement functions of the Department of Justice with respect to the intelligence functions as such of the intelligence community, thus bringing the indicated "grey area" under regular supervision.

## Soviet move to Iran no penalty for Western alliance

by Criton Zoakos

On July 17, the French government broke diplomatic relations with Khomeini's Iran and placed the Iranian embassy in Paris on quarantine. The Ayatollah's government, realizing that it cannot bomb French commercial vessels with impunity, is threatening to unleash the fury of its terrorist organizations on France. We are very close to war between France and Iran.

At the same time, the U.S.A. is preparing to provide military escorts to protect Kuwaiti ships from Iranian attacks in the Gulf. Iran, especially its "moderate" Speaker of Parliament Ayatollah Rafsanjani, have announced that if U.S. forces attempt to uphold freedom of navigation, they will find themselves under attack. Also on July 17, Iran and the Soviet Union issued a joint statement in which they "expressed the common opinion that the aggravation of the situation in the Gulf is a result of a buildup by Washington of its military presence off the shores of Iran, Iraq, and other Arab states."

The State Department, with assistance from other parts of the Reagan administration, is mobilized in an effort to pull the United States back from its stated commitment to protect navigation in the Gulf from Iranian blackmail. In fact, secret negotiations between the department's Richard Murphy and Soviet official Evgeni Primakov, in Geneva, suggest that State is making a systematic effort to transfer overall responsibility for the affairs of the Gulf, from the United States, where it has been since the end of the Second World War, to the Kremlin. The department's efforts are widely supported by others.

In fact, the dominant policy-making circles in Washington and European capitals are not thinking clearly about the

current Persian Gulf crisis. Some argue, that if the United States and France respond militarily to attacks by the Khomeiniacs, that this will either force Teheran into the Soviet camp, or that the Soviets might just move into Iran militarily.

These circles stubbornly refuse to face the fact, that when President Carter and Zbigniew Brzezinski overthrew the Shah, and backed bringing Khomeini's lunatics to power, the United States had already turned Iran over to Moscow at any time Geidar Aliyev's Moscow chose to pick up the option.

Since the time that certain U.S. fellows helped Khomeini by exposing the anti-Khomeini coup-plot of summer 1979, and since the time other fellows around Washington also blew the U.S. hostage-rescue mission, Iran was lost irreparably to the West until such time as the supporters of the young Shah might be able to take the country back.

Remember how the Reagan administration bragged, defending its Israeli-U.S. weapons-smuggling to Khomeini's terrorists, by saying that so-called "moderate" lunatic Rafsanjani was a potential U.S. asset. This "asset" is now leading the charge, in demanding military attack on U.S. vessels in the Gulf. In point of fact, the White House legal defense strategy continues to be that the President was not engaged in "arms for hostages" swaps, but, rather, in a geopolitical gambit of promoting "moderate" Rafsanjani to a position of greater factional influence inside Iran.

The facts are that Carter and Brzezinski, helped by Ramsey Clark, gave Iran to that terrorist lunatic, our devout enemy Khomeini, and that the silly Reagan administration has simply continued Carter's Iranian policy, up to the point that the present Gulf crisis erupted.

One of the reasons that *EIR* has been persecuted and victimized by both the Carter and Reagan administrations has been our insistence on exposing the fact that the Reagan administration simply continued Carter's policy of betraying U.S. interests in the Gulf.

The Soviets could not take Iran, for the simple reason that the United States has already given Iran to Moscow, any time Moscow chooses to take it.

If Carter and Brzezinski gave it to Moscow, Reagan is now fully exposed as collaborating with Israel, to continue Carter's and Brzezinski's policy.

The vital, overriding issue at the moment, is to restore U.S. credibility in the Middle East region. If we back down, State Department-style, we lose our credibility throughout the region, and lose everything in that region as a result of our lost credibility. If we do not back down, we may have a fight in our hands, but a fight we can win.

If Moscow were to move into Iran now, it could spark a fierce and growing resistance to its forces there. This could become a serious strategic blunder for Moscow, diluting its position in an Afghanistan it has otherwise nearly under control, and weakening Soviet destabilization operations in Pakistan, India, and elsewhere.

The United States, of course, must avoid invading any portion of Iran. The policy must be, the security of the Gulf waters for merchant shipping, and U.S. military rules of engagement, free of all State Department interference, to the effect that, in case of attack, U.S. forces respond with a hot pursuit against the source of the attack to the purpose of inflicting maximum damage on the base areas of the forces deployed for the attack.

The worst response, would be for the military to fend off an attack, and then bring in the State Department, to negotiate with Shultz and company what post-action military reprisals might be taken, in measured amounts, with what penalty, against which Iranian targets. All action should be limited to responses under rules of engagement during the heat of the moment of attack, and the hot pursuit damage inflicted upon bases of the attacking forces should be devastating. Once the enemy begins the "incident," the response must be immediate, and brought to a conclusion even before the relevant dispatches reach the State Department desks. By the time the debate begins, the incident should be past history—unless the silly Khomeiniacs decide to escalate, for which contingency we must be prepared to assure that they are no match for our capabilities deployed into that region.

The Soviets will not attack United States military forces at this time. They are not ready for a war with the United States, and any limited attack upon U.S. forces by Soviet forces, would spark a "Pearl Harbor" effect within the populations of the United States and Western Europe. United States military response means walking close to the edge, of course; however, that is unavoidable, since the effect of not doing so would be disastrous. The danger is, the lack of clear thinking and nerve in most parts of Washington.

## Four delusions

This lack of clear thinking is the result of numerous false presumptions which policy makers adopt as premises for their policy making. With respect to the present strategic crisis in the adjacent Gulf-Middle East-Balkan regions, U.S. policy is drifting along as a result of the pre-eminence, of the following false presumptions, in addition to the delusion that Iran is not already in Moscow's claws: that Syria, a wholly owned asset of the Soviet Armed Forces, can play an independent and positive role; that Papandreou's Greece is not, de facto, an informal member of the Warsaw Pact; that "Israel is our closest ally."

These four illusory premises, respecting the nature of the governments in Iran, Syria, Israel, and Greece, though they pervade all, otherwise conflicting factions in Washington, have originated principally with the State Department, the State Department's Policy Planning bureaucracy, and their factional allies in the various agencies of the intelligence community. Others may disagree with the State Department's mythologies respecting these matters, but, daring not to challenge the Department's practical policies, they end up accepting its mythological assertions respecting "moderate mullahs," "anti-terrorist Syrians," "NATO-member Greece," and "closest ally Israel."

There is, at this time, a major internal power struggle inside Israel which, most likely, will determine whether Israel becomes "our closest ally," or not. This power struggle is not unrelated to the ongoing power struggle in Washington, around the Iran and Contra hearings. In effect, the Israeli power struggle is pitting the country's professional military establishment and leading elements of the Labor Party, against the old Meyer Lansky drug-running interests associated with Ariel Sharon and the American-Israel Public Affairs Committee (AIPAC)/Israel lobby forces in Washington.

The Sharon-AIPAC grouping has played a major role, together with elements of the State Department, and various institutional arrangements of the secret government, in bringing to power, not only Khomeini and the Khomeiniacs in Iran, but Soviet agent-of-influence Papandreou in Greece, while saving the bloody Assad regime of Syria from numerous near successful attempts to overthrow it.

Those who oppose the Sharon-AIPAC-"Meyer Lansky" mafia in Israel, including persons close to Foreign Minister Shimon Peres, are pointing out that Secretary of State George Shultz is the greatest problem the U.S.A. has in the region. A senior Israel official close to Peres, accused Shultz of having deliberately sabotaged the prospect of an Israeli-Jordanian agreement, so as to open the floodgates of Soviet influence in the area. "Some say that an international conference would only bring the Soviet Union back in the region. Well, I've got news for them. The Soviets are not waiting to be let into the region. They've kicked the door wide open and they're running all over the place. The question now is, will we bring the United States back into the region? Will there be a role for the United States?"

# Japan holds firm to U.S. alliance

by Linda de Hoyos

The United States and Japan are signing an agreement for Japanese private-sector participation in the U.S. Strategic Defense Initiative, Japan announced July 5. The agreement brings into the SDI program the full weight of Japan's technological capabilities, which are regarded as crucial to the SDI's realization.

Japan's decision to participate in the program has come despite numerous attempts to sow confusion and misinformation on both sides of the Pacific. Japan's primary concern was that the technology spin-offs derived from SDI be fully available to the participating Japanese firms. This agreement stipulates that Japanese firms will fully benefit from the technology of the SDI, but with licensing rights reserved for the United States.

Japan's adherence to the SDI, although economic considerations play an important part, is not merely a technical or economic matter. Despite the increasing perception in Japan that the United States is not a reliable ally and is weakening fast economically thanks to its financial follies, Japan has shown no inclination to shift away from its postwar strategic alliance with the United States.

The SDI agreement was clinched in discussions with Defense Secretary Caspar Weinberger, who arrived in Tokyo at the end of June. Weinberger, who met with Prime Minister Yasuhiro Nakasone, noted that if he reviews the array of U.S. allies, he considers the U.S. relation with Japan to be the most important. On the agenda during the visit was the Japanese desire to produce its own jet-fighter plane, rather than relying upon U.S. exports. Although the furor over the Toshiba company's sale of U.S. technology to the Soviet Union dominated the headlines in the United States, Weinberger told the Japanese that the administration would not support any congressional sanctions or retaliation against Japan. Particular emphasis in Weinberger's talks was joint work to combat Soviet submarine capability.

Under circumstances in which the United States is reduced to a second- or third-rate power, Japan is faced with two options: It can either come to terms with the U.S.S.R., its primary strategic enemy, and attempt to reap the benefits

from investments in Siberian development, or it can begin the process of building up its own independent military and political strength, to match its economic might, and become a global power in its own right. The latter would appear to be Japan's long-range plan. When a Soviet economic delegation arrived in Tokyo to discuss possible Japanese investment in Siberian development, the Japanese informed the Muscovites that no economic pact was possible until "political relations have improved." This refers to Japan's non-negotiable demand that Moscow return the four Kurile Islands it seized from Japan at the tail-end of World War II. Japan is not interested in the types of economic deals eyed by Western Europe.

Despite trade war measures coming from Washington, Japan is hoping that the collapse of effective U.S. economic and strategic policy is temporary, and is holding on to its strategic alliance with the United States. There is no equivocation on this point. Soon after Weinberger's visit, Nakasone called on senior officers of the Self-Defense Forces to maintain close contacts with the American military for more efficient operation of the Japan-U.S. Security Treaty.

Although Japan publicly is for nuclear disarmament of both superpowers, it is not convinced that the zero-option proposals now on the table between Moscow and Washington will benefit world peace. Former NATO Commander Gen. Bernard Rogers's harsh attacks during the month of June on the zero option were featured front page in the Japanese press. Nakasone has also called for the deployment of 100 intermediate-range nuclear force warheads in Alaska in a move to counter the Soviet Union's SS-20s in eastern Siberia.

During the meeting of ASEAN foreign ministers in June, Japan's foreign minister, Kuranari, went on record in opposition to the creation of a nuclear-free zone in Southeast Asia, as being promulgated by Indonesia, Malaysia, and Moscow. Indonesian Foreign Minister Mochtar claimed that the nuclear-free zone was the poor man's path to disarmament, while the SDI was the deterrent of the advanced sector. Kuranari countered this assertion by stating that the idea of a nuclear-free zone, given the strategic realities of the region and the Soviet presence at Cam Ranh Bay and Danang in Vietnam, was "wishful sentiment." Given Kuranari's background as a native of Nagasaki, his words had a weighty effect on the ASEAN summit.

The same concern for a strong allied strategic presence in the region was amplified in a speech in Bangkok delivered by Japan's ambassador to Thailand Akikane Kiuchi. He declared that ASEAN cannot defend itself unless the Philippines regains economic and political stability, a problem that the ASEAN nations are in the best position to help solve. The major question, he said, is the continued presence of the U.S. bases at Clark Field and Subic Bay in the Philippines, which must be maintained as a front line of defense against the U.S.S.R., which sits just on the other side of the South China Sea.

# Irangate touches Brazil 'untouchables'

by an EIR investigative team

On July 3, the Brazilian Federal Police arrested the Jairo Iwamassa Guinoza in São Paulo on charges of leading a narcotics trafficking gang which sent Bolivian cocaine to Europe via Brazil. Investigations of the Guinoza gang could easily implicate top Brazilian bankers.

Among those who could be implicated are former finance ministers Delfim Netto and Ernan Galvêas; it could also lead right to the doors of the Banco de Crédito Nacional (BCN), owned by the Conde family. The Condes boast of their "intimacy" with the English royal family, which served to bring them their affiliation with Barclays Bank, Ltd., the British bank which was named by a U.S. Senate subcommittee for its active involvement in the laundering of illegal money from narcotics traffic.

So far, the Brazilian Federal Police are sure that the Jairo Guinoza band is involved in cocaine traffic, but doubt that it is involved in illegal arms sales to Iran, even though Guinoza himself admits he participated in CIA-run operations to send arms to the Ayatollah's regime in Iran.

## Arms sale to Iran

The accusation of this first appeared in *Istoé* magazine. In its Dec. 3, 1986 edition, it detailed the contacts between Guinoza and Iranian embassy officials in Brasilia to try to set up a \$1 billion Brazilian arms sale centered upon TOW missiles. The first of these contacts, in April 1984, was between Guinoza and the Iranian consul, Rassul Belgheis Abad.

In the second contact, a week later, Guinoza was joined by Jose Sátiro de Souza Neto, a Brazilian-American who lives in Buenos Aires, and who, according to Guinoza himself, was the liaison with the CIA who received the orders for the illegal operation. On the third visit, the Iranian ambassador, Chahmard Moghaddan, received them to concretize the terms of the operation.

At the end of July 1984, Guinoza and Sátiro traveled to London to meet the Uruguayan Juan Arzuaga, the chief executive of Magnum, one of Brazil's most prestigious trading companies, and Hélio Zebinatok, his representative in England. It turns out that Magnum belongs to banker Armando Conde, a partner with his two brothers, in the Banco de

Crédito Nacional (BCN). Juan Arzuaga is Armando Conde's son-in-law; today, he is in Montevideo, having "retired" from such activities. Hélio Zebinato today runs CIPEX, the successor to Magnum as the Conde family foreign trading company.

The daily *O Globo* on Nov. 30, 1986 also confirmed links between the Guinoza-Sátiro gang and the Conde family. As Sátiro told it, "Jairo [Guinoza] came to Buenos Aires and we had a meeting with the Saudi consul general. That meeting was not for arms, but for a large purchase of sheep which an Arab sheik [El-Emtar] wanted to make. He bought 100,000 head. The sale was made in Uruguay, on the Banco de Crédito Nacional ranch. . . . The thing was arranged with Mr. Pedro Conde, who is the president of the bank"(and head of the Brazilian Federation of Banks). But, "the man who showed up was Mr. Arzuaga of the BCN of São Paulo. The sheep belonged to the BCN ranch in Uruguay."

## The circle closes: the Condes once again

Another revelation which could be conclusive in tying the Conde family into Irangate came in *Veja* magazine on Dec. 10, 1986. It reported that the 1983 murder of Czech-born U.S. businessman George Perry in upstate New York was linked to illegal arms sales to Iran made by Perry and a group of Brazilians and Czechs. Perry, a former General Motors official in Argentina, had been contracted by Still, a São Paulo heavy machinery export house presided over by Josef Vanecek, also of Czech origin.

Things got still worse for the Condes when the police found that Still and its president, Vanecek, were Conde partners in a holding company, Participações, Negócios y Administraciones, S.A.

The *Veja* exposé implicated the ministers who had brought Brazil to the IMF. It wrote: "The most visible part of the love affair with Iran took place in October 1983, when an Iranian mission, invited by Brazilian officers and a Rio business, came to Brazil, commanded by Vice-Minister of Defense Azis Mehdi. The Iranians, willing to spend \$2 billion on arms, dined with ministers Delfim Netto and Ernan Galveas. Brazil agreed with the deal, but did not want to sell the arms directly, to not alienate Iraq. Then, it was proposed that the sale take place via Portugal or Paraguay. . . ."

When New York police investigations of the George Perry murder uncovered information about the Brazilian arms sales to Iran, *Veja* reported that the Brazilian government refused visas to the U.S. detectives on the grounds they "would trouble the lives of Brazilians." The U.S. police reported, "The CIA did not want to cooperate with us in any way. . . . Nor did the State Department collaborate when the investigators wanted to go to Brazil to hear witnesses."

The big question opened up by the arrest of cocaine trafficker Jairo Guinoza is whether Brazilian authorities will follow through on their leads, although it may "trouble the life" of some "untouchable" Brazilians.



# Will Mexico's next President be chosen by Harvard?

*Marivilia Carrasco Bazua is the secretary general of the Mexican Labor Party.*

**EIR:** Within about three months, the ruling PRI party's candidate for President of Mexico in 1988 will be announced. Can you explain the importance of this choice?

