

EIR

Executive Intelligence Review

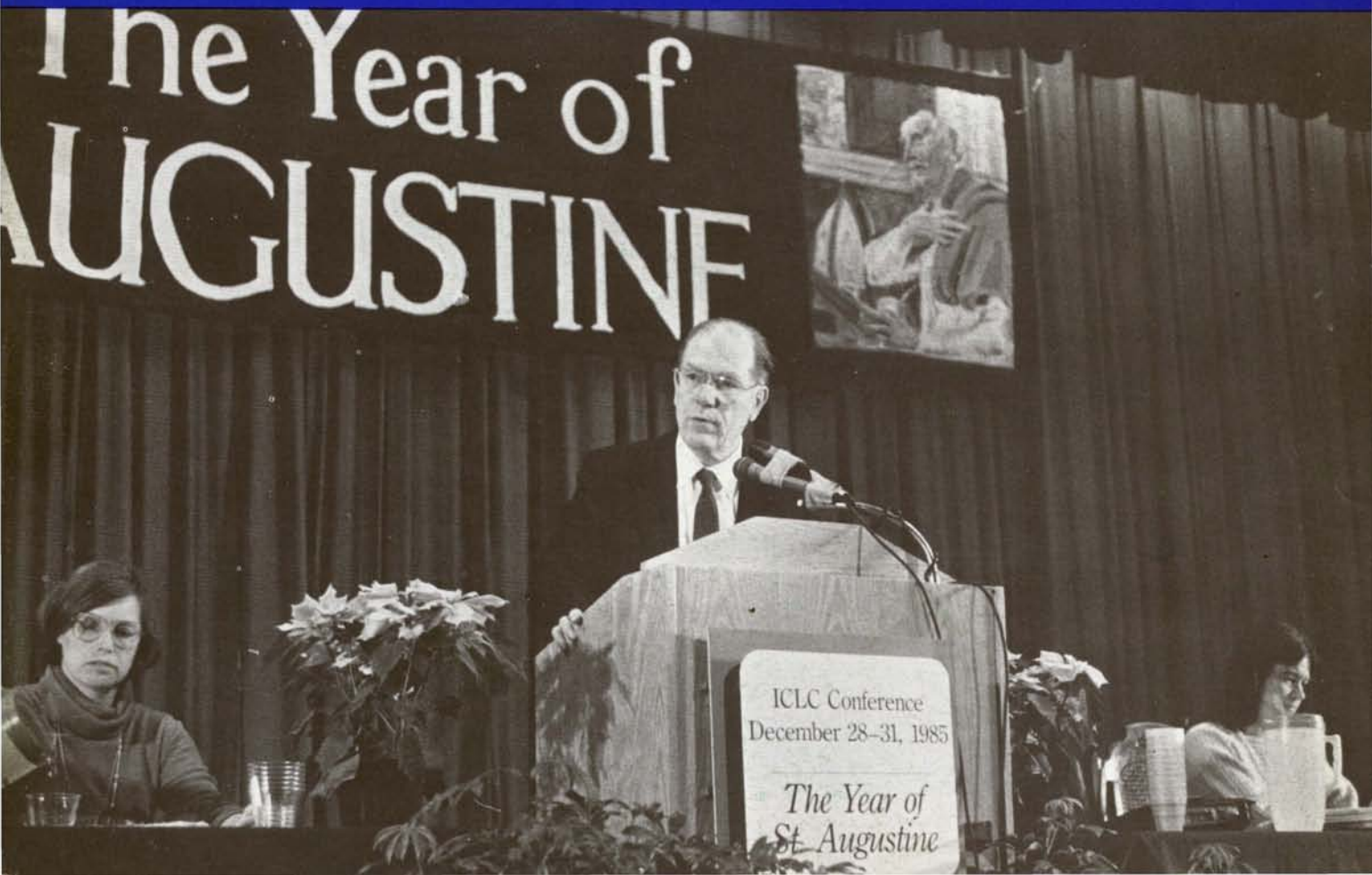
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Guatemalan leader backs Peru on debt
The world financial system at a breaking point
Setback for Trilaterals' 1986 program?

LaRouche: The end of
the Age of Aquarius?

The Year of
AUGUSTINE



EIR

Quarterly Economic Report

The Political Economy of AIDS and How to Fight It

Third Quarter 1985

Executive Intelligence Review

212 pages, over 150 tables and graphs

- **AIDS is becoming the Black Death of the 20th century:** Nearly 10% of the population in a nine-nation "AIDS Belt" in Africa may already be infected; U.S. cases may be 10 times the acknowledged number, and doubling every six months.
- **It is probable that AIDS can be transmitted by respiratory aerosols** as in tuberculosis, and by "mechanical" vectors such as insects in the tropics. It is not merely a sexual and blood disease, but a disease of economic breakdown—the IMF causes AIDS!
- **The Soviet Union controls information flow on AIDS.** Soviet health nistry officials under Sergei Litvinov run the relevant sections of the World Health Organization, and are responsible for the "guidelines" blocking measures of quarantine, prevention, and medical treatment in the West.



In addition, the EIR Quarterly Report continues to represent the only competent analysis available of the U.S. financial situation, the Ibero-American debt and trade picture, the deteriorating profile of the U.S. labor force, and, a special feature in this issue: "Space Age Technology Today." Even as the world careens toward disaster, humanity is on the verge of developing "universal machines," plasma and laser technologies capable of everything from making steel to turning garbage into valuable raw materials.

Compiled under the supervision of Lyndon H. LaRouche, Jr., the world's leading economist.

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EIR

From the Managing Editor

Welcome to 1986: A year in which the world shall be changed fundamentally, toward what Socrates and Christ defined as the Good, or the worst calamity in recorded history. This issue of *EIR* fairly samples the fundamental things that will be settled in the coming 12 months, beginning with our cover story, a year-end address of Lyndon LaRouche (page 28), in which he defines very precisely the function of his presidential candidacy in this context.

Of special note are two interviews, one with the President-elect of Guatemala, Vinicio Cerezo, and another with V. P. Singh, finance minister of India.

We start the year with few certainties:

- There is no financial system worthy of the name left in this world (page 4), as Nigeria's limitation of debt payments, in the path of Peru's García, serves to underline (page 53).

- There is no certainty who the Democratic nominee for President will be, or who the Republican nominee for President will be (page 64).

- There is no certainty that, after the Gramm-Rudman fiasco in Congress, there will still be a U.S. defense budget, let alone a Strategic Defense Initiative.

- There is no certainty that, by the end of the year, the United States will still have a single ally left in Asia (page 54), in the Middle East (page 48), or in Europe.

And what other certainties are there, when government refusal to enact the most elementary public-health measures is fast creating a situation in which AIDS could kill us all?

What is certain is that *EIR* will be of decisive importance, as our intelligence, and our "active measures" internationally, guide broader forces over the course of this most dangerous, most hopeful year.

Vin Berg

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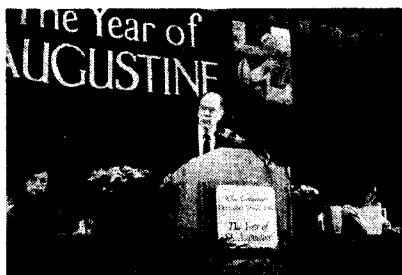
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NSIPS/Stuart Lewis

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Correction: In our Jan. 3, 1986 issue, the headline "The looming bankruptcy of the United States," conveyed the misleading impression that the crisis has not yet arrived. In fact, as the article demonstrates, during October-December the United States entered an actual bankruptcy organization, dictated by the IMF. Also in this article, Figure 2 ("Inflation and wages, *EIR* vs. the Consumer Price Index") contains an error: The labels on the bottom two curves are reversed. The increase in the wage bill was actually below the curve for the CPI.

The world financial system reaches a breaking point

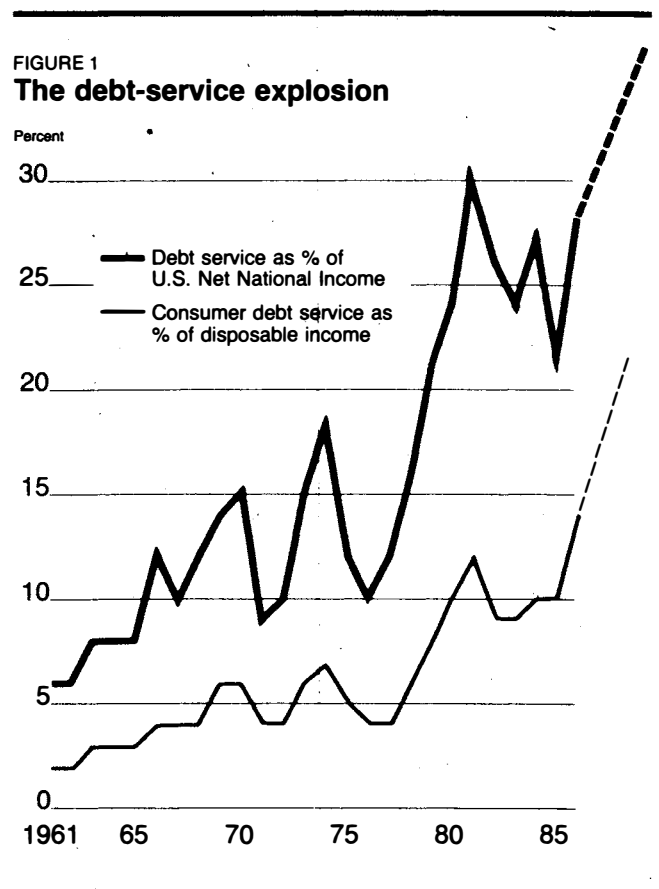
by David Goldman

The following speech was given by Mr. Goldman on Dec. 29, at a conference of the International Caucus of Labor Committees in Herndon, Virginia.

The year 1985 has concluded in an orgy of speculation that makes the events of 1929 seem, by comparison, a bingo evening at a Methodist Church. The stock-exchange value of American equities has doubled since 1982, and comparable European values have more than doubled. These events merely guarantee that the "financial Armageddon," in the words of *Washington Post* columnist Joseph Kraft, will hit with even greater force during 1986.

President Reagan's signing of the Gramm-Rudman amendment, which compels the federal government to reduce spending by about a quarter-trillion dollars over the next five years, completes the national bankruptcy of the United States. In 1971, when President Nixon suspended gold backing for the dollar, the United States was bankrupt, except for the willingness of its creditors to hold unbacked American paper. After 1979, when Federal Reserve Chairman Paul Volcker dismantled the American economy, the United States asked its creditors to accumulate up to \$150 billion of unbacked paper each year in return for goods we purchase abroad in excess of what we ship abroad. At present rates of increase, America's net foreign debt will reach \$1 trillion by 1990—overshadowing the mere \$800 billion in debt of the developing world.

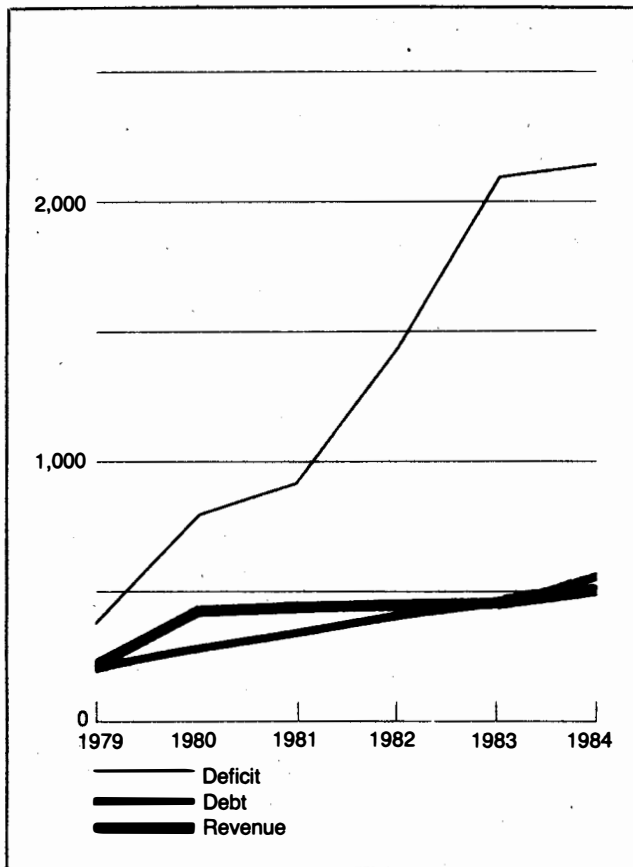
Figure 1 depicts two measures of our national bankruptcy. The first shows debt service, that is, the interest costs of



our \$6.7 trillion domestic debt, as a percentage of total sales in the economy, or nominal national income. In 1961, debt service took 6¢ of every dollar of income; in 1971, when the United States suspended gold backing for the dollar, it still took less than a dime. By the Volcker era, the proportion moved up to the 30% range. The dotted line shows our projection that debt service as a proportion of national income will rise far in excess of 30%. The second line shows how much of their after-tax income consumers must pay in interest on outstanding household debt. In 1961, the proportion was 2¢ on every dollar of consumer income; it has now risen to close to 15¢, and we project it to rise to about 20¢ during the next two years.

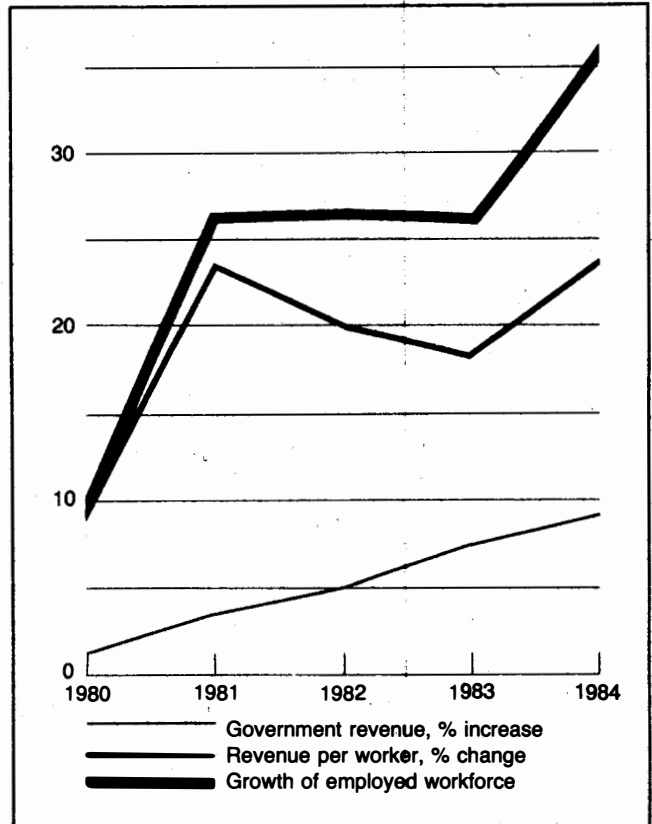
This also indicates by what means the fraudulent U.S. economic recovery will blow out. The U.S. trade balance now represents one-sixth of our total consumption of physical goods. We borrow abroad to finance the imports, and consumers borrow at home to buy them. Consumer debt has become the fastest-growing category of debt, growing at

FIGURE 2
Growth of government revenue, budget deficit, and debt
 (1967 = 100)



Source: IMF

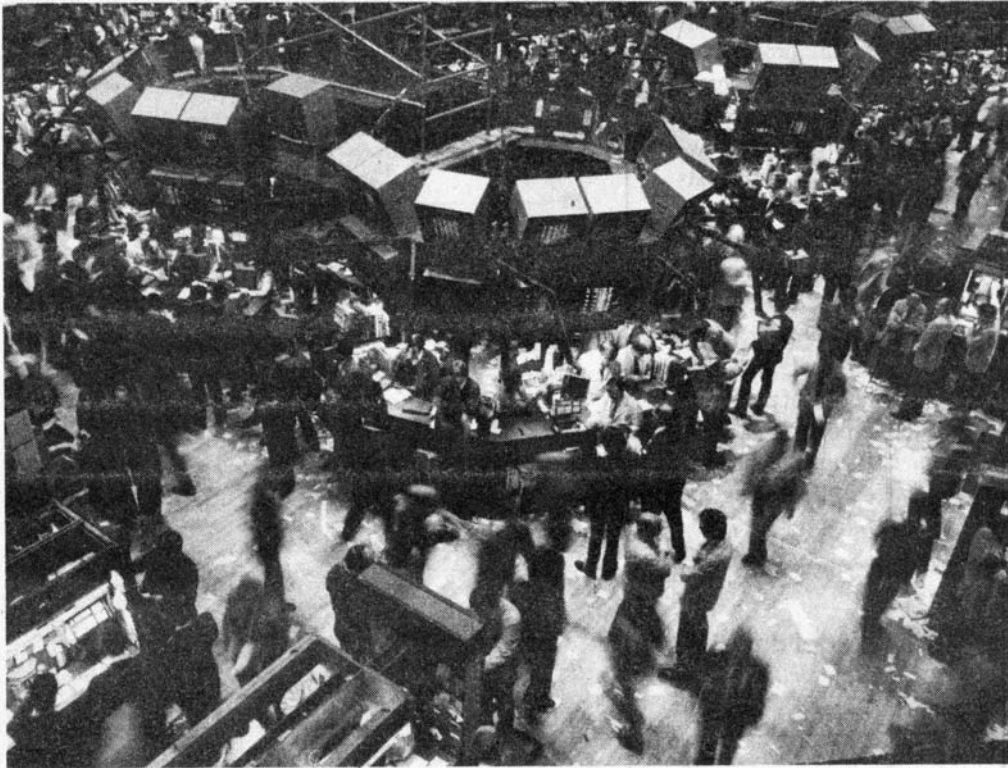
FIGURE 3
Government revenue and the tax base



Source: IMF, BLS

about 20% per year. The supposed consumer boom—pathetic in contrast to the actual 50% decline in household consumption, which *EIR* documented in its *Quarterly Economic Report* dated June 15, 1985—will crumble next year under the weight of debt service.

Let us briefly, and finally, settle the question of the budget deficit. The deficit has nothing to do with excess government spending. After inflation, government spending has been falling for six years; net of interest payments to our creditors, it has been falling rapidly, to the detriment of our national defense and basic infrastructure (Figure 2). The problem, as the graph shows, is that revenues have been flat, while the deficit and debt have continued to rise. Now, the American economy employs 112 million workers, 10 million more than in 1979; six out of 10 mothers with small children are working. With all this employment, what happened to revenues? Figure 3 shows what the problem is; despite the rise of the workforce, revenue per employed worker has been falling, even in undeflated, nominal dollars. Look at what sort of employment is available, and the problem is obvious: How much in taxes can you squeeze out of a housewife working 20 hours a week at Burger King?



NSIPS/Philip Ulanowsky

1985 concluded in an orgy of speculation that makes the events of 1929 look mild by comparison. Here: the New York Stock Exchange.

With five out of six employed Americans flipping hamburgers or shuffling papers, mostly at mid-American tax base has rotted away. We have a budget deficit for the same reason we have a trade deficit: We can no longer produce the physical goods we require for continued existence. Now this reality has caught up with the financial system.

The banking system is bankrupt

Except for one special circumstance, to which I will refer in a moment, the American banking system is bankrupt. The failure this year of 113 banks, the highest number since the 1930s, is of far less significance than the collapse of the Maryland and Ohio state insurance system for savings and loan institutions. Under the spur of banking deregulation, the savings and loans have abandoned their traditional home-financing business, in favor of speculative real-estate transactions. The traditional savings account has disappeared, in favor of high-interest, short-term deposits, whose departure can empty a bank of funds within hours. The entire \$800 billion savings system is rotten, and the federal government's capacity to salvage it is comparatively much weaker than that of the already bankrupt Maryland and Ohio state insurance funds. One out of six federally insured S&Ls is losing money, and one out of seven is technically insolvent.

The \$80 billion bankruptcy of the Farm Credit System,

the principal source of finance for American farmers, crushed the finances of U.S. federal government agencies, which together sponsor over \$500 billion in outstanding debt. At risk is not merely the \$220 billion of outstanding farm debt; the Treasury Department's decision to force the Farm Credit System to foreclose on delinquent loans has, in any case, doomed the entire outstanding debt of the farmers. The failure of one federal agency, namely the FCS, will bring down the entire alphabet soup of agencies which support the trillion-dollar mortgage market.

The special circumstance which has delayed the collapse of American banking institutions is the growth of the narcotics traffic. In 1978, we wrote in the book *Dope, Inc.*, that dope was the world's largest business, second only to petroleum; now it has outstripped oil by a wide margin. Some \$200 to \$300 billion in sales of illegal narcotics leaves the United States every year, of which about \$100 billion returns in the form of traceless inflows of capital. These capital inflows have provided a temporary source of liquidity to an otherwise-bankrupt banking system, permitting the major international banks to continue functioning, while even the strongest farm and regional banks go under.

The relative importance of narcotics traffic has increased even faster than the absolute size of the global dope market, for the simple reason that all other commodity prices have collapsed, by more than 30% since 1980. Illegal money flows

are the only source of new liquidity in the international markets, and a major replacement for sources of liquidity that have been lost to the collapse of prices in world trade. We will first examine the condition of the world's major debtors, and return to examine, in conclusion, how narcotics revenues have taken control of the American financial system.

Global debt crisis

The most probable breaking point for the world financial system is located in the unpayable \$800 billion debt of the developing nations, and the \$2 trillion offshore banking market tied to that debt. Treasury Secretary James Baker III offered a program to contain the debt crisis at the October annual meeting of the International Monetary Fund in Seoul, South Korea. Baker's scheme, the first official American admission that the debt crisis is *global* in nature, is *prima facie* fraud, on two counts. First, Baker's promise of new bank loans for the debtors presumes that the debtors will auction off major national assets, e.g., their petroleum companies, for a fraction of their underlying value, in return for additional loans. Second, even were the debtors to permit the banks to take over their national assets, the way a loan shark takes over a family business, Baker's plan assumes that they will continue to pay out, net, almost \$50 billion a year to their creditors.

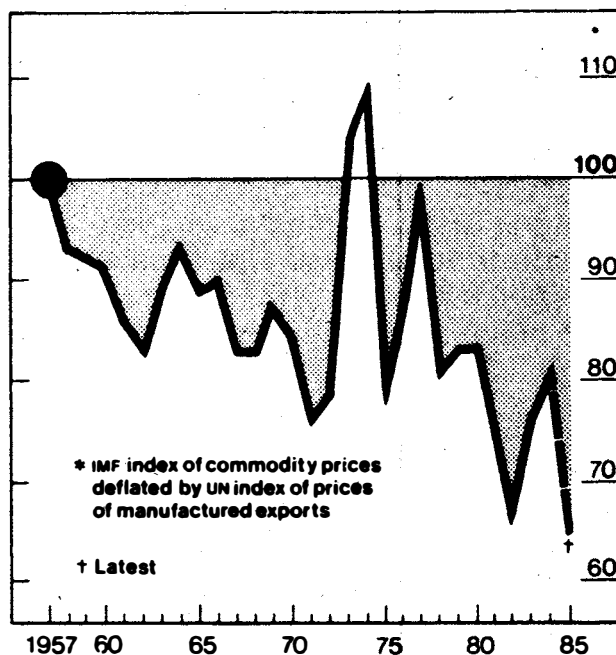
But there is such a thing as a reality principle in the world economy, and this reality principle demonstrates the miserable ineptitude of the U.S. Treasury. Let us examine the relentless spread of depression in international trade. World exports, running this year at a flat \$1.7 trillion annual rate, remain 10% below their 1980 level. The collapse of the dollar volume of trade reflects a more than 30% fall of the price of all commodities since 1980, including a 10% fall in the 12 months through 1984.

The industrial nations' imports of raw materials are even more depressed, at 12% below the 1980 level. For the largest Ibero-American debtors, the situation is much worse: An *Executive Intelligence Review* study included in our Oct. 15, 1985 *Quarterly Economic Report* showed that exports to the United States of a basket of 18 agricultural and industrial commodities fell by 34.9%, in terms of physical tonnage, during 1980-83. The Ibero-Americans, meanwhile, increased their exports of energy-intensive intermediate goods by a staggering 153.

Economist estimated the decline in all raw materials producers' terms of trade at almost 50% since 1978 (Figure 4).

The 12% decline over 1979-84 in OECD nations' absorption of commodity imports, mainly from the developing sector, compares to a 58% rise between 1975 and 1979, the last period of industrial growth in both the developing and developed nations. This 70% swing in commodity export growth rates between the two periods explains the devastating fall of commodity prices, and makes the present situation parallel

FIGURE 4
Terms of trade*
Exporters of primary products 1957 = 100



Source: *The Economist*

the 1929-34 period, when commodity prices fell by approximately 50% overall.

OPEC's decision in December to raise rather than restrict exports, provoked by Anglo-Norwegian-Soviet dumping of crude oil, has already pushed crude oil prices down by more than 10%, and threatens to bring oil prices down by an additional 25%. The situation is even bleaker in some other markets. After the bankruptcy of the Tin Producers' Council last October, it is expected that the re-opening of tin trading will occur at roughly half the previous price level for the widely-traded metal. In this context, a further 20% decline in raw materials prices during the next two quarters would be no surprise.

The London *Economist* described the effects of the price collapse as a \$65 billion "poor man's gift" to the industrial nations, and warned bluntly that a financial crisis would ensue unless something were done about it. The situation is even worse than the commodity indices show. An *EIR* study demonstrated that the biggest Ibero-American debtors lost 35% of their export prices between 1980 and 1983 alone, i.e., an amount even larger than the decline in the prices they obtained for those exports traded on global commodity markets. That reflects the devaluation of their currencies under International Monetary Fund programs during the period.

Since the devaluation-bred decline of export prices is mirrored in higher import prices as well, the Ibero-American debtors' terms of trade fell, overall, by roughly 60% during the same period. That is, the major debtors must export 60% more, as well as import 60% less, in order to earn the same volume of dollars for debt payments. The resulting squeeze on their economies has cut domestic consumption in the range of 30%—exact numbers are incalculable from available data—and wreaked even more damage upon those countries' future, through the suspension of all infrastructural improvements.

The 15 worst-off debtor nations paid \$32.4 billion in interest additional \$2.6 billion in repayment of principal. During those 12 months, the developing nations shipped, net, \$35 billion to their creditors.

Adding \$25 billion in flight capital looted from these countries to the net capital export figure, we see that *the debtor nations are paying out \$60 billion annually in hard cash to their creditors.*

We can see that Treasury Secretary Baker is attempting to hold the financial system together with mirrors. Even if the so-called Baker plan were put into effect, it would do no better than to reduc

oping nations to a mere \$45 billion per year, rather than the \$60 billion registered over the past 12 months. Even that monstrous degree of looting ignores the devastating damage done to the economies of the developing nation through the huge shift in their terms of trade, which is, by an order of magnitude, the biggest problem of all.

By the London *Economist's* judgment, the developing nations coughed up an additional \$65 billion, the "poor man's gift," in the form of a 10% decline in commodity prices during 1985. But, as indicated above, the overall decline in terms of trade since 1980 is 60%, and 60% of the non-oil developing nations' annual exports of about \$725 billion adds up to \$435 billion.

The *Economist* survey, published Nov. 30, 1985, observed that the \$65 billion cut out of developing nations' export earnings this year amounted to 0.7% of the industrial nations' Gross National Product. "Since real GNP growth in the OECD countries is running at an annual rate of about 3%, a quarter of it comes courtesy of cheaper commodities. The full bonus is probably even bigger, because anything that cuts prices directly will produce such second-round benefits as smaller wage increases and lower interest rates," the *Economist* concluded.

Taking 1980 as a base, and using *EIR's* more comprehensive measure of terms of trade, we find that the price-reduction of non-oil developing nations' exports since then, at \$435 billion, amounts to a full 4.8% of total sales (GNP) in the industrial world—or considerably more than their total reported "real growth." Leaving aside the fact that the real growth numbers, as reported in GNP terms, are at best mis-



NSIPS/Laurence Hecht

With the enactment of Gramm-Rudman, the American population is thrown on the scrap heap.

leading and at worst completely fraudulent, the broad result is correct. Without the collapse of developing nations' export earnings, the charade of economic recovery could not be maintained anywhere in the industrial world, with the possible exception of Japan.

The developing nations are politically, financially, and economically exhausted after five years of looting at an accelerating pace. Their economies, deprived of spare parts, let alone infrastructure investments, cannot maintain the same rate of exports, and their social structures cannot withstand the concomitant spread of mass starvation and epidemic disease.

What does this mean for the world banking system?

The cancerous Eurodollar market

Figure 5 displays the position of the \$2 trillion offshore market on three levels. The middle line is the total size of world trade, or \$1.7 trillion. The bottom line is the total size of the offshore markets, which crosses and exceeds the line representing world trade. These two measures are roughly comparable; to the extent that there is any real, underlying income supporting the offshore, or Eurodollar market, it is the exchange of goods in international trade. We see that the Eurodollar market has nearly doubled in size since 1979, while world trade has stagnated.

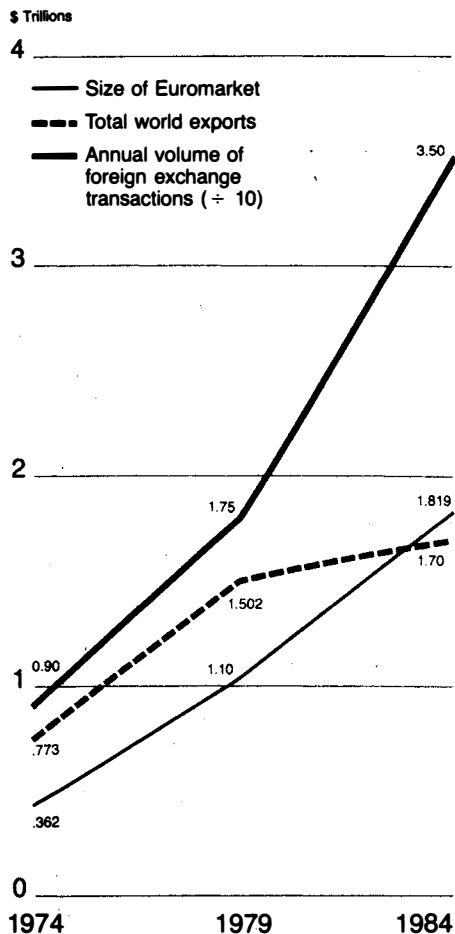
The top line represents the monthly—not annual—vol-

ume of foreign exchange transactions on the international markets, that is, the amount of dollars, deutschemarks, yen, and other currencies that exchange hands; \$23 changes hands each day for every dollar of merchandise exports. That is to say, that a speculative cancer has grown on top of a banking system, whose own real basis for payments has meanwhile rotted way.

Historically, the growth of Eurodollar market deposits began with the boom in international commodities trade during the last years of post-war economic growth. The Eurodollar market mushroomed in the wake of America's Aug. 15, 1971 suspension of gold backing for the dollar, and the 1973 reversion to "floating exchange rates." These amounted to a grand deregulation of the financial system, spurring a geometric growth rate in Eurodollar market operations.

Developing nations deposited their commodity earnings with London banks, which treated these as the equivalent of compensating balances for loans to the same countries.

FIGURE 5
The 'offshore' market



During the 1969-74 period, before the first big rise in oil prices, OECD countries' imports of raw materials rose by 240%, from \$25.9 billion to \$62.4 billion. In the same period, the Eurodollar market ballooned from a small pool of funds serving (initially) the Soviet Union, which did not want to hold dollar balances in the United States, and assorted dirty money, into the major source of new international lending.

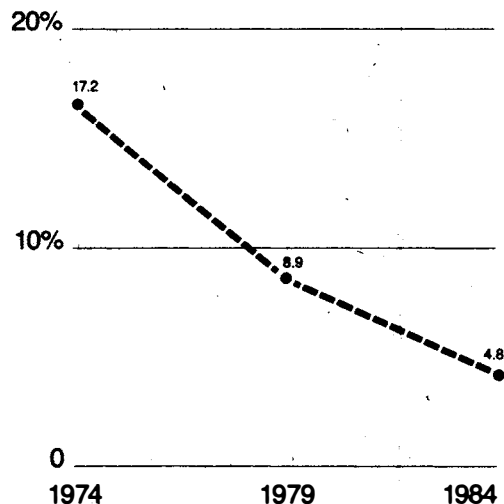
As of 1974 (Figure 6), OECD nations' raw materials imports were equal to about 17% of total Eurodollar deposits of \$362 billion. By 1984, when Eurodollar deposits (by the narrowest measure) were at \$1.8 trillion, trade in raw materials covered less than 5% of total deposits.