**Carrasco:** The next President of Mexico, if he succeeds in taking office peacefully, will face the most critical situation, in the economic, political, and national security domains, that any President has faced since the founding of the political system in 1929.

The great responsibility which the candidate selected by the PRI will face, will be to uphold Mexico's constitutional order, territorial integrity, and democratic life. This will be impossible if the country is not rescued from the bankruptcy into which it has been thrust by the criminal conditions of the International Monetary Fund. His first task will be to throw out on the street the corrupt bureaucracy of the Banco de Mexico, presently run by its director, Miguel Mancera Aguayo, the country's financial czar, and to decree emergency economic measures to get the productive capacity moving again, which has been paralyzed for the past five years. To do all this, the country needs a leader, not an administrator, who will take up again the principles of the Mexican Revolution with Venustiano Carranza: "The Mexican Revolution, must be a Latin American revolution."

**EIR:** How is the President selected? Could you describe the Mexican political system in this respect?

**Carrasco:** The Mexican political system arose in 1929 with the creation of the National Revolutionary Party, the forerunner of the Revolutionary Institutional Party (PRI), which brought together all the factions—good and bad—after the revolution of 1910-17. According to the official history, this formula of unity between the revolutionary forces and the oligarchy—which had lost the war—was what pacified the country. The fact is that this "pacification" was a kind of coup d'état, run by a Mussolinian-corporatist faction, headed by Plutarco Elias Calles, President of Mexico from 1924 to 1928. The origin of this system was not the creation of a

coalition of nationalists and conservatives to take turns in power, as supposedly the Republicans and Democrats alternate in the United States. A system was imposed to keep at bay *any* revolutionary political force that might try to take the general principles of the Constitution of 1917 to their ultimate conclusions, basically to bring about the sovereign industrial development of the country. From then until now, every presidential succession has been the result of the tug-of-war between political factions. The Callist Presidents have been administrators of the monetarist mafia of Wall Street, within the limits imposed on them by the institutions of the Mexican Revolution and the immense patriotic tradition of the population. The Callists committed many atrocities, but they were never able to change the Constitution, in particular Articles 30, 27, 28, and 123, which establish the concept of democracy, the fact that the natural resources of the soil and sub-soil belong to the nation, and state direction of the economy, and labor law.

Only three Presidents—of those so far in power—have broken the rules of the game of the so-called "Mexican political system," imposed by Calles and the Wall Street bankers: Lazaro Cárdenas (1934-40), Luis Echeverría (1970-76), and José López Portillo (1976-82). Under these Presidents, we Mexicans wrested from the international usurers, among other things, our petroleum, the Agrarian Reform, and our banks, although the latter for only a very short period. This explains the "mystery" which surrounds the selection of each Mexican President; whoever aspires to realize the constitutional project of developing the country by means of intrigue, under these rules of the game, has to keep it secret until he gets power. "Whoever moves too early, will not come out in the photo," goes a Mexican saying popularized by the politician who is the shrewdest operator of the Mexican system, Fidel Velázquez, the octogenarian leader of the powerful Confederation of Workers of Mexico (CTM).

**EIR:** Mexico has basically a one-party system, in which the presidential candidate of the PRI is considered a shoo-in. This has been much criticized from certain quarters in the United States who favor more "democracy." As the secretary

general of a small party, what is your view of these criticisms. Do you think Mexico should evolve away from single-party rule?

**Carrasco:** Absolutely not. I don't think the one-party system is Mexico's problem. The problem of democracy is that one of the central mandates of the Constitution has been violated, which establishes in Article 3 that ". . . democracy is not solely a juridical structure and a political regime, but a system of *life founded upon a constant economic, social, and cultural improvement of the people.*" My emphasis. Despite the deviations of "Callism" which I mentioned, for decades the immense majority of the population has voted for the government of the PRI, because, until the Miguel de la Madrid government, the PRI represented this impulse toward the constant progress of the country. Over the last five years in particular, this went into crisis definitively, because the government capitulated before the usurious international banks and accepted economic programs which set Mexicans' standard of living back 20 years. A period was inaugurated of *constant worsening* of the economic, social, and cultural conditions of Mexico's 80 million inhabitants. This would provoke a political crisis for any government in the world.

A great smokescreen has been thrown up from the United States in order to box in the nationalists not just of Mexico, but of Panama, Colombia, Brazil, Argentina, etc., who might sympathize with the President of Peru Alan García, and with the Democratic pre-candidate Lyndon LaRouche in the United States, who are convinced that the only way to develop the Ibero-American countries is to create a Common Market and to form an ad hoc monetary system to finance great projects in infrastructure and agricultural and industrial development. The campaign alleging that "Mexico is corrupt" or "Mexico is a communist dictatorship," has been orchestrated by the personnel of the now-famous Project Democracy, such as Sen. Jesse Helms, the Assistant Secretary of State for Inter-American Affairs, Elliott Abrams, and Oliver North, who, among others should be put on trial—and we hope they will be—for having tried to impose a dictatorial regime in the United States itself!

These U.S. forces go around supporting the Nazi-Communist opposition in Mexico, with the apparent purpose of bringing them to power, but in reality to strengthen the "Callist" group inside the government and to force the PRI *itself* to be the one that "reforms" the Constitution, liquidates the presidentialist regime, and eliminates the patriotic forces inside and outside the government. With the exception of my party, the Mexican Labor Party, the so-called opposition forces are nothing but an instrument of the drug-trafficking mafia, the U.S. State Department, and Moscow, whose *explicit* objective is to end once and for all the institutions of Mexico and particularly its presidential system. They don't want to run the risk that another Cárdenas, another Luis Echeverría, or another López Portillo could arise.

**EIR:** What are the principal issues in the 1988 presidential election? Will they be resolved in the next three months by the choice that is made, or will there be further debate between now and the election? Does Mexico have a "lame duck" period in which the outgoing President cannot initiate any policies of importance?

**Carrasco:** The main issues in the presidential election of Mexico are not very different from those of the presidential succession of the United States. Let us take, for example, the matter of national security. What will happen if Gorbachov succeeds in imposing a deal by which the United States pulls its troops out of Europe, in a New Yalta framework? The place where these troops will be deployed is Central America, on the border with Mexico, or some other country of Ibero-America. In the economy, for example, the U.S. government's support for the International Monetary Fund's policies has complicated the situation in the United States itself, because it has led to millions of unemployed seeking jobs, who emigrate to the United States because they can't make a living in their own countries.

The same thing can be seen with the AIDS pandemic. Mexican experts say that Mexico is three years behind the United States in the spread of the disease, with the dramatic difference that half, let me stress, *half* the population of Mexico is undernourished. In the last four years, the epidemics of malaria, scabies, and dengue have gotten out of control, and leprosy has reappeared. Public health conditions are accelerating the threat of AIDS in a frightening way. If that weren't enough, under such conditions of crisis, the Soviets are deployed in an irregular war against the continent's governments, including Mexico, with troops of narco-terrorists to provoke coups d'état. Whoever is elected the PRI's presidential candidate cannot avoid these questions and the economic problems during his campaign.

Even before the new President takes office, in September of 1988, not only Mexico, but also Argentina, and Venezuela, at least, will be incapable of paying the service on their foreign debt. This situation may totally change the course of events. As far as a "lame duck" period is concerned, that depends on the President. Luis Echeverría and López Portillo refused to play the "lame duck" at the end of their terms, and took the most far-reaching decisions at the eleventh hour, exerting their power of government right up to their last day in office.

**EIR:** There is a saying, "Poor Mexico, so far from God and so close to the States." The U.S. presidential elections are in 1988, like Mexico's. Can you say what the impact of the U.S. presidential race will be on Mexico's, and perhaps vice versa?

**Carrasco:** The real saying should be, "Poor Mexico, so far from God and so close to Harvard," because the present generation in the government was all trained there. Their

tendency is to adapt to the strategy of the New York Council on Foreign Relations.

However, there are great expectations among Mexicans around Lyndon LaRouche's electoral campaign. The LaRouche revolution has had a singular impact on many Mexican political sectors who see LaRouche as the only hope of changing the disastrous foreign policy of the United States. The selection in Mexico of a candidate capable of confronting the Wall Street banks, will influence the LaRouche campaign in an important way, no doubt about it. Likewise, the LaRouche campaign, and in particular, his celebrated *Operation Juárez*, has had broad impact on the debate around the Mexican succession. Beyond these processes, the influence and impact of the United States on Mexico is always very great, and in the hands of clowns such as Elliott Abrams, there is no hope that relations between the two countries will improve.

**EIR:** Please name the principal contenders for the PRI nomination, and tell us as much as possible about each of them. The Wall Street press seems to have supported several different ones, at different times. Are only members of the Cabinet *presidenciables*?

**Carrasco:** Wall Street has various cards up its sleeve, and its hands in all the sleeves of the Cabinet of Miguel de la Madrid; Interior Secretary Manuel Bartlett Díaz and Secretary of Planning and Budget Carlos Salinas de Gortari are its favorites. They are two heads on the same Trilateraloid hydra.

Carlos Salinas de Gortari represents the "Harvard Boys" of Samuel Huntington. He is the founder of the "Centro Tepoztlán," the Mexican branch of the Trilateral Commission, together with other lesser presidential contenders in the Cabinet such as Manuel Camacho Solís, Secretary of Urban Development and Ecology, who controls the "Greenies" of Mexico from behind the scenes. The role of Camacho is to condition the candidate of the PRI, so that he will eliminate the country's nuclear development program. To this group belongs as well Health Secretary Guillermo Soberón Acevedo, who acts as the priest of the gnostic meetings of Aztec fundamentalists held in the "Centro Tepoztlán." They are the ones pushing the "structural change" to turn Mexico into an appendage of the U.S. post-industrial economy under a bucolic, stupefied society, with emphasis on the creation of Hong Kong-style sweat-shop factories and labor-intensive projects, which is a euphemism for World Bank slave labor. However, these present their program in the style of Gorbachov's *perestroika*. They figure as the "left" wing of the game.

On the "right" is Manuel Bartlett Díaz, and his team trained at Oxford and the Sorbonne. His "card" for dealing with Wall Street is that he is the shrewd "politician" to make the Mexicans keep swallowing the same hateful medicine of

Salinas de Gortari and the International Monetary Fund. Bartlett Díaz is the epitome of "Callism"; his function is to control the political groups of right and left, whose efforts converge on liquidating the presidential system, and setting up parliamentary cretinism. These are the equivalents of Robert McFarlane, who want to do away with a federal republic in the United States. They are extraordinarily dangerous and unscrupulous men. Bartlett is backed by the old Nazi drug-running mafia associated with ex-President Miguel Alemán [1946-52]. Bartlett would mean, among other things, a re-run of the attempt by Plutarco Elias Calles, at the end of the 1920s, to "Protestant-ize" Mexico following the imperialist schemes of the wretched Theodore Roosevelt. This policy led Mexico into its second civil war of this century: the Cristero Rebellion of 1927. Roosevelt was the U.S. President who proclaimed the imperial policy against Ibero-America under the battle-cry of finishing off the Catholic Church and replacing the Catholics with "other Christians" to dominate the continent. This policy today continues on a forced march in Mexico under the aegis of Bartlett.

The other strong candidate is Alfredo del Mazo, the Secretary of Energy, Mines and Semi-Public Industry. His program is a variant of the same post-industrial society, although in contrast to the other two, it seems that the bankers are not sure they could control him through byzantine maneuvers, probably because he has had to defend the only nuclear plant in Mexico, Laguna Verde, whose opening is under fire from the environmentalists backing Salinas de Gortari and Manuel Bartlett.

Others mentioned as pre-candidates are Public Education Secretary Miguel González Avelar, and the Regent of the Department of the Federal District, Ramón Aguirre Velázquez, who are considered to be available in case the three frontrunners get knocked out by the maelstrom of the crisis enveloping the country. In that case, their programs are a question mark.

The tradition is that the *presidenciables* all come from the Cabinet of the incumbent President, and it does not appear that this election will be any exception. But the leader of the big labor confederation CTM, Fidel Velázquez, who represents the political muscle behind the nationalist, pro-presidential system faction, has said that the only requirement of the next President is that he be a patriotic Mexican. We ourselves second that.

**EIR:** How do you rate the presidency of Miguel de la Madrid?

**Carrasco:** I only want to add two things to what I have already said: that he still has the opportunity to oust Miguel Mancera from the Banco de Mexico; in the year-and-a-half of government remaining to him, he can still do many things for the good of the country. *And* finally, we hope that he will know how to choose his successor well.

# Euthanasia lobby seeks new victims

by Barbara Spahn

“Once again, there are powerful forces in society that are threatening human life. Euthanasia, mercy killing out of supposed pity, is again, terrifyingly, a frequently recurring word and finds new misguided defenders.” With these words, Pope John Paul II commemorated the brave resistance of Cardinal von Galen against Nazi euthanasia policy.

For two reasons, this subject has the greatest immediacy. First, cultural pessimism has spread through all the Western industrial nations. Everywhere organizations that propagate active and passive euthanasia have sprung up like mushrooms. Their perfidious propaganda puts forward a right to determine one’s own death, a right to suicide, as the essence of freedom. Thus the German Society for Humane Death publishes a book with “fail-safe” instructions for killing oneself, which was edited by its counterpart organization in England. The American branch of this “humane death” outfit is called the Hemlock Society; the question is whether they intended to give the mistaken impression that Socrates committed suicide, or whether this reference to Socrates’ death by the poison cup is meant to be an evil omen for the ever more numerous victims of euthanasia.

Second, these people increasingly bring up the euthanasia “solution” to the problem that with AIDS, we are moving toward health-care costs of unimaginable magnitude. In only a few years, expenditures for health services will double. Simultaneously, the age groups most critical for the productive process will be the hardest hit by AIDS. Thus while the need for health services will grow, the economy will drastically shrink. All those who reject sparking an economic recovery by reorganizing the world monetary system, fall into—wittingly or not—the barbaric decision of eliminating on, “cost-benefit” grounds, those “incurably sick with AIDS” as “useless eaters” or “lives not worth living.”

It comes as no surprise that Julius Hackethal, a leading German advocate of euthanasia, grandly announced in the daily *Bildzeitung* on May 6, “Euthanasia with AIDS is not a taboo for me.” Earlier, in December 1985, the Dutch physician and spokesman for the euthanasia movement Dr. Pieter

Admiraal said in a newspaper interview: “The AIDS epidemic will claim many victims; why do we not grant them release from a terrible death?” He added: “I believe that the AIDS problem will check the resistance to euthanasia.”

In April, the director of the AIDS Department of the Amsterdam University Hospital announced that 11 of the 97 patients—over 10%—who had died of AIDS in the Netherlands have been “killed on request.”

However horrifying this is, the total extent of the practice of euthanasia in the Netherlands is far worse. Although the Dutch still boast of their resistance against the Nazi Occupation, it is a generally accepted fact that each year between 8,000 and 10,000 human beings die by euthanasia. Opponents of this policy suspect that the number is actually 16,000, of which at most 2,000-3,000 cases represent people who actually want to die.

Although euthanasia—death on demand—is still against the law in Netherlands, no charges were filed against any of the doctors, such as Dr. Admiraal or Dr. Danner, who openly confessed to having performed active euthanasia. In August 1985, a government commission published guidelines specifying the conditions under which euthanasia is exempt from punishment. These stipulate that 1) the patient must be at the end of his or her life; 2) there is no chance of a cure; 3) an additional doctor is consulted; and 4) the district attorney is informed. In the Netherlands, a law legalizing euthanasia is very close to passage.

This creation of a legal grey area for transforming prevailing legal principles, is what the Federal Republic of Germany’s euthanasia lobby would like to emulate. Dr. Hackethal tested the waters on June 10 with his announcement of killing a young paraplegic woman—that is, he wished to have the de facto repeal of Article 216 of the Criminal Code, dealing with “Death on Demand.” He has had, up to this point, no success in this effort. In 1984, after Hackethal had killed cancer victim Hermy E. with potassium cyanide, the Traunstein attorney general launched an investigation and filed charges against him in 1986. But on Dec. 20, 1986, the district court in Traunstein refused to open the case against Hackethal. After this most unusual ruling, the First Criminal Division of the Superior Court must decide whether it will bring Hackethal to trial or whether the euthanasia lobby will get off scot free.

## ‘Pluralism’

Exemplary of the thinking in Holland that has led to the de facto legalization of euthanasia, is a statement of principles by the Royal Netherlands Medical Association (KNMG) in 1984—the Dutch equivalent of the American Medical Association—avowing that: “The central committee expressly emphasizes to its membership that it is not its purpose to debate the permissibility of euthanasia, since, in a pluralistic society such as our own—including medical groups—

thoughts and ideas on this subject will always differ. . . . The commission and the central committee assume in their remarks *that euthanasia is practiced.*" The statement even goes so far as to call upon doctors who reject euthanasia on principle or with other well-grounded arguments to allow their patients to seek another doctor! Patients can be killed on demand if it is their free decision, if their suffering is unbearable and hopeless, and the decision is irrevocable. On the other hand, it is irrelevant whether or not the patient is already dying.

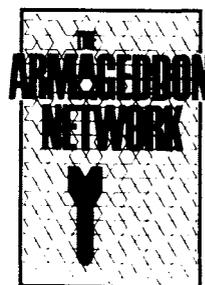
Meanwhile the discussion in the Netherlands has centered on the question, not of whether death on demand should be legalized, but rather of who must die by euthanasia: patients in a coma, babies born with birth defects, AIDS patients, Alzheimer patients, old people? Dutch euthanasia advocate Eugene Sartorius in early July told the *Los Angeles Times*, that based on the growing ratio of elderly people in the population and rising health-care costs, "in the next 30-40 years not everyone can be treated," and hence euthanasia for Alzheimer patients "for purely economic arguments must be accepted."

In April, the Netherlands Humanistic Study Center wrote, in a report on euthanasia for coma patients, "Death can merciful. In the first place, for the suffering person himself, but also for those around him who suffer with him." Euthanasia could also be practiced on economic grounds. The report goes on to say that, if it is "unlikely" (hence, not totally excluded) that a coma patient will awake, then his existence would be "unworthy of a human being" and the decision must be made in the interest of the majority of those affected.

### Death cult for AIDS sufferers

The German AIDS Support, Inc. is the newest branch of the euthanasia movement in West Germany and sends homosexuals suffering from AIDS into various seminars on dying. In its publication *Positiv*, of October 1986, the Frankfurt AIDS Hilfe reported on a several day meeting with the notorious Elisabeth Kübler-Ross, who has for years glorified the cult of death. The seminar was a kind of brainwashing and conditioning session to wish for death. The description of the proceedings is grotesque: Through "smashing telephone books into pieces, twisting towels," the poor participants were to abreact against worldly aggressions. From the "loving transformation to kisses," the brainwashes then proceed to spiritual things and the devotion to death then becomes a "high" experience. Orwell could not have thought of anything worse. Had the homosexuals themselves desired such a fate?

In view of the hysterical rejection of public-health measures for the control of AIDS from the homosexual lobby, Dr. Gert Früssner wrote in the *Süddeutschen Zeitung*: "If I did not experience daily the stupidity and illogic of the arguments of the representatives of the high-risk groups, as well as their fanatical imperviousness to facts, I would have to believe in a holocaust sanctioned with a cold intellect."



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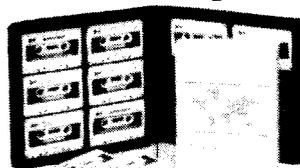
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## Book Review

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# Narco-terrorism seen as Soviet biochemical warfare

by Jeffrey Steinberg

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### **America the Vulnerable**

by Joseph D. Douglass, Jr. and Neil C. Livingstone  
D.C. Heath and Company, Lexington, Mass.,  
1987  
204 pages, illustrated, \$19.95

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If they had accomplished nothing more than to present the available evidence of Moscow's hand behind the current global plague of narco-terrorism, authors Joseph D. Douglass Jr. and Neil C. Livingstone would have made a timely and worthy contribution to the public literature on Soviet irregular warfare. Fortunately for an American public poorly informed and even at times badly misinformed on the current Russian Bolshevik regime's drive for world empire, the authors of *America the Vulnerable* have gone well beyond the issue of narco-terrorism and presented a terrifying and apparently accurate picture of a United States and NATO alliance poorly equipped to deal with a broad range of new Soviet biological and chemical weapons systems.

The vast majority of these weapons systems require no ICBMs or long-range strategic bombers to deliver their deadly payloads to America's and Western Europe's major population centers and defense installations. If the authors are correct—and this reviewer has no basis for challenging the accuracy of much of the evidence presented—then the Soviets already have in place, deep inside “enemy” territory, stockpiles of chemical, biological, and toxic weapons, ready on a moment's notice to be unleashed by “sleeper” agents long penetrated into the American and European populations.

Drawing upon debriefings of high-ranking Warsaw Pact defectors, Soviet as well as Western published source materials, and the authors' own extensive backgrounds in Soviet military affairs, Douglass and Livingstone have added an important chapter to the mounting public evidence that Moscow's military planners have gone beyond the “ultimate weapon” (i.e., thermonuclear bombs) to develop sophisticated new arsenals of weapons that can be deployed under conditions of both irregular and regular war.

### **Soviet CBW doctrine**

As a whole, *America the Vulnerable* provides an informative chronology of the Soviet integration of biological, chemical, and toxic weapons—including narcotics—into the Warsaw Pact order of battle.

Beginning in the late 1950s, the Warsaw Pact command already began referring to nuclear AND chemical weapons as “weapons of mass destruction.” By 1961, intelligence gathering on Western research and development advances in biological and chemical warfare was defined as a first order priority for both the KGB and the GRU. Thus, by 1964, Marshal A.I. Antonov, then chief of staff of the Warsaw Pact, referencing the emerging prospect of long-term nuclear disarmament, and citing the uselessness of nuclear weapons in dealing with an adversary like the Peoples Republic of China with its vast territory and widely dispersed population, called for an accelerated long-term program for the development and deployment of CBW (chemical/biological warfare) as a cornerstone of Warsaw Pact strategy at every level of engagement from global war to individual cases of “wet” activity (assassinations).

A year earlier, CBW had already been prescribed as “the best route” for seizing Western Europe while keeping industry and infrastructure intact.

A 1967 Warsaw Pact secret planning document, “Long Range Plan for the Next Ten to Fifteen Years and Beyond,” which reflected already the emerging role of Yuri Andropov, just named head of the KGB, specified the use of chemical weapons in combat areas and the exploitation of biological weapons in non-combat areas. By that point, the Soviets had already conducted their first Warsaw Pact-wide maneuver, Voltavia, using CBW capabilities, and had already begun delivery of biological and chemical warfare agents to Soviet client states in the Third World.

Indeed, according to the authors, once Moscow confirmed that Israel had obtained nuclear weapons (with the “plausibly denied” approval of then President Lyndon B. Johnson) in 1967, the U.S.S.R. made CB weapons and training a prominent feature of its military assistance to Iraq and other Arab states.

By 1976, Western military analysts had confirmed that all Warsaw Pact forces were equipped and trained to fight in an environment saturated by chemical and biological weapons.

On a parallel track, by no later than 1970, Dr. Joshua Lederberg, a prominent American scientist, was warning publicly of the mounting threat posed by biological weapons. Indeed, according to Congressional testimony in May 1980 by an East bloc scientist who defected to Western intelligence, Mark Popovskiy, by no later than 1975, under the supervision of Dr. Yuri Ovchinnikov of the Soviet Academy of Sciences, the Russians were engaged in extensive research on genetic engineering, neuropharmacology, and biological and toxic incapacitants.

By 1977, the Warsaw Pact had already conducted maneuvers based on a takeover of the port of Copenhagen, in which the initial phase of the invasion was a Soviet spetsnaz (special forces) unleashing of biological incapacitants that temporarily knocked out the entire population of the port area of the city, permitting an unchallenged Soviet occupation.

Two years later, as the result of an accident at a biological warfare facility near the Soviet city of Sverdlovsk, somewhere between 200 and 1,000 local residents died from exposure to a deadly cloud of anthrax.

Despite these Soviet advances in the sphere of CBW, in December 1969, President Richard Nixon announced that the United States had unilaterally destroyed all its stockpiles of biological weapons. By 1974, the Chemical Corp of the U.S. Army was officially disbanded. What happened?

According to the authors, a sophisticated Soviet double agent operation centered around a former Russian official at the United Nations, code named "Fedora," had convinced first J. Edgar Hoover, and then President Nixon and his national security advisers that the Soviets were alarmed at the continuing American and NATO work on biological and chemical weapons, and that the Warsaw Pact was "about to launch" a major effort to close the "CBW gap." Anxious to establish momentum on the issue of nuclear disarmament, Nixon, apparently at the strong urging of Henry A. Kissinger, decided to take the unilateral action—without awaiting full verification of the "gap."

### **Narcotics as CBW**

Apart from *EIR*'s own published work on the role of the Soviet bloc in fostering mass drug addiction in the West and then building an international narco-terrorist irregular warfare force, *America the Vulnerable* provides the most comprehensive profile of this vital element of Soviet CBW available to the public.

Indeed, author Douglass, in several earlier articles, as well as in a lengthy chapter in the present book, traces the communist role in the drug trade back to the late 1940s, when the Maoists unleashed a flood of Golden Triangle heroin and opium on American and other western troops sent into Korea

under the United Nations mandate. At that time, the Soviets, Czechs, and North Koreans conducted a comprehensive joint study of the effects of this drug addiction on the combat effectiveness of the Western troops.

According to the testimony of Col. Jan Sejna, the former Secretary of the Czech Defense Council who defected to the West in 1968, Nikita Khrushchov convened a secret meeting of top Warsaw Pact officials in 1962 to praise Mao's Opium War policy and to order Soviet bloc intelligence services to jump into the fray "to accelerate the process of demoralization of Bourgeois Society," particularly by attacking U.S. youth and the American work ethic.

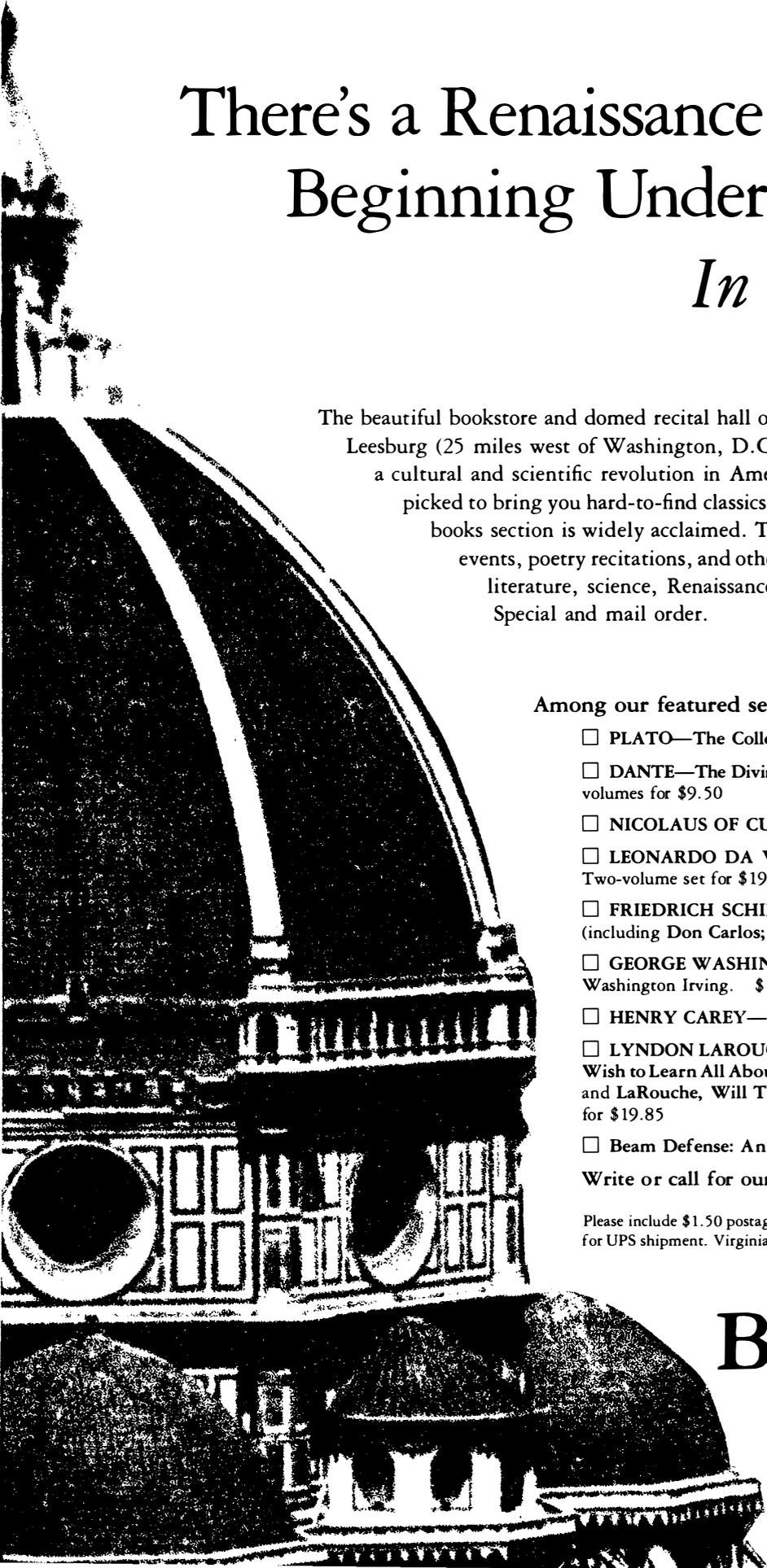
Already, in the summer of 1960, Raúl Castro, the defense minister of Cuba, had been brought to Prague and had come away with a commitment from Czech intelligence to help train and direct the newly formed DGI. One quid pro quo was that Cuba would become a center of East bloc narco-subversion of the United States. Toward this end, under the initial guidance of Czech intelligence, and, later, under the tight supervision of the KGB, the DGI assembled detailed blackmail dossiers on criminal networks, corrupt public officials, police, and military personnel throughout Ibero-America. Cuban agents, over a period of years, penetrated into all of these circles—even those apparently "ideologically" hostile to the Cuban communist regime. Through this process, according to the authors, Cuba and Bulgaria (through its state export-import complex Kintex) are today at the center of the international illicit drug trade and the spin-off structure of international narco-terrorism.

### **Key issues overlooked**

The book has its flaws. As with many of the books proliferating these days on the subject of international terrorism, it leans in the direction of "Israel can do no wrong" in a way that does a disservice to the otherwise quality treatment of Soviet methods and objectives.

At other points along the way, the authors also find themselves resorting to rather superficial attempts to explain Soviet motives through the standard formulas of Marxist-Leninist doctrine. Unfortunately, this oversimplification was most visible in the otherwise extremely important chapter on "Chemical War with Drugs and Narcotics." My guess is that the authors, in an effort to maintain a simple continuity of message, decided to ignore the thorny issues of the western Trust networks, and particularly the role of the Bertrand Russell apparatus, in fostering the drug counterculture from within Western civilization.

And finally, in what can only be described as a conclusion born out of pure frustration at the failure of the Reagan administration's once vaunted War on Drugs, the authors, in the concluding chapter, join the ranks of those who would legalize drug use as a means of removing the profit incentive from the traffickers. So much for Khrushchov's accelerating the collapse of Western society.



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# Moscow's meddling threatens the disintegration of Yugoslavia

by Luba George and Konstantin George

The Balkan nation of Yugoslavia is gripped by a devastating economic crisis, and raging Albanian-ethnic separatist disorders in the Autonomous Region of Kosovo, part of Serbia. The related crises of economy and ethnic separatism have reached proportions threatening Yugoslavia's national existence, and the gravity of the crisis is being publicly acknowledged by the Yugoslav leadership.

At the end of June, the national Communist Party paper *Borba* wrote that, unless something is done soon about Kosovo, "part or the whole of Yugoslavia could turn into another Lebanon" or "another Cyprus." Kosovo could become "another flash point of clashing interests in the Balkans between the blocs and between some [of Yugoslavia's] neighbors." This theme was echoed in a commentary by the Slovenian party paper, *Delo*. Referring to the beginning of Kosovo's troubles with Albanian separatist riots in 1981, *Delo* wrote, "The events in Kosovo touched off the longest and deepest crisis in the history of the new Yugoslavia."

On June 26-27, there was an emergency two-day Yugoslav Central Committee Plenum called to deal exclusively with the crisis in Kosovo. The Plenum drafted measures to attempt to reverse the cumulative effects of six years of highly organized Albanian separatism, steered from neighboring Stalinist Albania with the aim of incorporating Kosovo into a "Greater Albania." The terrorism has involved systematic violence—murder, rape, and beatings—against the region's Serb and Montenegrin minorities. These minorities comprised more than 20% of Kosovo's population in 1981, but the terror has caused a heavy migration, reducing Serbs and Montenegrins to about 15% of the population at present. As the Yugoslav press has repeatedly stressed, the reign of terror has been abetted by means of massive separatist infiltration at all levels of the region's party, government, police, and secret police apparatus.

In Kosovo itself, the Socialist Alliance of Kosovo recently held its 17th local conference, where delegates warned that the continuing exodus of the non-Albanian minorities threatens to produce a civil war situation. "The people of Kosovo do not want civil war, but those who brought us to

this situation do," one delegate said.

The plenum's opening speech was delivered by Marko Orlandic, a Montenegrin member of the Central Committee presidium, who said that the situation posed a "serious threat to the stability of Yugoslavia." He stressed the need to eliminate the "pronounced differences between the leadership of the republic of Serbia and the leadership of Kosovo." Orlandic blamed the increase in "illegal counterrevolutionary activities" on Albanian interference, declaring that the party "will resolutely prevent Albania or anyone else from interfering in Yugoslavia's internal affairs . . . under the pretext of concern over the allegedly endangered position of the Albanian nationality in Yugoslavia."