The Eurodollar market seems to work according to the old joke, that the entire population of Tel Aviv lived by selling the same bottle of orange juice back and forth to one another. As I reported, the dollar volume of international trade has not grown since 1979. Nonetheless, the volume of global foreign exchange trading has doubled, from \$75 billion to \$150 billion *per day*. That is exactly 23 times the total value of international trade.

The 'underground economy'

However, in all such speculation, there are (by definition) as many losers as winners; everyone can't make a living in the permanent floating offshore crap game. What has held the Eurodollar market together, rather, is what economists politely call the "underground economy," i.e., \$500 billion a year in global narcotics traffic, \$100 billion a year in illegal arms traffic, and several hundred additional billions in flight

FIGURE 6
Commodity trade earnings as % of Euromarket liabilities



If the Eurodollar market was commodity-based in 1973, it is narcotics-based today. During the first half of 1985, almost half of America's \$120-billion-a-year balance of payments deficit was financed by parties unknown, who took precautions to ensure that their investments in the United States were hidden.

capital, tax evasion, and assorted types of swindling.

If the Eurodollar market was commodity-based in 1973, it is narcotics-based today. Skeptics are referred to the balance of payments tables for the United States.

During the first half of 1985, according to official government numbers, almost half of America's \$120-billion-a-year balance of payments deficit was financed by parties unknown, who took precautions to ensure that their investments in the United States were hidden. Analysts at the Federal Reserve Board, the Commerce Department, and the International Monetary Fund believe that the biggest source of revenues from these parties unknown is narcotics traffic, and that the second biggest is flight capital from developing countries.

That is, in hard numbers: The United States was importing \$124 billion per year more than it was exporting, as of the first half of the year (Figure 7). The graph shows the trade deficit, and how it is financed; the second line is the reported deficit, and the top line is the trade deficit adjusted for what it would cost us to produce the same goods at home. Underneath, we see where the money comes from to finance the deficit; more than two thirds derives from illegal sources.

Some \$50 billion of that is reported in the official data, as "net errors and omissions." In other words, we could not account for \$50 billion a year in money coming into the United States, enabling us to pay for our trade deficit.

That is not the end of it. American companies, and various U.S. government agencies, are borrowing at a \$35 billion annual rate from the offshore entity known as the "Eurobond market," founded, in the first place, to enable parties unknown to buy income-yielding securities without being traced. This market used to be a relatively small, dirty corner of the world financial market; it is now "closely lagging" behind the U.S. government debt market, the largest market for securities in the world, according to Cr dit Suisse-First Boston, the London firm which dominates this market.

Fifty billion dollars a year of "errors and omissions," plus

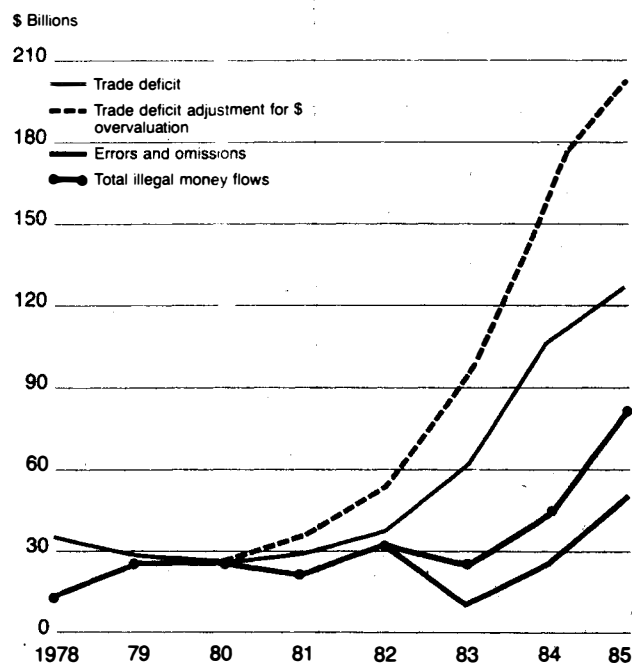
\$35 billion a year of "Eurobonds," adds up to \$85 billion, or more than two-thirds of our annual external financing requirement, from sources the U.S. government cannot identify.

These are the funds that are buying up American corporations, financing a Mississippi bubble of speculative takeovers on Wall Street.

Whether the savings and loans, the farm banks, the Third World debtors, the oil producers, the bloated real-estate market, or another time-bomb will go off first, is not within our means to predict. America's creditors may pull the plug on the finances of the U.S. government at any moment, as the International Monetary Fund and the Bank for International Settlements warned bluntly in their most recent annual statements. They have not done so, only because President Reagan's capitulation to their demands has enabled them to obtain the political results they want, without pulling the plug immediately.

One way or another, the issue will be decided in 1986. Reality has caught up with 20 years of encroaching economic disaster. The coming year's financial upheaval will either give the United States opportunity to employ its sovereign powers, and take the world financial system back from Dope, Inc., or it will give Dope, Inc. the means to crush the sovereign power of the United States forever.

FIGURE 7
U.S. trade deficit: financed by 'parties unknown'



Peru's battle with the IMF heats up

by Salvador Lozano

The battle between international usury and the only country of Ibero-America which has adopted practical measures to fight it, Peru, sharpened in the final days of 1985, when the government of Alan García found itself forced to nationalize Belco Petroleum's plants and freeze its bank accounts inside Peru.

The U.S. government responded with threats and economic sanctions (the elimination of the Peruvian quota of sugar exports to the United States, for starters). According to reliable sources, the U.S. ambassador to Lima, David Jordan, telephoned President García to suggest that he soften the conditions for Belco's return. The diplomat reportedly told García that the U.S. government "would not like" to have to apply the Hickenlooper and González amendments. It is known that the President reiterated—as he has clearly stated in public—that the decision on the petroleum issue is irreversible.

The finance ministers of Ibero-America's 11 biggest debtor countries, meeting in Montevideo in mid-December, recognized Peru's right to limit service on its debt to 10% of its export earnings. But, from there on out, they failed to do anything but threaten "joint action" at some unknown future date.

Two days later, Wells Fargo Bank, in the pages of the Lima daily *Expreso*, put out the story that it had confiscated \$1,400,000 of the Peruvian government's checking accounts, as a reprisal for Peru's sovereign decisions on the debt. The daily of the ruling APRA party *Hoy* denied this report, and said it was all a maneuver to create the political conditions in which an embargo would be possible. An embargo could trigger other similar actions and the cancellation of the Peruvian credit lines by all banks.

This is not the first time that Wells Fargo has spearheaded the usurers' attacks against Peruvian sovereignty. On May 5, 1978, the bank charged Peru with breach of contract, alleging that the government was behind in the payment of a paltry \$14 million to a consortium headed by Wells Fargo. The actual motive was that Peru's nationalist military leaders were resisting the severe measures which the International Monetary Fund was demanding at that time.

Wells Fargo's operations in 1978 were being run by the bank's vice-president, Carlos Rodríguez Pastor, the banker

who fled the country in 1968 disguised as a nun, to evade an arrest warrant for the crimes committed under the first regime of Fernando Belaúnde Terry. Rodríguez Pastor worked for Wells Fargo for 14 years. In 1982, with Belaúnde Terry back in the presidency, Rodríguez Pastor returned as minister of economy and finance, and Pedro Pablo Kuczynski—who had also fled in nun's disguise—became minister of energy. The pair, together with Prime Minister Manuel Ulloa, are now under investigation for having turned over more than \$600 million to foreign interests, such as oil magnate and Soviet agent Armand Hammer.

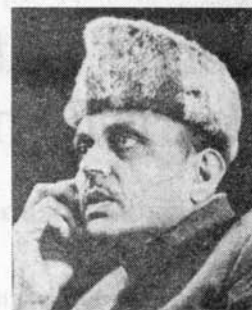
Wells Fargo—with the bald-faced aid of the U.S. State Department—intends to provoke the fall of the nationalist regime of Alan García, to put the final nail in the coffin of the war on drugs which he is carrying out. When Ulloa, Rodríguez Pastor, and Kuczynski were running the government, Peru was the paradise of the drug mafia. Peru supplied the raw materials for half of the world's cocaine market. Rodríguez Pastor set up Augusto Blacker and another Wells Fargo employee to run the Central Bank; and the Wells Fargo boys in the Central Bank protected transactions for tens of millions of narcotics dollars.

The international mafia and its stooges in the State Department fear that a lot of the dirty laundry of the operations of Wells Fargo and other banks is about to come to light, as secrets kept in the archives of the Central Reserve Bank of Perú come out. Alan García has just thrown another of the drug bankers, Richard Webb, out of the Central Bank, and people in Lima who know about such things say he intends to get rid of all the drug traffickers' agents in the Central Bank.

On Dec. 6, 1985, speaking before 100,000 people, García called the Central Bank the "IMF within the Constitution." The President explained, "The liberals, i.e., the technicians of capitalism, have always maintained that the economy has laws which have nothing to do with the government. . . . We say that the liberal theories of the IMF, which have done us so much harm, cannot serve as the basis to argue for the autonomy of the Central Reserve Bank. . . . What good is it to us to have quit paying the foreign banks if we keep the money locked up in Peruvian banks? I tell the economists and technicians: Everything that we stopped paying has to be invested productively and socially inside Peru. This is the economics I propose; this is the economics I defend."

It is also the economics defended by Pope John Paul II. But it is in no way the economics defended by the government of Ronald Reagan, locked into the immoral ideas of Adam Smith and Milton Friedman. Reagan repeated it in a letter to Colombian President Belisario Betancur in late November. The United States does not accept any way out of the crisis unless it is called the Baker Plan: "Any attempt to relieve the debt burden by the arbitrary limitation of payments will have a negative effect," Reagan threatened.

'International action is urgent to revive the world economy'



Vishwanath Pratap Singh, India's minister of finance, is an unusual man. At first glance, the finance ministry is a far cry from V. P. Singh's youthful dream of being a scientist at the Bhabha Atomic Research Center, a wish he pursued through chemistry and physics and a B.S. degree from Fergusson College in Pune, even after completing Arts and Law at Allahabad. But in the political courage and rigor with which he has tackled the complex and highly charged issues associated with getting the Indian economy moving, the spirit of the scientist and problem solver is unmistakable.

A disarmingly unassuming individual, V. P. Singh is a tested politician and administrator. As chief minister of Uttar Pradesh, he established a unique record of competence and integrity in public office, resigning on principle in 1983 over an outbreak of banditry in the state. His rejection of the type of petty politicking that characterizes politics-as-usual in India has won him wide respect and a loyal base in India's most populous and politically crucial state. In 1983, V. P. Singh was brought into the Union Cabinet as minister of commerce, a post he held for two years before returning to Uttar Pradesh to take charge of the state Congress Party.

Since assuming the finance portfolio, V. P. Singh has taken a lead in the government's initiatives to generate more rapid economic growth domestically, modernize industry, and improve efficiency and quality. V. P. Singh has represented India at a number of international economic forums in the past, including the last two IMF-World Bank meetings in Washington and Seoul. He took time out from his busy schedule to discuss international economic issues with *EIR*'s Susan Maitra on Nov. 23.

EIR: Since 1983, talk of economic recovery being in progress has been making the rounds in the United States and elsewhere. This talk does not appear to be congruent with facts. What in your view is the real position of the world economy?

Singh: The mid-year review of the world economy made by the International Monetary Fund staff and assessment made by several other international agencies presents a gloomy

picture. The first half of 1985 has witnessed increasing signs of faltering in the pace of economic growth. Growth has declined in the United States. The recovery process has been subdued in other industrial countries.

There has been a deterioration in the position of developing countries. The debt position of a large number of developing countries has become grave. Over half of all developing countries now have per-capita income lower than in 1980. All this is a source of deep concern for us.

The recovery witnessed in 1984 has been uneven in distribution between groups of countries and among countries in the same group. Protection combined with inadequate resource flows from commercial banks and international organizations has made the task of adjustment extremely difficult in the indebted developing countries. The high level of real interest rates in international capital markets associated with the massive budgetary and current-account deficits of the United States has aggravated the debt burden of many developing countries. There has been no effort to ease the world liquidity problems through a fresh allocation of SDRs.

We believe that the world economy may face another recession unless international action is immediately initiated to improve the prospects of flows of real resources to developing countries and free access to markets of industrial countries.

EIR: In some quarters, relief was expressed over the Seoul World Bank-IMF meeting. It was said that there had been some reconsideration and recognition of the importance of continuing concessional lending and foreign aid to developing countries, and so forth. Is this relief warranted in your view? What is your assessment of the Seoul meeting? What was accomplished?

Singh: The outcome of the Seoul Fund-Bank meeting has been disappointing. We in G-24 [the Group of 24 Non-Aligned nations] had demanded allocation of SDRs at the rate of SDR 15 billion per annum, but because of the negative attitude adopted by some major industrial countries, no decision could be taken about the fresh issue of SDRs.

Replenishment of the Seventh International Development Assistance had been agreed before the Fund-Bank meetings, at a level of \$9 billion, which had been considered highly inadequate both by the low-income countries and the World Bank management. There were hopes for increasing the size of IDA-7 replenishment by the time of the Fund-Bank meetings. But we were informed, to our disappointment, at these meetings that there had been no progress in augmenting the size of IDA-7. It was, however, agreed in the Development Committee meeting that IDA-8 should be effective in due time and negotiations for the same should start immediately.

We had maintained that access limits for 1986 under the Fund's Enlarged Access Policy should be restored to their 1983 levels; in any case they should not be reduced from their existing levels. It was unfortunate that the Interim Committee decided to reduce access limits under the Facility further in 1986.

The Interim Committee had preliminary discussions on the reports on the G-10 and G-24 on the functioning and reform of the international monetary system. The G-10 report does not find any need for a major reform of the existing system while the G-24 report calls for some important changes. We had suggested a joint examination of these reports by a Joint Committee of the Interim and the Development Committees. It seems that these reports will now be largely discussed in the Interim Committee forum.

EIR: In the context of the Seoul meeting, the U. S. Treasury, State Department, and other officials expressed the view that the World Bank should play a greater role in the crisis in developing countries, with the clear implication that the IMF's role has been problematic. Is a distinction between the World Bank and the IMF's approach to economic policy warranted in your view?

Singh: It has been our view that coordination between the IMF and the World Bank should help further their respective roles. Closer contact between the management and staff of the two institutions could help in better understanding each other's points of view.

However, we feel that it would not be advisable to seek some kind of uniformity of advice. Such a step would be counterproductive and could lead to cross conditionality and would dilute the respective responsibilities of the two institutions and become a means of exerting a concerted pressure on borrowing developing countries.

We must understand that the Fund is primarily concerned with the stabilization problems of member countries in the short and the medium term. The Bank, on the other hand, is charged with the responsibility of providing development finance over the long term. These institutions have thus distinct functions to perform. They could well exchange information and consult each other as they have been doing in the

past. But we are opposed to any symbiotic relationship developing between the two to the detriment of the interests of developing countries.

EIR: The World Bank's Multinational Investment Guarantee Agency (MIGA) is one expression of the type of "debt-for-equity" arrangements which have been mooted among private bankers and monetary officials as a solution to the debt crisis. In Seoul, you publicly announced the Indian government decision not to join such an enterprise. Please spell out the government's thinking on this.

Singh: We have followed the efforts being made by the Bank management to evolve a consensus on the establishment of MIGA. We recognize that private direct investment has a role in the development process. We feel that such investment should necessarily subserve national objectives and priorities of host countries.

Although we are not fully convinced about the utility of MIGA, we have participated in the deliberations relating to it. We find that some of the provisions transgress the jurisdiction of our laws and our courts. We therefore continue to have reservations on our membership of the MIGA.

EIR: Efforts over the past year or so to bring national control over banking, insurance, shipping, and other "services" under the authority of GATT, the Bretton Woods' third leg, would seem to constitute a similar serious breaching of sovereignty in economic matters. India, together with Brazil, Egypt, and other developing nations, has opposed these efforts firmly. Please explain your thinking on this.

Singh: Some industrial countries, the United States in particular, have been zealously propagating a new round of trade negotiations covering what they call "services" under the discipline of the GATT.

We are opposed to the proposal because, in our view, there are much more pressing problems facing the world trading environment. These include: a rollback in protectionist measures in industrial countries; liberal access to markets of developed countries for products such as textiles, steels, tropical products, footwear, light engineering products, certain electronic products, and agricultural and agro-industrial products; removal of discriminatory restrictions and grey-area measures by building reliable and non-discriminatory safeguards; discipline and concretization of the differential and more favorable treatment in favor of developing countries. We believe that implementation of the 1982 GATT Ministerial Work Program, to which industrial countries were also signatories, would take care of these concerns of developing countries.

We see no reason to ignore the implementation of the 1982 Ministerial Work Program and initiate action to cover "services" under the GATT discipline instead.

The concept of "services" is, in any case, confusing. Are

The debt position of a large number of developing countries has become grave. . . . We believe that the world economy may face another recession unless international action is immediately initiated to improve the prospects of flows of real resources to developing countries and free access to markets of industrial countries.

we talking of "trade in services" or "investment in services"? Does the proposal contemplate an agreement under which countries will get the freedom to open branches of banks and insurance companies in other countries (which would be a case of investment), or whether the intention is that the residents of one country should be able to bank or insure with companies in other countries (which would be a case of trade)? If the former, then we enter into a field totally outside the GATT, and the framework of domestic legislation applicable to banking and insurance would be also come into the picture, which we do not find acceptable. If, on the other hand, the second interpretation is taken, then the questions of balance of payments and exchange control would come in, which are, obviously, matters for the IMF and not for the GATT. In any case, the protagonists of the proposal have no clear answers to these questions.

It is important that, when we speak of services, we should at least have a list of them, preferably exhaustive rather than illustrative, since agreement covering services in a general sense is bound to lead to endless arguments. Unfortunately the protagonists of the proposal have failed to do so.

EIR: Efforts have been under way within the Non-Aligned Group and the G-77 to bring the world economic crisis into the U.N. General Assembly in a purposive manner during the present session. How do you view these initiatives? What, in your view, is the chance for progress? What did India find in probing to convene a "mini-summit" on the issue?

Singh: We are of the view that piecemeal and ad hoc solutions to the global financial and monetary crisis shall prove inadequate. The seventh Non-Aligned Movement Summit had demanded that an international conference on money and finance should be convened with universal participation with a view towards totally restructuring the system in order to meet effectively the development financing requirements of the international economy, particularly those of developing countries, and the need for growth-oriented structural adjustment.

We would prefer the proposed conference to take place under the aegis of the U.N. General Assembly. We have an abiding faith in the U.N. system for all international initiatives towards peace and prosperity. We are at the same time conscious that major industrial countries place more faith on the specialized agencies for any reform, where they have a brute majority under the weighted voting system.

For reasons indicated in the preceding paragraph, the U.N. declaration for Global Negotiations has failed to make any progress during the past five to six years. As things stand, I see little prospect of negotiations taking place in the near future.

EIR: Private banks and monetary officials have insisted on a case-by-case treatment of the debt crisis. This has certainly helped to prevent concerted action on the problem, and, in particular, has reinforced the idea that the most heavily indebted nations, those of Ibero-America, have brought their problems on themselves (a view which has fit comfortably with other, political prejudices, longstanding with regard to the Ibero-American nations). Recently, however, Peru's President Alan García has taken some initiatives which strengthen and at the same time bring to light new, substantive momentum in Ibero-America among the Cartagena group to tackle the crisis in a more concerted fashion. What is your evaluation of these developments? Will they make an imminent summit on these matters possible?

Singh: Many developing countries, mostly in Latin America, have for the past few years been facing severe problems of external debt servicing. Multi-year debt restructuring under the initiative of the IMF has solved the problem of bunching, but failed to provide a viable solution in the medium term. The economic and social costs of adjustment of these countries have been enormous.

We must also note that the external debt situation of some low-income developing countries, particularly in Africa, has become very difficult since 1984 and no viable solution to the problem has so far been devised by the international community.

I am not aware of the specific proposals advanced by President García of Peru to relieve the debt problem of Latin American countries. I would, however, like to spell out our position on the debt issue:

1) The issue of external debt should not be viewed in isolation. The problem is the manifestation of the larger problem of inadequate flows of real resources to developing countries, and a trade policy pursued by industrial countries which has been increasingly protectionist.

2) Any summit among developing countries, or for that matter among industrial and developing countries, should consider the debt problem in its larger perspective of adequacy of flows of resources to developing countries and international lending environment.

3) A viable solution to the debt problem in the medium term should be based on the recognition of shared responsi-

bilities of the borrowing parties/countries, the lending parties/countries, and international institutions.

4) The deteriorating debt situation of low-income countries, which are predominantly official borrowers, deserves immediate attention.

EIR: What, in your view, is the main stumbling block to international monetary reform? How can it be dealt with? What new initiatives are possible?

Singh: Until a few years ago, industrial countries did not recognize that there was a need to reform the international monetary system. The Williamsburg Summit of major industrial countries in 1983 recognized the need to "define the conditions for improving the international monetary system," and the London Summit of 1984 decided to carry forward the work initiated in this direction by the finance ministers of these countries.

In pursuance of the directions of the two summits mentioned above, the deputies of the G-10 prepared and submitted a report on the "Functioning of the International Monetary System in 1985." As I have stated earlier, this report does not find any need for major changes in the existing system. We do not agree with their perception of and approaches to the monetary system.

The G-24 has also prepared and submitted a report on the subject which reflects the major concerns of all developing countries in the G-77. We would like the international community to consider both the reports and initiate action urgently. As I said earlier, we would like the reports of G-10 and G-24 to be considered by a joint committee of the Interim and Development Committees, to begin with.

EIR: Some believe that the substance of a necessary international monetary reform should consist of a change in voting ratios in the Bretton Woods institutions, increased issuance of SDRs, expanded capital base, achievement of IDA targets, etc. Others contend that the basic economic-policy approach embedded in the Bretton Woods institutions—namely the monetarist, Keynesian, and other doctrinal variants of British "classical political economy"—is the real problem. It is this more fundamental problem, for example, which accounts for the perverse "conditionalities" policies which sacrifice long-term real growth potentials for short-term cash gains, and so forth.

In this latter view, we need urgently what you might call a "New World Economic Science" to underpin any effective "New World Economic Order." What are your thoughts on this?

Singh: The IMF may consider its policy prescriptions to be more eclectic than theoretically pure. But I find the IMF's economic philosophy largely founded on the basic premises of what economists call "international monetarism":

- the law of one price and universality of purchasing power parity (which means that the rate of domestic inflation is equal to world inflation plus exchange-rate depreciation);

- existence of a stable relationship between demand for money and income; and

- monetary identity, i.e., the national money supply equals the sum of international reserves and domestic credit.

The Fund's stabilization programs, therefore, suffer from the same limitations as those of the monetarist theory:

- an application to the short-term what are, at best, long-term equilibrium conditions;

- inadequate attention to the components of balance of payments and concern only for a bottom-line total; and

- focus on macro-economic equilibrium rather than on economic development.

Fund programs emphasize the role of real devaluation as a source of expenditure switching as well as expenditure reduction via lower real incomes (monetarist theory insists on internal restraints, exclusively), and recognize that there is time lag in adjustment and that internal markets are not perfect (which the monetarist theory doesn't). In spite of these, Fund stabilization design suffers from its continuing insistence on excess demand diagnosis in all countries at all times.

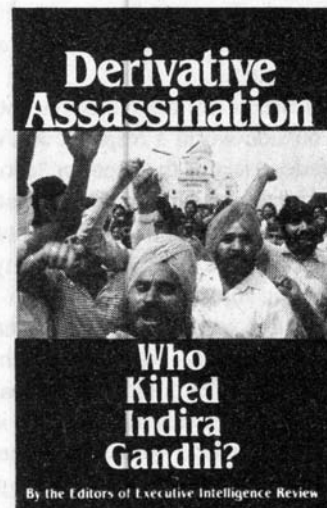
We strongly feel that the Fund needs to reorient its present economic philosophy to be really helpful to the majority of its members. We also feel that, without the various reforms mentioned in the first part of your question being put in place, it would not be possible for the Fund to bring about the necessary reorientation in its economic policies.

Derivative Assassination: Who Killed Indira Gandhi?

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Review

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UNICEF report blames the IMF for death and misery in Africa

The 1985 report of the United Nations Children's Fund carries a strong attack on the International Monetary Fund and related financial institutions for precipitating the misery and death now being suffered on the continent of Africa.

Even in 1980, the report states, before the onset of the present crisis, some 30% of children in Africa were undernourished. In 1984, at least 5 million children died from hunger, malnutrition, and related causes. Malnutrition among children under five has risen sharply.

The report then documents the devastating effects of IMF-imposed conditionalities on African economies, proving that IMF "adjustment programs" hit the poor hardest, and are responsible for the increasing rate of malnutrition and death of young children in Africa.

The following is taken from the foreword to the report, by Cheikh Hamidou Kane, Minister for Planning and Cooperation of Senegal, President, Environment and Development in the Third World (ENDA), and UNICEF Regional Director for West and Central Africa.

Africa: beyond survival

The future of Africa's children and young people is threatened by a fashionable view of development which fails to look beyond the short-term or beneath the surface of Africa's problems. As a result, many Africans are being saved from death only to be thrust into permanent dependency. And as long as certain key misunderstandings persist, the generosity and effort that so many have devoted to Africa's plight stand very little chance of creating the conditions for true development.

Nowhere are these misconceptions more evident than in the outside world's response to Africa's debt crisis and its attitudes towards the need for "economic adjustment."

And the reaction of the International Monetary Fund, the Bank for International Settlements and the World Bank has been to impose Draconian austerity measures in the name of economic adjustment.

In large part, this crisis has been caused by forces outside Africa's control—the oil crisis, the international recession, the strong dollar, and fluctuations and speculation in the international money markets. But it is the countries of Africa that are being held to blame. And enforced austerity, imposed by the developed countries, is the price we have to pay.

The economic adjustment measures which have been enforced are practically identical from one country to another.

This undoubtedly introduces a certain element of tidiness into our economic affairs, but unfortunately the common premise of these policies is that the countries they are being applied to are homogeneous and function according to a standard macro-economic model. And the a priori assumption is that all these entities are interlinked and governed by market forces.

But the fact of the matter is that the African countries cannot be fitted into this simplified view. For example, a measure like increasing the proceeds paid to peasant farmers for the goods they produce (a measure which is unquestionably a step in the right direction), presupposes a peasantry made up of small independent producers, capable of switching rapidly to new crops if the situation warrants, and able to afford tools or buy other tools that will stimulate the economy. . . . So, freeing up the market, while it seems beneficial, only works if the government can also protect the poor against even greater exploitation than they suffered before. Price deregulation may redress some inequities, but it does not miraculously resolve all the questions of how a country should organize and run its production system. It strongly influences the way that economic surpluses are generated and spent, but in the short term it penalizes the weakest. . . .

The denial of development

The prospects for learning from experience, and steering a different course towards a new style of development for Africa, are now threatened by the kind of policies which are being imposed in response to the present crisis.

If what little capital we have goes primarily to repaying our debts, then we will have difficulty raising the funds to maintain and renew even our existing infrastructure and industry. Certainly, there will not be enough funds to invest in national development efforts. And since many other countries are in the same straits, finding export markets for our goods is likely to become harder. To make matters worse, there is good reason to fear that the prices for Africa's raw materials will continue at their present low levels, at least for a while, at the same time that the developed economies are increasingly resorting to a barely disguised protectionism in order to cope with their own economic problems. And nothing we can do will be of any use if, as seems likely, interest rates continue to rise world-wide and the dollar maintains its strength.

Adjustment policies, therefore, placing as they do severe

restrictions on credit and on budget deficits, face us with the prospect of no economic growth at all for an indefinite period of time.

The experience of Indonesia, the Republic of Korea, Mexico, the Philippines, Venezuela, and Argentina, has taught us what to expect, at least in theory, if we accept such policies. We will be able to make a certain level of repayment to the lending banks, improve our balance of trade, and reduce our imports—but at the price of bringing economic growth to a standstill, with the probable accompaniments of inflation, a fall in real wages, and increasing unemployment.

It is not only long-term development that is set back by adjustment policies focusing entirely on debt repayment. They also mean more immediate hardship and suffering for the poorest social groups and for today's generation of children.

One of the main threats to the poor and the young comes from the cut-backs in public spending which are a standard part of the adjustment package. Since countries are rarely able to fire government employees en masse, cut-backs in public spending usually mean cut-backs in the operational costs of the social services. The dispensaries will always have staff but not enough drugs; the schools will have teachers but not enough teaching equipment.

So even the least controversial aspects of adjustment policy raise some major doubts.

But in the short-term, by far the most serious consequence of present adjustment policies is the rise in the prices of staple foods. The poorest spend most of their budget on basic food-stuffs; and there is no question that the nutritional status of children, pregnant women, and breast-feeding mothers is likely to be jeopardized. . . .

Many heads of state, driven by necessity and anxious to avoid defaulting on their debts, have had to accept adjustment policies in order to show good faith. But the truth is that power has been transferred: the rules are now dictated from outside the country, by purely financial considerations, instead of evolving from the country's own development needs. . . . Are our children—in Nigeria, in the Congo, in Mozambique, in other African countries—entering a future when their nations have less and less power to make decisions, and are more and more at the mercy of the vagaries of a world economy run by others?

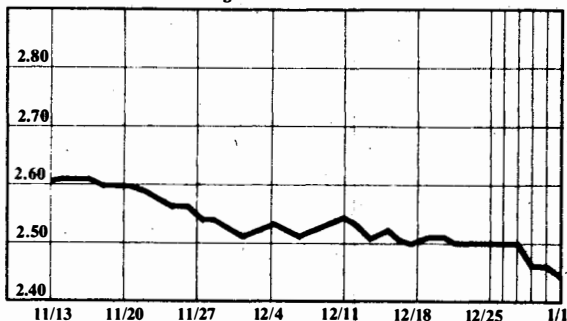
In sum, present adjustment policies derive from an overriding preoccupation with international monetary concerns, and are consequently unlikely to bring improvements to Africa. Both the underlying thinking and the consequences are punitive. And the brunt is borne by the poorest sectors of the society. . . .

Saving hundreds of thousands of young children, who are at risk of dying from malnutrition or infection, is an immediate imperative. But it must be only one stage in the progress towards other activities, and one element in the truly comprehensive approach which in the long-term is the only way to enable Africa's children, not only to survive the current emergency, but to go beyond, into development.

Currency Rates

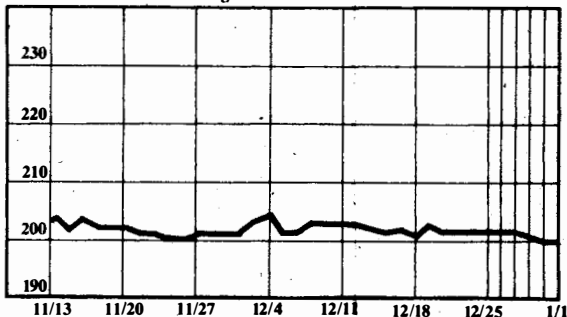
The dollar in deutschemarks

New York late afternoon fixing



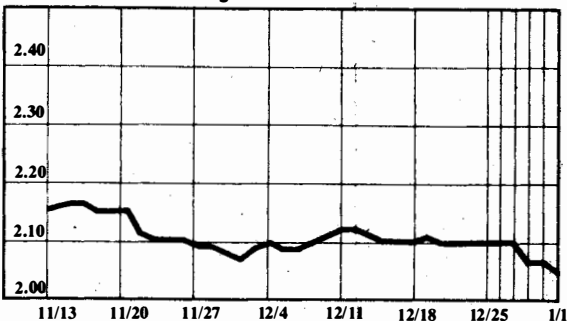
The dollar in yen

New York late afternoon fixing



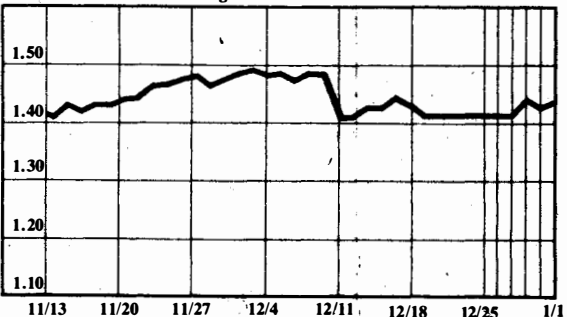
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Business Briefs

U.S. Economy

Trade deficit continues to climb

A record trade deficit has been reported for the year through November in just-released statistics from the Commerce Department. The November trade gap of \$13.7 billion is the third-largest monthly deficit on record, and brings the total figure for the first 11 months of 1985 up to \$131.8 billion, already surpassing the \$123.3 billion for all of last year.