The 165-member Central Committee formally reached a consensus that Kosovo was Yugoslavia's "gravest moral, social, and political problem." They adopted measures banning any further emigration of Serbs and Montenegrins, declared that everything necessary would be done to restore law and order in the region, and that the party, government, and police forces of Kosovo would be purged of Albanian subversives.

Few Yugoslavs, however, have any confidence in the effectiveness of these measures.

## IMF austerity and fragmentation

Underlying the separatist crisis is a devastating economic crisis. At the central committee plenum, a large part of the blame for the unrest in Kosovo was placed on the lack of party unity, which has hindered measures linking Kosovo's economy with the rest of Yugoslavia. The real unemployment rate is almost 55%!

Yugoslavia's foreign debt stands at \$23 billion, and under conditionalities imposed by the International Monetary Fund, no net Western credits have been supplied to Yugoslavia since the early 1980s. The conditions for even periodic debt roll-over arrangements have been severe austerity. This has included the enforced closing of numerous "unprofitable" industrial enterprises, generating high unemployment nationwide. Under IMF-dictated wage austerity, real wages

have dropped substantially, to a point where most working-class families can no longer make ends meet.

In short, since the early 1980s, living standards have collapsed. In the same time frame, new industrial and infrastructural investments have fallen sharply, hitting the more backward eastern regions of Yugoslavia especially hard, such as Serbia, Montenegro, Macedonia, and, of course, Kosovo, which has the highest unemployment rate in the country.

This year, under IMF dictate, Yugoslavia passed a draconian wage law, and a bankruptcy law, which—slated to take effect July 1—is aimed at accelerating the closing down of “unprofitable” enterprises. According to the Belgrade tabloid *Vecernje Novosti*, the new bankruptcy law will affect the 7,031 enterprises that are reported to have suffered losses in the first quarter of the year. This threatens at least 1,600,000 workers!

According to a Yugoslav source, it is certain that the new law will *not* result in the closing of over 7,000 enterprises, but conservative estimates do suggest that at least 200 enterprises, employing some 31,000 workers, will be closed in the immediate future.

In early March, the introduction of the new wage law—pegging wages to productivity—triggered the country’s largest strike wave of the postwar period, involving at least 420 strikes and 60,000 workers.

### **Army takeover not excluded**

The Kosovo crisis has brought the Serbs (Yugoslavia’s largest ethnic group, comprising some 40% of the population) to the boiling point. This situation has very important institutional ramifications, for the Serbs also comprise roughly 75% of the Yugoslav Army’s officer corps, and almost all of the military high command. Beginning in March, calls for the Army to take over in Kosovo began in earnest.

In a March interview with the German weekly *Der Spiegel*, then Yugoslav President Mikulic (Yugoslavia alternates its President every year) raised this prospect himself, warning that if Yugoslavia’s “constitutional order” were threatened, the government would use “all means” at its disposal, adding: “And that includes the Army.”

### **Moscow fishing in troubled waters**

Beginning in mid-June, another element—the Soviets—was added to the Yugoslav crisis, threatening to turn it, in the not-too-distant future, into a full-blown strategic crisis. This occurred through a signal article in the June 17 *Izvestia*, hinting not too subtly, at the possibility of future Soviet intervention into the Yugoslav crisis.

*Izvestia* focused on the Yugoslav economic crisis, and, then using language not heard since the Polish crisis of 1980-81, warned that “anti-socialist elements, steered from the outside . . . are actively trying to rip up the authority of the Communist Party of Yugoslavia.” The concluding passages were even blunter: “Today, as never before, the question is

sharply posed, whether Party unity can be maintained. Things have to be done, and done quickly. It’s not hours, but minutes that count.”

Significantly, the *Izvestia* article directly preceded the arrival in Belgrade of Soviet Foreign Minister Eduard Shevardnadze, and left little doubt as to the real agenda of that visit.

The Yugoslav crisis was again spotlighted in *Pravda* on June 29, in an article on the Yugoslav Central Committee Plenum, emphasizing the “threat to stability” caused by the Kosovo crisis. “Measures taken to date” by Belgrade have been “ineffective.” There has “not been a united view on solving the problems in Kosovo,” and as a result, “instability continues in the region.” *Pravda* cited the worries expressed at the plenum that “especially young people . . . are most influenced by [Albanian] nationalist forces . . . and support them.” *Pravda* also reported that Yugoslavia’s highest unemployment rate was in Kosovo, and finally, reported that the plenum “resolved to study the question of some of the former leaders of Kosovo . . . and their responsibility for the political course leading to 1981.”

The new Soviet media line on Yugoslavia coincides, not by chance, with an emerging pro-Moscow Balkan axis, comprised of Greece (nominally a NATO member), Bulgaria, and Albania. The axis is directed against NATO member Turkey and neutral Yugoslavia. The Greek-Bulgarian axis can be formally traced to last year’s signing of a non-aggression pact by Greek Prime Minister Andreas Papandreu and Bulgarian leader Todor Zhivkov. The pact contained secret clauses for political-military consultations in the event of “crisis.” Directly following the Yugoslav Plenum, the Greek chief of the general staff, Air Vice Marshal Nikos Kouris, flew to Bulgaria for secret talks at the Bulgarian defense ministry July 1-2. On July 15, Papandreu will travel to Bulgaria to meet with Zhivkov in a town near the border.

The “silent partner” in this axis is Albania. Greece’s treachery to NATO has freed Albania’s “rear,” while Albania directs subversion in Kosovo.

Largely unknown in the West, but very prominent in the minds of the Yugoslav military, is the fact that neither Bulgaria or Albania has ever terminated their 1947 military alliance, an alliance directed at only one “enemy,” Yugoslavia.

The Yugoslav military command is quite aware that the ultimate author of these intrigues is Moscow. On June 27, Yugoslav Admiral Simic delivered a speech to the assembled Central Committee, warning that “any hesitation” in cracking down in Kosovo “would be intolerable.” Simic further warned: “In the plans of those who make military exercises in this part of Europe [the Warsaw Pact], Kosovo is envisaged as the point of departure for the disintegration of Yugoslavia.”

Moscow has something to ponder. As the Axis powers of World War II (which included Bulgaria) learned the hard way, intervening in Yugoslavia can get one stuck in a hornets’ nest.

# House of Windsor's masonic cult scored

by Mark Burdman

The first political explosion after Britain's June 11 national elections came on a surprising flank. A Church of England working group headed by Exeter University professor Dr. Margaret Hewitt issued a discussion paper that had taken two years to prepare, the essence of which is a stunning denunciation of the cultish, anti-Western belief structure of British freemasonry. The report reopens political warfare against the House of Windsor, especially at a moment when the Windsors are already being embarrassed by revelation after revelation in the British press about the degenerate behavior of the family's younger generation.

As the *Daily Telegraph* pointed out June 19, "Freemasonry has had strong royal links almost from its beginning." Indeed, June 24, 1987, is the 270th anniversary of the founding of the Mother Grand Lodge of the Order of Freemasonry in 1717. Even if the ensuing history of freemasonry has been complicated by "infiltration" efforts by republicans like Benjamin Franklin, the founding of the Mother Grand Lodge was inextricably tied up with the post-1714 victory of the House of Hanover/Windsor over republican currents represented by Jonathan Swift and Gottfried Leibniz.

Today, the foremost Master of what is now called the United Grand Lodge, is the royal family's Duke of Kent. The June 19 *Daily Express* stressed that the Church of England report "will come as a blow to the Duke of Kent." Commander Michael Higham, Grand Secretary of the United Grand Lodge and aide to the Duke of Kent, said: "We were not expecting this at all. . . . It is disappointing that Grand Lodge was not offered a chance of replying to the accusations before the report was published."

An individual involved in preparing the Church of England report, told *EIR* that the freemasonry's link with the monarchy "is particularly interesting. . . . The Queen, after all, is Supreme Governor of the Church of England. She should be raising her eyebrows, when the Church Synod debates the freemasonry, whose head is her cousin!"

On a second level, perhaps even more profound in potential consequences, the Hewitt report directs attention to one of the core components of what has come to be known as the ideology of the anti-Christian "New Age."

"In Christian theology," Hewitt et al. state, "the name of God must not . . . be replaced by an amalgam of the names of pagan deities." Yet, in freemasonic ritual, they note, a compound name for God is used, derived from combined

Chaldean, Hebrew, Syriac, and Egyptian words for the Supreme Being. This, the report charges, is blasphemous.

Especially by bringing the question of Chaldean and Syriac elements to the fore, the working group has identified that British freemasonry is a continuity of the ancient practices of the "Magi" who ran, from the inside, the empires of Babylon, Assyria, etc. Chaldean-Syriac hocus-pocus was later at the core of the Roman imperial army's Cult of Mithra, and has been at the core of all Mithra-like cults since that time, including the Mithraic components of the pagan "Matushka Rus" belief-structure in Soviet Russia today.

In fact, all "New Age" cults ultimately derive their ideas from these Near Eastern practices; the "New Age" is as old as the hills. The main British proponents of "New Age" beliefs in recent decades—classical translator and poet Robert Graves, historian-philosopher Arnold Toynbee, satanist Aleister Crowley—have all based their ideas on such Syriac-Chaldean "Magi" roots, whether or not all of these individuals were practicing freemasons. Many of these same individuals, like Graves and Crowley, were so intertwined with the evolution of the "drug culture," that the House of Windsor relations to freemasonry, might give pause to those media magnates who find *EIR* founder LaRouche's allegations about the Windsors and drugs, to be a cause for derision.

The Church of England group takes the polemic one step further, emphasizing that the core of freemasonry is trickery: The language used in rituals is similar to that used in Christian liturgy, but omits all mention of Christ. This "would appear to be a denial of divinity of Christ."

## 'Reprehensible, offensive, positively evil'

Exacerbating the problem, the secrecy surrounding freemasonic rituals must necessarily arouse constant suspicion: "Is it right to expect Christians to swear on the open Bible that they will not reveal the secrets of an organization whose rituals clearly state that they will only be received when the candidate has accepted the obligations of membership? . . . To have to pretend that the Holy Name is the property of an exclusive, explicitly non-Christian society, and to swear on Holy Writ not to reveal it to others, is at best absurd, and might deservedly be labeled both reprehensible and offensive to the Christian conscience."

Also: "From the evidence we have received, it is clear that some Christians have found the impact of Masonic rituals disturbing, and a few perceive them as *positively evil* [emphasis added]." To emphasize the latter point, the report quotes from traditional freemasonic oaths, which define the punishment meted out to those who reveal secrets of the freemasonic rites: "My throat cut across; my tongue torn out by the root and buried in the sand of the sea at low-water mark; being severed in two; my bowels burned to ashes, and these ashes scattered over the face of the earth."

The essence of all this, as emphasized by the British press, is that the report is establishing the blasphemy and heresy of the core of British freemasonic beliefs.

## After the Weizsäcker fiasco

*Diplomats and the media are attacked for covering up what Moscow is really doing.*

A useful by-product of the Moscow visit of State President Richard von Weizsäcker is that, even for appeasement elements here, the discrepancy between the groveling of the German delegation and the clubs and kicks the Soviets used against them could not but be noticed. Thus, the conservative Bonn daily, *Die Welt*, wrote July 10 that *perestroika* (Russian for "restructuring") may mean a lot of things, but "definitely not freedom and more human rights." The newspaper expressed hope that "a lot of the past euphoria" over Gorbachov may now vanish.

The same day, the liberal *Frankfurter Allgemeine Zeitung*, used the term "attack" to describe the very rude treatment the Soviets gave the German delegation in Moscow. And the *Süddeutsche Zeitung*, a Soviet-leaning daily, stated in its lead editorial July 10, "After Stalin, Gorbachov may prove to be the toughest of all Soviet rulers." His remarks on Germany were a "mixture of warnings and threats," and there was no such thing as "special German presents" to be received at the Kremlin, as Weizsäcker came to realize.

Another extremely sober article appeared on page 1 of *Die Welt* on July 13, stating that the Soviets seem to have given up on Reagan and "are deliberating whether to wait for the next U.S. President" to be elected. No INF agreement, therefore?

The same day, a lead editorial in the *Frankfurter Allgemeine Zeitung* harshly attacked "The Big Silence" one finds when trying to trace down as-

pects of very real Soviet policy actions that are not talked about among Bonn's appeasement circles, "because they don't fit in the official picture of the new Soviet policy."

The specific affair referred to in this article occurred in mid-June, when Soviet ambassadors marched into the foreign ministries of all European NATO member-countries, to convey Gorbachov's ultimatum not to cooperate in the U.S. Strategic Defense Initiative, nor to initiate any other missile defense project. Moreover, as the *Frankfurter Allgemeine Zeitung* revealed, the government here gave orders to keep the affair secret: "The foreign ministry decreed that, for the time being, there should be silence on the incident."

Since, in the foreign ministry's universe, nothing can be that is not desired, namely, that under Gorbachov, too, the Soviet Union intervenes on arbitrary impulse with the same bullying impertinence as ever, the order was given: "Let us give no publicity to this Soviet outrage."

The affair was kept under total secrecy, through the cooperation of the media with the foreign ministry. The media includes the influential dailies quoted here, naturally.

But the events around the Weizsäcker visit caused fissures in this "pact of silence." "The case documents," the *Frankfurter Allgemeine Zeitung* came to realize, "that there is no institution of control for things occurring under the surface of German-Soviet relations." Instead, there is a "cartel of silence and appeasement that shapes

opinion on the Soviet Union here and elsewhere." It added that it is an "open secret in Moscow that numerous correspondents, especially those from West Germany, are bashed by their home editors, because they report too critically; what is requested, instead, is 'more positive coverage' of Gorbachov's reform policy."

Well said, and it is all true. For years and years, this magazine, *EIR*, has been largely the only one to call the Kremlin leaders by their real name, and to also attack the "cartel of silence and appeasement" that has come under long-overdue attack in the *Frankfurter Allgemeine Zeitung*.

A related change is visible inside the government. First, Chancellor Helmut Kohl's national security adviser, Horst Teltschik, stirred up the media, the appeasers, and the Soviets, when he reported some very basic and not even sensational facts on the Red Army's armaments policy. Teltschik said on July 8 that in spite of recent Soviet arms control proposals, the Red Army was increasing its nuclear missile forces, improving capabilities for precision targeting, building a new nuclear submarine every 37 days, and increasing its war-fighting capabilities in all weapons categories.

Teltschik advised Western caution on Gorbachov's *perestroika* policy, and specifically recommended that the debate on SDI be resumed in West Germany. Gorbachov, he observed, was investing at least \$1 billion a year into laser-weapon technologies.

Teltschik's charges were repeated by Defense Minister Manfred Wörner on July 13, in a keynote address to a security policy seminar in Bonn. Had there not been this unsavory "cartel of silence," all of these public remarks could have been made three or four weeks earlier—the day the Soviets delivered their outrageous ultimatum.

## Sainthood for Dostoevsky?

*The Russian church hails the decadent doctrines of the Nazi writer even as it steps up attacks on the Papacy.*

**E**ven before his visit to Poland, where John Paul II catalyzed a profound resistance movement among the Polish people, a nasty campaign against the Pope took off inside the East bloc.

In May, *Sovetskaya Litva*, the party paper of Lithuania, charged the Vatican and its supporters with trying to “give a pure political orientation” to the 1988 millennium of Russian Christianity, and “falsifying the events concerning the 1,000-year celebration.”

The falsification charge refers to the Pope’s emphasis on the Westernizing role of Saints Cyril and Methodius, who brought Christianity to the Slavs, and on pro-Western tendencies represented in the Ukrainian Church, which supported the Western doctrine of the *Filioque* (union on this doctrine was brought about at the Councils of Lyon, 1271, and Florence, 1438-39)—the essential difference between Western Christianity and the mystical tradition of the Eastern Church. These Ukrainian currents were crushed by Muscovy shortly before Constantinople fell in 1453.

Attacks on the pro-Western Slavic tradition in the *Journal of the Moscow Patriarchate (JMP)* have intensified. The *JMP*’s most vicious attacks on the Florence Council and “Uniate Policy of Rome” appeared in the No. 3 issue of 1987.

“The Florentine Union represented a great danger to Russia . . . especially to its western regions [Ukraine] which were under the power of Catholic rulers who were endeavoring to

tear them away from Moscow,” wrote the *JMP* in an article commemorating the Russian metropolitan, St. Ionas, an early proponent of the doctrine that Moscow would rule the world as the “Third and Final Rome.” Ionas replaced Metropolitan Isidore of Kiev and all Russia. Isidore, a close ally of the great Christian humanist Cardinal Nicolaus of Cusa, had signed the Florentine Union and was forced into exile in Rome.

This article and many more like it betray the fact that the Council of Florence, where Western and Eastern church officials signed a Union on the basis of the *Filioque* doctrine, is the “Achilles heel” of the doctrine that Moscow will rule the world as the Third Rome.

The *JMP* wrote that by signing the Union, the “ill-reputed Metropolitan Isidore . . . violated the age-old Orthodox traditions. . . . The act was seen as the encroachment of Catholic Rome upon the unity of the Russian Church.”