According to the government figures, a 61% increase in Japanese automobile imports and a small increase in oil imports pushed the deficit up from \$11.5 billion in October. The deficit was also worsened with a 12.4% increase of overall manufactured goods.

In 1985, the trade deficit could pass \$150 billion. Speaker of the House Tip O'Neill (D-Mass.) has said that he will use the trade deficit issue to push through a 25% import tariff in the 100th Congress.

Overlooked, or perhaps, not overlooked, is the fact that the trade deficit is principally composed of the industrial goods and agricultural output the United States can no longer produce for itself. Therefore, O'Neill's measure will not only cripple America's industry, which has become dependent on imports, but will also sharply restrict world trade in general.

Technology

U.S.S.R. exceeds U.S. in space exploration

The Soviet Union outstripped the United States in space launches in 1985 by a margin of 96 to 17, a study by the Teledyne Brown Engineering Company disclosed on Dec. 30.

Of the 17 U.S. launches, 9 were of the space shuttles. The Soviets, on the other hand, sent a wide variety of satellites into space, including 5 ocean surveillance satellites of which 2 carried radar and three were

equipped with electronic eavesdropping gear; 19 communications satellites, including 2 of a variety never seen before; and 7 other satellites designed to warn the Soviets of a U.S. nuclear attack.

In the last six years, the Soviets have launched 579 space satellites, the United States a mere 116.

Industry

Western coke capacity dramatically cut

The coke-making capacity of the West fell by more than 14% from 1981 to 1984, according to a study just released by the International Iron and Steel Institute.

More than 75% of the decline is accounted for by "rationalizations" in U.S., German, and Japanese steel industries. Coke is the main fuel for steel making.

According to the study, the European Community, under the imposition of the Davignon Plan, cut 16% of its coke-making capacity, with the most radical cuts coming in the German industry. More than 25% of that nation's coke-making capacity was triaged. Even Japan shared the decline, losing 5% of its capacity.

Agriculture

Massive wave of farm foreclosures foreseen

The rate of farm foreclosures will rapidly accelerate in 1986, according to Minnesota's Department of Agriculture.

Mark Ritchie, a farm policy analyst for that department, stated that 5,000 farms closed in the state of Minnesota in 1985 alone. "We expect to lose double that number next year," Ritchie added.

"For every 10 farmers that go out of business," he said, "we lose a business in a small town. For every farm that goes out, we lose three jobs. It's just a mess."

This new wave of foreclosures is the result of the end of a 25-month moratorium on federal farm loan debt, and the Farmers Home Administration reports that about one-third of the 275,000 farmers with outstanding FMHA loans are behind in their payments.

Preparations for notices of foreclosure warnings began on Dec. 31, but federal officials would not estimate how many farmers will not be able to find credit outside of the federal agency, and will go under.

The *New York Times* on Jan. 1 quoted agricultural experts who described the current situation as the worst in half a century.

International Trade

U.S.S.R., East Germany sign trade deal

The Soviet Union and East Germany signed a five-year, \$140 billion mutual trade pact for 1986-90. This pact reinforces the role by which each country is the major trading partner of the other.

East Germany will ship gas pipeline equipment, industrial robots, and railway parts. Some 40% of East German trade is to the Soviets, while 10% of Soviet exports are to East Germany.

East Germany is dependent for all its oil, gas, iron, lumber, and major metals on Russia. Fully 25% of all Soviet plant machinery comes from East Germany.

U.S. 'Recovery'

Reagan administration sees economic growth

The White House expects another "good year" of economic growth, of 4% in 1986, Council of Economic Advisers head Beryl Sprinkel told the press on Dec. 29.

Simultaneously, the Commerce Department released its 1986 annual industrial review, which predicts a "service sector-led"

economy. It says the "service sector will be led by mutual funds, legal services, management and consulting services, life insurance, health and medical services, savings institutions, motor vehicle dealers, hotels and motels, commercial banking, and franchising."

The collapse of the industrial and the farm sectors was not mentioned. Nor was the impending collapse of the domestic and international credit structures.

The Debt Bomb

World debt called 'unlikely' to be paid

"If the dollar crashes, as economist Stephen Marris of the Institute for International Economics predicts, it could lead to a panic in world financial markets, and all bets on 1986 and 1987 would be off," says Hobart Rowen in a column in late December entitled "Uncertainties Cloud Picture for '86."

While the stock market boom "provides at least the illusion of greater wealth," he writes, "those huge Third World debts . . . also are an ever-present danger. . . . A few key nations, including Mexico, are again teetering on the brink. It wouldn't take much to precipitate a new crisis that would compound the problems of an already shaky American banking system."

Others agree with Rowen. There is a rising chorus, even among some bankers, that large portions of the bank debt ultimately will have to be written off. J. Anthony Boeckh, editor of the *Bank Credit Analyst* in Montreal, believes it "very unlikely" that much of developing sector debt will be repaid, but considers it dangerous for banks to say so, as financially able countries will stop paying as well.

Robert M. Lorenz, senior vice-president at Security Pacific National Bank, told the *American Banker* newspaper that \$30 billion of the \$80 billion owed to U.S. banks by Latin American countries should be written off.

Henry Kaufman, chief economist for Salomon Brothers, said, "For those coun-

tries that can't be rehabilitated, time is needed so there will be sufficient reserves in the financial system throughout the world to charge off some of this debt."

Corporate Strategy

'Junk bond' decision by Fed stirs debate

The Reagan administration attacked the Federal Reserve Board on Dec. 23 for a decision that limits "junk bonds," the ability to borrow against corporate takeovers, due to take effect Jan. 1.

Assistant Attorney-General Douglas H. Ginsburg said that reducing the number of takeovers would reduce pressure on corporations to operate efficiently and so would "impair the performance of the U.S. economy." The proposal, he said, "threatens, for the first time . . . to establish the [Federal Reserve] Board as a regulator of the market for corporate control."

A dozen senators from the Senate Banking Committee, on the other hand, wrote to the Federal Reserve Board in support of its decision.

Junk-bond transactions "may have a dangerous speculative influence on the private economy," the senators said. "In addition, we are concerned about the growing amount of debt, both governmental and private, in the country, and the real potential for a devastating impact on the nation's economy from defaults on private debt in the event the economy weakens."

In response to the administration's opposition, the Federal Reserve Board announced on Dec. 27 that it would postpone its scheduled implementation until Jan. 8, when it will take a final decision on the matter in a meeting open to the public.

Junk bonds have become a leading mechanism by which, often, organized-crime linked corporate raiders such as T. Boone Pickens, take over and asset-strip going concerns. The "junk bond" is a borrowing against, not the net worth of the borrower, but the full net worth of the corporation to be taken over by the borrower!

Briefly

● **ARMAND HAMMER'S** Occidental Petroleum has purchased one of the nation's leading natural gas pipeline companies, Midcon Corp., for \$3 billion. The takeover followed an earlier attempt by a different consortium of companies in a hostile takeover of Midcon.

● **THE REAGAN** administration has unilaterally imposed a steel import ceiling of 400,000 tons/year on European Community exports of semi-finished steel. Current EC exports of semi-finished steel average 900,000 tons/year. European governments are reportedly furious over the decision. What trade-war measures of retaliation the Europeans will take are now under discussion.

● **THE YUGOSLAV** government has refused to adhere to IMF demands and has frozen national interest rates. The IMF, which has had the Yugoslav economy under "surveillance," has demanded the country raise interest rates to the level of inflation so that "real" interest rates would exert some "discipline on borrowing." The current interest rate on 3-month borrowing stands at 61%.

● **WEST GERMANY'S** deal to build a \$4.1 billion plastics plant in the Soviet Union may bring problems from the United States, according to the West Germany magazine, *Der Spiegel*. Quoting from a confidential document, *Der Spiegel* said that Bonn was advised to take care that "irritations do not occur in relations with the U.S. and other competing Western industrialized countries."

● **FOUR DEPUTIES** from Mauritius were arrested in Amsterdam on Jan. 1, in possession of \$1 million worth of heroin. One of the deputies was a member of Mauritius' Parliamentary Commission on Drug Abuse, which had just passed a bill mandating the death sentence for drug traffickers.

Optical computer technology can speed up the SDI

Computer specialist Kevin L. Zondervan reports on the breakthroughs at hand in high-speed processing.

The advent of the Strategic Defense Initiative (SDI) has dramatically quickened the pace of research and development in the area of high-speed computer processors. Technologies currently under study at Air Force laboratories include VHSIC (very high speed integrated circuits), optical processing, hybrid optical/digital processing, and GaAs (gallium arsenide) semiconductor technologies. Why the acceleration of R&D into these areas? In large part it is because experts have estimated that the processing rates for SDI battle management and sensor systems may approach 1 trillion flops (floating-point operations, such as addition and multiplication, per second). For comparison, the Cray X-MP, one of the world's fastest computers, has been measured at 33 million flops.

Typical functions performed by SDI battle management and sensor systems include sensor signal processing, target designation and discrimination, target trajectory estimation, weapon allocation (deciding which weapons are to shoot at which targets), weapon pointing, target tracking, and weapon firing. To fulfill its mission of shooting down ballistic missiles and nuclear warheads, an SDI system must perform all these functions simultaneously throughout the course of an engagement. However, the processing rates this entails, while allowing an SDI system to perform its primary goal, may not be sufficient also to ensure the defensibility and cost effectiveness of the system.

To achieve these additional goals, and thereby guarantee the success of SDI, the processing speeds may have to be substantially increased. This is true for primarily two reasons. First, the greater the processing speed, the more sophisticated the battle management, strategy, and tactics can

be that the system can implement. The ability to implement a greater variety of tactics may be the decisive edge for the SDI if it is pitted against an opposing system of roughly equivalent firepower.

Second, greater processing speeds also can enhance the system's relative firepower and cost exchange. For example, it has been demonstrated that, if a space-based laser boost-phase defense system can achieve laser firing rates of 10 shots per second or better, then the number of space-based lasers required in orbit varies as the square root of the number of boosters. (In other words, if 100 space-based lasers are required to shoot down 3,000 boosters, then only 141 space-based lasers are required to shoot down 6,000 boosters.)

The faster the battle commands can be processed, the more likely the 10 shots-per-second firing rate can be achieved. A square-root scaling effect essentially removes the option of proliferation from the booster force's list of countermeasures, since the space-based laser force can proliferate at a lower rate to maintain its effectiveness. Put another way, the space-based laser inevitably wins the cost exchange under these circumstances. As the laser firing rate falls below 10 shots per second, the scaling becomes a linear instead of a square root relationship, and the space-based laser loses its edge in the numbers game.

Because it is critical to the success of the SDI to explore every promising avenue for increasing the speed of computers, the SDI Office's Innovative Science and Technology Office has formed consortia composed of government, academia, and industry to accelerate R&D in this area. Of particular significance was the formation of a consortium in

April 1985 to investigate high-speed computing using optical signal processing.

According to the SDI Office, the optical signal processing group will conduct research leading to "major advances" in signal and image processing technology. They will focus on "high-risk research aimed at obtaining breakthroughs in the near and mid-term." Two major thrusts have been defined: development of innovative hybrid analog and digital optical/electronic processors and also new techniques for addressing complex nonlinear problems essential for SDI operations.

Participating in this group are the California Institute of Technology, Carnegie-Mellon University, Georgia Institute of Technology, University of Dayton Research Institute, University of Alabama at Huntsville, Stanford University, the U.S. Naval Ocean Systems Center, MIT-Lincoln Laboratories, and Battelle Columbus Laboratories. Dr. Keith Bromley of the Naval Ocean Systems Center is the government program manager, and Dr. John Caulfield of the University of Alabama is the technical director.

The designated consortium associates are Aerodyne Corp., BDM Corp., Harvard University, Houston Associates, MIT, Probe Inc., SAI Corp., the University of California at Irvine, and the University of Southern California. The budget for this work is \$9 million over the next three years, with fiscal year 1985 funding being \$1 million.

Over the last 20 years, there has been considerable research in the general area of information processing by optical techniques, or to use the more recent terminology, optical computing. Generally speaking, this work involves the idea of using light beams or photons, instead of electrical currents, to perform numerical computations.

The reasons for using light instead of electrical currents are many. Because light is at the upper end of the electromagnetic spectrum, a light signal can be encoded with much more information than lower-frequency forms of radiation. This property can be exploited to increase the density of independent channels in a computing system. Optical signals can also propagate through each other in separate channels with essentially no interaction, and can propagate in parallel channels without interference. Optical signals have also been demonstrated to interact with certain materials on a subpicosecond (a picosecond is a trillionth of a second) time scale, offering the potential for high throughput.

The research into the application of these properties of light for computers has followed two general paths: analog processing and digital processing. Analog computers work by measuring physical properties—numbers might be expressed as voltage levels or degrees of brightness in a laser beam, for example. Digital devices, on the other hand, work by measuring different "states," for example *on* versus *off* or *high* versus *low*. These states are then used to perform binary arithmetic, that is, arithmetic based on ones and zeros.

Since analog computers represent quantities of interest with physical properties that can be altered at speeds ap-

proaching the speed of light, the result to a complex computation can be achieved almost instantaneously. In a digital computer, these same quantities are represented as binary numbers. A complex computation typically requires manipulating these binary numbers billions of times. Consequently, analog computers can be substantially faster than digital computers.

Analog devices

An analog system is one in which the inputs and outputs can take on a continuum of values. Typically, in optical systems, these inputs and outputs are intensities or brightness. In order to utilize the parallel processing capabilities of optics, intensity profiles in two or three dimensions can be utilized, as is done in optical image processing.

Operations of the analog variety have been widely developed over the last 20 years. There is a fairly well-defined repertoire of operations that can be performed, including such important operations as addition, subtraction, and multiplication of images; Fourier transformation (representing a signal with a finite number of sinusoids), correlation (comparing two quantities), convolution (multiplying two functions) and other operations that can be derived from these. The last three are especially significant as they are useful for solving differential equations.

Historically, there has always been a problem maintaining the accuracy of analog processors because of component stability, approximation error, and noise (unwanted signal) propagation.

The first drawback stems from the fact that analog devices represent numbers by physical conditions such as voltage levels or brightness. If the components generating the physical condition change in some fashion over time, the calibration of the analog device can be altered. This, in turn, can effect the computational accuracy of the device.

The second problem, approximation error, is due to the fact that physical phenomena are being used to model mathematical operations, which is the converse of the usual situation. Thus, because mathematics can only approximate reality, the mathematical calculations performed by analog devices are necessarily approximations. In addition, these approximations usually hold only over a limited operating range.

Finally, the operating principles underlying analog devices generally result in unwanted signals being propagated and amplified throughout the entire sequence of their mathematical operations. Depending on the amplitude of these signals, the computational accuracy of the analog device can be substantially degraded.

Optical analog devices

In large part because digital computers did not suffer from the above operational problems, computer users preferred them over electronic analog devices for their computational needs. However, current progress suggests that optical ana-

log devices will not suffer the same fate.

Exemplary of the progress made in analog devices is the 1981 design of a vector-matrix processor, a device that performs highly repetitive mathematical operations on large amounts of similar data, by Dr. John Caulfield of the University of Alabama. Caulfield used Bragg cells—a transparent crystal that combines light waves and sound waves in such a way that the path of the light beam is dependent on the amplitude and frequency of the sound wave—to construct his device. A key feature of the implementation was the use of feedback (the routing of the output back to the input) to improve the accuracy of the device.

Harper Whitehouse of the Naval Ocean Systems Center

in San Diego subsequently showed how the use of a convolution technique could improve the accuracy of Caulfield's device even further. Following this, Peter Guilfoyle, head of GuilTech Research in California's Silicon Valley, combined Caulfield and Whitehouse's ideas into an optical processor that apparently possesses both analog speed and digital accuracy. Exactly how the device works, Guilfoyle will not reveal.

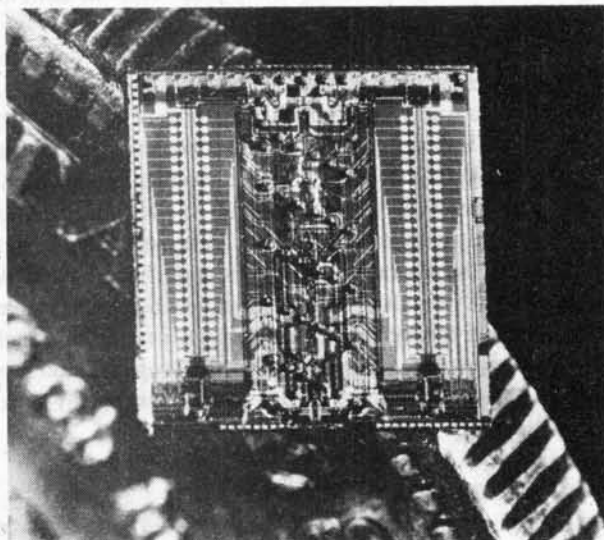
Both Caulfield and Guilfoyle see the initial use of their processors as add-on devices for existing digital computers. The resulting hybrid computer is expected to perform faster than the digital computers alone and still maintain digital computer accuracies.

Optical circuits increase throughput of computers

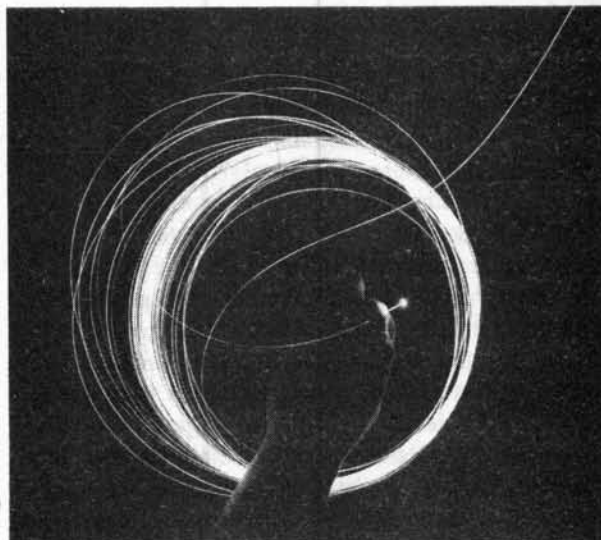
The introduction of light, as a medium of communication in computers, will increase the number of mathematical operations that may be performed per second. The most obvious reason for this, is that an optical circuit has zero resistance to flow, whereas an electronic circuit, such as the one shown here (left), always presents some inertia that must be overcome for current to flow, and calculations to be carried out. As a result, the speed of data transmission in an electronic computer is, inherently, considerably slower than the speed of light, and consequently the speed of mathematical transformations that it carries out is nec-

essarily slower than an equivalent optical circuit.

We can look at this difference by comparing the nature of the waveguides required in electronic and optical circuits. The low frequency of the electromagnetic radiation known as electric current, requires a conducting substance for its ordered transmission, as indicated even in the microcircuit shown here. (That's the edge of an American coin pictured in the background.) Furthermore, electromagnetic interference phenomena require that the waveguides be sufficiently distant from each other, or insulated. On the other hand, coherent light in the optical range does not require a waveguide for linear transmission; and distinct signals may intersect each other with no practical interference. Optical waveguides, for example, the optical fiber shown on the right, are required only for turning the direction of a signal, or for preventing its dissipation over long distances.



Electronic circuit technology—the IBM memory chip.



Optical fiber technology will allow even more rapid data processing.

Digital devices

Optical techniques not only have potential for transforming the design and construction of analog devices, but also hold tremendous promise for revolutionizing digital devices.

When computers were first developed, the hardware for gates (typically a logic circuit) and for gate interconnections was expensive. Thus a computer design evolved that minimized the hardware requirements. These requirements have led to the classical von Neumann computing system architecture shown in Figure 1. In a von Neumann machine, all of the processing logic is contained in the central processing unit and the memory is located almost entirely in a separate unit.

Input-output is generally performed by the central processing unit or by a system closely coupled to the central processing unit. The central processing unit accesses the memory through a binary addressing unit, and memory contents are returned to the central processing unit through a single or small number of lines.

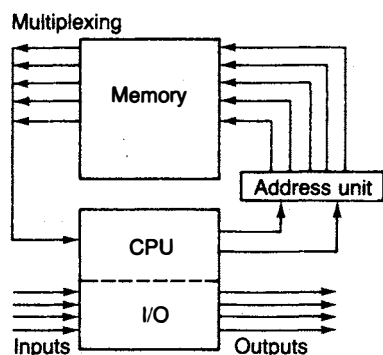
Although the serial addressing and multiplexing scheme of Figure 1 reduces interconnection and communication requirements and minimizes the number of lines, it has the disadvantage of limiting the time it takes to transfer information between memory and the central processing unit. The eventual limitation of this tradeoff on computing speed is known as the von Neumann bottleneck.

Other limitations on processing speed

This is only one of several fundamental problems constraining the processing speed of today's and future electronic computer systems. The most important of these other problems are interconnection bandwidth, clock skew, electromagnetic interference, and crosstalk.

Bandwidth: As system cycle time and pulsewidths shrink for the purpose of increasing processing speeds, the bandwidth (the range of frequencies that a circuit can carry above a specified percentage of its maximum power level) needed to preserve the square-wave shape of these signals increases. (A square wave pulse is the sum of many different frequency sinusoids.) This forces the need for bulky and expensive

FIGURE 1
Classical von Neumann computing system architecture



terminated coaxial interconnections. Thus, the amount and speed of information transfer is restricted. Furthermore, the terminating resistors on the ends of the cables reduce system energy efficiency.

Clock skew: This problem occurs when signals from different parts of a circuit arrive at a gate at different times. If this skewing is severe, the gate can generate an erroneous output. As computational cycle times become shorter, the amount of clock skew that can be tolerated diminishes. To keep clock skew within acceptable limits, all interconnection lengths between gates must be kept constant. If this is not possible, shorter lengths must be padded with gate delays to make the propagation time equivalent to that of the maximum interconnection length.

The problem of clock skew also makes it difficult to exploit the performance advantage of extremely fast logic gates in traditional electronic circuits. Inputs to a logic gate must be allowed to settle before the output of the gate can be considered reliable. The input settling time is dependent on the time it takes to fully charge a connection. In most circuits this settling time is longer than typical transistor switching times. Clearly, gates with switching times less than the interconnection settling times are of little benefit under these circumstances. Very large scale integration, VLSI, provides no solution to this problem because the scaling down of circuits does not change the settling time properties of interconnections.

Electromagnetic interference and crosstalk: The problems of EMI and crosstalk stem from the fact that electrical signals affect each other over a distance. Consequently, adequate shielding and separation between signal paths to maintain the integrity of each signal necessarily limits the number of channels that can be supported per given volume. This, in turn, imposes a minimum separation distance, and therefore a minimum signal propagation time, between gates, ultimately restricting computing speed.

All the above problems are interrelated. While increasing cycle times (that is, diminishing both separation between pulses and pulse widths) circumvents the von Neumann bottleneck, it aggravates the bandwidth, clock skew, and electromagnetic interference problems. Since the root cause of these problems stems from the inherent properties of the electromagnetic radiation used to perform the task, solutions ultimately lie in developing techniques to perform the task using a "higher quality" form of radiation. Thus, we are naturally led to consider the binary computing problem from the standpoint of light and optics.

The advantage of optics

What do light and optics have to offer? First, optics is capable of communicating many high-bandwidth channels in parallel. Lenses, prisms, and mirrors can convey images consisting of millions of resolvable spots. Each spot is capable of supporting a very large bandwidth channel. In ad-

dition, optical beams do not interfere with each other and can cross each other without interaction.

Although these attributes have been exploited in analog optical devices, they have not yet been fully applied to digital systems. The main reason for this has been the lack of suitable optical logic and memory devices, but this situation has recently changed.

Transphasors: The fundamental components of any digital logic or memory device are switches capable of two different states of transmission. A dominant factor in the speed of the component is the time required for a switch to change states. Currently, computers use transistors to perform the switching function. The fastest these devices can be made to change states is about a nanosecond, or a billionth of a second.

Researchers at several laboratories (for example, Bell Labs in the United States and Heriot-Watt University in Scotland), however, have developed an experimental optical device analogous to the transistor. This is called a transphasor, and it can achieve switching times on the order of a few picoseconds (a picosecond is a thousandth of a nanosecond).

Like any switch, the transphasor is based on a physical phenomenon whose input-output relationship takes the general form of the characteristic curve shown in Figure 2. The curve's nonlinearity is the key attribute that produces a binary (that is, high versus low) output based on a binary input and permits the implementation of logical functions.

For example, if we desire a device that outputs a high signal only if its two inputs are simultaneously high (the classic *AND* function), we can scale the inputs such that only when they are both high will the total input signal exceed the kink in the curve of Figure 2 and produce a high output.

Similarly, if we desire a high output when either one of the two inputs is high (the *OR* function), we can scale the inputs such that a single high input exceeds the kink in the characteristic curve and produces a high output. Given the *AND* and *OR* functions, all of the logical functions required of binary digital computers can be constructed.

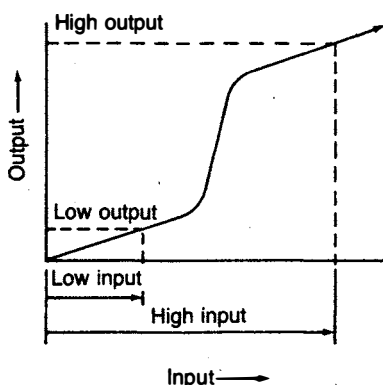
Most transphasors are constructed using a Fabry-Perot interferometer and a material with a nonlinear refractive in-

dex in the interferometer cavity. In its simplest form, the Fabry-Perot interferometer consists of two plane, partially reflecting mirrors placed parallel to each other and separated by a cavity or space. If a coherent beam of light is input through one of the mirrors, the intensity of the beam output from the other mirror is dependent on the interference pattern set up in the cavity by the incident and reflected beams.

At full destructive interference, the intensity in the cavity is almost zero and transmission through the output mirror is negligible. However, at full constructive interference, the intensity of the cavity can be as much as 10 times the intensity of the incident beam. Because of the losses through the output mirror, the intensity of the output beam is roughly equal to the incident beam intensity for this situation. By placing a material in the cavity whose refractive index (ratio of speed of light in a vacuum to its speed in the material) is dependent on the intensity of the light passing through it, the conditions under which constructive or destructive interference take place can be made dependent on the intensity of the incident beam.

For example, suppose, at low incident beam intensities, destructive interference prevails in the cavity. The intensity of the output beam is therefore negligible. As the intensity of the incident beam is increased, it causes the material in the cavity to achieve a refractive index that results in constructive interference, and the intensity of the output beam increases

FIGURE 2
Characteristic nonlinear curve of binary switch



Analog computers will transform computation

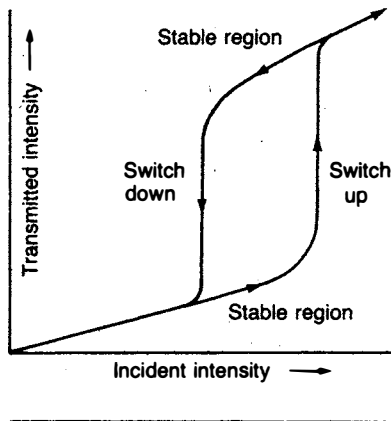
Digital computers are incapable of truly representing any process in nature, from the propagation of sound to the growth of an economy. The reason for this is that they internally represent all data or information with discrete, linear objects: integers (that is, the numbers, 1, 2, 3, . . .) in the form of binary numbers (ones and zeros). The concept of an **analog computer** is based on the idea of representing the "data" of nature, in forms close to those in which they occur in nature. Digital computers are unable to directly represent rotational action, exponential functions, and even square roots. It is not unrelated that the principal use of computers today is in the limited domain of accounting.

Pythagoras showed over 2,000 years ago that it was impossible to represent the square root of two with either a single ratio of integers (that is, a so-called rational number), or a finite sequence of them. Archimedes showed some hundreds of years later that it was impossible to

dramatically. The resulting input-output relationship looks generally like that shown in Figure 2.

By altering the length of the interferometer, the wavelength of the incident beam, or the material in the cavity, a hysteresis loop can be created, as shown in Figure 3. In simplified form, the occurrence of a hysteresis can be explained as follows: As the intensity of the incident beam is reduced, enough light remains in the cavity to keep the refractive index near the value corresponding to constructive interference. Thus the "decreasing incident intensity" curve is to the left of the "increasing incident intensity" curve.

FIGURE 3
Characteristic curve with hysteresis, or bi-stability



An optical device that exhibits this behavior is said to be optically bistable because it has two stable regions where the transmitted intensity changes very little with variations in the incident intensity. Either the high state or low state can be maintained indefinitely with an incident beam of intermediate intensity. The obvious application of such a device is as a binary memory element.

The transphasor described above is known as an intrinsic system because its performance is based on the intrinsic refractive properties of the material in the interferometer cavity.

Hybrid systems: Work is also being done on so-called hybrid systems, which typically employ a crystal whose refractive index depends on an applied voltage rather than incident light. The voltage is generated by a light detector that detects a portion of the output beam of the interferometer via a beamsplitter. The resulting feedback loop causes the electro-optic crystal to behave in the same manner as a crystal with an intrinsic nonlinear refractive index. Depending on the tuning of the feedback loop, a characteristic curve of the form shown in Figures 2 or 3 can be produced.

Transphasors have also been constructed without the use of Fabry-Perot interferometers. Most of these hybrid devices are based on liquid crystal light valves. This device is a small wafer sandwich essentially composed of two different mate-

represent a circle (and therefore, rotational action), with such a finite number sequence, in the form of a multiple-sided polygon. Later geometers showed that e , a characteristic of the logarithmic spiral (as π is a characteristic of the circle), is also unmeasurable using sequences of rational numbers.

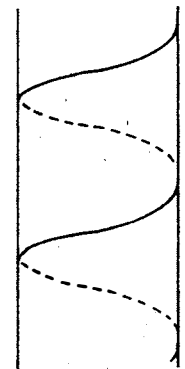
The point of changing over to the use of analog computers, is not to find a different, "more efficient" way to produce digital representations, but to dispense with digital representation altogether. Analog (i.e., nonlinear) representations are primary. When the need arises to convert an analog representation into a digital form, this is trivially accomplished.

The first attempts to construct analog devices used the waveforms of the low-frequency electromagnetic radiation known as electric current, to directly represent the nonlinear "arbitrary functions" or data, characteristic of all natural processes. Our increasing mastery of coherent light and optics, enables a more direct path to the analog computer, unhampered by the limitations of electrical circuitry.

The figure shows the approximate form of coherent laser light, under consideration as the building block of optical computers. The superiority of this form of data representation over the digital, is obvious. First, nonlin-

earities, such as rotational action, are the form of the representation itself. Progressive frequency upshifting enables the direct representation of the logarithmic spiral. Second, light is primarily a hydrodynamic phenomenon. As such, it will provide a way to represent hydrodynamic differentiation (e.g., solitons or shock waves).

This direct representation of nonlinearities in nature will result in analog computers which can solve several nonlinear problems in a timeframe in which a digital machine would have just gotten started. In short, the introduction of optical analog computers based on these principles, opens up a whole new domain of possibilities.



The simplest form of circular action: the cylindrical helix.

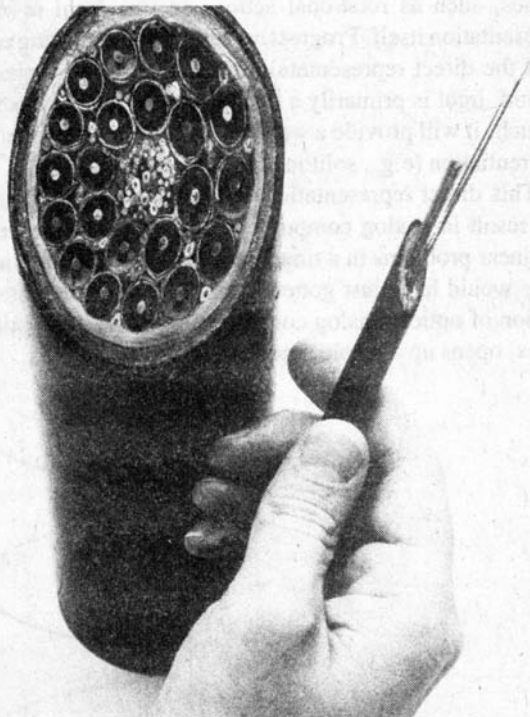
rials positioned back-to-back—a photoconductor crystal and liquid crystal material much like that found in watches and calculators.