Along with such attacks on the Augustinian current in Slavic Christianity, there is a stepped-up drive by the ROC and leading Soviet public officials to revive the father of Nazism, Fyodor Dostoevsky, and the 19th-century mystical (“Third Rome”) school of theology represented by Vladimir Solovyov, Bulgakov, et al. This theocratic doctrine became the basis for the Russian Bolshevik dynasty’s new messianic mission for world conquest, to make Moscow the new imperial capital succeeding Rome and Byzantium. The plan was docu-

mented in the writings of Dostoevsky—a protégé of the Okhrana (Czarist secret police)—most strikingly in his *Diary of a Writer*, a Russian version of *Mein Kampf*.

The *JMP* (No. 2, 1987) writes that in his *Diary*, “Dostoevsky pointed to the ‘historical ideals’ of the Russian people.” The *JMP* noted Dostoevsky’s appeal “to revere the national righteousness of the people and recognize it as right.” Russia’s historical “national righteousness,” continues the *JMP*, quoting Dostoevsky, “means that it is not dying on Earth, and so it will come to us some day and *reign through the world* as promised.”

The following issue of the *JMP* again promotes the *Diary of a Writer*:

“Dostoevsky was able to point out the secret of his contemporaneous society and came to know the religious longing not yet expressed. All Russia read Dostoevsky’s *The Brothers Karamazov* and believed in the image of [mystic] Staretz Zosima.” Thanks to Dostoevsky, writes the *JMP*, the “prestige of monasticism rose enormously. . . . Personal experience and great insight permitted F.M. Dostoevsky to see the social purport of monasticism contemporary to him.” Monasticism and the *startzi*, wrote Dostoevsky, were the “guardians” of Russian “national righteousness.”

What the *JMP* does not say is that Dostoevsky’s “personal experience” was that of a lawless Raskolnik to whom debauchery, gambling, and pederasty had no limits. There is a big push by the Great Russian networks, such as the Pamyat (Memory) Society to make Dostoevsky a Russian Orthodox “saint.”

Not only the Moscow Patriarchate loves the Nazi Dostoevsky. In a speech in Krasnodar last Sept. 25, Soviet boss Gorbachov proudly announced that he and his wife Raisa avidly read Dostoevsky.

## Selling out the Baltic to Russia

*Facing Soviet threats, the Swedish regime signals a potential surrender of rights in the Baltic Sea.*

In talks between Sweden and the Soviet Union, the Swedes have signaled their readiness to give up part of the Swedish economic zone in the Baltic Sea to the Russians. The Swedish regime's potential surrender of important economic and strategic interests follows a persistent pattern of Soviet military incursions and provocations in the Baltic.

The Russians have long disputed Sweden's rights to a 13,500 square-kilometer area in the Baltic Sea, along the western side of a half-way line drawn between Sweden and the Soviet-occupied Baltic coast. The disputed sea strip is located immediately to the east of Sweden's largest island, Gotland, the existence of which is ignored by the Soviet's own "half-way" line, drawn between the Swedish mainland and the Soviet Baltic coast.

Pending a negotiated agreement, the disputed sea strip forms a so-called white zone, which is open, for example, to fishers from all countries. The Soviets want instead to have the disputed area recognized as a "grey zone," in which Sweden and the U.S.S.R. jointly would exercise common jurisdiction, excluding third countries.

While fishing interests in the white zone are not unimportant, the precise border between the Swedish and Soviet economic zones will determine which one of the two states has the right to other forms of economic exploitation, for example drilling for oil, as well as non-civilian use of the area. But going beyond even such bilateral economic or strategic issues, at stake

here is two contrary views of the accessibility of the Baltic Sea.

Going back well over a century, since no later than Russia's 1809 occupation of Finland, Moscow has wanted to make the Baltic Sea a Russian lake, with limited or no access for states other than those situated on the Baltic coast. As the hegemonic Baltic power, Russia would then dominate the Baltic Sea. Sweden's national interest has been, and remains, that the Baltic Sea is an open sea where ships from any nation, for example France, Britain, or the U.S., can navigate freely.

In the negotiations with the Soviets, Sweden has therefore maintained that either an agreement must be reached regarding the disputed sea strip, or the sea strip remains a white zone, open to all.

The recent signals by the Swedish Social Democratic regime indicate a readiness to strike a compromise, where about 20% of the disputed area would be given to the Soviets. Such an approach, which is completely unprincipled from the standpoint of international law, means a return to the Swedish conciliatory line of 1981-82.

In spite of an unprecedented Soviet submarine incursion on Oct. 27, 1981, where a Soviet Whiskey-class submarine got stuck on a rock in militarily restricted waters, Sweden's then center-liberal coalition government, visibly supported by the Social-Democratic opposition, reopened long-interrupted talks on the economic zones in the Baltic Sea. At the time, the

Swedes floated a trial balloon which meant giving up 13% of the disputed sea strip.

As the Russians bluntly refused the concession as too small, and the humiliating proceedings were leaked to the public, a further concession going up to 20% of the area, already prepared by the Swedish foreign ministry, was never made. Under domestic political pressure, the government claimed that the 13% concession had been withdrawn, and that the negotiations were again back to square one: The half-way line was to be asserted uncompromised. But the damage had already been done.

Through the six years since, the Russians have waited for the Swedish appeasement faction to again assert itself in the foreign ministry preparation of this issue. Indicating a new readiness to accept compromises on several occasions during the spring of 1987, as part of Soviet party boss Mikhail Gorbachov's "liberal" reforms, Moscow has again duped the Swedes into gradually selling out increasing percentages of their economic zone in the Baltic, in exchange for a pat on the back in *Pravda* or *Izvestia*.

Where the carrot isn't attractive enough, the stick is applied liberally. In recent days, several new submarine incursions have been reported by observers whose credibility cannot be doubted. And an airliner pilot, with past experience in the Swedish Air Force, revealed that Warsaw Pact jet fighters regularly exercise tailing Swedish airliners en route through civilian air corridors over Baltic international waters, positioning themselves for firing a missile, and attaching their target radars to the airliner. Knowing that Warsaw Pact air combat training always occurs with live ammunition, the pilot said this means you know you're within one push of the button from death.

# International Intelligence

## **Turkish prime minister targeted by terrorists**

Turkish Prime Minister Turgut Ozal was the target of a terrorist action by the Kurdish Workers' Party (PKK) on July 9, when a land mine detonated on a road that Ozal was expected to take a few hours later. The action took place less than 24 hours after a massacre by the PKK in eastern Turkey, killing some 28 villagers. The massacre happened as Ozal was touring the Kurdish region to assess the situation there.

Following the incident, the secretary general of Turkey's General Staff, Brig. Gen. Guven Ergenc, charged that "foreign powers" are using terrorism against Turkey. The PKK has bases in Syria, which have been used as the springboard for the recent wave of attacks. On July 15, Ozal flew to Damascus to discuss the problem.

Most of the PKK's attacks have occurred near the Ata Turk project, which will be the fifth-largest dam in the world when completed. The dam will radically transform the Southern Anatolian region, where most Kurds live in backward conditions. It will also create a water reservoir capable of irrigating the entire region. Plans are being drawn up for Turkey to supply a pipeline of fresh water to the Gulf countries, across Syria.

## **EIR is sued by Brazilian congressman**

Congressman Guilherme Afif Domingos filed suit early in July against the Rio de Janeiro correspondents of *EIR*, Mexican citizens Lorenzo and Silvia Carrasco, charging them with "the crimes of slander, defamation, and injury," "provoking disturbance of the public order or social alarm," and "injuring national security."

The suit refers to an *EIR* memorandum entitled "Project Democracy: The Brazilian Connection," to an article on the same subject appearing in the June 12, 1987 issue of

*EIR*, and to a highly publicized debate in Brazil's Constituent Assembly, during which the *EIR* memo was inserted into the official record, in particular by Congressman Luiz Salomão.

The memorandum describes the Brazilian links to the Irangate scandal, through the Confederation of Commercial Associations of Brazil, which has sought to draft a constitution suitable to their liberal economic policies. It was the allegation that Afif and six other congressmen were intending to write a constitution which abrogates Brazilian economic sovereignty, which caused heated debate in the Assembly.

On July 14, *EIR*'s counsel Arthur Lavigne filed a response in court, stating that the two journalists did *not* write the memorandum in question, that they did *not* give it to Congressman Salomão, contrary to Afif's accusations, and that the entire case should be summarily dismissed.

A spokesman for *EIR* in Washington charged, "Congressman Afif's suit is a bald attempt by Project Democracy's friends in Brazil to silence us. . . . What seems to have frightened the Honorable Congressman is *EIR*'s aggressive investigative journalism, and our role in uncovering the illegal 'secret apparatus' of which Colonel North is a part in the United States, and its foreign ramifications. Regardless of this attempted intimidation, we stand by our commitment to publish what other news media cover up; we stand by what we have published; and we stand by our correspondents in Brazil."

## **Argentina explodes over theft from Perón's tomb**

The desecration of the tomb of Argentina's Gen. Juan Perón early in July has created a national uproar, including incidents of violence. The hands of the corpse were stolen, and the self-proclaimed perpetrators of the deed are now threatening to "pulverize" the general's remains, if the group is not given \$8 million by July 30.

The trade union confederation CGT and

the Peronist party declared a day of national mourning and a general strike in protest. Many Peronists see the crisis as a maneuver by the government of Socialist President Raúl Alfonsín to create a situation in which the Sept. 6 elections might be cancelled.

Acts of violence have occurred in Buenos Aires, which appear to be part of an intensifying political war. On July 10, Alfredo Guerreno, the director of a right-wing newspaper, *Alerta Nacional*, was found dead. The next day, a guard at an office of the ruling UCR party died, allegedly after he "fell" on the stairs.

## **Iran's Rafsanjani threatens war with U.S.**

Ali Akbar Hashemi Rafsanjani, speaker of the Iranian parliament, said in remarks published by the Iranian news agency July 15, that Iran was prepared for a showdown and ready to sink U.S. ships, Reuter reports. If the United States ventured to enter the Gulf, "We would point part of our artillery guns at the Yankees and take American captives to camps with humiliation, with their hands on their heads," he said.

Rafsanjani was speaking in Teheran to commanders of the Islamic Revolutionary Guards Corps, whose naval units have been mounting hit-and-run attacks on Gulf shipping. IRGC Deputy Commander Ali Shamkani told the same meeting that Iran was eagerly waiting for the U.S. fleet. "We would try as much as possible not to destroy them but to seize them intact to strengthen Iran's naval potential," he said.

Rafsanjani, who was one of those erstwhile "moderates" with whom Lt. Col. Oliver North and former U.S. National Security Adviser Robert McFarlane were dealing, showed his true colors on July 11. "While Washington has now reached an impasse," he said, "the Soviet Union has the initiative. . . . The Soviet Union is implementing a wise policy, while Washington has involved itself in a quagmire, from which it won't be able to extricate itself."

The statement followed high-level consultations between Moscow and Teheran, including a July 8 meeting between Iranian ambassador to Moscow Nobari and Soviet Prime Minister Nikolai Ryzkhov, who announced agreement on withdrawal of "all foreign vessels" from the Gulf.

### **Soviets turn cold on 'zero-option' talks**

"We honestly don't know what happened. Suddenly, the Soviets just walked away from the bargaining table about three weeks ago," a senior administration official told the White House press corps during a background briefing on July 16. She said that the talks on the "zero-option" plan to withdraw nuclear missiles from Europe, as well as the START talks on strategic systems, have come to a complete stop, and indicated that "this could continue throughout the summer."

"We are speculating that perhaps the Soviets pulled back just to see how solid the Alliance is before proceeding ahead," she said, "but, frankly, that is just a guess."

Former National Security Council official Brent Scowcroft, who was in Moscow early in July, was quoted in the German daily *Die Welt* on July 13, to the effect that high-level Soviet officials told him they are not sure whether President Reagan's domestic position will be strong enough to implement any arms-control agreement he signs.

The Soviet shift is reflected in recent published attacks on alleged U.S. "unwillingness" to sign an agreement. "The more likely an agreement, the more obstacles are being raised by the U.S. side," the Soviet news agency TASS charged on July 11. Prime Minister Nikolai Ryzkhov, visiting Austria, said the same: "We are not receiving clear and reasonable answers from NATO."

In a commentary published on July 14 in the *New York Times*, Soviet Deputy Foreign Minister Yuli Vorontsov listed six ob-

stacles to an agreement, and concluded that the Soviets really want a "global zero" option—the elimination of all American and Soviet intermediate-range weapons—provided that American nuclear weapons in the Far East are taken into account. But "momentum is in jeopardy," he warned.

### **Drug-trafficker testifies on his links to Contras**

Convicted drug-trafficker Jorge Morales testified before the Senate Foreign Relations Committee's Subcommittee on Drugs and Terrorism on July 14, that he had run guns and drugs for the Contras' southern-front forces, which formerly operated under Eden Pastora in Costa Rica. In return for guns supplied from Florida, Morales's air freight service flew back marijuana and cocaine from Costa Rica and Colombia.

Morales said that he thought he was working for the CIA, which promised him assistance in quashing a previous drug-running indictment. He also had a deal with Cuba, whereby government officials assisted in drug money laundering activities.

Morales testified that three Contra leaders approached him in 1984 in Miami, and requested direct financial assistance from himself and the Medellín cocaine cartel, plus use of Morales's plane to transport arms, and the donation of planes and pilots for the southern front's air force. In return, the Contras would use their influence with top U.S. officials, including Vice President George Bush and Assistant Secretary of State for Inter-American Affairs Elliott Abrams, to help Morales with his legal difficulties.

Morales said that his airplanes were loaded with weapons and flown to Costa Rica or El Salvador to the Contras. The planes were then packed with drugs and brought to Florida, where his operatives sold the drugs and returned the profits to the Contras.

The CIA and the Contras both denied the story, according to the *Washington Times* on July 16.

## Briefly

● **COSMONAUTES** aboard the "Mir" space station used a laser beam to target and track a Soviet-launched ICBM, the *Wall Street Journal* revealed July 15. "Though the Soviets stopped short of shooting down their missile, the experiment offered strong evidence that lasers can be used successfully in space as a defense against ICBMs." The information has been kept classified by the U.S. government, "most likely out of concern that it would upset plans for a summit," according to the report.

● **VATICAN** Secretary of State Cardinal Casaroli secretly traveled to the United States early in July, to meet with leaders of several major Jewish organizations and overcome differences resulting from the Pope's audience with Austrian President Kurt Waldheim.

● **THE U.S.S.R.** plans on establishing a permanent consular section in Israel, according to intelligence sources. This upgrading of Soviet-Israeli relations is in reaction to U.S. moves to downgrade operations by the Israeli Mossad in the United States, and to upgrade U.S. capabilities in the Persian Gulf, according to these sources.

● **GERMANY'S** leader Erich Honecker will make a four-day visit to West Germany beginning Sept. 7, visiting Bonn, Bavaria, the Rhineland, Westphalia, and Saarland. The East German announcement said that the visit was "symbolic of the new relationship between the two German states." This will be the first time an East German party boss has visited West Germany.

● **LEON TROTSKY** may be rehabilitated in Russia. The July 11 *Izvestia* identifies Trotsky, theoretician of "permanent revolution" who wanted to bury Western culture much faster than Stalin thought feasible, as one of the "heroes and martyrs of the Revolution."

# The Iran-Contra hearings: the congressional cover-up

by Paul Goldstein

To date, most of the hearings concerning the Iran-Contra affair have been fundamentally a cover-up of the "secret government's" operational capabilities. Despite the sometimes dramatic and revealing testimony of Lt. Col. Oliver North and Rear Admiral John Poindexter, targeting the secret government, the essential policy-making apparatus of the secret government has not been eliminated.

The reason for the congressional cover-up Iran-Contra hearings is centered upon the activity of Sen. Daniel Inouye (D-Hawaii) whom syndicated columnists Evans and Novak accused of protecting the predominant role of Israeli intelligence in not only aiding the Iran-Contra caper, but creating the policy basis for running the operation through the National Security Council and the intelligence community. Evans and Novak point out in their July 17 column that Inouye is the largest senatorial recipient of American-Israeli Public Affairs Committee (AIPAC) funds. Although the funding is not direct, but carried out through so-called Jewish political action committee organizations, AIPAC directs the political coordination of who gets the funding.

The Israeli involvement in the Iran-Contra affair is probably one of the most essential elements in how the "secret government" operates. Although Sen. James McClure (R-Idaho) queried North on the role of the Israelis and the fact that Iranian go-between Manichur Ghorbanifar is an Israeli agent, which North acknowledged knowing, none of the key players from the Israeli side of the operation, including Al Schwimmer, Jacob Nimrodi, and Amron Nir, were systematically targeted in the questions by any other senator. The behind-the-scenes debate in the congressional cloakrooms on

whether former NSC consultant Michael Ledeen will be forced to testify remains unsolved. Ledeen is one of the key players who convinced North that the Iran "opening" would be in the long-term interests of the United States.

## All of Casey's men

The three-day testimony of Admiral Poindexter, President Reagan's former National Security Adviser, revealed that he made the decision on the Iran arms sale "residuals," i.e., profits would be diverted to the Contras. Poindexter's admission of this action, on the basis of keeping the President distanced from the decision based upon "plausible deniability," was the brainchild of deceased former CIA Director William Casey. According to U.S. intelligence sources, Casey's authorization of the operation could be kept within the same framework as the "plausible deniability," since he knew that he was going to die for nearly a full year before it happened. North and Poindexter were considered "assets" of Casey's conception of how the Iran-Contra caper would be conducted.

Perhaps more important than the North and Poindexter involvement in Casey's scheme is the role of what intelligence community insiders refer to as the "Shackley Network." What congressional investigators and inquisitors have covered up is the role of ex-CIA deputy director Theodore Shackley's apparatus. Included in this network are ex-CIA personnel who went on contract with the NSC, Cuban operatives from the 1960s, Israeli contacts, and former military personnel such as Maj. Gen. Richard Secord. Ledeen is considered to be key in this apparatus as well. Albert Hakim, the

Iranian financier, is on intimate terms with Shackley, through an ex-Savak official named Nozar Razmara.

According to these intelligence community sources, Casey went to Secord through cut-outs associated with Shackley, and told them to go to North with the proposals on setting up "the enterprise." This private business venture was to be the commercial cover for running the operation, using the NSC as the operational center for the network.

It is ironic, but nonetheless fitting, that the Casey scheme to create a covert intelligence apparatus was blown by North. North is simply another Vietnam-era military officer who desires to correct the past mistakes made by the policy-makers, only to repeat practically the same errors the second time around. However, the blowing of the Casey component of the "secret government" apparatus does not blow the secret government capabilities. All that has occurred is that one specific and powerful network centered around Casey is damaged. There are other similar "secret government" operations which have remained untouched by the congressional investigations.

### **The Walsh probe**

Independent prosecutor Judge Lawrence Walsh's investigations have now targeted nearly 300 individuals for possible prosecution, according to informed sources. Many of the individuals have been identified in the Iran-Contra hearings. It is anticipated that at least 30-50 individuals will be indicted, including North and Poindexter. Both North and Poindexter will probably be charged with obstruction of justice.

The limited immunity given some of the congressional witnesses will not stop the judge from conducting a wide-ranging investigation. The original congressional moves to force the limited immunity protection were part of the behind-the-scenes effort of the "secret government" to undercut Judge Walsh's probe. However, there are powerful forces inside U.S. policy-making institutions that want to restore the constitutional authority of the presidency to determine foreign policy, while keeping Congress informed, and who are fighting to preserve the integrity of Walsh's investigation.

On the other side of the fight, the editorial board of the *Wall Street Journal* called for a reining in of Judge Walsh in an editorial on July 17. This faction represents key elements of the "bankers' CIA" operatives who are desperate to protect their assets in the Reagan administration, such as Elliott Abrams, the Assistant Secretary of State for Inter-American Affairs, who is now out to destabilize the government of Panama on behalf of the bankers.

Walsh's probe is extending into the conservative networks around the Heritage Foundation and its involvement in the fundraising efforts of Carl "Spitz" Channell. The Heritage Foundation has been key in shaping the "secret government's" agenda for the Reagan administration from the very outset.

In addition, known Soviet asset and disinformation agent, Roy Godson, who heads up the Georgetown Center for Strategic and International Studies "Intelligence Center" is also under investigation. Godson is one of the main middle-level players in the apparatus identified with the right-wing Social Democracy and Jewish Lobby links. This faction has had extensive ties to the Shackley network.

### **The intelligence community warfare**

Another major inflection point in the war between the secret government and the "reformist party" is within the intelligence community. Despite Judge William Webster's cover-up of the Federal Bureau of Investigations involvement in the Iran-Contra obstruction of justice, certain intelligence community forces are using Webster to target those CIA and other intelligence community personnel who participated in the Iran-Contra affair. First to be purged will be the powerful head of the Directorate of Operations, Claire George.

George, who has been DDO for nearly four years, is one of the main characters who sat on the 208 Committee, which interfaced with the Restricted Interagency Group that ran both the Iran and Contra components of North's NSC unit. George's ouster would represent a major break within the CIA from the Casey era, and is seen by intelligence community insiders as the beginning of a major clean-up.

The sources also stated that this will not be a wholesale purge of the Operations section, such as Stansfield Turner conducted during his tenure at CIA, but rather a needed surgical operation to eliminate those individuals who played politics for the White House rather than maintaining their professional and patriotic functions.

Another top CIA official to be removed is the head of the Counter-Terrorism Division, Duane (Dewey) Claridge. Claridge and Alan Fiers, former head of the Central American Task Force for the CIA, also slated to resign, were key in setting up the support network on behalf of Casey that aided North. It is anticipated that anyone who was associated with this network and those who were tied to Michael Ledeen will be ousted. Webster's bold move should bolster those forces inside the CIA who were opposed to the Contra policy and the Iran initiative and it will strike a significant blow to the secret government's manipulation of U.S. intelligence.

### **Congressional finale**

One of the critical outcomes of the battle within Congress over the cover-up of the secret government operations, will be an attempt by congressional opponents of the secret government to propose legislation which strengthens the official intelligence community capabilities to run covert operations. Whether this moves the Executive branch to revoke Executive Orders 12333 and 12334, giving the intelligence community a "national mission" as proposed by Democratic presidential candidate Lyndon LaRouche (see page 28), remains one of the critical questions of the battle now taking place.

# The mind of Oliver North

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*Lyndon H. LaRouche, Jr. shows how the young lieutenant colonel was the victim of the foolish policies of Bill Casey and Ronald Reagan.*

"John Rambo," disguised as Lt. Col. Oliver North, finally realized his ambition, to face down a collection of Washington politicians before the TV cameras, to tell the world what his experience in Vietnam "was all about."

Throughout, what the audience experienced was a TV movie special, with repeated flashbacks to North's bitter memories of his Vietnam experience, interrupting the scene in the room where Sen. Daniel Inouye's joint congressional committee was hearing the testimony.

It was said, that Ollie North would go into the committee hearings swinging, determined to take President Reagan off the hook of suspicion of wrongdoing in the "Contra" affair. For the most part, North appeared to do just that. Ollie was strong on the principle of constitutional powers; that was useful, and right. The problem North ducked, was the fact that his own, Reagan's, and Casey's policy in the Contra affair stank.

In the end, hoping to clear the President through North backfired. Putting that unhappy Vietnam veteran on the stand, brought up in North hateful memories of those politicians in Washington who send men into battle, but who abandon them, leaving them hanging out to bleed and dry, when the lure of political opportunism becomes too strong for the weak personal character of the typical Washington official. Obviously, deep in Ollie North's mind, Ronald Reagan was just another one of those politicians. Something inside North impelled him subliminally to thrust Ronald Reagan back into the target-area of suspicion.

For most television viewers around the nation, for the moment, Oliver North was the folk-hero of the day. He stirred up bitter memories in Vietnam veterans. He also stirred up a similar feeling in many other Americans. Vietnam is a bitter memory of betrayal by the "politicians" in Washington. Most Americans today, for one just cause or another, feel bitterly betrayed by "those politicians in Washington," by "the Establishment." The desire to hit back at the establishment is a broad, deep, and surging current within the population of the United States. For these Americans, North's public appearance before the joint committee was the best spectator sports event of the year, and most among the spec-

tators were rooting for Ollie.

The euphoria over Ollie North will pass, as the dirty side of the Contra operations, including the drug-running into the United States, claims the spotlight. There will be those fans who root for Ollie North for decades to come; but for the majority of Americans, North's moment of triumph as a mayfly hero of the Contra affair, is perhaps a matter of no more than a few more weeks.

Contra drug-running aside, all decent Americans feel sympathy for Ollie North. Those of us who know, know that North is a perennial victim. He was a victim of Vietnam policies. He was a victim of former CIA Director William Casey's calculating follies. He was a victim of a naive, stubbornly ideological President who too rarely thinks through what he is authorizing. Ollie North entered the committee hearings laden not only with honorable decorations, but also the bitter realization that since his graduation from Annapolis, his career had often been that of "Mr. Expendable," "Mr. Professional Scapegoat."

If I am ever in a position to do so, I will put my hand to assist in bestowing justice upon this well-meaning, tragic victim. Ollie North is Goethe's Faust. His misguided sense of opportunity for power and glory, his credulity, was his pact with Mephistopheles. He is paying the price of his error, but we must save Ollie North, like Faust, from his own folly, because we must give no victory to Mephistopheles over the soul of a single human being.

Ollie North will fade, as the sordid truth about the Contras comes to light, but the impact of what has happened during and surrounding these hearings will not.

Put aside Ollie North as the "John Rambo" of the popular Washington soap-opera. Look at North as a Marine who earned his honors as a junior officer in Vietnam, who never should have been promoted to the rank of lieutenant colonel, who had no qualifications for the position he occupied in the National Security Council staff but that of professional scapegoat. Look at Ollie North as a product of the incompetence of strategic policy-making under the guidance of such influentials as the late CIA Director William Casey.

Let us see the essential folly as Bill Casey's, and let us

view Ollie "John Rambo" North as a parody of Casey's follies. Let us see Casey's blunders through the mind of Ollie North.

### **What Marines remember**

Among knowledgeable Marine Corps officers and others, Secretary of State George Shultz is bitterly, justly hated, for what happened to the Marines sent into Lebanon.

"Hey, soldier! Up and at 'em! Prepare to kill and be killed." Then, "Whoa, boy. Keep the fighting down while we're waiting for the negotiating team to be sent in." Then, "Hey, boy, take down those sandbags. Put away those machine-guns and rocket-launchers covering our position. Don't issue ammunition to the sentries. Must keep up a peace-loving appearance. The State Department and the negotiating team insist."

A sentry hurls his unloaded piece against the oncoming suicide-bombers' truck laden with explosives. "Boom." A lot of Marines were dead. They weren't really there to fight as assault troops, which Marines are excellent at doing. They were assigned to be sitting ducks, by George Shultz's State Department. "Sure, we were kicked out of Lebanon, but, thank God, we did it all the State Department's way."

For a Marine officer, Lebanon was Vietnam all over again, doubled in spades.

The Ollie Norths, and many others, have a long list of reasons to despise the diplomats and those amoral politicians in Washington who send brave men to die, and then abandon them to bleed and dry in the desert winds.

These Marines of ours are not killers, not impersonal robots; they are young citizen-soldiers. They train to place themselves at risk for the sake of a mission which they are told is in the service of the vital interests of our nation. Then comes the State Department. Dead men's buddies ask the diplomats, "What about our mission?" The diplomat's honest reply would be, "Your mission in Vietnam was to help Henry Kissinger organize the China Card," or, "to help George Shultz continue Alexander Haig's work of sabotaging the Reagan Plan for Middle East peace."

The Ollie Norths of the United States are filled to their eyeballs with embittered memories, for which I, for one, do not blame them. Their bitterness is justified; unfortunately, their knowledge of the correct, alternative strategic doctrines is generally zilch. It is not their fault; men like Bill Casey never told them what the alternatives should be.

That incompetence—the reckless amateurism which prevailed so often under Billy Casey's approach to strategic problems—is the subject to be viewed through a peek into the mind of Ollie North. A man like North, so visibly ignorant of the rudiments of political intelligence, of strategic issues, and of the ABCs of conduct of irregular warfare, should never have been placed in so sensitive and difficult a position as that to which North was assigned in the White House. Sometimes, as in the assignment of North, Casey's performance

was politically, strategically, strictly amateur night.

The proper subject of Contragate is U.S. policy for conducting irregular warfare within the context of the imperial aggression by the Russian empire's Bolshevik dynasty. The subject is understanding and beating Soviet Marshal Nikolai Ogarkov and the military brains concentrated in the Soviets' Voroshilov military academy. Bill Casey never explained that to Ollie North; probably, Casey never understood this subject himself.

Neither Ollie North, nor Bill Casey ever really understood the Bolshevik strategic threat, and neither ever learned the ABCs of irregular warfare. Face the fact, that all that Ollie North said about both the Contra operation itself was a mixture of lies, strategic stupidity, and babbling ideological buncombe. Ollie North knew no better. Bill Casey should have known and told North, had Casey himself really understood the genius of that OSS's Bill Donovan whom Casey so much admired.

Bill Donovan was governed by a dedication to a national mission. Bill Casey had more modest goals, using a tissue of loopholes in the design of Executive Orders 12333 and 12334, through which he could march a virtual secret government of the United States. Bill Donovan built an instrument designed to fulfill a national mission; Bill Casey assumed that if his team were solidly entrenched with the power of a secret government, that, then, any mission which might be chosen could be pursued without effective opposition from within government.

Bill Donovan thought big; in comparison, Bill Casey thought small. I know. I was there. I was sold out, betrayed by Bill Casey, because I put the vital interests of the United States above the irresponsible, sometimes contemptibly petty choice of policies which Casey's apparatus chose to adopt for the intelligence community at that particular point in time. I admired and liked Bill Casey on certain accounts, but he had a terrible flaw, and we are all—including Ollie North—paying for Casey's calculating follies today.

That is the proper subject of inquiry in the Ollie North case.

### **Irregular warfare**

Don't go too far in blaming Casey. U.S. strategic policy has stunk ever since the wartime conferences at Yalta and Potsdam.

I don't say that President Harry S. Truman was a coward; I think what might appear to have been a cowardly backdown to Stalin, at Potsdam and in the Berlin crisis, simply meant that Truman was a seasoned machine-politician way over his head in world politics, and very, very badly advised by Averell Harriman's Establishment cronies.

In the Potsdam conference, Truman was simply in over his head. In the Berlin crisis, sending the U.S. armored unit through to Berlin would have compelled Truman to understand, that although the U.S. military forces were vastly

outgunned by the Soviets in the theater, the Soviets could not have shot back, because they were in no position to start a war with the United States. Truman might have had the personal nerve to order the U.S. armor to move, had he grasped that point. He evidently didn't grasp that point, and bought the idea of the Berlin airlift instead.

Truman's Berlin blunder belongs in the category of honest mistakes in judgment, as far as Truman himself was concerned. He tried to correct that error later. Unfortunately, that error in strategic judgment on Berlin, helped to establish the pattern of step-by-step U.S. backdown to Soviet imperial advances, which has been our strategic diplomatic system of policy-making ever since.

Casey's failure was that he became part of the system established with the Yalta and Potsdam agreements; he tried to play within that system, rather than working to change it. He was a skilled technician, a manager, a coordinator, with very little statesmanship in him, with little manifest ability to comprehend the long-term strategic consequences of his short-term expediencies. He played the game for short-term effects, within the system, and that became his habituated response to every situation.

Much greater blame belongs to influentials such as John J. McCloy, Harriman, than Casey. Leo Cherne or Jay Lovestone are much more the architect of our disasters than Casey even came close to being. Casey's fault is that he was shortsighted, opportunistic, and opposed anyone who said, "Hey, fellows, our problem is the system of strategic diplomacy established at Yalta and Potsdam. As long as we define our intelligence missions that way, the United States is going to continue to lose the larger strategic game." That was the reason Casey fouled up, and it is Casey's foul-ups which are the limited subject under immediate consideration here.

The system is called "crisis management." This is what an embittered Ollie North, and other soldiers left hanging out to bleed and dry, should have understood, if they wished to know what really happened in Vietnam, or Lebanon, or Central America.

We have an armed adversary. That adversary is the Bolshevik dynasty of a Russian empire which has been subjugating peoples ever since Ivan the Terrible. This Bolshevik dynasty, the spiritual heir of Fyodor Dostoevsky and Maxim Gorky, is absolutely committed to conquering the world as soon as possible. It believes that Moscow has a mystical destiny to rule the world forever. This Muscovite has a deep, centuries-old hatred of Western Christianity—the hated "Roman religion." If a Russian doesn't believe that, is not absolutely committed to that, he is not a Muscovite, he is not a Bolshevik. There are no peace-loving Muscovites.

Bolshevik society today is a military cult. Bolshevik culture was designed by Dostoevsky and Gorky, as an imitation of the military cult of Mithra superimposed upon an indigenous Muscovite character-type known as the "Old Believ-

ers," or Raskolniki. The Bolshevik imperial ideal is the model of the Babylonian and Persian empires: a master-race, organized as a military cult, ruling over a worldwide collection of assorted colonies, satrapies, and client-states.

This Bolshevik culture recognizes nothing but a combination of raw power and the political will to use that power. The notion that a Western nation, or bloc of nations, could negotiate a rational system of global peace-keeping with Moscow, is a masturbatory fantasy of credulous Harvard graduates. We can avoid war with the Bolshevik dynasty military forces only under three conditions:

1) That we surrender, and join the ranks of the captive nations of Eastern Europe.

2) That we do not invade Russia.

3) That we maintain sufficient power and matching political will to persuade them of far greater assured destruction—especially of Holy Moscow and the Muscovite Rodina—than they are willing to risk, should they push us to war. They are brutish, calculating bullies, who take no avoidable risks beyond those they are committed to accepting.