An electrical current applied to the device is modulated by the intensity of an incident beam directed on the photoconductor crystal. The modulated current, in turn, affects the optical polarization properties of the liquid crystal material. When a secondary beam, or a reflected portion of the input beam, is reflected off the liquid crystal, it becomes polarized. By passing the output beam through a polarized lens, its intensity can be made dependent on the current applied to the liquid crystal, and ultimately dependent on the intensity of the incident beam.

The input-output relationship of the device has the general form of the curve shown in Figure 2. Use of an optical feedback loop can create the curve shown in Figure 3. The utility of liquid crystal light valves is being investigated primarily at the University of Southern California, University of California at San Diego, and Ohio State University.

Optical arrays and computer architectures

In principle, two-dimensional arrays of transphasors can be made from either intrinsic or hybrid devices. The reason for doing so is to permit parallel operation of a large number of transphasors. Even if the switching speed of each element is relatively slow, the large number of parallel operations can produce very high total data rates and processing speeds.



The fiber optic cable used in the Bell System's Northeast Corridor project is 100 times lighter than the copper coaxial cable on the left.

The availability of optical logic and memory arrays, plus the freedom to make arbitrary interconnections, makes possible totally new computer architectures. For example, the ability to update all memory elements in parallel eliminates the need for a memory addressing unit (see Figure 1) and therefore obviates the problem of von Neumann bottleneck. An illustration of such an architecture is given in Figure 4.

Theoretically, it is possible to implement such an architecture using a single integrated optical gate array or "chip." This array would combine many transphaser arrays to create an input/output unit, central processing unit, and a memory unit on a single chip. The communication among transphaser arrays comprising the chip and the three functional chip units would fully exploit the properties of light.

A schematic of this implementation provided by researchers at the University of Southern California is given in Figure 5. A key feature of this implementation is the ability to redirect communication paths during computer operation. Reconfigurable holograms under computer control is one method available for doing this.

Multilevel logic

Perhaps even more promising for increasing the utility and speed of computers than the list of innovations available for binary logic computers is the development of computers with multilevel, or multidiscrete, logic. This becomes possible if switching and memory devices with more than two states can be developed.

FIGURE 4
Non von Neumann computing system architecture

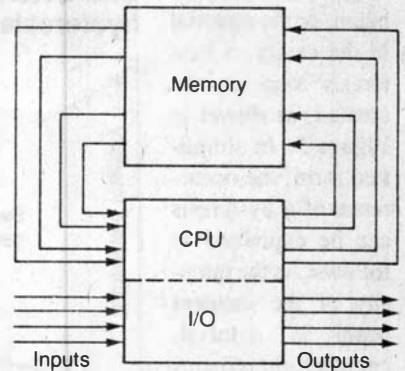
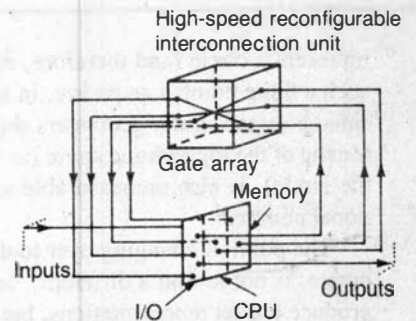
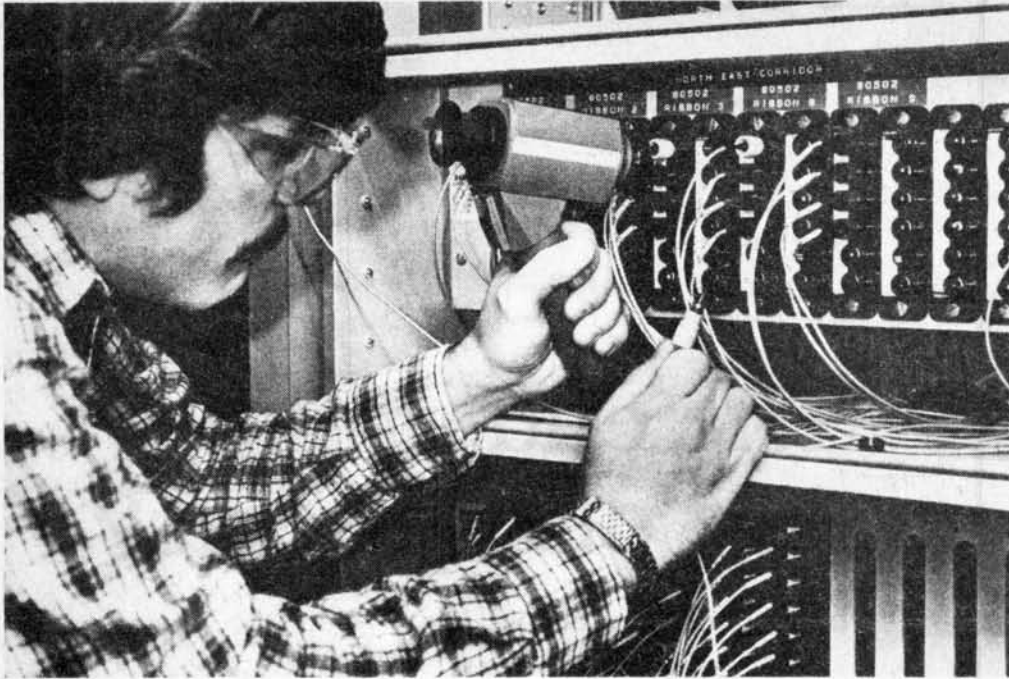


FIGURE 5
Non von Neumann optical computer schematic

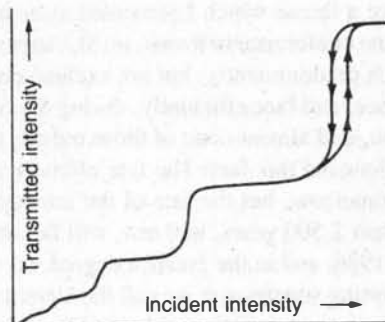




An AT&T technician uses an infrared viewer to test light transmission on the hair-thin glass fiber cables in New York City's electronic switching system.

Intrinsic transphasors such as the Fabry-Perot have been designed to produce characteristic curves like that in Figure 6. Note that only a single region of bistability exists, limiting the use of the device to a multilevel switch. Several multilevel regions of bistability must exist before a multilevel memory is possible. Of course, multilevel switches and memories can always be

FIGURE 6
Multilevel characteristic curve with single hysteresis



developed by combining several binary devices of differing operational input levels. When this is done using today's electronic devices, the interconnection complexities that result make implementation of electronic multilevel devices impractical. However, as reported above, this problem can be circumvented with light and optical devices.

Another obstacle that now affects multilevel computing is the lack of a well-developed theory for its implementation. Most of the work in this area concerns the theory of residue arithmetic, which still has several difficulties: Division of two numbers, sign testing, and relative magnitude comparisons are not easily and conveniently handled. Suffice it to

say that much work remains to be done. However, if this work is brought to a successful conclusion, the payoff could be significant. Several experimental residue processors have been built and tested and have performed many times faster than binary devices performing the same computations.

Implications for the future

Current R&D in the area of information processing and computing is examining virtually every premise underlying the design of today's computers. This return to fundamentals has come on the heels of major advances in the field of lasers and optics. Results to date make it clear that only time and money stand in the way of major breakthroughs in all areas of information processing.

Without question, the new generation of optical computers will far surpass the capabilities of the computers available today. These new computers not only will fulfill the needs of strategic defense systems, but also will provide many other benefits.

It is no coincidence that the electromagnetic phenomena that can be used to satisfy the computational needs of a successful SDI system also provide its required kill mechanism. Advances in tools such as computers and lasers (or anything else that does useful work) are ultimately dependent upon advances in our understanding of ever more highly organized forms of electromagnetic action. Tools do not create action; they simply redirect it.

The progress being made in optical computing is but one example of the true promise of the SDI as not merely a defense against ballistic missiles, but the spawning of a new industrial revolution.

The end of the Age of Aquarius?

by Lyndon H. LaRouche, Jr.

Economist LaRouche, EIR's founder and a declared candidate for the Democratic Party's 1988 presidential nomination, delivered the following keynote address to the conference of the International Caucus of Labor Committees, Dec. 29 in Herndon, Virginia.

I shall cross-reference a theme which I presented as an address and paper to the recent Schiller Institute conference in Rome, on St. Augustine. I shall address that to the questions which predominantly, but not exclusively, those of you from the United States must face, and face efficiently, during the coming year.

Only a few of you, and almost none of those outside this room, in the United States, presently understand this fact: The fate of civilization on this planet, not only for today and tomorrow, but the fate of the attempt to build civilization in Europe, over more than 2,500 years, will rest, will fall or prevail, on the basis of what is done during 1986; and in the greatest degree, on what is done within this fading, collapsing, rotting superpower we call the United States.

The question here is not a question of being like Aristotelian contemplators, or the oracle of Delphi, paradoxical oracles which will tell you as contemplators, as prophets, what will happen to the United States. We are not writing lower Greek tragedy. The question is an eminently practical question: What difference does your personal existence mean for the outcome of the entirety of human history and existence, during 1986? And I do not exaggerate.

In a true republic, the true citizen is personally accountable to the Creator, for the outcome of that republic; for the outcome of the general welfare, as it affects all persons in that republic; for the outcome, thus, of every personal life in that republic, and the outcome of the role of that republic in the world; for the welfare of humanity as a whole, and of every individual personality, present and future, of humanity as a whole. The individual citizen of a republic is personally accountable to the Creator, to the extent that that individual either has the capacity to influence the course of events, or can develop the capacity needed to influence the course of events. And that is what the individual must grasp, during 1986, or the



The republic is the only natural condition of mankind, as Dante and his followers proved. This painting by Domenico di Michelino shows "Dante Illuminating Florence With His Poem," the Divine Comedy, which traces man's journey from the pit of Inferno, of bestiality, through Purgatory, to Paradise, the domain of Reason.

individual will be a failure. His entire life, her entire life, will be judged a failure, or a success, to the degree that that conception, of the citizen of a republic, is grasped in the sense it ought to be grasped.

What is the Good?

It is a simple fact, that each of us has been born—apart from liberals, who were conceived by unknown means, and who are now, many of them, in search of these unknown means, which has contributed to the spread of the AIDS pandemic. But each of us has been born, and each of us will die. And from this, a very simple lesson makes itself clear, that those sorts of pleasures and gratifications, the search of pleasure and the avoidance of pain, as the immoral Adam Smith put it—I could say, the satanic Adam Smith put it—that these matters, as they affect personal life, die as we go into the grave. And therefore, these matters, in and of themselves, do not represent any personal self-interest of any of us, as human beings. Because they vanish. They vanish as a beast vanishes into the grave, having done nothing, except search for pleasure and avoid pain. A beast does that! And when man lives so, man lives as a beast!

This is evident to anyone with intelligence. Adam Smith was a degenerate, and anyone who follows him will be a degenerate.

This very simple fact alerts us to search for the true location of our most profound self-interest. Obviously, that profound self-interest lies in something which surpasses the grave, lies in the kind of activity to which our life is dedicated, which has some enduring value to present and future

generations. That is our self-interest. In our concern to define the exact nature of this self-interest, we search, as did Socrates, for a definition of the Good: What is that, which served, in what manner, corresponds to this self-interest? What can we be sure will be beneficial to humanity, in present and future generations under circumstances beyond our foreknowledge? How can you know that what you do today, can be judged as good—a contribution to the Good—10, 20 generations from now? How can you know that?

You cannot simply say, "I do what my father and mother told me," or what my peers tell me, or what the current opinion poll tells me, and that, "By acting in such a manner, I believe myself to be good, my friends and neighbors and peers believe me to be good, and who are you to gainsay it?" Such definitions of the Good are worthless!

What is the Good, as if it were known only by one person, in defiance of the contrary opinion of every other living person? And how could that Goodness be proven? That is the question which preoccupied Socrates: What is the Good? Man is properly motivated by nothing but the love of the Good! That love of the Good, and its efficient self-service, is the essence of efficient self-interest.

Already this begins to make clear to us, even before the question of the nature of the Good is satisfied, that we as individuals are and must be instruments of something universal; that we, as the microcosm of the universe, must become an efficient agency of the macrocosm—of the development of something larger, permanent, all-encompassing, and encompassing in particular the condition and work of all humanity; that our self-interest lies not within our skins—or

only as what, within our skins, is necessary to the *work* of our self-interest. Our self-interest lies in the Good, in something universal. That is our work; that is our self-interest. And that, some people have understood..

What is the Good? How can we observe the Good, empirically? Well, first we look at the difference between ourselves and the beasts. And then we have to study economics; not the kind that is preached in Washington, or in the universities today, or by the so-called economics profession—who should all be hung, as mercy-killings, out of mercy not only to themselves, but to the rest of the human race—but physical economy, real economy, the power of a species, or of an individual, to produce the material and cultural conditions necessary for the existence of that species.

What's the difference between us and the beasts? A very simply observed distinction—at least historically, if you can't observe it in the current crowd in Washington.

In the earliest condition of mankind, as asserted by the all-knowing anthropologists, it required, on the average, in the order of ten square kilometers of the surface of the Earth to sustain one individual, in a very miserable condition of life. The average age, in terms of life expectancy, of that individual, would be considerably less than 20 years. These small groups of individuals were sort of extended, mother-dominated family groups—the old mother of the tribe, probably 28 years old, would dominate a mass of little children, squabbling children who behaved and thought very much like beasts. The existence of these little groups would be extremely precarious. And there could be not more than approximately 10 million such miserable creatures, living an existence more precarious than that of a tribe of baboons.

But today, we have approximately five billion persons, who, apart from liberals, live on a much higher level of existence than the baboons.

How did we get there? Herein lies the distinction, the empirically demonstrable distinction, between man and the beasts.

We got there by what we call, today, scientific and technological progress, which takes the form of scientific discovery, by which we are guided to modify our behavior. That is, we do not behave according to what Adam Smith prized as "original and immediate instincts," but rather we suppress those bestial, baboon-like instincts, in order to bring forth some other quality which we have within us: the quality of creative reason, the power to look up to the heavens, and construct a solar astronomical calendar, as opposed to the kind of lunacies which came out of Babylonia. This is done very simply: Man looked up, took some sticks or stones, and did the obvious. He took the angle of the sunrise, the angle of the sunset, and the highest position of the sun during its midday course. Elementary!

And then, man did something also very obvious: He stayed up at night—a thing which, I tell you, is essential to wisdom! You have to wait until the world is asleep, and then

think about what happened; and then, the next morning, you've got the world off guard. That's wisdom! You stay up at night, and you take these sighting positions, of the sunrise, the sunset, and the midday position, and you observe, to which constellations and stars do these observations correspond. And so, you record these with stone, like those megalithic constructions which were made and dot Brittany and Ireland and Britain, typified by Stonehenge. You can count the days by the Sun, not by lunacy—you count the number of days. In five years, you discover, that in the cycle of the advance and regression of the position of the Sun—and man would obviously use the equinox for the dating of this calendar—that there are 365 and a quarter days, approximately, in one cycle, called one year. And then you discover, by the same means, other cycles.

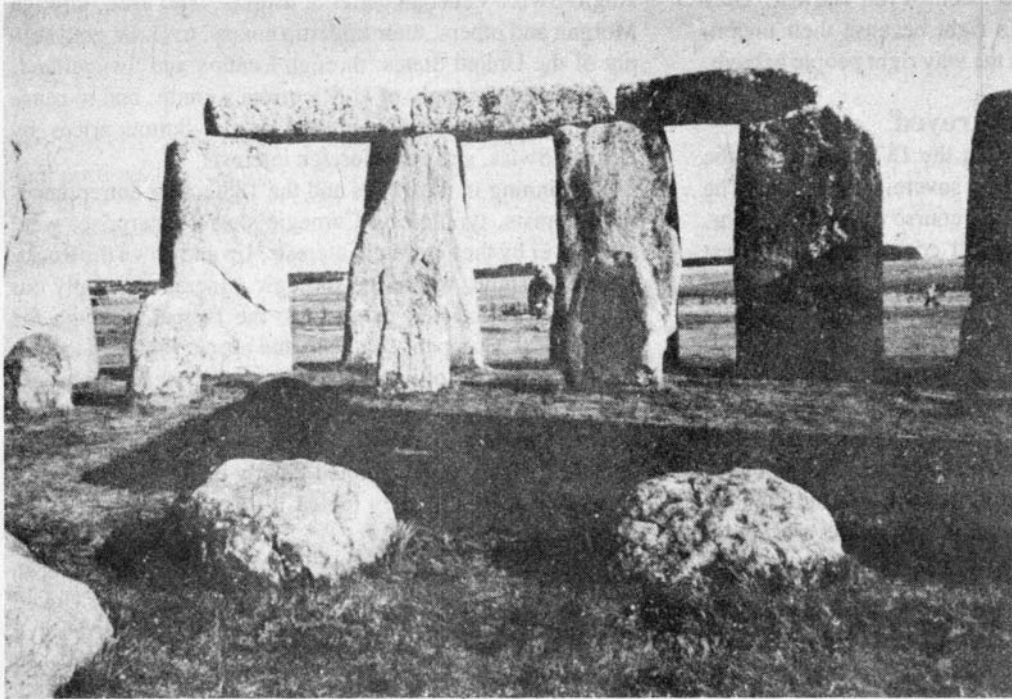
A beast can't do that—nor can a liberal! Only a human being can do that. And the earliest known cultures, dating six, seven, eight, ten thousand B.C., developed a solar astronomical calendar, which is more accurate than anything that existed up into the 19th century; and also, which far surpassed anything created from the founding of Sumer and Ur in the Biblical land of Mesopotamia—which is a Biblical fraud, written by Babylonians who rewrote the old Jewish writings, under orders of Babylonian Chaldean priests.

So, man is capable of this: capable of reason, capable of seeing lawful ordering in the universe, and using the knowledge of that lawful ordering to reform and change his own behavior. And in this way, by making reason—rather than Smith's "immediate and original instincts," bestial qualities—the characteristic of human behavior, we achieve what we call scientific and technological progress. We not only increase man's power over nature, by bending man's will to the law of reason in the universe, but thereby, by making, not the bestial aspect of humanity, but the mind into the personality, the value, and the identity of the person, we elevate the moral condition of humanity. We not only increase the human population, but we elevate the possible moral condition of mankind—if we don't have oligarchs to ruin the process, usurers, Venetian bankers, and the like.

Then we begin to discover what is the Good. What is the Good? The Good is the power of mind, to recognize a principle of reason, as the lawful ordering of the entire universe; to recognize that a process of development is associated with this; and to recognize that the continuation, and acceleration, of the takeover of the personality by elaborated reason, is the Good. The elevation of the moral condition of mankind, in correspondence with this principle, and in actions congruent with that principle, is the Good.

Such was the principle of Solon, at Athens. Such was the principle of the Platonic Academy, the concept of the republic. And such were the principles of the founding of the modern European republic, by the writings of St. Augustine. That is the Good.

The republic is the only natural condition of mankind.



Stonehenge (England): A relic of the early solar astronomy which produced calendars more accurate than anything up through the 19th century.

This was proven by Dante and his followers, that the only natural form of republic, is a totally sovereign nation-state—not subject to the IMF, or the World Bank, or UNO; a sovereign nation-state, a republic, which is based upon the employment of a literate form of common language by its citizens—a literate form of language which imparts to those citizens, in the words of Shelley, “the power of imparting and receiving profound and impassioned conceptions respecting man and nature”; conceptions organized in the form of reason, the form of reason as exemplified by the Socrates of Plato’s dialogues. That is the natural condition of mankind. All other features of a natural condition of mankind pertain to the development of the republic and the citizen, rather than as to its form and its essence.

Downward cultural paradigm shifts

Now, for a hundred years, approximately, since the 1870s, that great upsurge called European civilization, erupting out of the Golden Renaissance, reaching a zenith in the American revolution and the short-lived German Liberation Wars, has been sliding downward toward extinction. This great civilizing impulse was partly crushed by Henry Kissinger’s ancestors at the 1815 Congress of Vienna, crushed by Capodistria of Venice, by Nesselrode, who should have been turned into a pie earlier, by Castlereagh, and by Metternich. Their oligarchical conception of society, certified by the Treaty of Vienna, was born out of the bowels of the whore of Babylon, literally: the Chaldean form of society, the form of society of that abomination, the Austro-Hungarian Empire, that abomination the Ottoman Empire, that abomination the Russian

Empire, and sundry oriental empires of similar description. Such an abomination was directed specifically against what were called “the ideas of 1789,” against the American Revolution—the idea of a democratic constitutional republic under law, governed by reason, which Henry Kissinger has avowed himself to destroy. He has done a good deal, considering his limitations, to do just that.

In about the 1870s, that great upsurge, arrested but not defeated by the 1815 Treaty of Vienna, had unleashed against it what can be called the first of a series of downward cultural paradigm shifts, leading to our present condition: a condition of imminent disaster, a disaster comparable to, but exceeding, the disaster which struck Europe in the form of the so-called New Dark Age, from the death of Friedrich Hohenstauffen in A.D. 1250, to a culmination in the peaking of the Black Death in Europe in 1351 A.D. We are now, and have been for 100 years, in a period precisely comparable to that.

Don’t blame particular policies; the politicians don’t know what their policies are, they just know they’ve been told to push them. The people who implement the policies, except on the very highest level, among the Benedictines, don’t even know how the policies are made and concocted. You have to go to Venice, to the island of S. Giorgio Maggiore, or to the Montserrat Abbey in Spain, if you want to see devilishness—to understand who makes the policies, and how. Or, if you can stand the smell, to Mount Athos in Greece, which is the master of this sort of thing.

But for a hundred years, civilization has been sliding toward hell, in a paradigm shift, and the people who have been involved day-to-day in engineering the policies leading

to that downside, in most cases, don't even know it. They just think they're doing what's right because their unconscious impulses tell them that's the way right people behave.

Lincoln's mobilization destroyed

What happened, essentially, in the 1870s, was that the United States was destroyed as a sovereign republic. The United States, in the 1860s, in the course of the Civil War, had emerged as the most powerful economy and greatest military force on this planet. This transformation had been accomplished not by the means of war, which are inherently destructive; it had been accomplished by the form of mobilization of our republic by Lincoln, who himself was a profound thinker, contrary to the schoolbooks of today, and who was guided by the principles of republicanism in the deepest and purest sense. He organized a mobilization of industry, agriculture, and institutions, and infrastructure-building, to transform this nation and its potentialities into the most powerful economy and military capability on the face of this planet.

Within ten years, that power had been destroyed, and the sovereignty of the United States, in the truest sense, had ceased to exist.

The means by which this was accomplished, which had worldwide ramifications and made possible every other kind of devilry which has plagued the world in any part since, was the enactment of the predecessor of the Gramm-Rudman bill: the U.S. Specie Resumption Act of the 1870s. The Act was conceived by a Congress as corrupt—or not quite as corrupt—as the present Congress; a Congress bought and controlled by the British and Swiss; a Congress governed by treason, which set out—as the authors of Gramm-Rudman did—to destroy the United States. And they should have been hung as traitors, and the world wouldn't be in the mess that it is in today.

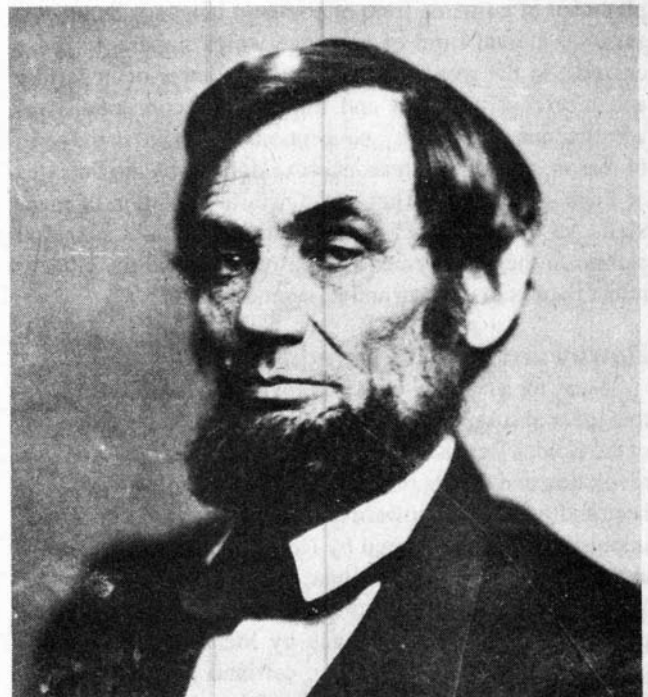
Some of these Gramm-Rudman people ought to be hung as traitors, too, because of what their action, unless reversed, will do not only to the United States, but to civilization as a whole. There is no room for toleration, for respect for, such a law—because the law itself is treason! It's against the United States. And it's done in aid and comfort to the Soviet Empire. And the people who did it are well aware of that. We wonder what kind of a "right-wing patriot" Phil Gramm is, with his gram-sized brain!

The Specie Resumption Act revoked the sovereignty of the United States in one very crucial respect: by forcing the United States to recall the issues of federal currency notes, which Lincoln had used to transform the United States into the greatest economic and military power on this planet. The United States no longer controlled its currency, its public credit, or its national, state, and local debt, or the debt of its own private corporations and farms. The control over the currency, the public credit, and the debt, public and private, of the United States, was placed under the control of an

Anglo-Swiss-Venetian cartel of usurers, who used, through Morgan and others, their fingertip control over the gold supply of the United States, through London and Switzerland, to regulate the supply of U.S. currency credit, and to cause the United States to be taken over, at rock-bottom prices, by British, Swiss, and other foreign interests.

Beginning in the 1870s and the 1880s, our entrepreneurial interests, typified by Carnegie's steel enterprise, were taken over by these foreign interests. Up and down the Rocky Mountain spine, where the strategic minerals to supply our nation lie buried and untouched, the British, through the Hudson Bay Company, came in and checkerboarded the entire area, in terms of water rights and other means—at rock-bottom prices, while our farmers went bankrupt! The British and the Swiss took over the railroad system, which had been launched before and promoted greatly under President Lincoln; they ruined it, they looted it, they used it to loot the farmers and industry.

As a result of that process, in the 1870s, beginning in 1873 but culminating in the period 1877 to 1886, the United States underwent a social convulsion. The radicalization of labor, farmers, and others was used by the representatives of Mazzini's Young Europe, to intersect the grave, profound social discontent caused by the impact of the Specie Resumption Act upon the nation. Farmers were driven bankrupt as they are being driven today—they became radicalized. What is called populism erupted, steered from Europe. The labor



Abraham Lincoln: His mobilization of America's political, economic, and cultural institutions during the Civil War, left the United States the strongest economic and military power on the face of the planet—but within 10 years, that power was destroyed.

movement, which had been politically unified with industry under Lincoln, was driven to desperation. The industries were taken over by foreigners, through the takeover of their credit and their indebtedness.

And so, the three great social forces of the United States, upon which the United States had been built—the alliance, for common interests, of entrepreneurial industry, progressive agriculture, and labor—that patriotic alliance was broken, and the several elements of that alliance were set upon one another. First, farmers and labor were set against industry, and industry against labor—particularly as Morgan moved in to control industry on behalf of foreign interests. Then, at the beginning of the century, in the 1890s and at the turn of the century, labor and farmers were set against each other.

A crazy British religion

And then, of course, we had the eruption of the Fabian Society. Just a word about the Fabian Society, because it enters into this.

The British invented a crazy kind of religion. They were numerologists, cabalists. The British, in general, have never been Christians. Some of the English were, earlier; the colonists who established this country were Christians; but the later English were never Christians. They were cabalists; they believed in numerology. So some wag in England dreamed up the idea—for numerological reasons—that the Creation had occurred as a “big bang,” precisely 4,000 years before the birth of Christ. It had to be precisely 4,000 years, for numerological reasons, cabalistic reasons. So they faked the Bible accordingly, and Bishop Ussher calculated in detail, by a little fudging here and there, that Adam had first appeared on earth in the year 4004—in Mesopotamia, naturally, since the whole fraud was Mesopotamian.

So, the British believed that; and then came Charles Darwin, another British creation; and Darwin was much pushed. And as the Fabian Society founders themselves document, the British Victorians broke their corsets over Charles Darwin—because their God was taken away. But since the British were irrational, they required some form of mysticism: they couldn't accept the God of reason. They couldn't accept the Christian God; they had to have a Mesopotamian God. And so, the British were driven in search of “mystical advanced ideas.” And the ideas of John Ruskin and his homosexual Pre-Raphaelite Brotherhood, the rise of theosophy out of this, and the Fabian Society, were all creations made possible by the explosion of what were euphemistically called “advanced ideas,” in Britain during the 1870s, as a result of the impact of Charles Darwin and his crazy theory.

The Fabian Society, which actually retains that character to the present day, is an association of mystically-inclined irrationalists, which runs under the cover of, not trying to create a utopia, but, by some pragmatic process, of moving in the direction of what might prove to be a utopia; more specifically, of undermining and destroying every institu-

tion—cultural, moral, and so forth—associated with European civilization, republican civilization.

These fellows were introduced to the United States: Chicago University was established as the Fabian School of Chicago, under the British Fabian Society. John D. Rockefeller II was sent to London, where he became brainwashed; he came back a raving Fabian, and induced daddy to give him the money to transform the Fabian School of Chicago, headed by John Dewey, into Chicago University. And then you had Deweyism, and Chicago University has been, specifically, a cesspot of this particular kind of Rockefeller-conducted devilry ever since.

They infested our labor organizations: The Socialist Party of America was an operation created by these people. The British Round Table was the creation of these people. The National Civic Federation, founded in the same period, and incorporating the Socialist Party of America, was a direct result of Fabianism. The Council on Foreign Relations was created, again, as a subsidiary of the new form of the Round Table, the London Chatham House, the Royal Institute for International Affairs, in the 1920s. And again, the labor movement, the Socialist Party of America, was assimilated into that, just as the Fabian Society of Britain was an integral part of the Round Table, which ran World War I British intelligence in the person of H. G. Wells, and which has run what is called the liberal establishment, the middle-class liberal establishment, of Britain ever since.

The Roosevelt shift

So, we were radicalized. The turning point, after 1870, was the assassination of McKinley, by a crazy Swiss lover of Emma Goldman, who went through the Henry Street Settlement House, where he was safehoused in New York City up until he killed President McKinley.

Now, the significance of his act, of Emma Goldman's crowd, was that this brought into power one of the worst people who was ever in office in the United States: President Teddy Roosevelt, one of the worst swine ever conceived on this planet. Under Teddy Roosevelt, every vestige of patriotic institutions began to be destroyed systematically. The FBI was created by Roosevelt. The fellow who created it for Roosevelt was Charles Bonaparte, the Attorney-General of the United States. Charles Bonaparte was the nephew of Napoleon III. And that is not merely an irony; that's a very clear indication of what the FBI was from the beginning: It was a Bonapartist political police force, aimed to destroy and eradicate agencies of government and private life which represented republican institutions.

Under Roosevelt, the United States underwent a change, which might be called our “Edwardian period,” extending from the inauguration of Teddy Roosevelt, as the beneficiary of the assassination, into the 1920s—an “Edwardian period” which ended about 1929 to 1931. The Horatio Alger books are a typification of the shift in mentality, and cultural para-

digms, which occurred in the United States during the first decades of this century.

Sinclair Lewis has documented what might be called the American Ideology, as it was shaped, successively, by the effects of the 1870s, and by the "Edwardian" shift inaugurated by Roosevelt and Wilson. Out of this came the Federal Reserve institution; out of this came a progressive destruction of American values and institutions.

The shift was signified by the fact that—whereas we had fought two declared wars against Britain, on issues of principle—beginning with Teddy Roosevelt, the myth was spread that the two wars against Britain were a case of some mistake on the part of the British foreign intelligence service; that if they had just been alert to the matter, there would never have been any issue at all. The fact was, that there was a *fundamental*, cultural difference, between the Americans and the English, which *forced* us to a war twice, and we should have fought it three times.

What Britain represented was the enemy of everything for which the people of the United States stood, morally and otherwise. And that's why we fought a war; not because of some tea incident, or something like that. It was because we represented a culture, a republican culture, which could no longer tolerate the efforts of an enemy culture, the ruling culture of the British monarchy, to destroy our institutions and destroy the autonomies of the colonies in North America. *We had* to fight that war. We had to fight the second war, the War of 1812; we should have fought it earlier, but the war was delayed, by corruption of two administrations—Jefferson's second administration, and the Madison administrations—through Albert Gallatin and other enemies of the United States, operating as Anglo-Swiss spies inside the U.S. government. It took the time until Henry Clay and the warhawks were elected to Congress before the United States would recognize that a state of war already existed between ourselves and Britain.

We recognized, the patriots of this country recognized, that the true enemy of the United States, in the Civil War, was not some internal interest; the true enemy of the United States was, again, the British, who orchestrated both sides of the war through the British East India Company. They ran the Boston Abolitionists, who were a bunch of fakers, and they ran the North Carolina crowd, who were simply operated through the Boston operation. It was an attempt to destroy the United States, by splitting it into several parts, by stirring up whatever issues they could, for purposes of dividing the country.

But then, with Teddy Roosevelt, we became "an Anglo-philic nation"—and a lot of Anglo-feeling has been going on ever since! And that's how we got into World War I.

The significance of the United States

Now, in this process, the United States, in the period 1870 to the First World War, had two, planetary significances. First of all, the American Revolution, as the concrete

Britain represented the enemy of everything for which the people of the United States stood, morally and otherwise. And that's why we fought a war; not because of some tea incident, or something like that. It was because we represented a republican culture which could no longer tolerate the efforts of the ruling culture of the British monarchy, to destroy our institutions.

tization of the Ideas of 1789, in the minds of all people in the world aspiring to the status of sovereign republics, was the sinecure for every people in the world who wished their own, comparable independence, their own comparable organization of their own national affairs. For them, the destruction and corruption of the United States was like having your wife come home with leprosy, AIDS, and syphilis: It's damned discouraging for the institution of marriage.

Secondly, the correlation of forces in the world was such that without the power which the United States had come to represent over the course of the 19th century, there was no correlation of forces favoring the cause of independence or republicanism in any other part of the world. With the United States's transformation into an Anglo-feely-feely nation, beginning with Teddy Roosevelt, and the institutionalization of the Specie Resumption treason of the 1870s as the 1913 Federal Reserve Act, the United States in its original form, ceased to exist in terms of ruling institutions. The only element of the United States, in terms of the government, which continued to have some patriotic and republican character, was the U.S. military. And that was pretty much corrupted; you had bluewater navies and all these other kinds of things going on, which were British infiltrations.

So this was a problem for the world. The cause of republicanism, as embodied in the nation which typified republicanism—the United States—was being destroyed, both in idea and correlation of forces; a result which Henry Kissinger has publicly admired on many occasions. The United States, as a nation, as a republic, existed only in the vestiges of a cultural heritage, transmitted from the American Revolution, assimilated and reinforced by a certain stratum of immigrants, who came here because they came to join the republic, and they adapted to the republic and became, as new converts, some of the strongest advocates of republicanism. But it was that vestige, of republican moral and cultural tradition,

embedded in our people over successive generations, and transmitted by some people to others, which was the only thing that gave us our national character.

The best exemplification of this was World War II, when we came out of a morass, a disgusting condition morally, as well as materially, called the Great Depression—which was a great depression in morals as well as material well-being. We were mobilized to fight a war. In order to mobilize the American people to fight a war, the government had to address, and evoke, the strongest patriotic passions existing in the population. Now, the strongest patriotic passions—because the Fabian really doesn't care about patriotism—were these cultural heritages of Americanism, American republicanism. And so, for a very brief period, during the war, our republicanism was called from its prison cell where it was being kept, called into action for purposes of fighting a war.

But then, with the death of Roosevelt, the fellows just naturally tried to put this fellow back into his dungeon right away, get him out of the way—no war anymore, we don't need this fellow around here anymore, we don't want him; he's only good for fighting wars. And then they proceeded to launch an effort to complete the destruction of civilization.

The Age of Aquarius

The destruction of civilization was also something which was unleashed in the last part of the 19th century: John Ruskin, with his homosexual Pre-Raphaelite Brotherhood; the rise of theosophy, the rise of existentialism, and Friedrich Nietzsche's and Aleister Crowley's calling for a death to the Age of Pisces, and a dawning of the Age of Aquarius, which were proclaimed by these two culprits and their accomplices, at the beginning of this century.

When Nietzsche said Pisces, he meant the tradition and heritage of Socrates and Christ. He meant, by the Age of Aquarius, the Age of Dionysos unleashed—which is Greek for Satan. Aleister Crowley said the same thing, with the modification that he proposed that Christ and Socrates ought to be destroyed, and permanently forgotten—eradicated from racial memory—but that Dionysos, yes, should be evoked, but also Lucifer.

We have, at the United Nations, the Temple of Understanding, which is supported by something called the Lucis Trust, which named itself Lucis out of public sensibility, thus abandoning the earlier name of this association, of which Cyrus Vance is an active member: the Lucifer Trust.

These fellows set out, at the end of the last century and the beginning of this, to systematically destroy civilization: to exterminate, from memory and institutions, the heritage of Socrates and Christ, and to bring into full bloom, the bestiality of Dionysos.

We have it today: It is called the rock-drug-sex counter-culture. This was introduced in the 1920s and so forth, in the United States first. Aldous Huxley and Bertrand Russell were key figures in introducing this to the United States—two of the most satanic people who lived in this century. Julian

Huxley was a close second to them. Hitler was a piker compared to these characters. Hitler was obvious; these people were sneaky.

In the post-war period, it started with the MK-Ultra project, which was a project steered from Switzerland and Britain to destroy the United States. You say that the CIA was responsible for MK-Ultra? The CIA was not responsible for MK-Ultra; the CIA was not responsible. The British were. The London Tavistock Institute ran the operation—a branch of British intelligence, the Fabian branch; it is the chief interface with the Soviet government in Britain—the London Tavistock Institute; it runs the international psychoanalytical profession. And these fellows did it, systematically, starting with the founding of *Playboy*, which advocated recreational drugs, recreational sex of all-kinds, from the beginning. And the Beatles! In 1963, a group of Russellites associated with Margaret Mead and so forth, unleashed the rock-drug-sex revolution in the United States, openly, together with the New Left which had been created by the League for Industrial Democracy, a Fabian institution, and the Socialist International. These things were unleashed.

The Vietnam operation

Then, they got us into a war. McGeorge Bundy played both sides. McGeorge Bundy started the war in Vietnam, and as soon as he got Johnson to do it, and was sure that it was going to be a no-win war—a flexible response war—he quit the government and went over to the Ford Foundation, where he organized the anti-war movement! He organized the anti-war movement, with Russell, against the war he had started, and had made sure would be perpetuated. And he only quit the war, not because any decision was made, but only because they had come to an agreement with Moscow. And therefore, they called off the war.

In the United States, the battle had been lost. Not in Vietnam; the battle that was lost was not the Vietnam battle—that was just killing a lot of people. The battle that was lost, was the battle inside the United States, to save the United States! And through that, as I saw personally, and many of you here saw personally, by mixing up an anti-war movement with a bunch of homosexual, crazy drug-users, you spread the disease of that core among the larger population: They went insane.

In 1969-70, we had the formation of WITCH, a lesbian organization, called Women's International Terrorist Contingent from Hell—WITCH. This group was created in New York City, by lesbians, who recruited women to lesbianism, in sexual or psychological encounter-session groups. They were systematically recruited into it. Homosexuality was organized in the United States. It wasn't something that sprang from the weeds, or just from people who had made an unfortunate choice of mother. It sprang up because it was organized, by people like Gregory Bateson, the former husband of the bisexual Margaret Mead, herself a self-proclaimed witch, who used to clomp around with an Isis staff, with



United Nations

Pope John Paul II: His actions combined with those of LaRouche and associates to make the current government of Peru and its policies possible.

witch's horns on it—probably in honor of her former husband, Gregory Bateson.

Then you had the 1968-72 process: The Democratic Party was taken over, with the aid of the FBI directly, which ran thug operations at the 1972 Democratic Convention to cause the nomination to be steered the way it was—that is, the FBI intervened directly against delegates who would have prevented that nomination from going through, and thuggishly. The Democratic Party in its present form is a creation of the FBI, Teddy Roosevelt's FBI.

Our institutions are destroyed. The post-industrial society was accepted. Radicalism was used, as a way of ramming these ideas through. We've been destroyed.

The Third and Final Rome

The Soviet empire is about to take over the world by 1988. Make no mistake about it: not because of Soviet power, but because of destruction, first, of the United States and Western Europe, from within themselves, and second, because the United States has destroyed every nation, to a greater or lesser degree, in Africa, the rim of Asia, and Central and South America. The United States has destroyed these nations through our State Department, our support of IMF conditionalities. Some of us have been there; we have seen it from the inside. The greatest enemy of the United States and any country in Latin America, or Africa, or Asia, is the U.S. State Department! The Soviet embassy is there just to observe, to make sure the U.S. State Department does a good job. We tolerate this, because we, the American people, have undergone a cultural paradigm shift.

Now, these Soviets—people should throw away all these popular truisms about Soviet communism and so forth; it's a lot of garbage. The Soviets are an oligarchy, a dictatorship. The oligarchy is the Soviet *Nomenklatura*. The culture and policy oligarchy is the same as the Russian Empire has had since at least the middle of the 15th century. The establishment of Moscow as the capital of a new world empire, succeeding Rome—the final empire, the final world empire, the permanent world empire, the Russian empire, of which “Soviet” is merely a name for a new dynasty, replacing all the dynasties which dominated Russia before—with the same policy.

The point is, if that culture, which is an oriental culture—by which I mean Mesopotamian, Chaldean—dominates the world, then every vestige of the heritage, from Solon, from Plato, from Philo, from Christianity, will be eradicated from this planet. And all hope of human existence on this planet will then be relegated to some distant future age, when the collapse of the oligarchy *might* create the conditions, under which there might be the rebirth of a republican idea, from the divine spark of humanity in some of the individuals, in that distant, miserable age.

That decision will be made this year. Because at the present rate, especially with this treasonous Gramm-Rudman development, the United States, if it does not change its present policies, if it does not change the policies of the past four Presidents—the policy drift of the past four Presidents including Reagan—and do it in 1986, the clock has run out!

Now let me just give you an idea of what the Soviets are going to do. Militarily, unless something goes wrong tech-

nically with Soviet plans, which might delay them slightly—but it doesn't look as though that's happening—the Soviets will be equipped to launch a full-scale war against the United States by 1988; to survive that war, with losses no greater than those suffered in World War II; and to win that war.

The deployment will be first-strike against the United States; the Soviets will deploy their strategic ballistic missile defense, which they don't want the United States to have a copy of, as part of that which will reduce their losses, according to the Sokolovskii doctrine. The Soviets will hit Western Europe with ABC warfare, plus the use of microwave pulses against command centers of the U.S. military, to turn the military commanders of NATO into a bunch of marshmallow-heads, which can be done with microwave pulses. And the Soviets have already leaked the intent to do that—which is technologically feasible at the present time. It could be done; it could be done on a large scale, but they have indicated that they are going to neutralize, by non-chemical, non-biological means, the heads of the incumbents of NATO command posts. There's one way to do that: zap, with microwave pulses.

Now, probably the Soviets won't have to go to war; because if they have the ability to win a war, overwhelmingly, and the United States knows it, the United States will surrender, as the price of avoiding total destruction and defeat. So, the Soviets are playing it both ways: They're playing the capability to launch and win and survive a war in 1988, with the expectation that, having that concrete capability, the world will surrender to Soviet terms, as the price of avoiding general warfare.

If that happens, if that surrender happens—let alone war—that's the end of civilization. Your children will be beasts, if they exist at all. Your grandchildren will be totally beasts, if they exist at all. And your life will have meant less than nothing—your personal life. There is no foxhole into which to run from this unpleasant reality. The whole meaning of your life, everything you think is important to you, doesn't mean a thing, except that you take this efficiently into account.

Some allies

Now, our job, in 1986, is to reverse that. We have some help: the Pope. Now this is a so-called Protestant country, and that causes a lot of ripples; but that's a fact. I don't see anything from the Protestant churches—maybe a few isolated ministers here and there, and their congregations; but the World Council of Churches, and the National Council of Churches, and everything associated with it, is filth almost as bad as the Soviets, or worse. They're a bunch of heathens anyway, so what difference does it make? They're not Christian. You don't see anything from inside the U.S. political parties, except a few mavericks who whisper to us behind back doors at night, when they're sure they won't be overheard.

We also have some other help. We have countries a little more rational than the United States, such as Peru.

We have, finally, something that we've been looking at for over 10 years. This international monetary system was insane. The other Pope said it was insane in 1967, in *Populorum Progressio*—it should have been destroyed. We said it was insane; the Non-Aligned Movement agreed solemnly on two occasions that it was insane, but then did nothing about it. But now, the time has come, for these nations, who have governments that have been willing to trade away everything for retaining their political power in government, their careers; the time has come when they can no longer do that. Because there is nothing—there is nothing! They can turn themselves into roast beef; it's their only way to pay the bill! It's the only way they can pay.

You have corrupt governments, like Brazil, which makes noises in that direction; it betrays its friends in order to placate its enemies, and get a better deal from the enemies. They say: "Look, what's the price of treason? We are threatening to have a debt moratorium. What price do we get, in concessions, for betraying our friends in Ibero-America?" It's called "Brazilian patriotism."

You have a nest of Catholics, like Bill Casey, and R. Peter Grace, who are not Christians; who belong to an Adam Smith cult, along with Bill Simon, together with Theodore Hesburgh at Notre Dame, who also is a certified non-Christian. He's officially a non-Christian; the other ones are secretly non-Christians. You have the influence on the present President of Mexico, de la Madrid, of this so-called Protestantized Central and South American Catholicism, to get a Protestant cultural matrix introduced to so-called Catholic matrix countries. Argentina's Alfonsín is a product of this; de la Madrid is under its influence. The Brazilians are the paragons of this kind of thing. So, they betray their friends, because they believe in the Protestant ethic. They want to destroy the cultural matrix of their countries, in order to introduce the Protestant ethic; it's a matter of ideology with them.

But, that won't work: The debt cannot be paid. And the biggest debtor of all, who has been demanding payments, is unable to pay himself—that is, the United States. The United States is the worst debtor in the world, the most desperate debtor in the entire world. Other smaller nations can simply, if they don't mention it, not pay. Nobody worries about that, if they're small enough. But we're talking now about about \$7 trillion worth of debt, of which the United States has over half of that debt—and the United States can no longer pay its national debt! Mexico, Colombia, Peru, Argentina, Brazil, are in much better condition, as debtor nations, than the United States. They are better risks than the United States, because the United States has been propped up for three years, only by looting these nations.

Now that the United States can no longer loot these nations, to its own advantage, the United States banking system

will collapse, if it is continued in its present form. The federal budget will collapse; state and local government will collapse; the banking system will collapse; agriculture is collapsing; employment will collapse, with all that attends. The military power of the United States will be devastated. Under Gramm-Rudman, military expenditures will be cut by one-half; that's the best estimate we have so far.

Now, what are the Soviets going to do about this? They're going to take over! And every friend of the United States—Germany, France, and so forth—will run, like Israel has already run. Israel is already a satrapy of the Soviet Union. So when the Soviets send terrorists, thank the Israelis, because they're involved in it—particularly Sharon's crowd.

We are being destroyed. The only chance we have, is the combination of the impact of the actions of the Pope, in the context of the policies of the Extraordinary Synod, and the eruption of a new movement, sparked by and identified with Alan García of Peru, among developing nations, which is having a spreading impact around the world. It's the first time in the entire period, that any nation has stood up and done something about this thing, that a President has had the courage to do it, when he is outnumbered in his own country. He's had the courage; no other President, no other head of state, in the entire past 20 years, has had the guts to do that. This has changed things in the world.

But mainly, there are our efforts. That's all there is. Admittedly, it's not just us—there are people all over the world who are a numerous force that's going to make the change. We can talk of the *Patrioten für Deutschland* group—we've found that there actually are some patriots in Germany. Not too many, but they exist; and some of them have courage.

There is a suspicion that an organization, Patriots for France, might appear in some form in the not-distant future. It would be much encouraged if there were an official leak of a document, written by the present Interior Minister Joxe, signed by President Mitterrand, of which there are 16 original copies in existence. This document reports on the matter of Greenpeace—the ship sunk in the Pacific. This operation was ordered by President Mitterrand and Joxe, over the objections of the French intelligence services. Joxe, with his orders countersigned personally by President Mitterrand, ordered the French secret services to run an operation, which the French secret services thought was a foolish way to deal with the problem. (Not that they were against sinking the ship; I'm not against sinking the ship, I'd have sunk it too; but I wouldn't have done it in that way, in that harbor! Put a little limpet on it, and then let it go out to sea, and mysteriously go down. Don't make traceable things!) But the agents were dispatched, their orders were dispatched, to New Zealand.

Before the operation went into effect in New Zealand, Joxe sent a copy of the order, with the names and relevant information on each of the French secret-service agents assigned, to British MI-6, which transmitted the information to

the New Zealand government. Now, if that little missive were to be published in France, Mitterrand would go down. Or, Mitterrand would adapt and give away everything, including Joxe; he'd ship Joxe back to the Soviet Gulag, or something like that, and give the Gaullists, i.e., Chirac's crowd, everything they wanted, simply to hold onto his seat in office. There's one thing Mitterrand believes in, and it is personally being the President of France, no matter what his policies are. Many politicians in the world are like that: They have to be the head of state—no matter what the policies are.

So, we have many allies, but these allies, as we've learned over the years, can not function spontaneously. They have no organization—at least no organization of the form required to turn their forces, and other forces, into a coherent force, to rapidly change the situation, in the United States, for example. There are a lot of good people in the United States, but they're not organized. Oh, they're organized in terms of little associations, or fragments of associations; but they can't do anything, because these associations are essentially talkshops! Sometimes they get half drunk on tea, or milk and cookies, and so forth, and they'll sit there and talk about what they're going to do, when their game plan works out. They'll never get there; they're only a talking shop. They're constrained by rules of the game, to which they're conditioned, which prevent them from ever acting in a manner which would lead to success.

A guiding catalyst

And therefore, the problem in all countries, of these morally viable layers, is that they're incapable of winning a war under their own direction, and will do everything to ensure that they lose the war, by playing what they consider the rules of the game! Only our capability, as a unique, guiding catalyst in the international situation, can change this, can make these people, these forces which do wish to save civilization, which do have morality, convert this into a force which can change and reverse this cultural paradigm shift.

On that point, just before coming to my concluding point, let no one forget, that there are two forces which made Alan García in Peru possible—not made him personally possible, but his government. One was the Pope. If the Pope had not made that trip to Peru and conducted himself in that trip in the way he did, Alan García would not have been elected; there would be no García government. The courage of García is based on the political correlation of forces which was created or assembled by the trip and the activities of the Pope in his recent visit to Peru. More specifically, the concretes of his government, the concretes of the policy of the government of Peru, are based on our work. Without the Pope, and without us, it would be impossible.

The actions of the Pope, of that faction in the Vatican, would not be possible without our work. It wouldn't have happened. It never would have happened.

It didn't happen because we had the Augustinus confer-



NSIPS/Tony Van Zwaren

Peruvian President Alan García arrives at Kennedy Airport in New York, Sept. 22, 1985. Finally, a President with the courage to act.

ence three weeks before the beginning of the Synod; this has been going on for years!

Many times we have been accused of being agents of the Vatican; it wasn't like that! It wasn't the other way, either; otherwise things would have changed much more quickly!

Our power

We have this power. The power is not any magic recipe; the power is simply the fact that we, as a philosophical association, defy all so-called approved rules of the game, defy so-called respectable authorities, have no respect for the so-called sanctity of a public figure if he's a scoundrel. We have the honesty to see things as they are, not merely from an immediate, narrow standpoint, but from an historically informed standpoint, rooted in the tradition of our predecessors—predecessors of the great Renaissance in Greece, in Athens, originating in the Ionian Republics, in the reforms of Solon, and in the work of Socrates and Plato and their circuit, and in the work of Philo and Christianity. Most immediately, all of us, in Europe, and in the Americas, to the extent that we have something besides a Babylonian disease in our culture, the only culture we have comes from the Augustinian revolution, at the beginning of the fifth century A.D. Everything we have comes from there! It's embedded in us, if we can find it—unless we've got some Babylonian disease, like our liberals. Our power lies entirely in the fact, that we base ourselves upon an attempt to more deeply un-

derstand, and to replicate as if they were alive today, under today's conditions, today's circumstances, what Solon, what Socrates, what Plato, the Christian Apostles, and Saint Augustine, and the Golden Renaissance did before us; what Leibniz did before us; what the American Revolution around Franklin did before us; that we identify ourselves with the idea of the Good; that our existence is a benefit of the Good, the Good as enhanced by these predecessors; that in that sense, they live in us. And if we are conscious thus of ourselves, we can act as if they were still alive. We can mediate their Good, and perhaps add a bit of our own, to the crisis of today.

St. Augustine's cultural paradigm worked! This convert of Ambrose's, in the greatest calamity in Italy then in memory, a single man, with a group of people around him, in the worst calamity—the destruction, unleashing of a dark age—said: Fine; the old Rome, which was corrupt, is now dead; therefore, we now build the new society, the City of God, the republic! If one speaks of European civilization, and does not speak of that action by Augustine, one speaks out of abysmal ignorance, or merely in a disgusting manner.

This order of Augustine's was destroyed during the great dark age of the last part of the 13th and the first part of the 14th century. It was recreated, through a program by a single individual and his circle, Dante Alighieri, who formulated institutions of language, beauty, and statecraft which, used by the conspiratorial network of Petrarca from Avignon, led to the unleashing of the Golden Renaissance—without which, the United States at its best could never have existed.

Everything good in the world which has happened in Europe and the Americas, is a result of the work done by a relative handful in the 15th century—a relative handful of people, who organized the Golden Renaissance.

The Americas were in a dismaying condition, at the end of the 17th century, as a result of Gov. Andros and similar events. Again, a tiny handful of collaborators of Cotton Mather, and of his protégé, Benjamin Franklin—this handful conducted a cultural revolution inside the United States, through the development of a postal system and newspapers and so on, in collaboration with Leibniz's circles in Europe—and created, in a period of 70 years, the United States. A handful of individuals!

In Germany, the Liberation Wars: a handful of individuals, who were dedicated to the idea of a cultural renaissance, basing themselves consciously upon the greatest of their predecessors in such enterprises, employing the principles learned by studying the work, and the circumstances of work, of their predecessors.

Our essential role, today, lies in that respect.

Changing America's cultural paradigm

There are many issues, in the election campaigns in the United States this year, which will be raised as concrete issues. The issues in themselves, while important, are un-

important. They have no intrinsic value—even though they seem to have intrinsic value, because people respond to them as intrinsic value. But if you could pass a law, pass a reform and so forth, it would mean nothing, absolutely nothing. If the cultural paradigm which currently prevails in Washington, in the political process, existed, you could pass any law *in name*; the implementation will be conducted by the State Department and other agencies, according to the existing cultural paradigm. If you cannot change the cultural paradigm which presently prevails in the United States, if you cannot change the philosophical outlook among the majority of Americans, you can't do anything very good; and everything you accomplish is worthless—your life will be worthless, as the life of all others. Yours will be a little better than worthless because you tried.

But we must have a change in the cultural paradigms in the United States. There is a function I have laid out in the case of the AIDS problem: Yes, we must destroy AIDS. It's going to destroy everybody otherwise; we've got to contain it, we can't find a miracle cure that fast; we're going to have to use methods of public health, which means we're going to have to put away every carrier until they can no longer carry; and if you won't do that, you don't care about your neighbor or your children. If you do that with tuberculosis, how much more must you do it with this, which is a disease which is 100% fatal to all infected? No cure—you die like a poor Iceland sheep. You die in 5 years—maybe earlier—you die in 5 years of pneumonia; or you die in about 10 years or so, as your central nervous system just turns into a pile of garbage. You die because your central nervous system has totally broken down. We have to fight this disease. You have to go to public-health measures, if we have to burn the Gay-CLU to do it!

But: What is it worth to fight AIDS, if there are no human beings to survive that victory? What if the human race is turned into a pile of moral garbage, unfit to be saved? What's the advantage of fighting AIDS then? It's sort of God's mercy-killing, or Soviet agents' mercy-killing, who think they're God.

We have another purpose in fighting AIDS, for *our* fighting AIDS—for our inducing people to do what they should have done anyway without ourspeaking a word. Government agencies should have done this. There should be no issue! But government agencies *didn't*! That's the issue. Why didn't they? Because of a cultural paradigm shift. They did not want, on the one hand, to estrange the votes of a bunch of faggots and cocaine sniffers, the organized gay lobby, as it's called in the United States. (I don't know why they're "gay," they're the most miserable creatures I ever saw!) The so-called gay lobby, 8% of the population, the adult electorate; the drug users. There are 20 million cocaine sniffers in the United States, at least. Of course it does affect their mind; it affects the way they vote! It also, I think, affects their employability. They ought to be taxed 100% of their income,

on the basis of having not earned it, and on the basis of the fact that we need that money to fight the effects of their habit.

But the issue, the deeper issue, is that the government and the people, the general electorate, in terms of the political machines of this country, have no morality. Here is a question, which was settled in the middle of the 14th century and afterward—the question of public sanitation on issues of epidemic and pandemic disease. Every government in the world is well-informed of that and the penalties of not invoking that policy. We have statutes on the books of the federal government, on the state and local level throughout the country, on this matter. The decision to be made on AIDS should have been automatic. Anybody who did not make that decision acted in defiance of the law, and should be accountable for any person infected! That is, if you're infected, if a member of your family dies of AIDS or is infected with AIDS, you should be able to sue members of the federal government, personally, for millions of dollars in each case—damages! Because it was their negligence, willful negligence, in defiance of statutes, which caused this; not the law—the law was fine! If they had followed the law, your friend wouldn't have been infected with AIDS.

'Civil rights' to kill

What was the problem? The problem was the cultural paradigm shift. If someone comes up and says, "Yeah, but you can't interfere with the civil rights of an AIDS victim"—what the devil is this? You can't interfere with an AIDS victim killing hundreds of people, by spreading the disease to hundreds of people, which will kill them, during the period before he himself dies! So, therefore, shouldn't we allow people with guns to go out and shoot people as they choose? Isn't that a matter of the civil rights of gun carriers? Or, if you've got an ax—if you can't aim too well, and just have an ax or a broad sword—shouldn't we allow people with broad swords and axes to go out and kill people indiscriminately as they choose, as a matter of their civil rights?

Where'd this nonsense come from? Oh, we don't want to offend the gays! Gays are sensitive to their civil rights; this will lead to discrimination against gays!

They're already beating up gays with baseball bats around the country! Children are going to playgrounds, they go in with baseball bats, and they find one of these gays there, pederasts, trying to recruit children, and they take their baseball bats and they beat them up pretty bad. They'll kill one sooner or later. In Chicago, they're beating up gays that are hanging around certain schools, pederasts; children go out with baseball bats and beat them up—which is perfectly moral; they have the civil rights to do that! It's a matter of children's civil rights!

The issue here is not the AIDS as such; that'll destroy us, yes; but the higher, more important issue, is the fact that we don't have the morality to cope with a whole range of problems of this type. The U.S. government is immoral; the U.S.

The issue of AIDS is the moral disease: the fact that the morality of our government, of our political parties, and of our electorate, is such that the United States is no longer fit to survive morally, and will not survive, unless there is a change in direction this year.

people are, by omission, immoral, unfit to exist, morally, on these grounds. The United States is complicit in killing more people than Adolf Hitler did, wittingly, and by precalculation, with support for IMF and World Bank policies. Murder! Mass murder! Genocide!

Every member of the United States government could be, by Nuremberg standards, tried by somebody. You could take every member of the U.S. government, you could take them out and hang them, under due process of law—and hang them higher than the Nazis, because they've killed more people than the Nazis succeeded in doing. That's the issue! The issue of the disease is the moral disease: the fact that the morality of our government, of our political parties, and of the behavior of our electorate, is such that the United States is no longer fit to survive morally, and will not survive, unless there is a change in moral direction, in decision-making, in government and in the electorate in this current year.

It is our job, in particular inside the United States, to make sure we discredit and destroy the old, corrupt morality, and move things back in the direction of the morality upon which this country was founded—the tradition of the Golden Renaissance, the Augustinian tradition. That is our job. And that, and only that, will save this civilization. Any success on any particular issue means nothing, unless the success on a particular issue is a mediation of an efficient change in the cultural paradigms of the United States, the moral paradigms.

Only if we, the United States, and nations associated with us, become during 1986 once again morally fit to survive—only under that condition, will we survive. The Biblical fate of Sodom and Gomorrah hangs over us. The year of decision is 1986—approximately. Everything after that period of decision, is simply the consequence of the decision, or the sins of omission, made in the juncture of crisis.

Command decision

Von Clausewitz speaks of a quality of command decision, in terms of commanders: the ability to think through a situation, to recognize a creative solution, an innovation, in approach to a problem, and the ability to, at that point, act

on it without vacillation. Don't go out and say, "I've got to go out and get the opinion of 10 other guys before I go ahead with this thing; I mean, I've got to have my back covered on this one; I've got to think about my future career; I've got to think about how this is going to look in Washington; I can't make this decision right now, I've got to check it out through channels." Boy, the Soviets love those kinds of U.S. commanders! They'd walk through them like butter. While they're still making up their minds, waiting for the paper to fly back and forth, the Soviets take over!

Now, that kind of command decision is not peculiar, or not properly peculiar, to commanders. That type of command decision is peculiar, properly, to each of you—who is also a much bigger commander than any military commander. Because each of you, as a citizen, is implicitly morally responsible for the present and future of the entire human race. That is where your command lies. To the extent of your capabilities, to the extent of your ability to develop your capabilities, you are morally accountable for what happens to the rest of the human race! You must have the power, and the qualification, to make the command decisions, without vacillation, without consulting peer-group opinion, to do what is necessary to achieve a pre-calculable result in terms of the survival of the human race, and of our civilization.

You have to impart that, not only to yourself, that sense of command decision. The most essential thing you have to do, is to impart that to others. You have to impart it to others, and say, "Buddy, you've got no right to stand there with your bare face hanging down below your trousers, and tell me that you don't have to make up your mind on this!" You have to make up your mind on this, just as if there were a child standing in the street, and you're driving a car down that street. You have to make up your mind, because there's a child standing there, and you're moving in that vehicle! You cannot say, "This is not my responsibility," or "My wife won't let me."

The question of whether the entirety of your life, and your family's life, means anything, or whether it's a pile of garbage in the end, depends upon your ability to face these moral responsibilities now. Sure you've been getting by with this slop for decades, for most of your life; you've been sitting back while our government has been doing stupid things, at home and abroad; you've done nothing. You've sat back, you've minded your own business, you've worried about your career, you've worried about your family, you've worried about what the neighbors think. You've worried about not getting into trouble—and look where it got you! It got you right up to the point where you're about to lose everything, not only everything, but you're about to lose any significance to the fact that you might ever have existed!

Are you going to continue to behave that way? Are you going to let other people around you continue to behave that way? Are you going to tell them, "You jerk! Wise up like I did—I was a jerk too! You stop being a jerk!"

Setback for the Trilateral Commission's 1986 agenda?

by Mark Burdman

David Rockefeller's Trilateral Commission is beginning the New Year of 1986 on a strange and discordant note. According to Commission members who have made certain information available to *EIR*, the next planned Trilateral international summit, to be held in Madrid, Spain, has been postponed for 10 weeks, on request from the Spanish government, from its originally scheduled date of March 1-3, to the middle of May.

A confidential Trilateral Commission memorandum, produced on the basis of discussions held during the Commission's Oct. 25-27 European Region conference in Paris, claims that a postponement had become necessary because "recent press articles have started to link our presence with the referendum on NATO" planned for Spain in spring 1986. The same memorandum cited intensive discussions between the Trilateralists in Europe and in Washington, over whether or not, under conditions of such political pressure, the meeting should be shifted to another locale. No, a shift should not be made, the consensus emerged, because to change the location would undermine the Commission's efforts toward "the unification of Europe," now that Spain has become a member of the European Economic Community.

What is really going on behind this curious drama?

It would be preposterous to look for some "spontaneous" anti-Trilateral eruption in Spain. As we show in an accompanying article, real political and financial power in Spain, on the visible level, is held by precisely those influentials in the media, in the banks, in the political parties, and among the cultural elites, who are also members of the Trilateral Commission. Furthermore, the "unification of Europe" theme is the pet project of a cluster of old Hapsburg Empire and

similar imperialists, or "synarchists," inside Spain and out, who would not postpone their plans out of fear of negative reaction in the tightly controlled Spanish situation itself.

The whole story is not yet out, but this much can be said: The only systematic campaign against the Trilateral Commission inside Spain, as opposed to isolated grumblings from this or that quarter, has come through the wide circulation there of material published by this journal, including a Special Report on the Trilateral Commission written by *EIR* founder and contributing editor Lyndon LaRouche. In Europe more broadly, throughout 1985, *EIR*'s material has catalyzed, or intersected, an anti-Trilateral mood among political elites, producing, especially in France, an unprecedented density of articles against the Commission.