Bolshevik military power is a central feature of Russian imperial plans for early world-conquest, and is currently being mobilized for the launching of total war against the United States, unless we prevent this war by surrendering. This pre-war mobilization, designed by Marshal Nikolai Ogarkov and his collaborators of the Soviet General Staff—the Voroshilov military academy—is called *perestroika*. Their intent is to be prepared to launch an attack on the U.S. by about 1992, although they appear to be slipping some of their target-dates so far.

We have a few years to turn that situation around, to put the United States under the leadership of a President whose strength of political will is feared in Moscow. Therefore, I am—except for Pope John Paul II—the single person most hated in Moscow today. Moscow has already demonstrated in action, that it will do almost anything to induce the government of the United States, including desperate efforts to negotiate irreversible "zero option" concessions from President Reagan, to prevent me from becoming President in January 1989. If that fails, they will move to have me eliminated physically.

Under my kind of leadership, we must put the Western world through a genuine economic recovery mobilization, such that we have the power to match political will at whatever point the Soviet *perestroika* war-mobilization operation has reached its objectives. If we succeed in that, we shall avoid war.

### **Soviet irregular warfare**

However, Bolshevik strategy is not based upon regular warfare means alone. The heart of Bolshevik pre-war strategy is irregular warfare.

Irregular warfare means the use of every method, ex-

cepting one's own regular military forces, to undermine, or even conquer an adversary. Irregular warfare includes subversion of culture and religion, as the Russian Orthodox Church is being used today to corrupt Western church bodies. It means political corruption of Western governments and political parties. It means undermining the economic strength of the West in every possible way, including takeover of raw materials regions in Asia, southern Africa, and elsewhere. It means recruiting from among "environmentalists" to conduct political operations against our high-technology economy, to organize riots, to conduct acts of sabotage, assassinations, and paramilitary lethal force, as in West Germany, France, and Italy. It means guerrilla warfare, to bleed us and our friends dry, and to weaken us in every way possible.

If we lose the irregular war, as we have been doing for about 20 years, we will surely lose regular warfare when Moscow chooses to launch its general-warfare attack.

Central America is a theater of irregular warfare.

The chief irregular warfare assets of the Russian empire in Central and South America include not only Communist Party cadres. They include strange religious cults, the so-called "environmentalists," all sorts of terrorist bands, including fascist ones. It means, chiefly, international narco-terrorism: the interface between drug-runners and terrorism or outright guerrilla warfare. Every major drug-running organization in Central and South America today, including the friends of Robert Vesco, is a Soviet asset.

Ollie North was fighting on the wrong side in that irregular warfare against the Russian empire's penetration of our hemisphere. Not because he intended to help Moscow, but out of sheer stupidity, a stupidity which Bill Casey shared.

I have been eyeball-to-eyeball with Bill Casey, North, and others on this issue—the chief cause of the legal harassment against me today. I know whereof I speak, chapter and verse. Bill Casey wasn't really as stupid as some might think I am suggesting, not by a long shot. The trouble with Bill, on this issue, is that he did not wish to know. It would have interfered with the financial interests of some of his cronies and assets. He made himself stupid, so as to avoid a clash between serving the avarice of some among his cronies, and his sense of patriotic commitment. He didn't know, because he did not wish to be told.

Eighty to ninety percent of successfully fighting guerrilla warfare is culture, religion, economic civic action, ordinary law-enforcement, and political measures. Ten, or at most 20% is lethal conflict. Get the pimps, whores, prostitutes, black-marketeers, and kindred riffraff off the streets, as was not done in Vietnam, or you lose the war to the insurgents. As a rule of thumb, the amount of the guerrilla forces regularly deployed, is about one percent of the total human political and logistical infrastructure upon which the continuing conduct of insurgents' guerrilla warfare depends.

Anyone who speaks of Nicaragua and the Contras—or,

perhaps, better, the Maricontras—as Ollie North did, obviously does not know his relevant orifice from his elbow about winning irregular warfare. The problem is not Nicaragua, it is the entirety of what you call "Latin America," from our Rio Grande border down to Cape Horn. While silly Ollie North was playing bloody tiddly-winks with a bunch of Contra drug-runners on the borders of Nicaragua, the policies of the U.S. State Department, President Reagan himself, and Bill Casey's intelligence community have been transforming the entire region from our Mexico border to Cape Horn into

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a happy hunting-ground for Soviet coordinated bloody insurgency and local wars among nations.

I list some among the nations in this region, which I know are on the verge of being destroyed by Soviet operations, aided by the stupidity of Bill Casey's intelligence community.

**Mexico.** The key Soviet assets in Mexico are centered in an alliance between the National Action Party (PAN) and the local communist party, the PSUM. Although numerous among the supporters of the PAN as simply fools, the PAN was historically the Nazi-sympathizer Party of Mexico, led today by people of that same general persuasion, including raving anti-Semites such as the old Nazi fellow-traveler José Conchello who was an honored guest at the 1984 Republican nominating convention.

Mexico's economy has been nearly destroyed by the conditionalities which the Reagan administration began to impose on that nation beginning October 1982. Bill Casey's intelligence community has been backing the PAN.

**Central America.** Narco-traffickers are the key Soviet potential here, closely linked via Belize and other routes with the local, Cuba-linked terrorist bands.

**Panama.** Bill Casey's intelligence community is working closely with the drug-trafficking faction here, relying upon political factions tied to one Arnulfo Arias, an aging former member of Hitler's Nazi Party, personally recruited by Adolf Hitler. The key assets of Bill Casey's and Bill Colby's crowd include Cuba-linked factors inside Panama, such as the recently ousted nut-case, Colonel Díaz Herrera.

**Colombia.** Now, it really begins to become nasty.

The Soviet assets in Colombia include all of the terrorist bands, including the M-19, the FARC, and the terrorists funded in part by Armand Hammer's business operations there. All of the principal drug-runners of Colombia are Soviet assets, linked to the Warsaw Pact drug-runner operations chiefly through Bulgaria's Kintex and Cuba.

The Soviets have estimated, that they have sufficient armed forces to begin a guerrilla war, but that these guerrillas lack the political breadth of support needed to sustain a continuing guerrilla warfare. Therefore, in Colombia, as in Peru, Soviet strategy is to assist in bringing to power a right-wing military dictatorship, whose bloody, iron rule, will swing large sections of the population over to support for the guerrillas—the Sandinista syndrome for Nicaragua. The U.S. government is giving political support to this coup faction at this time, with the silly U.S. ambassador to Bogota personally implicated, as well as agents of the AFL-CIO Interna-

tional Department.

**Venezuela.** The planned destabilization here is tied to the planned operations in Colombia, including the possibility of a Colombia-Venezuela border conflict. The U.S. State Department and intelligence community are bungling here as in Colombia.

**Peru.** The aim is to isolate and destabilize President Alan García to the degree that a military coup occurs, after which the Soviet-directed narco-terrorist Sendero Luminoso will obtain a favorable political base for sustained insurrection.

**Brazil.** U.S.-dictated IMF "conditionalities" are destroying the economy and social stability of this country, with Soviet agents in place for relevant actions.

**Argentina.** An effort to provoke a military coup is key to the plans of a Soviet government with an already-established foothold in the country. Here again, Bill Casey's intelligence community is entirely on the wrong side.

During the summer of 1982, I elaborated a master-plan for U.S. government action in response to a debt-crisis which I then knew to be imminent, *Operation Juárez*. The implementation of this plan is key to defeating Soviet penetration of the hemisphere; it includes all the essential, non-lethal features of an irregular warfare defense of the hemisphere. All of the necessary political options for implementation of this operation were in place during summer and early autumn of 1982.

The Reagan administration, out of stupid motives of simple greed, went in exactly the opposite direction, opening the gates of Hispanic America and Brazil to Soviet subversive penetration.

During 1985, I participated in devising and testing a plan for neutralization of guerrilla forces in Central America. This featured certain modest amounts of economic assistance to the nations of Central America, and emphasized total interdiction of the drug-growing and drug-trafficking in the region, as a method for drying out the political and logistical support for the terrorists and guerrillas. This plan was received sympathetically in some quarters of our government, but more recently the practice of our intelligence community has been to seek alliances with some factions of the drug-traffickers, as we see in the case of the Contra drug-running.

Ollie "Rambo" North has learned precisely nothing about fighting irregular warfare from his experience in Vietnam, or since. Perhaps out of honestly blind stupidity in this matter, he has actually been helping to promote Russian subversion of the hemisphere.

You can not run the monetary and economic policies which the Reagan administration has adopted, and which Billy Casey's intelligence community has been supporting, without losing the irregular war to Moscow. Winning war is not so much killing, Rambo-style. Winning war is winning the peace, preferably before the shooting begins.

"Rambos" can never understand that. Casey could have, but he refused to do so.



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# Elephants & Donkeys

by Kathleen Klenetsky

## Soviets 'intensely interested' in 1988 U.S. campaign

Soviet leaders are "intensely interested" in the progress of the 1988 United States presidential campaign and are pumping all relevant American visitors to Moscow to find out as much as they can about the line-up.

That's the news from several Americans who recently returned from Moscow, including one Midwest businessman with longtime personal links to top Kremlin officials. The latter reported that his meetings with Mikhail Gorbachov, former ambassador to Washington Anatoli Dobrynin, and propaganda czar Aleksandr Yakovlev were dominated by talk of the upcoming presidential elections.

"The Soviets wanted to know everything I knew about the candidates, the mood of the electorate, the key issues," he disclosed. "They don't understand why Gary Hart was forced out of the race, and they're not really sure what all the Iran-Contra revelations means for Reagan."

Asked who the Soviets would like to see in the Oval Office come January 1989, the businessman replied: "They're a lot more pragmatic than that. They're trying to figure out who will win, and from there decide what the best approach to that person would be."

## Do the Russians have a Trump card?

The Soviets are reportedly looking a lot more kindly on a possible presi-

dential bid by Donald Trump, the New York builder who has amassed a fortune through real-estate speculation and owns a controlling interest in the notorious, organized-crime linked Resorts International.

Trump took an all-expenses-paid jaunt to the Soviet Union in July to discuss building the Russians some luxury hotels. The Soviets "treated me beautifully," he told reporters. "The government would like me to build a major hotel in Moscow in quality and in style like Trump Tower"—the garish structure which Trump built on Manhattan's Fifth Avenue.

Shortly after Trump's return to the United States, Mike Dunbar, a well-known Republican Party organizer in New Hampshire unveiled plans to enter Trump in the 1988 New Hampshire Republican primary. Although Trump said he had no prior knowledge of Dunbar's effort, he refused to categorically deny that he might be interested in running for President. "Anyone would be honored to hear this," he commented, when informed of Dunbar's draft.

Dunbar, who thinks George Bush is "boring" and that Sen. Bob Dole (R-Kan.) has voted for too many tax increases, believes he can convince Trump to run.

## Bush 'dumb,' Biden a 'good bet'

The Soviets, he reported, think George Bush is a sure bet to get the Republican nomination. But, "they think Bush is dumb," he said. "They don't quite put it so bluntly, but you can tell they view him as a lightweight."

On the Democratic side, the Russian leadership estimates that Joe Biden, the senator from Delaware, has "a good chance" at his party's nomi-

nation.

From Moscow's standpoint, Biden would make a dream U.S. President. Historically a fan of the arms-control mafia, Biden this year chose to adopt a high-profile role within the congressional bloc fighting the Reagan administration on key strategic issues.

In addition to sponsoring legislation that would force the United States to comply with the unratified SALT II Treaty, Biden has emerged as one of the most vehement foes of the Strategic Defense Initiative, which he regularly excoriates as "a Maginot Line that is ravaging our economic capital, nuclearizing the heavens, and yielding the fate of our children's world to the malfunction of a computer."

Biden has introduced legislation which would require the United States to comply with the Soviet-backed "narrow" interpretation of the ABM Treaty, with the obvious intent of preventing the development and deployment of a strategic defense system that could match Soviet efforts.

According to several sources, the Soviets are trying to line up a slew of American visitors to Moscow this summer, for the purpose of getting an ever-more refined and precise picture of the election line-up.

One can imagine how alarmed Russia's leaders must be by recent CBS polls, conducted in early July in Boston and Concord, New Hampshire, showing that Moscow nemesis, Lyndon H. LaRouche, Jr., not only has high name recognition, but also enjoys widespread support for his program. In Concord, a man-on-the-street poll conducted by the local CBS news affiliate July 8, showed that two out of three people interviewed recognized LaRouche, and one out of two said they would support him for President. In Boston, a CBS-TV news reporter found the same rate of response.

## Bill addresses nursing shortage, ignores AIDS

Sen. Edward Kennedy (D-Mass.) introduced legislation on June 19, S. 1402, to try to overcome what is becoming an acute national shortage of qualified professional nurses. The bill ignores the role of the AIDS epidemic in creating the shortages.

The Senate Labor and Human Resources Committee, which Kennedy chairs, has yet to introduce AIDS-testing legislation. But Kennedy is known to oppose mandatory testing and favor strict confidentiality of AIDS test results. To this extent, Kennedy and like-minded officials share responsibility for creating the very nursing shortage which they now purport to solve, since this policy results in nurses and other health care professionals being unaware of when they are treating an AIDS-infected patient.

The national vacancy rate for RNs more than doubled from 1985 to 1986, from 6.3% to 13.6%, and nursing school enrollments decreased by 17.6% between 1984 and 1986. This coincided with increased concern about the AIDS epidemic. A nursing student at San Diego State University said that of 270 students who started nursing school there last fall, only 90 students remain. The main reason for this, she reports, is the fear that not enough precautions are being taken to protect health workers against AIDS.

Kennedy's bill proposes demonstration projects funded at \$2 million to overcome the more longstanding reasons for nursing shortages, including difficult working conditions and work schedules, and the low pay for career professionals. It also sets up projects to increase the quality of care and recruitment of nurses in home health care and nursing home care, and would authorize \$2 million in funding for these projects. Finally, it

would establish one to five regional nurse recruitment centers targeting 12- to 14-year-olds, high school and college students, and adults, to encourage their entering the field of nursing.

## House prepares for campaign finance reform

While Republicans continue to block public financing of campaigns in the Senate, the House Subcommittee on Elections concluded its hearings on House election campaign finance reform on July 14, preparatory to House consideration of the issue later this year.

Elections Subcommittee chairman Rep. Al Swift (D-Wash.) has introduced the "Campaign Cost Reduction and Reform Act of 1987," H.R. 2464, which omits any provision for public financing of campaigns in an effort to make the "reform" more politically palatable.

The bill would limit primary and general election races to \$200,000 each, of which PAC contributions could be no more than \$75,000 each. Candidates would be enticed into such limits by a 30% reduction of radio and TV broadcast costs, a 50% cut in postage costs, and encouragement for reduced print media costs. A candidate participating in this scheme would have no spending limits, and would continue to enjoy these benefits if his opponent chose not to accept the limits.

The National Democratic Policy Committee testified before the subcommittee on July 14, and warned that election reform was another side of the attempt to subvert our constitutional republic with a system of parliamentary democracy. The NDPC warned especially against proposals to strengthen the political parties as the

arbiter of candidate recruitment and issues. "A party bureaucracy working in concert with the financial elite to impose top down decisions puts greater obstacles between the citizen and his constitutionally elected representatives," the NDPC representative said.

Rep. William Thomas (R-Calif.) noted his agreement that the political parties should not be allowed to stifle either minor parties, or political currents within the major parties. Thomas characterized many of the so-called reform proposals as attempts to "tell candidates what to do, how to do it, and when to do it. It's a bribe to get people to accept someone's version of the world."

The Federal Elections Commission testified for a provision observers believe is designed to further attack Lyndon LaRouche. The FEC asked the committee to prohibit fraudulent solicitation of funds. "Contributions which donors believed would benefit a candidate or party were diverted for other purposes," the FEC claimed, without offering evidence of the problem.

## House passes NASA authorization

The House passed H.R. 2782 on July 9 by a vote of 372 to 34, providing \$9.522 billion for NASA for FY88, a level \$35 million over the administration's request.

The debate was characterized by statements in support of the nation's space program, and swipes at the stupidity of cutting programs that yield such tremendous economic and technological benefits. There was also concern that the scientific community not be given a back seat as the space station moves forward.

But Rep. George Brown (D-Calif.) summed up NASA's budget problem. "Unfortunately, the committee has tried to fit \$10.5 billion worth of programs into a \$9.5 billion budget," Brown said. Rep. Bruce Morrison (D-Conn.) introduced an amendment to cut \$155 million from the bill, to bring it within the House-passed budget guidelines. Despite the fact that even such avid budget cutters as Rep. Robert Walker (R-Pa.) denounced the budget as having "the most screwed up sense of priorities that ever came down the pike," the amendment got an amazing 148 votes in a 148 to 257 defeat.

The space station received \$767 million in funding. Science and Technology Committee Chairman Rep. Robert Roe (D-N.J.) explained that "the history books will someday report that the Soviets had a permanent place in space almost a decade before the Americans. Let's make sure we don't make it worse."