Evidently, the "LaRouche Factor," is among the considerations that has entered into Trilateral Commission planning for 1986.

The Trilateral action program

Another remarkable event concerning the Trilateral Commission during 1985, was that the Soviet leadership, through the foreign ministry publication *International Affairs*, for the first time warmly recognized the Commission as its favored Western interlocutor, on matters pertaining to strategic policy. In its summer, 1985 edition, *International Affairs* hailed the Trilaterals' opposition to President Reagan on the question of the Strategic Defense Initiative.

The Trilateral Commission "program for action" for 1986, as that program has been made available to *EIR*, indicates that the Commission is working hard to demonstrate that it merits Soviet praise.

Five identifiable policy thrusts have been given priority by David Rockefeller, et al., for this year:

Slashing U.S. defense spending: According to the December 1985 French magazine *Spectacles du Monde*, reporting on the meeting of the Trilateral's European Region, "the priority objective decided on by the meeting in Paris, in October, was to put pressure on American official circles, so that they would become aware of the 'dramatic' character of the budget deficit maintained by the United States. And that they would act on Congress, to slow down the rise of military credits demanded by President Reagan." French sources have also reported that Trilateral European Region President Georges Berthoin has expended considerable energy, during the last quarter of 1985, in pressuring high-level officials in the Reagan administration and in the Congress, to cut defense spending.

A confidential Trilateral Commission document reports that West German Trilateralist Otto Wolff von Amerongen, the head of the German Industry and Trade Association (DIHT), has been circulating a proposal for a special Trilateral task-force that would present its preliminary findings in Madrid, on "the financing of defense." For years a member of the International Advisory Board of David Rockefeller's Chase Manhattan Bank, von Amerongen is described in the cited *Spectacles du Monde* exposé as "scion of a family of industrialists specialized in commerce with the East since 1918."

To the same effect, it is noteworthy that one of the featured speakers, as of this writing, at the mid-May Madrid meeting, will be former U.S. Office of Management and the Budget chief David Stockman, a former student radical, who persistently fought against necessary U.S. defense spending during his tenure as OMB head.

Whether or not Trilateral input was determining, the Gramm-Rudman budget bill in the Congress should be regarded as a New Year's present to the Soviets' most-praised Western interlocutors.

Undermining the U.S. Strategic Defense Initiative Program: At a meeting in Munich, West Germany, during the second week of December, Commission executive member Horst Ehmke, a leader of the West German Social Democratic Party with links by marriage to the East bloc intelligence services, praised the Gramm-Rudman bill. In Ehmke's view, Gramm-Rudman would ensure, minimally, a 40% cut in the U.S. Strategic Defense Initiative.

His cohort von Amerongen had made the same link between "budget" and "SDI," during an early-December meeting in Bonn of European political and financial leaders, sponsored by his DIHT. Commenting on discussions in various European capitals on whether or not to participate in the U.S. SDI, von Amerongen warned that participation should be contingent on whether the SDI were proven to be "cost-effective," or not.

To this day, the Commission abides by the advice of Trilateral ideologue Henry Kissinger, that the SDI should be

"whittled away" through congressional budget cuts and through transforming the SDI into a limited "point defense" system. In the latter days of 1985, the most active front in this fight in Europe was in West Germany, because of the desire of the Trilateralists, and the Soviets, to prevent West German participation in the SDI, since this would catalyze European-U.S. SDI cooperation on a broader scale.

Ehmke and von Amerongen are two of the three West German influentials who most often flaunt their Commission membership. The third individual is former Christian Democratic Union parliamentarian Karl-Heinz Narjes, today the Commissioner for Science and Technology at the headquarters of the European Community in Brussels. Narjes is a member of the "Genscherite" faction of the CDU, allied to arch-appeaser West German Foreign Minister Hans-Dietrich Genscher.

On Dec. 18, West German newspapers revealed that Narjes had written a special memorandum to the ministers of research and technology in all European capitals, recommending that they *not* participate in the SDI, so that there would not be a "brain drain" from Europe to the United States. On that date, Narjes' chief of staff, Heinrich von Moltke, went to Bonn to give a confidential interministerial briefing to government officials.

On the next day, the "Genscherites" had scored a significant tactical victory, with the West German government decision to "negotiate with" the United States over SDI—rather than to agree to participate in the program. From Bonn, Trilateral-linked American ambassador Richard Burt lied that the United States did not give a priority to a "formal agreement" between the United States and the Federal Republic over SDI. According to reliable American sources, Burt, during his late-1970s position as a *New York Times* "special correspondent," was the favored journalist and "leaker" for Trilateral ideologue Zbigniew Brzezinski, during Brzezinski's tenure as Jimmy Carter's National Security Adviser. To this day, Burt is extremely close to leading Trilateral Commission circles.

Throughout 1986, the East-West offensive against the SDI, spearheaded on the Western side by the Trilateral Commission, can be expected to escalate. One particular focus, about which *EIR* will be presenting further documentation in coming weeks, will be the Commission's project to define the "post-Reagan era" in the United States, and on making sure that the next U.S. administration will water down the SDI into a "bargaining chip" with the U.S.S.R., and/or a "limited point-defense system." Either of these conceptions, means, in fact, making the SDI itself meaningless.

Heating up the southern Africa crisis: According to *Spectacles du Monde*, Trilateral European Region President Georges Berthoin made a special trip to the United States, in November 1985, to promote a priority Trilateral Commission objective, "to obtain from the U.S. Congress that it would put itself in opposition to the maintenance of diplomatic relations with the 'racist regime' in power in South Africa."

According to a confidential Trilateral Commission document, parts of whose contents were made known to *EIR*, the end-of-October meeting in Paris featured an exchange among European members, on the subject of making southern Africa into a priority issue at the 1986 Madrid meeting.

Speaking in the name of the British Trilateral members, Lord Shackleton of Rio Tinto Zinc strongly urged that a Commission group be formed on "Southern Africa and Antarctica," in the context of renewed international interest in the "Law of the Sea" accords. A modified proposal was raised by Sr. Gianni Agnelli of Italy and Herr Ehmke of West Germany, for the task force to be concerned with "South Africa and the front-line states," while cautioning that this subject could be of potential embarrassment to the Japanese members of the Trilateral Commission, because of the "sensitive racial issues" involved.

It was resolved, that the most likely option would be to have some kind of panel on this issue, but that no speaker

The Trilateral Commission's "program for action" for 1986, as confidential elements of that program have been made available to EIR, indicates that the Commission is working hard to demonstrate that it merits the praise accorded it by the journal of the Soviet foreign ministry.

from any involved southern African country be invited to speak. A "British or Portuguese" representative should address this issue, the Trilateralists recommended.

Strengthening the role of the IMF and other supernational financial institutions: One of the Madrid panels is slated to be a focus on the General Agreement on Trade and Tariffs (GATT) talks, in the context of efforts to counter "protectionism" around the world. Efforts are underway to have GATT head Arthur Dunkel as a speaker in Madrid.

At the Paris meeting, according to the cited confidential Trilateral document, Georges Berthoin called for the Trilateralists to deal with not only the economic, but also the "cultural" effects of "protectionism."

This point is most interesting. For the Trilateralists, as for other world-federalist institutions such as the New York Council on Foreign Relations, "protectionism" actually means "mercantilism," or the "sovereign nation state." As was openly stated in the *1980s Project* of the New York CFR, which formed the basis of policy for the Carter administration and which is still the basis of policy for the U.S. State Department

and many other agencies of the Reagan administration, "mercantilism," or "protectionism," of the sort that Alexander Hamilton devised for the American Republic in the 18th century, is the fundamental enemy to be fought, and smashed.

The GATT talks, the vehicle by which policies of "free trade," "privatization," and other euphemisms for drug-trafficking and destruction of national economies is being carried out, have become one of the key flanks of the Commission for the coming year. This will create conditions of destabilization in the developing sector, from which only the Soviets will benefit.

Consolidating a "New Yalta" political deal with Moscow: The centerpiece of the arrangement to bring the "Eurasian landmass" into Moscow's political sphere of influence, is a deal over the "German question," that would be in the Soviets' interest. Through 1986, the Trilateral Commission will be committed to helping bring a coalition to power in the Federal Republic in 1987, that would, in one likely version, consist of Genscher's Free Democratic Party, the SPD, and perhaps the Greens, and that would ease Germany out of NATO. Behind closed doors, officials at Trilateral Commission offices in both Paris and Washington, are wont to boast about the marvelous relations, developed through the years, between the Trilateralists and the SPD of Ehmke, Willy Brandt, Egon Bahr, et al.

One reporting panel in Madrid will be that on "East-West Relations," featuring Kissinger protégé William Hyland, currently director of studies at the New York CFR and former staffer at the U.S. National Security Council, and Karl Kaiser, head of the West German branch of the CFR (the Gesellschaft für Auswärtiges Politik), now resident at Harvard University.

At the same time, British Trilateralist John Roper, former parliamentarian and member of the British Social Democratic Party, is coordinating a set of task forces on "The German Question," on behalf of the Royal Institute of International Affairs of London. One closed-door meeting on the subject will be held at the RIIA during two days in late January. A second, and broader, meeting will be held at the RIIA during the first three days of May, soon before the Trilateral Commission meeting in Madrid.

An RIIA associate of Roper's, in a private discussion, outlined the prevailing strategic thinking in the London-Trilateral circles, for the coming months. "It is our view that a cutback in the American troop presence in Europe has been effectively inevitable, for some time, although the budget-cutting pressure in the Congress, as with this Gramm-Rudman legislation, will only hasten things, presenting severe handicaps for the U.S. defense program." He affirmed, "The situation in the Central Front in Europe is more stable than most people imagine, in this nuclear age, so there is not a military problem in the U.S. cutting back, but only a problem of political management. It's a matter of political will, and if the intent and will to make a deal with the Soviets is there, a deal could be struck."

The case of the Duke of Alba

by Mark Burdman

In the *Spectacles du Monde* exposé on "La Trilaterale" (see *Documentation*, below) Trilateral Commission European Region head Georges Berthoin boasts that the Commission, worldwide, represents "a bit more" than 60% of total global economic power. The Trilateral Commission in Spain is a good example of the stranglehold the Commission has over the political, financial, and cultural affairs of nations. In late October 1984, the Spanish daily press reported that the Duke of Alba, the former Jesus Aguirre, had joined the Trilateral Commission. This political marriage—the Albas with the Trilaterals—gives a good insight into the true nature of the Trilateral beast, both globally and in its Spanish species.

The former Jesus Aguirre became the Duke of Alba during the 1970s, by marrying the Duchess of Alba, whose full title contains the concluding section, "y Fitzjames Stuart." This refers to the Scottish-based Stuart clan, whose takeover of the throne of England in 1603 has led to untold numbers of disasters for the human race ever since. The Albas are part of a particular breed of Spanish-Scottish oligarchical families who, in combination, have played, and continue to play, a very nasty role in dirty international financial and cultural dealings. In essence, it is this Spanish-Scottish coalition that opposed those currents in Elizabethan England, most notably represented by William Shakespeare.

Of originally Byzantine origin, the Albas were transplanted centuries ago to the Iberian Peninsula, then farther north. It is "Alba" (together with "Taxis," the ancestor of the evil Prince Johannes Thurn und Taxis of Regensburg), who is identified by Friedrich Schiller, in his great play, *Don Carlos*, as one of the chief saboteurs of the European republican movement in the 16th century. Schiller's *Don Carlos*, it should be emphasized, has never been performed in Spain, thanks to these descendants of the Spanish inquisitionaries.

Today, Jesus Aguirre/Duke of Alba ably perpetuates the tradition. He is well known in Spain, and abroad, as chief transmitter and translator of the works of the so-called Frankfurt School, a combined project of pro-Communist and pro-Nazi ideologues, founded in the 1920s. The Frankfurt School was established for the explicit purpose of destroying the ideas of the Renaissance and the Western commitment to industrial and scientific progress; ideologues of the Frankfurt

School were the godfathers of the 1968 "student unrest" in Paris, the United States, and elsewhere.

Financially, the Alba clan's tentacles today extend to the insurance companies of Venice and Trieste. The Duke of Alba himself was brought onto the board of Spain's Banco Atlántico in 1982. Banco Atlántico was the hallmark bank in the giant Rumasa financial empire of Spain's José Ruiz Mateos, whose collapse through nationalizations, and likely through corruption, is a seminal fact in Spanish political life in the 1980s. Despite the importance of the Rumasa empire, the Duke of Alba's involvement in it has never, to our knowledge, been investigated.

The Duke is also inside irrationalist cults in Europe. In early 1985, he penned an article for the daily *El País*, with the title, "Et in Arcadia Ego." This catchy phrase is the featured slogan in the book *Holy Blood, Holy Grail*, the 1980s cult volume promoting the spread of anti-Christian gnosticism in Europe.

The Duke of Alba is the political godfather of the crowd that runs *El País*, whose boss, Jesus de Polanco Gutiérrez, is also a member of the Trilateral Commission, as well as a media sponsor of the malthusian Club of Rome International. A reception in Madrid for the Santillana Foundation, run by Polanco Gutiérrez, was publicized in *El País* Dec. 17. Attendees at the event included the Duchess of Alba, Spanish Club of Rome head Ricardo Díaz Hochleitner, and U.S. Ambassador to Spain Thomas Enders. Enders, a Henry Kissinger protégé, has connections to some among the shadier elements in the Spanish financial scene, about which *EIR* will say more in the future.

More broadly, the Spanish Trilateral membership over the past years has represented the highest levels of Spanish banking, politics, and media, including:

Luis María Anson, president of the National Federation of Press Associations; **Jaime Carvajal Urquijo**, chairman, Banco Urquijo, Madrid, which bank has undergone numerous transformations, under most-suspicious circumstances, over the past years; **José Luis Cerón Ayuso**, former president of the Spanish Board of Trade; **Carlos Ferrer**, chairman of the Spanish Employers Confederation; **Antonio Garrigues Walker**, president, Liberal Party of Spain, and a well-known traveler in the circuits of Henry Kissinger; **Miguel Herrero di Minón**, member of the Spanish Parliament, and speaker of the Spanish opposition; **Carlos March Delgado**, Banco March, Madrid, and Vice Chairman, Juan March Foundation, Madrid (the shady operations of the clan of Juan March is a story unto itself); **Alfonso Osorio**, member of the Spanish house of representatives, and former vice-president of the Spanish government; **Pedro Schwartz**, secretary-general, Liberal Union, Madrid; **José Antonio Segurado**, deputy chairman, Spanish Employers Confederation; **José Vila Marsans**, director, Banco Central, Madrid; **Ramón Trias Fargas**, a Trilateral member, a pro-British monetarist who has become the minister of economy and finance for the Catalan government.

Trilateral one-world conspiracy exposed

The following are excerpts from the article "La Trilateral," a feature in the December 1985 issue of the French magazine Spectacles du Monde.

... The official goal of this "society of thought," founded in July 1973 through the efforts of Messrs. David Rockefeller, president of Chase Manhattan Bank, and Max Kohntamm, the close collaborator of Jean Monet in the "Committee of Action for the United States of Europe," is as follows: "[to] harmonize political, economic, social, and cultural relations between the three market-economy regions . . . including Western Europe, North America, and Japan."



David Rockefeller

Directed by the American David Rockefeller, the Japanese Isamu Yamashita (boss of Mitsui), and the Frenchman Georges Berthoin (international president of the European movement, and ex-ambassador in London of the EEC), the Trilateral Commission recommends a double policy to governments: the progressive integration of the liberal and communist economies, through systematic use of commercial exchange; and the transfer to the Third World of a portion of

The first breakthrough for the one-worldist Pilgrims Society, founded by Cecil Rhodes, took place in 1913: the creation of the Federal Reserve Board, which removed all power over the creation of money from the American government and from the Congress and internationalized the credit system.

the sums devoted in the West to armament expenditures.

The priority objective decided on at the meeting in Paris of the Trilateral Commission's European branch in October, was to pressure American official circles so that they would become aware of the "dramatic" character of the budget deficit maintained by the United States. They also intended to put pressure on Congress, to slow down the rise of military credits demanded by President Reagan.

Free East-West exchange and installation of a system of global administration, these are the subjects favored by the Trilateral, which frequently counterposes the economic "rationality" of its vision of the world to the "disorder" engendered by the "anachronistic" persistence of national sovereignties.

This doctrine was put into form at the beginning of the 1970s by Zbigniew Brzezinski, ex-director of the National Security Council of Jimmy Carter. . . . Brzezinski's main idea: The Soviet empire is based on a system of rational government, with which the West must collaborate if it wants to preserve the peace and "stabilize" international relations. . . .



Zbigniew Brzezinski

Brzezinski has always been eager to vaunt the "humanist objectives of Communism," and the "progress" that the passage to Bolshevism constituted for the Russia of the Tsars ("a chauvinist dictatorship"). . . .

Several of his works reveal the foundation of his thought, but one among them sums up, by itself, all the long-term objectives of the Trilateral: *The Technetronic Revolution*. . . .

"The technetronic revolution," explains Brzezinski, "is founded on the constitution of a new class of specialists, and on the appearance of a true intellectual technology." No one has so well defined technocratic power.

Convinced, like all technocrats, that a "pure social science" will substitute itself, sooner or later, for the "sterility" of national egoisms, Brzezinski proposes to "limit the sovereignty of states" and to transfer the exercise of this sovereignty to supranational institutions, exempt from "passions." . . .

Behind this largely optimistic vision of the correlation of forces, is a one-worldist tradition forged at the beginning of this century in the banking milieu of the East Coast of the United States, a milieu whose function was to "enlarge the sphere of rationality, and not to make money," pleads Jacques Attali, in the apologetic biography that he has just written of the British businessman Sir Sigmund Warburg, heir of the bank of the same name.

The founder of this tradition was the Englishman, Cecil Rhodes (1853-1902), the diligent colonizer and the first doctrinaire of a global "Pax Britannica," to be based on commerce. Inspired by the principles of political economy of his

compatriot, John Ruskin (1819-1900), the theoretician of what came to be baptised "Synarchy" between the Two World Wars, Rhodes was one of the original members of a "group of transnational pressure" unique in its genre: the "Pilgrims Society," deriving its name from that of the English Puritans, who landed on Nov. 20, 1620 on American soil, aboard the *Mayflower*.

Created in London in 1902, and, in New York, in 1903, the "Pilgrims" immediately became the think-tank of the American "Eastern Establishment": 100 or so families of Protestant origin, the "WASPs," or Israelites, linked to the "opinion makers" of the liberal left.

Their first breakthrough took place in 1913: the creation of the Federal Reserve Board, which removed all power over the creation of money from the American government and from the Congress, and internationalized the credit system: a decision prepared in the greatest secrecy by the chief-of-staff of the Pilgrims in the course of a meeting held in the Jekyll Isles. Two other projects were discussed there: the creation of a World Parliament . . . and the dismantling of colonial empires. . . .

The most powerful banker of this epoch attended this meeting: John Pierpont Morgan. A disciple of Rhodes, he saw in the Bolshevik Revolution of 1917 the embryo of a social and economic upheaval likely to precipitate the creation of a planetary political system.

His disciple, Nicholas Murray Butler, asserted 20 years later, during a breakfast organized in New York by the Pilgrims Society: "Communism is the instrument of a planetary government, police, and monetary system."

To judge from the *Washington Post* of Feb. 2, 1918, Morgan dispensed in that year almost one million dollars to the partisans of Lenin. Besides this, there were two banks that would particularly aid the Soviet regime to consolidate its power: Warburg and Kuhn Loeb.

German Jews who became naturalized Americans in 1902, Paul and Felix Warburg became in this epoch the two pillars of Wall Street. Remaining in Germany, brother Max continued to support the war effort of the Second Reich. The majority of funds destined for the Revolution were transmitted through him.

Jacob Schiff, director of Kuhn Loeb, was to be the favored financier of Lenin and Trotsky. In February 1917, the latter was repatriated from America to Russia with the help of Charles Crane, the all-powerful president of the Finance Commission of the Democratic Party.

Close to President Wilson, and the inspiration of Wilson's "14 Points," Crane is the man who, even before the definitive victory of the Bolsheviks, was preparing the implantation in Russia of the largest American firms, notably Ford and Westinghouse.



J. P. Morgan

Three names symbolise even more this policy conceived by the Pilgrims: [Armand] Hammer, [Henry] Ford, [John D.] Rockefeller.

John D. Rockefeller, founder of Standard Oil, and his son John II . . . sponsored in 1920 a specialized emanation of the Pilgrims: the Council on Foreign Relations (CFR), which Paul Warburg directed and which influenced the foreign policy of the United States for many years. Its current president is David Rockefeller, 70 years old, son of John II and of Abby Aldrich, heir of the bank of the same name.

Installed in New York, in a sumptuous building on Park Avenue, the CFR (1,400 members today) has always wanted to be "cross-party." Its representatives in the 1930s simultaneously included Averell Harriman (the billionaire of the railroads) and Harry Hopkins, respectively the special counselor and the secretary of state for foreign affairs of President Franklin D. Roosevelt. . . .

"We will have a world government, whether that is wanted or not," declared Paul Warburg to a Committee of the U.S. Senate, Feb. 17, 1950. "The only question is to know if it will be created by conquest, or by consent."

Less than four years later, in the middle of the "Cold War," the CFR decided to open itself to non-Anglo-Saxon Europeans, assembled in an organization baptised the Bilderberg Group, from the name of the small city of the Netherlands where it met for the first time. Since 1954, its members have meet each year in a different place. . . .

The Bilderberg [Group] was installed in Europe by Joseph Retinger, a person about whom we know little . . . and who became after the war the confidant of Jean Monet.

Called "the orchestrator" by General de Gaulle, and the "father of Europe," by his admirers, Monet was then at the climax of a full career. Michel Debre, who relentlessly combatted him in the 1950s, recalls that Monet was behind all the projects conceived, according to Debre, "to destroy the personality of France," the European Defense Community, in particular.

Son of a major exporter of Cognac, Monet was introduced during the period before the war of 1914 into the Establishment of the East Coast of the United States. His functions as the director of the Lazard Bank of New York (which he had joined, at age 20, in 1908), installed him as a first-class international financier. . . .

Attracted by the active politics of the Liberation, Monet nevertheless found it more exalting to devote himself to the putting into operation of the "Supranational Europe"—that of the "geometers and the synarchists," as General de Gaulle said. . . .

The architect of the Trilateral Commission, David Rockefeller . . . chose 300 individuals for the Commission, a veritable pantheon of the world of business and of politics, representing by themselves alone, 60% of the economic power of the world. "And even a bit more," Georges Berthoin, President of the "European Region of the Trilateral Commission, conceded coldly. . . .

Terrorist attacks launch Sharon's election campaign

by Joseph Brewda

The simultaneous Dec. 27 suicide commando attacks on Israeli El Al airline ticket counters at Rome's and Vienna's international airports, signals a new phase in the Soviet terror offensive in Europe and the Middle East. According to informed sources, this new terror offensive will go into high gear around the time of the Soviet 27th Communist Party Congress in February, during which a broad array of operations directed at crushing U.S. influence in Europe, the Middle East, and Asia will be launched.

Among these operations is the catapulting of Israeli strongman and Soviet agent Ariel Sharon into power in Israel. Sharon's drive to power has, of course, received convenient aid from the late December terrorist attacks, and the destabilization of the Peres government they have triggered.

At 9:00 on the morning of Dec. 27, five or six terrorists, allegedly of the Abu Nidal organization, opened fire with machine guns and hand-grenades on an Israeli El Al airline counter at Rome airport, shooting and killing at random. Three of the terrorists were killed by Italian police and Israeli officials, and two arrested. At precisely 9:03 that same morning, three terrorists lobbed three hand-grenades at the El Al counter in Vienna airport. Austrian police stopped the fleeing terrorists 10 kilometers from the airport, wounding two and killing the third. As a result of the assaults, 15 civilians were killed and 120 wounded.

Immediately following these obviously coordinated attacks, Israeli Prime Minister Shimon Peres warned that Israel would retaliate, lying that the "PLO is the chief terrorist organization," and Abu Nidal "one of the PLO offspring." Libya, Syria, and Iran have been identified as potential targets of vengeance, while Libya's Quaddafi warns of war "tit for tat," if any retaliation occurs.

Despite the huffing and puffing of Peres, Sharon, and

other Israeli clowns, there is a growing recognition in the United States and internationally that the Abu Nidal organization responsible for the attacks is under the effective control of Israeli intelligence—particularly the faction associated with Sharon and his flunky, "Dirty Rafi" Eytan. Reflecting this growing realization, even the *Washington Post*, normally a KGB and Mossad mouthpiece, stated that a large section of the Abu Nidal organization is under the control of a "right-wing faction of Israeli intelligence."

After all, what can one say of an alleged anti-Israeli terrorist, Abu Nidal, whose West Bank family derives its income from Israeli government concessions, and who maintains at least two Mossad agents on his executive committee? For at least the last several years, Abu Nidal's targets have been primarily PLO moderate leaders hated by Moscow and Jerusalem for converging reasons. The mere existence of these moderate leaders discredits the Israeli lie that the PLO is a terrorist organization.

While it is not even clear that Abu Nidal is still alive, or merely serves as a "Carlos"-style semi-mythical figure around which media terror-tales are spun, it is clear how this network functions. According to Israeli sources, since 1959, Israel has maintained a company-strength unit within the Mossad composed exclusively of Palestinians who are Israeli citizens and agents. This covert unit is deployed either to interface existing Mossad-linked Arab terrorist organizations in carrying out atrocities, or to perform terrorist acts themselves, for attribution to others.

This Israeli-orchestrated terrorism has several purposes, not the least of which are included features of Israeli election campaigns.

The Soviets' Sharon option

There are three primary reasons why Ariel Sharon would

have been up to his neck in the Rome and Vienna atrocities.

The first and foremost is simply that Ariel Sharon is a Soviet agent, and has been such since at least 1981. According to Israeli intelligence reports, on his return from his trip to Argentina and New York City in December, Sharon made a secret excursion into Eastern Europe for four days, to receive his marching orders. Upon his return to Israel, Sharon reportedly boasted that he had now become the Soviets' favorite candidate for Israeli head of state.

At these meetings, Sharon was reportedly instructed to push for a limited war with Syria—which current terrorist events are intended to facilitate. Soviet strategic planners are presently inclined towards such a controlled confrontation as a means of formalizing a Soviet-negotiated Greater Syria/Greater Israel division of the Middle East. The Soviet-sponsored peace following this limited war would leave both a radicalized, Sharon-dominated Israel and a weakened Syria, more deeply dependent on Soviet power.

Sharon was also reportedly told by Moscow to put an Israeli-sponsored assassination plot against Egyptian President Mubarak into motion. Mubarak is viewed by the Soviets as a major obstacle to their efforts to seize direction of Middle East and North African affairs.

In the immediate aftermath of the Rome and Vienna atrocities, Sharon reportedly, insistently demanded that Israeli response to the incidents not be guided by those U.S. factions who would have Israel strike Libya or Iran. Rather, he pressed for operations against Syrian installations in the Bekaa valley in Lebanon or against the PLO. Such a move in Lebanon would greatly assist preparations for the Syrian-Israeli limited war option.

The second major reason for Sharon's "Abu Nidal" offensive has been to divert attention from the still potentially explosive Jonathan Jay Pollard spy affair. Pollard has been proven an agent of a Mossad network run by Rafi Eytan, Ariel Sharon's former campaign manager and years-long underling. Eytan, not accidentally, is a specialist in terrorism, and has fielded Mossad assassination teams since at least the 1960s—including murders of Arab moderates in Europe.

Since the beginning of Pollard's exposure last month, Soviet and Israeli officials have been worried that a thoroughgoing investigation of the circumstances of Pollard's recruitment and activities would reveal that his ring's activities were directed by the Sharon faction of the Mossad on behalf of the KGB. Increasingly since the implementation of the secret protocols of the 1977 Camp David agreements, the vast Mossad apparatus in the United States, including such organizations as the Anti-Defamation League, have acted on Soviet behalf.

Despite the assistance of the State Department in covering up Sharon's and the Soviets' role in the Pollard case, various factions of U.S. intelligence have acted to cut off Israel from the access to information it previously had.

The Rome/Vienna incidents, however, have again convinced certain fools in the U.S. government that Israeli-U.S. collaboration on counter-terrorism is a U.S. national security

priority. These factions, still have not understood that the Mossad's allegedly high quality information on Arab terrorism is to the greatest degree derived from the fact that they run much of it.

The third major reason for Sharon's airport operations is simply that Sharon is making a bid for power. According to Soviet estimates, Sharon's only basis for taking power is a climate of anti-Arab hysteria, hysteria of the type triggered by terrorism. A series of atrocities like the El Al shootings will discredit Prime Minister Shimon Peres while whipping up the anti-Arab racism from which Sharon's popular support derives. Although Sharon has increasingly been subject to mounting opposition, not the least because of his exposure in various West bank real-estate scams, a mini-war with Syria represents exactly the situation in which his seizure of power becomes feasible.

Over the past year, Moscow has increasingly emerged as the behind-the-scenes controller of Israeli politics and the manipulator of the petty ambitions of its politicians. The competing factions of Sharon and Peres were each promised they would be first to clinch the long-sought Israeli-Soviet deal whereby Israel would be delivered some 400,000 Jews to populate its expanded territories, in return for doing Moscow's bidding. Although Moscow ultimately prefers Sharon, it appeared that Moscow first, temporarily supported Peres, since the immediate seizure of power by Sharon would still have aroused too much opposition in the United States. However, it seems that Moscow has decided that Peres, typically described by Israelis as a "nebish" and weakling, does not have the capacity to actually deliver the goods. Hence the Sharon card may now be being played.

The terrorist offensive

Since the Dec. 27 massacres, more than a dozen terrorists have been arrested in Europe for operations related or parallel to those events. Eight Palestinians belonging to Abu Nidal's so-called "Secret Army for the Liberation of Palestine," were arrested in Athens as they planned to attack the PLO offices there. In Brussels, two Palestinians from Athens were arrested on Dec. 28, as they were receiving weapons and explosives from the owner of a video-shop in a suburb of the city. On Dec. 29, a Portuguese and an Egyptian national who had spent a month in Tripoli were arrested in Paris, as they arrived from Madrid. Their aim was to bomb the Rue Copernic synagogue, which had been bombed three years ago. On Dec. 31, three Libyans who had been caught several weeks ago by Spanish authorities planning the murder of a Libyan opposition figure, were expelled from the country.

Meanwhile, more than 300 suicide commandos have been activated for operations in the Middle East and Europe, according to Italian intelligence, in the aftermath of the airport shoot-outs. Some 35 have been chosen for operations akin to those of Rome and Vienna and may be already in Europe, according to reports.

Sharon's Russian-sponsored election campaign is in full swing.

Guatemalan leader supports Peru on debt solution



EIR's Ibero-American Affairs Editor Dennis Small obtained the following exclusive interview with the President-elect of Guatemala, Vinicio Cerezo, by telephone, Dec. 26, 1985.

EIR: What is your opinion of that international institution which is so controversial that its initials, IMF, are known in Brazil as "Fome, Miséria e Inflação," or Inflation, Misery and Famine? What do you think of the IMF?

Cerezo: Well, the truth is that we believe that the international financial institutions must in some way do their duty in two respects. First, controlling their own funds, of course; and second, trying to make available funds for the developing countries so that they can satisfy their basic needs. I think that, in recent months, the International Monetary Fund has perhaps tightened some countries' belts a bit too much. But our perception as Guatemalans, based on the realities we are living, is that that institution has a door open to negotiations. Thus, we think we could have a discussion with them that would have positive results for our country.

EIR: What do you think of the possibilities for continental unity on the debt theme, and what could be expected on that in 1986?

Cerezo: The debt problem in the developing countries is indubitably a problem which also has political and not merely financial characteristics. For that reason, we have declared that, while we are going to begin negotiating our debt from a bilateral point of view with the financial institutions, we would be willing to support a position taken jointly by all the Latin American countries. But at this moment, that does not seem to be something which could be reached in the short term, although we would be willing to support it. During the year 1986, there should be intensive work toward adopting a joint position on this point. That, then, is our position: We are going to work on it bilaterally, but we will be willing to make a multilateral agreement if we Latin American countries advance in this respect.

EIR: And the presidential summit proposed by Peruvian President Alan García?

Cerezo: That presidential summit, which could take place during the year and could be a very important step forward in the search for this general agreement, would have as its basic goal to show that we cannot condemn ourselves to not

developing our countries and to not solving basic social and economic problems by virtue of the fact of paying a debt which should naturally be defrayed by all countries involved in the matter. We would be willing to go to that presidential summit. We have spoken of the possibility that a preparatory meeting for that meeting take place in Guatemala. During the year, we'll be willing to do whatever we can to help it take place.

EIR: Several international political leaders have proposed various solutions to the debt problem. In the United States, ex-Secretary of State Henry Kissinger has proposed his debt plan. Fidel Castro has done the same, and so has Peruvian President Alan García. In Ibero-America, the slogan "Neither Kissinger, Nor Castro; Viva Alan García!" has become well known. What do you think of that, and what would the "Cerezo Plan" for the debt be?

Cerezo: The truth is that the plan proposed by Kissinger—I think you are referring to the Baker Plan—only benefits certain specific countries and does not benefit all of us who have a debt problem; even though it may seem small in relative terms, the truth is that for every country it compromises their development process. On the other extreme, the act of not paying, proposed by Fidel Castro, also complicates things and brings them to an extreme of polarization which is not necessarily the most convenient. I think that the search for a rational payment scheme, proposed by Alan García, could be a good starting point for seeking the best path.

EIR: There may be parallels between this idea of "Neither Kissinger, Nor Castro; Viva Alan García!" and the ideas recently propounded by top Vatican representatives in Rome. I am specifically referring to a speech made by Cardinal Ratzinger, a very well-known, very powerful, and very influential Cardinal of the Roman Curia, who criticized both the economic ideas of Adam Smith, that is, of the free market, and those of Marxism. He said that both cases eliminated the possibility of morality inside the economy, and make the economy into an immoral "science." What do you think of those concepts of Cardinal Ratzinger?

Cerezo: Well, this is a position which we definitely share, because we think that concepts like solidarity should always be included in economic relations. This moral and social concept of solidarity is responsible for the proposition that

social development of the peoples must not be sacrificed because of a financial problem. We are very close to that idea, to that proposition.

EIR: In the recent bishops' synod in Rome, attended by Cardinal Ratzinger and Pope John Paul II, the Theology of Liberation line inside the Catholic Church was criticized. What do you think of Theology of Liberation and the situation of the Church in Latin America?

Cerezo: Well, we believe that Theology of Liberation arose as a proposal derived from a profound concern in the Church, as in many institutions, for the social problems of the modern world. But, the wisdom and long experience of the Church in dealing with problems of this nature led to a return to a conception nearer to Catholic orthodoxy—although I must say that in this renovation, Liberation Theology brought some revisions to Catholic orthodoxy which seem to me to have been accepted, which gave first priority to the search for solutions to the problems of the poor. I believe the option for the poor has been the nearest thing to modern political thinking of the democratic era of the Church, with which we are completely in agreement.

But, as always, the dynamic of history shows that some more radical proposals bring the search for solutions nearer to its goal.

EIR: In the context of the synod of bishops, Pope John Paul II met with a group of distinguished Latin American former presidents and spoke there, among other things, of the need for continental unity not only on the debt problem, but also to fight the tremendous problem of international narcotics traffic. What is your opinion on that problem and Guatemala's role in this?

Cerezo: On this question, I must tell you that we are deeply concerned and completely in agreement as to the need for international agreements to deal with the drug trafficking problem. Our position is that we totally reject any possibility of our country or any other Latin American country being converted into a center of distribution or cooperation with drug runners, because we feel that would result in huge amounts of corruption at all administrative levels and the involvement of national leaders in that kind of activity.

Therefore, we are very willing to make agreements to control it and to reduce the possibility that our country or neighboring countries become starting points or waystations for drug shipments to other countries.

EIR: One last question. The Guatemalan army recently won some very important victories against drug running and narco-terrorism in the Petén region. Will these actions continue during your government?

Cerezo: Of course they will. We know of those actions performed by the Army. And our government will take the same position on cooperation with international authorities to control narcotics traffic.

Vatican under attack from Russian Church

by Luba George and Mark Burdman

At the end of 1985, the Russian Orthodox Church began to circulate a broadside against the Vatican and those forces in the West who are seeking to launch a new Golden Renaissance, based on the Augustinian conception of the Trinity. In the *Journal of the Moscow Patriarchate's* edition No. 9, the Orthodox ideologues hailed those West German theologians who are demanding a "reconciliation" of the Eastern and Western churches, through eradicating the concept of the *Filioque*—the Roman Catholic Church's insistence that the Holy Spirit proceeds both from God the Father and from God the Son. This concept is the very foundation of Western civilization, for it signifies the creative potential of every individual; it is antithetical to the collectivist soul of Russia—whether of the Marxist or Orthodox variety.

This "theological" issue is the battleground upon which the future of Western civilization will be decided. Just as Soviet political leaders are stressing that 1986 is the "year of decision" in the political-military sense, so the Russian Orthodox Church (ROC) leaders, evidently, see 1986 as the "year of decision" for destroying 2,500 years of Western civilization.

The *Journal* particularly welcomed these German theologians' attacks on Pope John Paul II, denouncing the "authoritarianism and centralization of the Church, which find their utmost expression in the Papacy."

The factional battle

The *Journal's* attack is intended to counter the increasing power of a Western faction which has rejected the World Council of Churches' scheme for eliminating the *Filioque* and folding the Roman Catholic Church into the ready arms of Mother Russia. This faction surfaced most prominently, first, at the Nov. 1-3 conference of the Schiller Institute in Rome, on the theme, "St. Augustine: Founding Father of African and European Civilization." Participants, including leading Catholic spokesmen, specifically put forward the idea that a new and just world order would depend on reaffirmation of the beliefs of St. Augustine, the Golden Renaissance, and the *Filioque*, and on the expression of these conceptions in great music and art.

Shortly thereafter, Pope John Paul II, on the occasion of the Extraordinary Bishops' Synod, issued a declaration reaffirming the doctrine that "the Holy Spirit proceeds from the Father and the Son"—a move generally interpreted as a blow against the advocates of reconciliation with the Orthodox. The Synod ended with a performance of Beethoven's great *Missa Solemnis*, which the Pope praised as expressing the greatest moment of man's love for the work of the divine. (See Lyndon H. LaRouche, Jr., "The Pope's Synod and the interpretation of international law," *EIR*, Dec. 13, 1985.)

Moltmann and collectivism

The *Journal* article praises Jürgen Moltmann, a leading member of the German Reformed (that is, Calvinist) Church, and one of the most outspoken "liberation theologians" in Germany. Moltmann is one of the key members of a task force on the *Filioque*, of the Faith and Order Commission of the World Council of Churches. In the early 1980s, this Commission produced a "Faith and Order Study," rejecting the *Filioque*.

The article cites Moltmann's denunciation of "Western theology's interpretation of the Trinity," in which "the relations of the Son to the Father and of the Holy Spirit to the Son are considered in terms of domination and subordination." This "Western" interpretation of the Trinity, wrote the *Journal*, "has been born of a theological tendency, typical for the West, of preferring the concept of the unity of Divine nature.

"As a result of this tendency," the *Journal* continues, "there came to be established in the philosophy of Modern Times the notion of One Absolute Subject, which has been of great importance." Citing Moltmann, the ROC then declared that "Western individualism," is to be blamed on "the monotheistic way" of understanding God.

Moltmann, continues the *Journal*, expresses a view "contrary to the Western tradition, which, beginning from the blessed Augustine, restricts man's likeness to God to his soul, and declares that man is in God's likeness in the fullness of his earthly existence, without ceasing to be part of eternal existence. . . . In the social sense [in Moltmann's view], this God-likeness in human relations is realized *only* when people, despite personal distinctions, share everything they have and have everything in common possession, as was the case in the early Christian community."

Then: "Professor Moltmann comes out against authoritarianism and centralization of the Church, which find their utmost expression in the Papacy."

The article concludes by praising Moltmann for expressing preference for the "Nicene-Constantinopolitan Creed." The Nicene Creed was formed in the fourth century, and did not include the *Filioque* in the Prayer, or Credo; this was added later—a move which the Orthodox Church repudiates.

Reached in Venice, Italy, on Jan. 3, a colleague of Molt-

mann's, Swiss Reformed Church theologian Lukas Fischer, was enthusiastic about the *Journal* article. "Clearly, in the Reformed tradition, there is a great readiness to come closer to the Orthodox on the *Filioque* question," he said. "The mood among the Reformed is to tend to agree with the Orthodox. . . . The *Filioque* is probably the main issue between East and West, it has enormous ramifications." Continued adherence to the *Filioque* among Western churches, he warned, would only reinforce the power and authority of the Pope and of the Catholic Church, as an institution.

Destroying progress, science, and music

The same *Journal* article, reporting on an ROC-organized conference of European churches, praises another West German theologian, Professor Altner, of the West German Evangelical Church (EKD). Altner presented a paper to the conference attacking the concept of "Renaissance Man."

The *Journal* quotes him: "The man of the Middle Ages, with his awareness of the temporal nature of his earthly life, was gripped with eternity . . . [while] the man of the Renaissance, who found himself the basis and measure of all things, strove to gain possession of mechanical time, measured by the tower clock. Having lost the sense of eternity, he cognized time as a source of material benefits; having lost God, he wanted to become God himself and God's creation ceased to be sacred for him. Man imagined himself to be omnipotent and established boundless and uncontrolled domination over nature."

The *Journal* then comments: "Today, we see the fruits of their activity: the universal thirst for consumption, depletion of the natural resources that cannot be restored, the upsetting of the ecological balance, and the staggering accumulation of the means of mass destruction." Man must live in "harmony with nature," including "outer space," the article concludes. "The question is, is mankind doomed to continue to follow this hopeless road, or does it stand on the brink of a new comprehension of the essence of the creation and a new attitude toward nature?"

It is no accident that the same edition of the *Journal* has an article praising Tchaikovsky, Rachmaninoff, and other composers of the "Mother Russia" school, whose works have contributed significantly to undermining the achievements of the classical period. In accordance with the program sanctioned by Moscow Patriarch Pimen for "her magnificent jubilee—the millennium of the Baptism of Rus" (the "Christianization" of Russia in 988), the *Journal* reports that the Russian Orthodox Church is preparing to issue a series of record albums representing the "best religious works of the greatest Russian composers, such as Tchaikovsky, Rachmaninoff. . . . We are proud of the fact that Russian culture is so great and has been universally recognized. . . . [The records] will undoubtedly contribute to its general recognition and fame."

Nigeria follows the path of Peru

by Mary Lalevée

In a New Year's Eve broadcast to his nation, Nigerian head of state Major-Gen. Ibrahim Babangida announced that his government was imposing a unilateral ceiling on foreign debt repayments to be made in 1986, a ceiling of 30% of its export revenues. This declaration followed the Nigerian government's official Dec. 19 announcement that no agreement would be made with the International Monetary Fund (IMF), the condition established by foreign creditors for further loans, i.e., debt roll-overs.

Nigeria is not exactly the biggest debtor in the world—although it is Africa's most populous nation. But the significance of the act is less financial than political. It means that Nigeria is the first nation to follow the lead of Peru's Alan García in declaring its nation sovereign, not subject to the IMF, and no longer willing to sacrifice all to foreign creditors. The seed is planted for an alliance between continents for a new world economic order.

Nigeria's external debt is estimated at between \$23 and \$25 billion, with debt service due to be paid in 1986 of \$5 billion. This would have represented exactly 50% of expected export revenues; 95% of Nigeria's earnings come from oil, and the fall in international demand for oil caused Nigeria's income to fall from \$25 billion per year in 1979 to \$12 billion in 1985, with a further decline to \$10 billion expected in 1986. Not enough funds would be available to pay for desperately needed imports, including food, medical supplies, and spare parts for Nigeria's fledgling industry.

A Nigerian source stressed, "We didn't see why we should starve just because we owe money. We hope we will survive."

Ironically, when Babangida took power in Nigeria in August 1985, it was hailed as a "prof-IMF coup." International bankers were delighted, hoping that the previous government's resistance to IMF demands for a 60% devaluation of the currency and severe austerity measures would end. The London *Financial Times* even said in an editorial that it "was probably the first coup resulting from a failure to successfully negotiate with the IMF."

Bankers' hopes were soon dashed, however, when the new government launched a public debate on the pros and cons of a deal with the IMF, and opposition to the deal proved overwhelming. The government then officially rejected further talks with the IMF. As a result, a real "pro-IMF coup" was attempted, shortly before Christmas, leading to the arrest of a number of army officers, including three senior generals,

reported to have been prepared to assassinate Babangida and accept IMF demands.

The package of measures demanded by the IMF included cuts in subsidies on oil products as well as the devaluation, in return for a \$2.4 billion loan. Agreement with the IMF has been made the precondition by international banks for the rescheduling of Nigeria's short- and medium-term debt, and Nigeria's refusal has led, in addition to the attempted coup, to dire threats from the banking community to cut off all lines of credit.

The New Year's Eve budget announcement by Babangida did include austerity measures, including a cut in subsidies on petrol and diesel prices, but left kerosene, the major household fuel, untouched. A levy of 30% has been imposed on all imports. The revenue raised will be used to promote non-oil exports, in an effort to diversify. Food self-sufficiency is also a primary target, to be achieved in two years.

Bankers 'alarmed'

Reactions to the dramatic move have been predictable: Bankers are "concerned" and "alarmed," reports the financial press, while other African nations are greatly encouraged by the fact that an African country has had the courage to act.

Senegal's President Abdou Diouf, this year's head of the Organization of African Unity (OAU), has called for an emergency conference on African debt, which could well bring the Ibero-American and African nations into a powerful alliance to force through changes in the international monetary system.

A comment on the *Daily Telegraph* financial page perhaps expresses best the bankers' fears: "Nigerian debt 'solution' brings knock-on fears." The author writes: "What makes the Nigerian situation so serious is its possible knock-on effect among Latin American countries struggling with a much higher real burden of debt. . . . Last summer, the newly elected Peruvian government of Alan García shocked the country's creditors by saying that no more than 10 percent of foreign currency earnings would be spent on servicing Peru's \$14 billion of external debt. . . . Fears that major debtors like Brazil and Mexico, owing roughly \$200 billion between them, might eventually tire of their efforts to play by the rules have come to haunt banks and governments. In October last year, the Baker plan was launched in an attempt to defuse the debt bomb by offering \$40 to \$50 billion of extra credit to worthy countries. . . . Unfortunately, the Baker plan has yet to emerge as a practical reality. The Nigerian situation points to the need for a greater sense of urgency among creditor nations."

A spokesman at the German economics ministry spoke threateningly: "Of course, Nigeria is in a different situation from Latin America. New governments come and go relatively quickly. We don't know how long the present government will last."

Marcos runs against the State Department

by Paul Goldstein

The coming "snap" election in the Philippines is not a political battle between President Ferdinand Marcos and the opposition ticket headed by the political neophyte Corazon "Cory" Aquino. In reality, it is a major contest between the "New Yalta" forces of the U.S. Department of State and the sovereignty of the Republic of the Philippines—and by implication, all U.S. allies. The real opposition to the Marcos-Tolentino slate is located in Washington, D.C., not in the Philippines.

According to well-placed sources in the U.S. intelligence community opposed to the State Department's policy toward the Philippines, \$30 million in covert funds is being supplied to the Philippine opposition to help finance its presidential campaign. This \$30 million was laundered through Hong Kong, where the money was converted into the Philippine peso at the black market rate of 20 pesos to the dollar.

Philippine sources reported to *EIR* that the money has been in part funneled into the CIA-controlled citizens election watch group, called Namfrel, the National Movement for a Free Election, which was originally created in 1953 in order to bring Ramon Magsaysay into power. Namfrel is central in the State Department's policy of intervening into the Philippines election.

The basis for the decision leading to the mass infusion of cash to Marcos' opponents was established prior to the Christmas holidays, when the National Security Council met to discuss what the U.S. policy would be toward the Marcos government during the election campaign. The NSC issued a policy-guidance memorandum aimed at defining the goals of the United States. These goals must be aimed at ensuring a "free and fair election" in the Philippines. Under this vague statement of so-called principles, members of the House and Senate Foreign Affairs Committee sent a U.S. delegation to the Philippines to determine whether the mechanism for fair elections were established.

Heading this delegation was a former director of the National Endowment for Democracy, Allen Weinstein. The NED was a national security project set up in the first Reagan administration to finance "democratic insurgent movements" around the world against "communism." One of its first operations was "Project Democracy," in which Weinstein was

a key participant. "Project Democracy" has served as an arm of State Department policy of destabilizing U.S. allies.

Since his departure from government, Weinstein has moved over to an institution called the Center for Democracy in Boston, Massachusetts where left-wing radical and liberal elements in the Democratic Party have gathered to promote destabilizations of pro-U.S. governments around the world. Important in this regard is the fact that Weinstein has been associated with the leading left-wing think tank in Washington, D.C., called the Institute for Policy Studies. At present, IPS is supporting the communist front-organization in the Philippines, the National Democratic Front. The NDF, in turn, is supporting the Aquino-Laurel ticket.

Another key goal in the NSC and State Department's strategy, should defeating Marcos prove impossible, as seems likely to be the case, is to at least build up a more vigorous opposition to Marcos. Despite the U.S. media's attempt to portray the opposition as gaining momentum and building up mass support, U.S. intelligence believes that at best the opposition could muster about 35-40% of the vote. Given the fact that most of the support for the opposition is centered in Metro Manila, which only comprises about 20% of the vote, the opposition must gain some momentum in the countryside in order to have even a remote chance at an election victory. Therefore, all efforts from the State Department are aimed at establishing an institutionalized opposition to be used after the election against President Marcos.

The anticipation of a Marcos' election victory is driving the State Department and the anti-Marcos faction of the CIA into a frenzy of activity, featuring straight "black propaganda" about the election. The *San Jose Mercury News*, a known conduit for the relevant circles, "leaked" a report from an alleged member of Marcos's inner circle which stated that Marcos was in danger of losing the election. The point of the article, albeit unstated, was that Marcos would have to resort to election fraud in order to win.

This propaganda line will become the recurring theme planted in the U.S. press prior to the election, in order to, after Marcos victory, prevent the needed military aid from being released to the Philippines to combat the narco-terrorism of communist-backed guerrillas.

At the present time, there is no alternative thinking to the State Department's operation within the White House. Although President Reagan believes that the United States' best ally in Southeast Asia is President Marcos, Reagan is not about to stop the State Department's treasonous policy drive. This reality has forced some voices to emerge against the official U.S. policy, but they are essentially muted ones at best.

As for Marcos, he may be forced into the position of openly attacking the State Department, and painting the opposition as simply its puppets, in order to drive some reality home to the White House. In any case, Marcos will win the election—unless he is killed.

Historic initiative taken for South Asian Regional Cooperation

by Susan Maitra

At a heads of a state summit in Dhaka, Bangladesh on Dec. 7-8, the South Asian Association for Regional Cooperation (SAARC) was formally launched, and with it, a new and potentially powerful regional grouping representing nearly one-quarter of the world's population was put on an institutional footing.

The leaders of seven South Asian nations—Bangladesh, Bhutan, Nepal, India, Pakistan, Sri Lanka, and the Maldives—signed a simple charter of association to promote active cooperation in economic, social, cultural, technical, and scientific fields, both among themselves and with other developing countries.

Since the August 1983 foreign ministers' meeting in New Delhi, which adopted a political declaration and an "Integrated Programme of Action" in nine areas to get regional cooperation started, South Asian leaders have been careful to root the process in active collaboration rather than rhetoric.

This practical orientation was given a qualitative boost in Dhaka with the heads of state mandate to set up panels to look into the problems of terrorism and drug trafficking, respectively, as they affect the security and stability of the region. A third critical decision was taken to convene a ministerial level meeting to lay the groundwork for concerted regional action on a new world economic order and other pressing international trade and financing issues.

In fact, nothing less than meaningful action on basic issues has a chance of overturning nearly 40 years of petty and not-so-petty squabbling—Pakistan and India have fought three wars—between these neighboring nations set at each others' throats as a matter of principle of British colonial policy. But the benefits to these same nations, and indeed to the world, of their successful cooperation are truly stunning. Not only do they represent nearly one-quarter of the world's population, nearly one billion souls whose mighty contribution to the world waits only on the provision of power, tools, and a rising standard of living, but the abundance of natural and human resources among them—from the waters of Indus, Ganges, and Brahmaputra to the developed space and

atomic energy technologies of India's ISRO and BARC—could, if properly shared, shift the region's rate of development into second gear and transform the enormous potential into a dynamic reality in a short period of time. With no exaggeration did one official here state that SAARC was potentially the most powerful regional grouping in the world.

An institutional footing

Bangladesh President Lt.-Gen. H. M. Ershad, host to the heads of state summit and the organization's newly elected chairman, told a press conference following the summit that SAARC will not be a paper organization. The decision to meet annually, or if and when necessary, taken by the heads of state on the suggestion of Pakistani President Zia ul Haq, is just one indication of the leaders' deep commitment to making SAARC an effective instrument. The unanimous decision, at Bangladesh's suggestion, to establish a permanent secretariat to carry on administrative and other work related to the organization's programs is another. The secretariat will be lodged temporarily in Dhaka until a decision is taken on a permanent venue.

The next summit has already been set for November 1986 in New Delhi, and the third in 1987 at Thimpu, Bhutan.

The SAARC charter provides for:

- A council of ministers including the member countries' foreign ministers to meet in regular session "as often as possible" to formulate policies and review the progress of cooperation.
- A standing committee of the nations' foreign secretaries, which will meet at least once a year, and will conduct overall monitoring and evaluation of program implementation, approval of projects, determination of priorities, and mobilization of resources.
- A series of technical committees will direct the individual programs.
- Contributions toward financing the SAARC and its programs is to be voluntary, with provisions for appropriate external funding if required.

● Finally, two general provisions establish that decisions at every level will be taken on the basis of unanimity and that "bilateral and contentious" issues will be excluded from deliberations.

There was a meeting of the minds of the seven leaders as to the summit's historic nature. The inspiration to finally overcome the barriers that artificially separate peoples of a common cultural-historical heritage in the region was celebrated in poetry following an opening ceremony that featured readings from the Koran, the Bhagavad Gita, Buddhist scriptures, and the Bible. Summit host Lieutenant-General Ershad, a poet in his own right, read two compositions heralding the "dream of seven countries" written for the occasion, and Indian Prime Minister Rajiv Gandhi brought the gathering to its feet by concluding his speech with a rendering of Bengali poet Kazi Nazrul Islam's "We will bring a new dawn. . ." in Bengali.

The SAARC process

The Dhaka summit grew out of the 1981 suggestion of the late President of Bangladesh, Zia-ur-Rahman, to set up a regional forum to facilitate cooperation among the countries

A new and potentially powerful regional grouping, representing nearly one-quarter of the world's population, has been put on an institutional footing.

of the region in infrastructure, economic, social, and cultural fields. After several years of informal discussion and exploration of various possibilities for cooperation, the first step was taken toward South Asian regional cooperation in 1983. A meeting of foreign ministers in New Delhi adopted a political declaration as the basis for such cooperation and launched an "action programme" in areas that had been identified during the preparatory discussions.

Joint activities have been ongoing for two years in the areas of agriculture, health, meteorology, postal services, scientific and technological cooperation, rural development, sports, arts and culture, telecommunications, and transport. Organization of workshops and training seminars, commissioning of technical studies aimed at identifying regional projects of merit, publication of directories, and exchange of experts have been taking place in all these areas. Proposals for the establishment of regional centers for meteorological research, agricultural research and development, shipping and transport, software development, and so on, are now on the table.

Among the most significant studies undertaken so far is a study on the optimization of the operational efficiency in the railway systems of the region and a study on the traffic flows and inter-modal distribution of traffic in the region.

The potential for the regional economies that is implicit in the capability represented by India's INSAT satellite system, which provides constant meteorological monitoring of the region, and its mastery of nuclear-power technology is clearly enormous.

A promising lead

By all accounts, the seven leaders' formal speeches and informal exchanges were frank and to the point. "We are formally launching the ship," said the beleaguered Sri Lankan President Junius Jayewardene. "I hope there would be no mutiny on board." It was patently the kind of remark that could not be made if the fear were real. Indeed, as President Ershad told a skeptical reporter, it was the atmosphere of amity in the region that made it possible for the leaders to decide that bilateral issues could be solved by discussion instead of dragging them into multilateral forums. "I can certainly tell you that there is much less mistrust among the countries," he added.

India, as the physically overwhelming power in the region, has been the focus of small-nation paranoia on the part of its neighbors, and has gone out of its way in the recent period to strengthen relations with them. The Rajiv Gandhi government has made this an explicit policy priority. The change in relations with Bangladesh, the establishment of constructive assistance to Sri Lanka's ethnic crisis, and even the persistent and creative efforts to break through with Pakistan are the best testimony of India's commitments.

While the SAARC is in no way envisioned as a substitute for bilateral and multilateral relations—"bilateral and contentious" issues have in fact been ruled out of order—there is not one iota of doubt that the association's work will inevitably promote resolution of some of the knottier political problems of the region and the world.

Two of the most serious of these issues are precisely the issues of terrorism and drug trafficking, which the heads of state have made the focus of their inaugural initiative, at the suggestion of Bangladesh. An expert committee set up by the standing committee of foreign secretaries will go into the problem of drug trafficking and drug abuse in the region and measures to tackle it. A similar committee will probe the matter of terrorism as it affects the region. Both studies will be forwarded to the council of ministers for recommendations on action.

At the same time, a ministerial level meeting will be convened to prepare the ground for concerted regional action in the ongoing discussions on the New International Economic Order and the improvement of the world trading system. Pakistan's offer to host this meeting, as well as the meeting of the technical committee on the subject, was accepted.

Book Review

What are Iran's mullahs really?

by Thierry Lalevée

This world is but a passage, not a world in which we ought to live. . . . It is the narrow path. What is called Life in this world is not Life, but Death. True life is that offered only in the Hereafter. . . .

—Ruhollah Khomeini, October 1977

Though Ayatollah Ruhollah Khomeini didn't take control of Iran before February 1979, he had gained overwhelming control of the Iranian mind by Nov. 27, 1978, through a cheap trick of mass psychological manipulation. On that date, Khomeini's Goebbels-like associate, Ayatollah Beheshti, put out the word that in a final challenge to the authority of the Shah, the face of Khomeini would appear on the Moon that very night. Ever cautious, Beheshti warned that "only miscreants and unbelievers will not see him."

By the middle of the same night, no one dared acknowledge they had not seen him. On the following day, the newspapers of the Tudeh Communist Party, committed to Khomeini's victory since August 1978, heralded: "No one can deny what an entire nation has seen with its own eyes."

An attempt by one Grand Ayatollah Qomi to ridicule the "Moon trick," as he called it, ended in failure. Qomi now lives in exile in Paris.

Amir Taheri has written an apparently thorough biography of Khomeini, *The Spirit of Allah* (London: 1985). As we learn, Khomeini was steeped in the obscurantist tradition reflected in the "Moon trick," a tradition handed down from old Persia's Magi. It was not such cheap manipulation that brought Khomeini to power, but the anecdote underlines the moral degradation imposed on a nation which, since the early 1920s when the Qadjar dynasty was overthrown, had been striving to become a full-fledged member of the 20th century.

Important to understanding the present Iranian regime, and what is expected to follow after Khomeini's death, are some three periods in Khomeini's life: his period of education during the political battles between those in favor of a constitutional republic (Mashuteh) and the Theocratics (Mashru'ehs); his activities prior to World War II in Najaf, Iraq, and during the war in Iran; and the period of his rise from a mere Hojat al Islam to a leading Ayatollah, having

eliminated politically, and sometimes physically, his opponents in his drive to establish a theocratic state.

Khomeini had been committed to building a theocratic state since the late 1910s, when he studied under the leadership of Ayatollah Araki and Abdul Karim Ha'eri, two leading Mashru'eh who opposed a constitution. Indicative for later years is that the movement for a constitution was primarily engineered by the British who had successfully fostered a "Young Turk" coup in 1909. Then, as today, the religious theocrats were backed by Imperial Russia. Khomeini's early opposition to a constitutional movement was blunt enough: Islam cannot accept a constitution because it cannot recognize the principle of human rights. "There is no equality in Islam," the theocrats argued, "as much as there can be no race nor nationality."

For a Khomeini who looks at the Middle East as Islamic tribal provinces such as the Shamat (Syria and Lebanon), Mesopotamia (Iraq), and the Hejaz and the Najd (Saudi Arabia), "Nations are heretics."

Later, one reason for Khomeini's hatred of the modernizing regime of the Shah concerned the fact that Iran had signed the U.N. Charter of Human Rights.

During his stay in Najaf, Iraq in 1938, he mixed with the pro-Nazi elements, who thought that Hitler's real name was *Haider*, the Brave One, and, as the Grand Mufti al Husseini of Jerusalem was later to claim, that Hitler was in fact a Muslim. Khomeini is reported not to have committed himself to Hitler's cause, as, throughout his life, he committed himself to no other cause than his own.

It was from this period in Iraq, to which he later returned in the mid-1960s as an exile, that he began building a political apparatus around himself. His main support came from the Fedayeen-e-Islami, the Shi'ite brand of the British-created Muslim Brotherhood. As Taheri reports, from the beginning, this organization was closer to Hassan Ibn al Sabbah's 13th-century *Hashashins*, or *Assassins*, than to the *Ikhwan* of Hassan al Banna. Overtly pro-Nazi and working with Nazi intelligence, Nawab Safavi, the founder of the Fedayeen, worked with Khomeini as well as Iran's then leading mullah, Ayatollah Kashani.

By 1955, most of Khomeini's present advisers had already assembled around him: Ali Hossein Montazeri, Jawad

Bahonar, Sadeq Khalkhali, and Mortaza Motahari. Assassinated in 1979, Motahari throughout the years was an official functionary of the Iranian regime, having even joined the imperial commission on science and education. But it was Motahari who convened the December 1977 assembly of a few loyal supporters of Khomeini to unleash the beginning of the Islamic revolution.

Enter Carter and the British

That Motahari had been told by Khomeini to hold such an assembly, was no coincidence; as Taheri reports, the mullahs were rightly convinced that Carter's election in the United States meant that the Shah was finished.

A similar external factor had played an important role in Khomeini's decision to lead the revolt against the land reforms of the Shah in the early 1960s, considered an attack on the rights of the clergy to own most of the lands. Preparing the campaign against the Shah, the staff of Khomeini had contacted British agents for support. Khomeini judged as a positive answer, the winter 1962 appearance of a lengthy article by British academician Ann Lambton. It was a long and positive review of the works and ideas of Khomeini and his associates on direct rule by the clergy. Lambton was known to be an old Persia hand for British intelligence.

By early 1963, Khomeini was leading the revolts of the mullahs against the Shah, and, by 1964, he ordered two of his associates, Motahari and Ayatollah Beheshti, to reactivate the Fedayeen under the strange name of the "Hayat-e-Motalegeh-e-Islami" (Coalescing Islamic Mission). Learning from the experience of the Fedayeen, members of the "Hayat" had to submit to a test of readiness to kill and be killed, and were ordered to infiltrate on behalf of Khomeini all religious organizations. As Khomeini left Iran for a long exile in November 1964, first to Turkey, then to Najaf, the Hayat became his underground organization within Iran. It was from Najaf that, together with Beheshti, who assumed the secret leadership of the Hayat, Khomeini ordered the assassination of those who had forced him into exile. As Beheshti accepted the Iranian government offer to become imam of the mosque in Hamburg, the leadership of Hayat passed to Motahari.

From the mid-1970s on, Khomeini ordered members of the Hayat to join Al-Fatah and the PLO to receive military training. As a respectable functionary, Motahari and his associates sought contact with SAVAK. Blinded by what they perceived as the growing communist threat, SAVAK was eager to receive such clerical help. SAVAK stayed blind up to the last months of 1978, as Motahari and his associates deliberately stayed in the background, on orders of Khomeini. Gullible Iranian politicians thought they were fighting for a constitutional democracy.

Thanks to the education he had received from Abdel Karim Ha'eri, Khomeini was always an expert in the art of Taqieh, the Islamic art of dissimulation. Very rarely did he utter publicly the kind of citation we have above. Very few

had the intellectual courage to read Khomeini's writings and to draw the conclusions, just as with Hitler's *Mein Kampf*, which few read until it was too late. This is not a mere comparison. Many times, Khomeini has warned, "I fear that like Hitler, we may enter history as people who achieved quick victories, only to be followed by defeat."