The bill provided for expendable launch vehicles as well as the Shuttle replacement; funding for the Advanced Communications Technology Satellite; a two-year delay in the Mars Observer mission; the National Aerospace Plane Program which will reach speeds of Mach-25, capable of flying into earth orbit; a new civil technology initiative; and increased funding for aerospace research. Concern was expressed that the European Airbus consortium had taken 42% of the commercial airliner market in the United States last year, and that the United States was losing its edge in the aerospace field.

Ranking Committee member Rep. Manuel Lujan (R-N.M.) expressed concern that NASA was resisting the development of a commercial space industry.

The committee also provided that

during the R&D phase, the space station could take no more than 25% of NASA's budget, and no more than 10% during the operations phase. "NASA needs to keep the science community involved in the development of the space station and not lose sight of the fact that the station is a research facility, not a research program," Representative Lujan warned.

### **Senate abandons efforts to delay reflagging**

After weeks of skirmishing, the Congress has all but abandoned efforts to force a 90-day delay in the Reagan administration's plans to reflag 11 Kuwaiti oil tankers which will provide military escort for 60-70% of Kuwait's oil exports, and provide a military screen around Kuwait allowing Iraq to resume its air war against Iranian oil exports.

The House voted 222 to 184 on July 8 for the 90-day delay, and the Senate on July 9 voted 56 to 42 to keep the delay proposal alive. But supporters of the measure failed three times to muster the 60 votes necessary to break a GOP filibuster.

Sen. John Warner (R-Va.), an administration backer, said he wished "the President had not made the decision to reflag" because it limited U.S. military flexibility in the region. But Warner and other Republicans were determined not to back out of a commitment to which the President had given his word.

Sen. John Glenn (D-Ohio), who traveled with Warner on a fact-finding mission to the Gulf, asked what the link was between defending 11 of roughly 500 ships that sail the Gulf every month and defending vital U.S. interests. Glenn agreed that the oil supply upon which our standard of liv-

ing depends, keeping the Soviets out, and ensuring that Iran does not win its war with Iraq were vital interests, but argued that they should be openly stated.

Glenn warned that oil at Kharg Island "is economic sustenance for Iran," and said that "they have to know absolutely and without fail that we have a retaliatory capability in there that is going to leave them without the ability to prosecute a war if they are dumb enough to hit an American ship."

### **Chicken game looms on Gramm-Rudman**

Congress must pass an increase in the national debt ceiling by July 28 or allow the nation to default on its debt obligations. The game being played on this battleground is an attempt to force the President to accept either a \$19.3 billion tax increase, or the disastrous consequences of automatic budget cuts under a strengthened Gramm-Rudman-Hollings balanced-budget law.

OMB Director James Miller III may have been the first to blink when he told the Senate Budget Committee on July 14 that the administration might accept a relaxation in the deficit reduction goals, but that Congress should also pass the debt ceiling rise without the new automatic budget cutting mechanisms. It would be "dangerous" not to pass a clean debt ceiling bill, Miller said.

While the debt limit will be hit on July 17, House Ways and Means Committee chairman Rep. Dan Rostenkowski (D-Ill.) is scheduling his committee's action based on a last-minute July 28 deadline, when a default would occur. Hearings are not scheduled until the week of July 20.

# National News

## U.S. halts maintenance for Panama's military

The U.S. Southern Command has ceased routine maintenance of the Panama Defense Forces, in a gesture of opposition to PDF chief Gen. Manuel Noriega, a spokesman confirmed. The U.S. embassy in Panama is overtly seeking to oust Noriega and President Eric Delvalle, and to install a government more amenable to the austerity policies of Wall Street and the International Monetary Fund.

According to the *Washington Times* of July 16, William Ornsby confirmed the authenticity of a memo to this effect written by Lt. Col. Harry Parker, and released by Panama's Col. Roberto Díaz Herrera, an opposition figure, a few days before.

Ornsby said, "In essence, we do not support the Defense Forces until further notice. The directive is an internal memo to his [Parker's] supervisors and branch chiefs. The directive is in line with U.S. embassy policy, and what it refers to is the types of repair, maintenance they provide to the PDF on a routine basis. . . . This is not stopping military aid or security assistance, or the turnover of any major equipment."

This refers to small equipment and stops all U.S. Army repair work for the Panamanian military under the American security-assistance program "on everything except what is already in the pipeline."

## New PANIC initiative launched in California

Petitioning has begun in California on the "Son of Proposition 64," its co-proponents Brian Lantz and Khushro Ghandi announced on July 13. Proposition 64 was the referendum to classify AIDS as a "communicable" disease, placed on the November 1986 ballot at the initiative of political associates of Lyndon LaRouche.

It was defeated, thanks to a high-publicity campaign by Hollywood movie stars, "gay" activists and others in both Demo-

cratic and Republican party leaderships. But 29% of California voters supported the measure.

For the new initiative, approximately 409,000 valid signatures will be required by Dec. 7 to qualify for the 1988 ballot. An initiative committee, Prevent AIDS Now In California (PANIC), has registered with the secretary of state.

The wording of the new AIDS initiative is almost exactly that of Proposition 64. It defines AIDS as "infectious and communicable," and would thereby place this disease on the reportable diseases list, meaning that existing public-health codes that apply to every other communicable disease, would apply to AIDS as well.

In a July 14 editorial, the *Los Angeles Times* slammed the new initiative, calling it "a mischievous move," and noting that LaRouche sees AIDS as an issue that could carry him to the White House.

As for quarantine of infected persons, the *Times* calls this "unworkable . . . because of the dimension of the infected population, estimated at 1.5 million nationally and at 345,000 in California."

PANIC sponsors estimate that there are actually now 1 million people in California infected with the AIDS virus.

## Scientist protests shutdown of Fusion

Dr. Stephen O. Dean, president of the industry lobbying group Fusion Power Associates and former head of the Department of Energy's magnetic confinement division in the fusion program, mailed a letter dated July 4 to scientists, congressmen, the media, and officials of the Department of Energy, protesting the shut-down of *Fusion* magazine.

The Fusion Energy Foundation, publisher of *Fusion*, was placed in involuntary Chapter 7 bankruptcy on April 21, in an illegal action by the U.S. Department of Justice, allegedly to collect on contempt fines owed to a federal court in Boston. In fact, the fines were still under appeal, and the FEF, as a tax-exempt foundation, is not subject to the bankruptcy code.

Dean wrote, "The procedures used by the government agents have included involuntary bankruptcy (they were, in fact, quite solvent), the confiscation of personal papers and research materials . . . the closing of the *Fusion* post office box . . . and refusal to allow *Fusion* magazine to use its own mailing list to communicate with its subscribers."

"Fusion Energy Foundation has not been convicted of any crime. . ." he continued. "I trust that most of you are still enjoying your constitutional rights on this Fourth of July weekend."

## Big threat to Bohemian Grove cultists: women!

The shenanigans at the Bohemian Grove, the biggest "stag party" in the United States, have drawn the scrutiny of European newspapers. The London *Daily Mail's* U.S. correspondent wrote on July 9: "Tomorrow, the most conspicuous men in American public and corporate life begin their annual mid-summer frolic among the tall redwoods 65 miles north of San Francisco. Over the next two weeks, wealth and power will be in rare repose as politicians, military chiefs, and the leaders of commerce and industry relax in rustic informality, walk about with nothing on, dress up in drag for their burlesque shows, and are generally uninhibited. . . ."

"But members of the Bohemian Club gather this year with their fun threatened. The California Court of Appeals has ruled that it is discriminatory for the club to continue to exclude women from its staff of 300.

"The club, which has never allowed a woman on its 2,700 acres, either as member or servant, has argued that the female presence would compromise the Bohemian purpose of promoting male fellowship, and it is appealing the judgment to the United States Supreme Court. . . ."

"Edmund Brown Sr., a former California governor, testified that he liked to walk around camp naked, another member said that in the club's Low Jinks show he had played a wood nymph in a body stocking

and wings, and similar performances would be 'very, very much more difficult' with females around.

"The court was unimpressed and said the members' rights of privacy did not justify the club's policy against employing women."

France's *Le Figaro* reported on July 11 that, "for these gentlemen, women will never be accepted, because they were never little boys." Participants have included Henry Kissinger, George Shultz, and other notables.

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## RNC takes own advice, cuts its budget

The Republican National Committee, champions of "free enterprise" economics, fired 40 of its 275 staff members on July 15, claiming a shortage of funds. It also terminated the contracts of 10 politically influential consultants, the *Washington Post* reported on July 16. The RNC said it would also cut back sharply or eliminate 20 or more consulting deals.

The cash flow at Republican headquarters dropped to \$17.1 million in the first half of 1987, compared to \$22.5 million in 1985 and \$19.3 million in 1983.

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## 'Intrusion' by Congress blamed for Irangate

Ray Cline, the former CIA deputy director, blamed the Congress for the Irangate debacle, in a commentary published in the *Washington Times* on July 17. He argued that the Boland Amendment, restricting aid to the Contras, "forced" the NSC and other intelligence networks to resort to illegal activities.

"The principal finding from the investigation," he wrote, "has to be that the intrusive, micro-managerial intervention of the Congress in foreign policy and national security issues of grave import forced . . . William Casey to abandon the tested mechanisms of the Central Intelligence Agency

and create risky procedures for supervising extra-governmental mechanisms set up to conduct covert actions abroad. . . .

"The Boland interference in executive branch management of policy irresponsibly made it impossible to follow normal procedures for covert action developed pursuant to the National Security Act of 1947 and many executive orders provided to the intelligence agencies and the Congress, the last being Executive Order 12333 of 1981."

Contrary to Cline's report, EO 12333 itself helped to create the "secret government" behind Irangate (see *Feature*, pages 28-39).

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## Maryland rep denounces attacks on LaRouche

Maryland State Delegate Clarence Davis (D-East Baltimore), in an interview quoted in the *Baltimore Sun* on July 13, denounced the Justice Department's violation of the constitutional rights of Lyndon LaRouche.

"They're handling the LaRouche thing like the Gestapo," he said. "You can't let them handle it like they were the Klan."

Colleagues of Davis, who is black, said he had fought hard in the civil rights struggle of the 1960s, and "has always taken the high road on civil rights issues, no matter what the political views."

Davis signed an appeal by the International Commission to Investigate Human Rights Violations, for a meeting with President Reagan to stop "all unconstitutional activities" by federal officials in the LaRouche case.

The *Sun* added, "Mr. Davis said he agrees with the moral positions Mr. LaRouche has advocated over the years, especially those against illicit drug use and the spread of AIDS. . . . Mr. Davis called some of the recent LaRouche rhetoric about international drug conspiracies 'a little twisted,' but asserted his own belief that British monarchs have played a historical role in the development of the international drug trade, mainly through its colonization of Asia. 'I'm not so sure about the accuracy of their current views, but historically I think they're right,' Mr. Davis said."

# Briefly

● **ROY GODSON**, a "disinformation" specialist for "Project Democracy," is a target of investigation by Independent Counsel Lawrence Walsh, sources report. Testimony by Lt. Col. Oliver North confirmed that Godson helped launder money to the Contras. A press spokesman for the House Select Committee probing the Iran-Contra affair confirmed that Godson has been under investigation since February and has been deposed by congressional investigators.

● **C. EVERETT KOOP**, the U.S. surgeon general, admitted that "condoms are not all they're cracked up to be," in a speech in Washington on July 16. He still maintained that condoms provide "the best protection available" against AIDS, other than sexual abstinence and mutual monogamy. Koop has also raised eyebrows recently with his demand that condom-users "buy American."

● **ELLIOTT ABRAMS**, Assistant Secretary for Inter-American Affairs and a principal in the Contragate affair, was spotted at the Mexico City airport on July 16, en route to unannounced meetings with Mexican Foreign Minister Bernardo Sepulveda and President Miguel de la Madrid. The U.S. embassy refused to disclose the nature of the visit.

● **LYN NOFZIGER**, President Reagan's former political director, was indicted by a federal grand jury on July 17, on charges stemming from his lobbying for Wedtech Corporation. An indictment is also expected for his lobbying efforts for Fairchild industries.

● **HARRY GILMORE**, of the Central Europe desk at the State Department, has been designated the new chief of the U.S. mission in Berlin, replacing John Kornblum, who leaves to take over as U.S. ambassador to NATO. Kornblum is a promoter of the fascist Green party, and of Soviet schemes for "decoupling" West Germany from the United States.

## Editorial

### *Two policies on AIDS*

The editors of *Executive Intelligence Review* hereby endorse what has been called "son of Prop. 64" in California. A renewed effort is now under way, led by associates of Lyndon LaRouche, as the last time, to place on the ballot in that state an initiative identical to last year's Proposition 64, to make AIDS a designated communicable and reportable disease, implicitly requiring health authorities to act in the interest of public health, rather than in the imagined interest of suicidal hedonism.

In issuing this endorsement, we find ourselves in editorial opposition to the budget-cutters once again. And that is the issue: Are we going to spend the money to beat this awesome pandemic?

The *Los Angeles Times* took the exact opposite position in an editorial entitled, "New Risks on AIDS." The newspaper tried to make its primary reason for opposing public health measures sound like an afterthought. Public health measures of quarantine and prevention against AIDS risk "the diversion of the energy and resources of the state from the serious business of controlling the pandemic," the newspaper pontificated.

Then, they got to the point: "It is all the more dangerous as the crisis in public finance has placed extreme constraints on public-health programs, including those addressing AIDS."

The same *Los Angeles Times* recently reported—we don't know if approvingly or not—the statements of one of the leading Dutch pro-euthanasia doctors, proclaiming that economic necessity will dictate euthanasia measures over the coming decades.

The budget-cutting lunatics are willing to risk everybody's life to avoid spending the money! But more, they are willing, and planning, to *take* a lot of lives rather than spend the money: the Nazi practice of euthanasia.

This, in fact, is the real issue raised by the spread of AIDS, and by the return of "Proposition 64" to the California ballot. Are we going to act like human beings, or are we going to start behaving as Nazis again?

No one knowledgeable of the nature of this disease, anywhere in the world, can honestly believe that a cure

will be available for AIDS, or a vaccine available to prevent AIDS, in any period shorter than 10 years from today—provided we do decide to spend the money.

Therefore, the question posed is: Are we going to spend the \$100,000 per person that it costs now, to treat an AIDS patient, according to the best available estimates, knowing that we may have 20 million AIDS patients in the 1990s, perhaps many more before a vaccine or cure is found?

Or are we going to do what is being done in the Netherlands (see page 47) and elsewhere? Are we going to allow doctors to treat AIDS with lethal injection, knowing that by killing 10 AIDS carriers once they become symptomatic, you may save the government \$1 million?

For an extended period of time, we have been moving toward euthanasia toward AIDS patients, indistinguishable from the euthanasia practiced by the Nazis in the 1930s, for which we joined in hanging some German doctors at Nuremberg.

AIDS is spreading very rapidly, and the perception of cost is primary among those who already know very well that their propaganda concerning "risk groups" and "safe sex" will shortly be scoffed at by everyone. Anyone can, anyone will, catch this disease. Surgeon General Koop in desperately sticking to his "safe sex" line, as he has said many times, because he wants to prevent citizens from realizing that enormous sums of money must be spent against AIDS. His attitude is, we can't afford to spend that much money.

We say we can't afford to become a Nazi nation. We're going to have to spend the money. We say no: We are going to have to spend the money to take care of AIDS patients, not murder them. That means it's going to cost a great deal of money.

The problem now is, that the economic policies of the past 20 years have caused the United States to become a nation that can no longer afford to survive as a nation. To defeat AIDS means giving up the post-industrial, services economy, and going back to becoming a powerful industrial economy again, that can meet the needs of its own citizens.

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# What do the Russians think of *Executive Intelligence Review*?



**"Dirty, dirty  
magazine."**

—Aleksander Bovin, *Izvestia* political commentator and top spokesman for the Soviet Politburo, at Reykjavik Oct. 11.

- Only *EIR*, among Western print-media, stated before and during the Reykjavik meeting that the Strategic Defense Initiative was the *only* issue at stake for the Russians. The dramatic ending of the pre-summit proved us right—and the liberal media wrong.
- *EIR* founder Lyndon LaRouche first publicly presented the "beam-weapons defense" program now known as the Strategic Defense Initiative in Washington, at an *EIR*-sponsored conference in Washington in February 1982.
- In March 1983, President Reagan gave his historic speech announcing the new strategic doctrine based on defensive weapons that could make nuclear missiles "impotent and obsolete," *EIR* was the only general-circulation weekly to define this as the key to reviving the Western ideal of technological optimism.
- *EIR* has waged a four-year campaign to educate the public on SDI and build up popular support—while the Wall Street crowd around President Reagan kept the administration from doing any mass organizing for it.

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- *EIR*'s founder Lyndon LaRouche in spring 1984 proposed guidelines for U.S. Soviet negotiations to develop the SDI in parallel and deploy it jointly. In 1986, this approach was fully adopted by President Ronald Reagan.

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