The post-Khomeini era

Prospects for the survival of his regime, after his death, are indeed grim. In December, the grand ayatollahs rejected his appointment of Montazeri as his heir. This act by the ayatollahs was a challenge to Khomeini's wisdom: He could not appoint a successor before his death. This rebuff also questioned Khomeini's position as a "living Imam," as his supporters consider him. The ayatollahs, who have challenged Khomeini's authority repeatedly, never could accept such a title.

Iran today is a theocracy of a special kind. The actual power structure is based on a precise hierarchy. Khomeini is one of many thousands of Sayyeds, those who can claim descendancy from the family of the Prophet, but he is also a Mussavi, a family descendant of the seventh Imam, Mussa Ibn Jaffar; here lies his power. Beside members of Khomeini's own family, who have been put in key positions, the center of what Khomeini believes to be the World Islamic Revolution is first led by the Mussavi Sayyeds, to the exclusion of all others. Of the 1,000 acknowledged key positions within Khomeini's regime, 600 are in their hands: some 53 within parliament, 7 regional governors, 75 enterprise chiefs out of 120. Then comes the general network of Sayyeds followed by the higher levels of the mullah-crazy, then those Shi'ites belonging to those particularly blessed regions of Isfahan, Fars and Yazd, and the remaining Shi'ites.

In seven years, a tremendous political apparatus has been put at the disposal of the Mussawi Sayyeds; 120,000 members of the Pasdarans (Revolutionary Guards), several hundred thousand members of the local and city komitehs overlapping with the strength of such institutions as the Foundation of the Martyrs of Ayatollah Karroubi, the Foundation of the Down-trodden, the Imam Committees, and so forth.

However, among these many thousands of Sayyeds within the leadership are numerous Soviet fellow travelers such as Prime Minister Mir-Moussawi, who is implementing full-fledge socialist-style economic reforms, or the new general prosecutor, Hojat al Islam Moussawi Khomeini. These are also said to have opposed Montazeri's appointment. After Khomeini, there will be no "living Imam." Actual power will lie in the organization of mass repression. The grand ayatollahs who, for personal reasons, had rejected Khomeini's leadership in the 1970s, but bowed to his manipulation of the mobs in 1979, will again prove helpless against such a political machine. They will be a mere pawn in a Soviet drive for power in Teheran which, no doubt, will be done in the name of Islam, with the same fervor as the Tudeh Party displayed on Nov. 27, 1978.

Hussein goes to Damascus

The U.S. retreat from the region has forced Jordan's king into a very precarious round of diplomacy with his enemies.

The recent visit of Jordan's King Hussein to Damascus, Syria may have paved the way for a dramatic shift in the balance of forces in the Middle East, bringing Damascus closer to its dream of becoming the second regional superpower, after Israel.

Apart from the potential for a staged, limited war between Israel and Syria over control of the Golan Heights, the next few months will see a fight to the death between Cairo and Damascus. According to Israeli political observers, this fight will determine the future of the entire region.

Israel is the swing factor, and both Syria and Damascus have political and military alliances which represent two different political alternatives to Jerusalem. But the overriding context for Israel's choice, and reflected in Hussein's visit to Syria, is the strategic fact of U.S. withdrawal and Soviet advance in the region.

Cairo is genuinely committed to a peace settlement with the PLO and the Israeli factions around Shimon Peres, a policy dependent on the United States. Soviet-satrap Syria plays an entirely different game, presenting itself as a regional empire which wants to divide and conquer the region's nations, a Greater Syria from Iran's borders to Cyprus, Jordan, and the Hejaz, in agreement with a Greater Israel, both under Soviet sponsorship.

Behind Cairo stand several countries: North Yemen, Iraq, Jordan, and the PLO forces of Yasser Arafat, as well as some Northern African countries

which have never been directly involved in the Arab/Israeli conflict. Around Damascus stand the Palestinian radicals and international terrorist structures, as well as Iran, and Syria's control over Lebanon.

Hussein's visit was the first in more than seven years, and came despite repeated attempts by Syria's Assad to have him assassinated or overthrown. Only a few hours after his arrival, Hussein announced that the two countries had decided to resume full diplomatic relations and exchange ambassadors. However, little else has been said or revealed since. Although on Dec. 31, Assad and Hussein held a day of talks, nothing of their content has been leaked.

Behind the meeting was months of secret diplomacy, strengthened by the refusal of the United States to recognize the Feb. 11, 1985 Jordan-Palestinian agreement as a serious basis for negotiation with Israel. Initiating the reconciliation with Syria were the Saudis, especially Crown Prince Abdullah, himself married into the Assad clan. Relying on Syria to guarantee the security of the Kingdom, the Saudis put heavy cash on the table to smooth the diplomatic process. Several hundred thousand dollars are reported to have been paid in personal bribes to Jordanians and Syrians, along with offers of free oil supplies as well as increased economic aid.

So, in early December, Jordanian Prime Minister Rifaai, himself of Syrian origins, visited Damascus for

meetings with Assad to plan King Hussein's visit.

After suffering his disappointments in negotiating with the Americans, and the U.S. Congress's hold on military aid, Hussein decided last fall to initiate closer military and political contacts with the Soviet Union, as part of wider diplomatic activity which received the approval of Jordan's former colonial master, Britain.

Whether Hussein has decided to ally with Syria is another matter altogether. Though also disappointed by Arafat's refusal to move any further with their joint peace initiative, Jordan has commitments both to Cairo and to Syria's arch-enemy, Iraq. Assad is also reported to have sent a Syrian emissary to Teheran on Dec. 28, to assure the Iranians that Hussein's presence in Damascus would not affect the Damascus-Teheran axis.

Of special importance is that Syria let it be known in preceding weeks that a full reconciliation with Jordan has a particular price: While Damascus commits itself to halting attacks on Jordan and putting a halt—for now—to assassination attempts, Jordan must provide shelter to Syria's radical Palestinian terrorists and agree in principle to their use of Jordanian territory against Israel.

That prospect can raise no joy in Amman. Though Syria may promise military help, there is little doubt that Damascus would be only too happy to stand by in the face of a retaliatory Israeli attack on Jordan, to then pick up some pieces of territory under the cover of "brotherly help"—as in Lebanon beginning in 1976.

According to Kuwait's *Al Qabas* newspaper of Jan. 1, Assad told Hussein, more as a threat than an offer, that Soviet intelligence reports indicated just such Israeli attacks on Jordan!

High stakes in the March elections

The IMF is angling for control over the economy, while the Socialists are going full tilt against the SDI.

With national legislative elections coming up in France on March 16, a scenario is circulating for national suicide under an International Monetary Fund dictatorship before the end of 1986. All that stands in the way of this scenario is an incipient resistance movement among certain layers of the Gaullist movement, catalyzed by *EIR* and Lyndon LaRouche's co-thinkers in France, which centers on support for the U.S. Strategic Defense Initiative and public resistance to the Trilateral Commission's intervention in French affairs.

Under Socialist President François Mitterrand, France's economy is a shambles, and the "Greenpeace" scandal has been used to wreck the country's intelligence services. It is expected that the Socialists will lose the elections massively, and that a dual-power situation will emerge.

On Dec. 22, the weekly *Journal du Dimanche* printed the following nightmare script: "PARIS, March 16, 1986—100,000 persons are demonstrating in the Champs-Élysées. With 301 seats [in the National Assembly], the [opposition] RPR and UDF parties win the absolute majority. Chaban-Delmas fails as prime minister, and it is only on the next Saturday that Mitterrand chooses Valéry Giscard d'Estaing as the new prime minister. Cohabitation starts to settle in.

"But incidents in Guadeloupe, a difficult start of the social year, and internal disagreements in the government on economic reforms are cracking the country. In November, a

worker dies after an intervention by police forces. By Nov. 3, without warning his prime minister, Mitterrand says on French national TV: 'I will not let our country be dismantled. I demand that my prime minister find the means of appeasement. . . .' This is the test of strength, and on Nov. 5 Mitterrand dissolves the National Assembly. On election day, a 'moderate-centrist movement' emerges, dropping both the extreme left and right wings. After three days of negotiations, François Mitterrand names a new premier, Jacques de Larosière, director of the International Monetary Fund, to form a new government of national consensus. . . ."

This scenario is the subject of a recently published novel, *Le Bal des Dupes*, ("The Ball of the Dupes"), by Alain Moreau. Moreau is a veteran propagandist of mass murder as economic policy: Three and a half years ago, he put out a book advocating Nazi euthanasia, *Suicide, mode d'emploi*, ("Suicide, Directions for Use").

Nor is his *Ball of the Dupes* merely a scenario. French Economics Minister Pierre Beregovois was one of the most fervent supporters of the International Monetary Fund during its conference last September in Seoul. With an opposition victory in March pre-discounted, Beregovois openly favors presidential hopeful Raymond Barre of the Trilateral Commission over Jacques Chirac, the leader of the Gaullist RPR party. It is likely that the cited scenario was discussed behind closed doors at the Trilateral Commis-

sion meeting in Paris last October, which both Beregovois and Barre attended.

Vichyite chauvinism is being spread by both the ultra-right National Front of Le Pen and the Communist Party, to prepare the French for an IMF dictatorship. On Dec. 15, Raymond Barre gave shocking evidence of this when he declared in a speech in Lyon to launch his legislative campaign: "Yes to Labor, yes to Family, yes to Homeland!"—the slogan of Marshal Pétain, head of the Vichy puppet state under the Nazi occupation.

France's new post-Greenpeace defense minister, Paul Quiles, gave a full-page interview to *Le Monde* on Dec. 18 in which he attacked the Strategic Defense Initiative, mainly on the grounds of IMF-dictated "budget considerations." Quiles lied, "The SDI will relaunch the arms race. . . . Offensive systems will be less expensive than defensive systems. . . . A space-based defense risks becoming a new Maginot Line whose cost will exceed that of all preceding projects. . . ." On Dec. 30, in another French periodical, former Trilateral Commission director Zbigniew Brzezinski lavished praise on Quiles for his "remarkable clarity of judgment on complex technological and strategic questions."

But in the paper of the Chirac's RPR party, *La Lettre de la Nation*, RPR general secretary Jacques Toubon identified Quiles's interview as reminiscent of Vichyite capitulation to the Nazi threat: "The analysis and the position of M. Quiles remind us overwhelmingly of what the chief of staff said in the 1930s on the prophetic warnings of Colonel de Gaulle, about the use of tanks by Germany. We didn't believe it; and the French paid with their freedom, thousands of deaths, and heavy destruction for that tragic mistake. . . ."

A drug-runner for Chihuahua?

The official PRI gubernatorial candidate's very dirty connections make this election a national security threat.

Alberto Baeza Meléndez, the gubernatorial candidate of the ruling PRI party in the state of Chihuahua, has just issued his first official declaration denying accusations that he is linked to the powerful drug mafia of that state. However, in the same breath, he also declared, "We should not flagellate ourselves because this activity exists in our country, which has a more than 3,000-kilometer border with the nation of greatest drug consumption."

The candidacy of Baeza Meléndez, already being referred to in nationalist political circles as "the Baeza case," has less to do with the electoral process in Mexico than with national security, given that his election as governor of Chihuahua state, should it occur, will give the drug mafia full control over a state critical to the success of their broader operations; at the same time, Baeza's governorship would open the door to similar situations in other states in which elections for governor are pending this year: Veracruz, Sinaloa, Durango, and Tamaulipas; all states where the drug trade has begun to spread its tentacles.

Chihuahua itself is not only Mexico's largest state; it borders on the United States. Both the Nazi-communist National Action Party (PAN) and the powerful economic group headed by Eloy S. Vallina have proposed its "independence" and annexation to the United States. The PAN has proposed the same for border states Sonora and Baja California Norte.

The PAN has close ties to the most notorious drug traffickers that operate

in these states.

In 1979, then-Attorney General of the Republic Oscar Flores Sánchez halted all investigations of Lorenzo Flores Arce, the general manager of the Tijuana, Baja California Norte branch of the Comermex Bank, which was charged with laundering drug money. At that time, Baeza Meléndez was a senior official in the Attorney General's office.

After the nationalization of 1982, many of the banks—who held onto the majority of their executive personnel—continued to launder dirty money, as proven by recent cases in Tijuana. One should not forget the statement of Vallina, former owner and president of Comermex, at the time of the nationalization: "They took the banks from us; we will take Chihuahua from them".

Vallina is also the visible head of the so-called Chihuahua Group, which represents both national and foreign interests, and which controls the PAN mayor of Ciudad Juárez, Francisco Barrio Terrazas, member of a charismatic sect, as well as the PAN mayor of Chihuahua City, Luis H. Alvarez. Both won their electoral posts with the financial support of Vallina.

The tentacles of the Chihuahua Group also extend into the PRI party in the state, whose leading figure is Flores Sánchez, former state governor, former Attorney General of the Republic, and stockholder in Comermex—before the nationalization.

Flores Sánchez is the mentor of Baeza Meléndez, his former secre-

tary. Flores Sánchez tried to make him Attorney General. The plan failed because of Baeza's personal history, although he did manage to get him elected federal deputy and now, has maneuvered him into the PRI candidacy for the governorship of the state.

The international connections of the Chihuahua Group go through Antonio Ortiz Mena, former Mexican finance minister and present director of the Inter-American Development Bank. Originally from Chihuahua, Ortiz Mena has promoted bank credit for cheap-labor assembly plants and tourism in Chihuahua.

The Group is also a stockholder in the El Paso National Bank and the First National Bank of El Paso, Texas. These banks have been named by U.S. authorities as involved in laundering of drug money.

The Group also represents the interests of such individuals as Aníbal de Iturbide, the self-proclaimed heir of the "Mexican Empire" of Agustín de Iturbide; Andrés Marcelo Sada, of the Grupo Monterrey, member of the PAN and the cult of Adam Smith; and the Trouyet family, long-time servants of the organized crime-linked former President Miguel Alemán.

The Group's people inside the federal government include Tourism Minister Antonio Enríquez Savignac, a protégé of Ortiz Mena since serving as an official at the Inter-American Development Bank. He has actively promoted legalized gambling in Mexico. His brother, Manuel Enríquez Savignac, is the life-long honorary consul to the Belgian monarchy in Chihuahua, and currently functions as one of the key organizers of a project to establish Belgian assembly-plants in the state of Chihuahua, a project supported by the federal government, which considers the proliferation of slave-labor assembly plants a "national priority."

International Intelligence

Controversy over G.I. AIDS in Germany

Two noted epidemiologists have disagreed over the extent of AIDS infection among West German prostitutes, and the extent of the resulting rate of infection of U.S. servicemen.

American Dr. James J. James, stationed at the U.S. Army Hospital in West Berlin, has stated that the incidence of AIDS antibodies in blood samples from U.S. servicemen tested is only 0.24%, which compares "very favorably" with the 0.25% reported by the Centers for Disease Control among 1 million U.S. blood donors.

But researcher William A. Haseltine of the Massachusetts Dana-Farber Cancer Institute testified before Congress on Sept. 26 that between 20% and 50% of *unregistered* prostitutes are infected with the AIDS virus and that 5% of U.S. soldiers reporting to venereal disease clinics in Berlin are also infected.

Haseltine, who stated, "At issue is the health of our nation," vigorously defended his figures, and stated that James's "focus on rates of infection among registered prostitutes is misleading," since they operate under a license from the government and are subject to routine health examination, but they do not by any means constitute the entire population of prostitutes. He said that more than half of the unregistered prostitutes working in West Berlin near the train station were found to be infected with the AIDS virus.

Soviets gear up anti-SDI threats

Soviet military and government officials prepared for Gorbachov's and Reagan's exchange of televised New Year's messages, with a blistering attack against the United States for "breach" of the 1972 ABM treaty. Soviet Defense Ministry spokesman Lt.-General Starodubov said at a press conference in Moscow Dec. 29 that the latest Nevada underground nuclear explosion, was a

"direct violation" of the ABM and SALT II agreements.

Soviet foreign ministry spokesman Vladimir Lomeiko, flanked by military and foreign affairs experts, declared: "Right after the quiet religious holiday of Christmas when human beings around the world announced their hopes that their children might live in peace, the first sound the planet heard was the American nuclear explosion."

The Soviets also attacked the United States for constructing a new "phased array" radar station in Greenland and planning a similar one at Fylingdales on the Yorkshire moors. Lt.-General Starodubov said that the United States has "no grounds" to claim that a Soviet radar station being built at Krasnoyarsk in Siberia was a "missile attack warning system" and thus violated the ABM treaty. "The fact is that the radar has nothing to do with missile attack warning. Its purpose is to track space objects."

German parliamentarian hits Afghan genocide

The world must no longer tolerate "Soviet genocide" in Afghanistan, declared member of parliament Jürgen Todenhöfer on Dec. 27. Todenhöfer, a member of the Christian Democratic Union and a defense policy spokesman, denounced Russia's "colossal war crimes" in Afghanistan, and called Soviet conduct "cynical and merciless."

In a pointed reference to the "New Yalta" crowd in the West, he added, "The sad truth [is that] many Western political figures have responded mildly to the Afghan tragedy, only so as not to endanger their good contacts with the Soviet Union."

Brzezinski hails anti-SDI French defense chief

In a recent interview to the weekly magazine *Le Point*, Zbigniew Brzezinski, Carter's National Security Council head, declared: "Let me first congratulate the new French defense minister [Paul Quiles] for his remarkable clearness of judgment on complex

technological and strategic questions. Looking with new eyes at the question, he was indeed able to reach penetrating conclusions, after only two days in office. This already constitutes remarkable intellectual success!"

Brzezinski was referring to an interview Quiles gave to *Le Monde* attacking the feasibility of the American Strategic Defense Initiative.

Brzezinski added that the French shouldn't be afraid of the SDI as it won't replace their deterrence system soon. He said the SDI is only aimed at defending missile silos, not the population—flatly the opposite of President Reagan's stated policy.

Gorbachov sends rep to church celebration

The Russian Orthodox Church celebrated the 300th anniversary of the Moscow Theological Academy at Zagorsk Dec. 29, with a Russian state official in attendance.

The U.S.S.R.'s biggest and most prestigious theological training center, the Zagorsk Academy was founded in 1685, at the Trinity Monastery of St. Sergius, 45 miles from Moscow.

After the Russian Revolution of 1917, it continued to train Orthodox clergymen.

Mikhail Gorbachov sent an official of the State Council for Religious Affairs to the anniversary celebrations. According to observers, the representative nodded in agreement to everything Patriarch Pimen, head of the Russian Church, had to say in his address at the ceremonies.

British press says AIDS can hit anyone

The Dec. 29 issue of the London *Observer* has finally noticed what the Atlanta Centers for Disease Control has not when it comes to Acquired Immune Deficiency Syndrome:

"The issue is urgent and not just for gay men. In Africa it affects just as many women as men; it seems to spread by vaginal intercourse as effectively as by anal sex. Ordi-

nary sex is 'dangerous' as well. And AIDS does not simply hit the promiscuous. . . . We now know that the very first AIDS case in America was a heterosexual woman [San Francisco, 1976] three years before any gay man was diagnosed. We're all in this together. At the modest estimation of the Department of Health, 10,000 people [in Britain] so far are infected with the virus."

Then, however, the *Observer* proposes that the "World Health Organization (WHO) is needed to coordinate international action against AIDS, which must be defeated or humanity will be extinct within two generations. It may be a race, it seems, between the twin perils: AIDS and the Russians."

The *Observer* does not seem to observe that the WHO is Russian-dominated, particularly those sections responsible for AIDS work.

Chinese students go anti-nuclear

Chinese college students from the northwestern province of Xinjiang marched in the streets of Shanghai Dec. 27 protesting nuclear testing in the province. They waved signs saying the government is turning the province into a concentration camp, and created a terrific traffic jam.

The protests were reportedly unauthorized. However, they follow anti-Japanese demonstrations by students which are said to have been organized by a pro-Soviet faction inside the Chinese government.

Central American heads to discuss peace efforts

The Presidents of Central America have agreed to hold a breakfast meeting to discuss strategies for peace in the region. The meeting will occur during the presidential inaugural ceremonies in Guatemala, President-elect Vinicio Cerezo announced on Dec. 27.

Cerezo, who will be inaugurated Jan. 14, expressed his hope that the breakfast will be a first step toward the Presidents taking a personal role in peace negotiations.

He will propose the creation of a Central American parliament as a forum in which the political and economic problems of the region can be discussed "without the intervention of external forces, foreign to Central American interests."

U.S.S.R. bolstering Pacific fleet

The Soviet Union recently reinforced its naval forces in the Far East by adding three warships to its Pacific Fleet, the South Korean navy reported on Dec. 30.

The new ships were first spotted off the island of Cheju on Nov. 21. The ships, which were sailing from Vietnam to the Soviet Far East port of Vladivostock, then entered "South Korea's naval operation areas," the navy said.

The ships in question are the nuclear-powered 28,000-ton *Kirov*-class battle cruiser, *Frunze*, the sister ship to the *Kirov*, which is based with the Northern Fleet at Murmansk; and one destroyer each of the *Udaloy* and *Sovremenny* classes—the two most modern destroyer classes in the Soviet Navy. Till now, *Sovremenny* and *Udaloy* class destroyers had only been stationed with the Soviets' Northern Fleet.

China reports clashes with Vietnam

Chinese frontier guards reportedly struck back over the year-end after Vietnamese troops shelled settlements in Guangxi province and staged repeated incursions, claimed the official Chinese news agency.

The agency said that the Vietnamese "recently intensified their armed provocations against Chinese border areas while concentrating forces on the Thai-Kampuchea border and starting their "eighth dry season offensive" in Kampuchea.

Vietnam's radio reported that Chinese infantry units, supported by artillery, "intruded into Cao Bang Province" and "dozens" were killed. Two other Vietnamese provinces on the border were shelled, it said.

Briefly

● **SHEIKH AL-SASSI** of Saudi Arabia, the head of the world Sufi movement, will travel to Sri Lanka on Jan. 16, 1986, to create a new international "liberal and pacifist political current," the French magazine *VSD* reports.

● **CAMEROON** will be the site of the international meeting of the Malthusian Club of Rome in 1986. This was decided following an early December 1985 visit to the African nation of Club of Rome co-founder Dr. Alexander King and Club of Rome Secretary-General Bertrand Schneider.

● **REGENSBURG'S PRINCE** Johannes Thurn und Taxis spent Christmas at the Marbella, Spain resort of Saudi Arabian billionaire Adnan Khashoggi, a premier figure in Dope, Inc.

● **'JOHN RUSKIN** was a junkie," was the headline of a Dec. 14 feature in the London *Guardian*, reporting that the 19th-century spiritual godfather of the British Fabian Society and Pre-Raphaelite Brotherhood, was an opium addict for at least 15 years.

● **THE SCHILLER** Institute and several associations in Paris are co-sponsoring a conference Feb. 2 in the French capital, to launch a "Committee of North-South Action Against the International Monetary Fund and for a New World Economic Order."

● **EIR'S BOOK**, *Derivative Assassination*, on Indira Gandhi's murder and the manner in which such high-level conspiracies to kill operate, has been covered in India's influential *Blitz* magazine in the context of an article on the drug crisis in India. *Blitz* noted that *Derivative Assassination* has put forward evidence to show that the Khalistan (Punjab) separatist connection to Ecuador is a drug connection, and also cites *EIR* saying, "Where there is terrorism, there is drugs."

The 1988 presidential race will be determined this year

by Stephen Pepper

Lyndon LaRouche, speaking to an end-of-year meeting of candidates in the 1986 congressional elections, told them that his campaign for the Democratic nomination for President in 1988 would be heated up immediately to fill the political vacuum that now exists in American politics.

"My campaign will move in on this situation very fast," he told the more than 100 candidates gathered from around the country. "Bush's candidacy will not have the presidency for a stepping stone, and Kennedy's announcement means that the Democratic Party will be wide open."

LaRouche has already declared that 1986 will be the year of decision for our nation and for the human race. The passage of the Gramm-Rudman budget-balancing amendment is a turning point in a decisive downward turn for our constitutional form of government. The application of the strict budget-cutting requirements will blow apart the infrastructure of federal, state, county, and municipal government in the country. As a consequence, the ad hoc political alliances that keep things running in normal times in this country will come apart. In these circumstances, the American people will have to grasp a new political method, one that restores the morality necessary to achieve progress, or this nation will not survive. LaRouche's candidacy will immediately take on an extraordinary importance in the new political landscape.

Not surprisingly, this happens when other, conventional candidacies are in trouble. A small group of advisers within the Republican Party have been urging and planning for Ronald Reagan to resign, ostensibly because of ill health, but really to provide Vice-President Bush the platform of the presidency to ensure his election in 1988. President Reagan is suffering from the effects of his very serious cancer operation, but he now appears determined to serve through his

full term, and thereby to become the first president since Eisenhower to do so. Reagan is very concerned to achieve this stability in our national affairs.

As a consequence of his decision, however, Bush does not have the nomination wrapped up. He will have to fight for it against Jack Kemp, and perhaps other, darker horses. Even if he gets the Republican nomination, he will not have the authority of the presidency. In 1960, Eisenhower made no sustained attempt to pass on his mantle of authority to the struggling Richard Nixon. Eisenhower's aloofness during that campaign, more than the famous debate with John Kennedy, lost Nixon the election. It remains to be seen if Reagan will adopt the same attitude in 1988, but the possibility will be enough to keep George Bush guessing.

The Democratic side is even more wide open. Ted Kennedy's announcement that he will not be a candidate has removed the one person who represented a connection with the last 20 years of national politics in this country. One thing seems certain: Ted Kennedy did not willingly give up the ambition that has motivated the Kennedys over two decades. The decision was forced upon him. While Ted Kennedy himself is nothing more than a bloated and boozy version of 1960s-style liberalism, the very revival of anything representing a continuity with past political associations is a threat to the artificial political environment being generated today. Because Kennedy even betokens such associations, he has to be eliminated as a serious candidate.

The 'post-reality' candidates

Immediately upon Kennedy's announcement, Gary Hart was anointed "front-runner." In a sense, he is, because he is the perfect candidate of the "post-reality era" that is sup-

posed to be brought into being. Hart was George McGovern's campaign manager, which itself says a great deal about his political savvy. In his presidential campaign of 1984, he presented himself as the candidate of the Yuppies, the cocaine-oriented generation. But this Dr. Spock image is a phony. Before becoming McGovern's campaign manager, Hart spent three years in the Justice Department, and his true calling is to preside over the surrender of the United States as a superpower. In early January, Hart will declare his intention to seek the presidency rather than seek re-election for the Senate from Colorado.

However, even as the ink was drying on the "front-runner" hyperbole, voices were heard saying that Hart was not to be envied for being declared front-runner, and that it was more a set-up than a confirmation. In fact, the presumed opponents of Hart were glad to concede him his precarious status.

Foremost among them are the candidates stabled in the newly formed Democratic Leadership Council: Charles Robb, the retiring governor of Virginia; Bruce Babbitt, former governor of Arizona, and Richard Gephardt, representing the 3rd Congressional district in Missouri.

Whatever the qualities of these individuals, the national group they have created exists for the purpose of exploiting the national revulsion for Mondale-ism exhibited in the last election. The idea is to present a Democratic agenda for austerity so pleasing to the Interim Committee of the International Monetary Fund that it will win back for the Democrats the support of this critical international patronage. The philosophical outlook of this group, its "new realism," has been best expressed by Colorado Gov. Richard Lamm. Lamm has said that we are entering a new age in which prosperity is a thing of the past, and that, in deference to the younger generation, old people should die—as quickly as possible.

The challenge to this group of so-called new realists is supposed to come from Gov. Mario Cuomo of New York. In contrast to new-policy Democrats, Cuomo puts himself forward as the paragon of old-style liberalism, based on his speech at the Democratic National Convention in 1984. In fact, the Jesuit-trained Cuomo got his start in politics under Mayor John Lindsay of New York, where he was given responsibility for a conflict situation between warring ethnic groups. He managed it so successfully that both groups lost, thereby proving that he was indeed the inheritor of the Eleanor Roosevelt tradition of liberalism.

Genuinely wide open

Just because there is a definite element of "alike as peas in a pod" underlying the carefully cultivated images of the candidates, does not mean that the presidential derby in the Democratic Party is not genuinely wide-open. There is necessarily a real contest to determine which of these candidates can best sell himself to the voter in a setting in which the decline of the United States would become an accepted fact.

But this evolution leaves out two significant considerations. First, that the nation's decline is about to move from gradual to precipitous, because of the Gramm-Rudman budget-cutting, and because of the panic over AIDS. As a result, stupid and cowed citizens of our fading republic are about to become alarmed, very alarmed.

LaRouche has compared this sense of being startled to a grenade thrown into the foxhole. It takes away the option of doing nothing.

The second factor is, of course, the LaRouche candidacy.

In 1984, LaRouche appeared on national television 15 times. He and his movement are now about to reap the return on this enormous investment. Whereas before 1984, it was necessary when speaking to a stranger to explain at length who LaRouche was and what he stood for, in 1986, the stranger more than likely will cut you off, "Oh yes, I know him. I saw him on television." He will go on to add, "I agreed with everything he had to say." If LaRouche had received the votes of everyone who agreed with him, he would be serving as President today.

But that is not the way politics happens. Only when the hand grenade is in the foxhole—only when reality as it is intrudes—do our citizens respond. The morality simply is not otherwise there. Nor would the doses of reality about to be administered be fruitful if LaRouche's candidacy was not there. The candidacy itself serves as the institution around which the people of this country can politically regroup—from either party.

This process is under way now, in 1986. In fact, it will either prove to be decisive in this year, or this nation, and with it, the human race will effectively disappear.

In his recent remarks, LaRouche has defined this process as a paradigm shift, a change of mental outlook from the prevailing immorality and stupidity now dominating the population. The means to achieve this paradigm shift is the process of building a candidates' movement great enough to challenge and defeat the present Congress in the 1986 elections. At the same time, the movement will take over the Democratic Party by successfully running for party positions.

So, as we begin the new year, the political reality is totally different from the outlook of the professional politician. No challenger has a really secure situation. Each is preening himself to court the voter, as the voter appears to be today. But only LaRouche and those who have chosen to run with him are prepared to address the voter as he is becoming the victim of the greatest social turbulence this country has witnessed in a half century. As always, the leading candidates are so identified as to cover the entire range of perceived credible positions on the political spectrum. But from the standpoint of reality, this is a tiny portion of the real spectrum. It will be LaRouche's candidacy within the first six weeks of the year that will redefine this reality spectrum for the other candidates, and that's when the fun will really begin.

The Soviet record on treaty violations

On Jan. 1, 1986, the White House announced that it would extend compliance with the unratified SALT II Treaty indefinitely. Yet just a week before, on Dec. 23, the President had issued an unclassified report on the expanding pattern of Soviet noncompliance with arms control treaties. We publish excerpts from that report.

. . . The current unclassified report examines one new issue and updates all of the issues studied in the classified report of February 1985, except the issue of *Yankee*-Class submarine reconfiguration. There are violations in nine cases. Of the nine cases involving violations, one SALT II issue—that of Soviet concealment of the association between missiles and their launchers—is examined for the first time. The Soviet Union has now also violated its commitment to the SALT I Interim Agreement through the prohibited use of remaining facilities at former SS-7 ICBM sites. In addition, Soviet deployment of the SS-25 ICBM during 1985 constitutes a further violation of the SALT II prohibition on a second new type of ICBM. . . .

The current unclassified report reaffirms the findings of the February 1985 classified report concerning ABM issues, making public two of them for the first time. It also reaffirms the February findings concerning SALT II issues involving violations, including one concerning strategic nuclear delivery vehicles, which has not previously been made public. In two SALT II issues with respect to which the Soviets were not judged to be in clear violation in the classified report of last February, the findings are altered or updated. These two issues are the SS-16 and an issue made public for the first time—Backfire bomber production rate.

The Administration's most recent studies support its conclusion that there is a pattern of Soviet noncompliance. As documented in this and previous reports, the Soviet Union has violated its legal obligation under or political commitment to the SALT I ABM Treaty and Interim Agreement, the SALT II agreement, the Limited Test Ban Treaty of 1963, the Biological and Toxic Weapons Convention, the Geneva Protocol on Chemical Weapons, and the Helsinki Final Act. In addition, the U.S.S.R. has likely violated provisions of the Threshold Test Ban Treaty. . . .

Soviet noncompliance

ABM violations: The radar under construction near Krasnoyarsk in Siberia is disturbing for both political and military reasons. Politically, the radar demonstrates that the Soviets are capable of violating arms control obligations and commitments even when they are negotiating with the United States or when they know we will detect a violation. The 1972 ABM Treaty prohibits the Soviets from siting an ABM radar, or siting and orienting a ballistic missile detection and tracking radar, as the Krasnoyarsk radar is sited and oriented. . . .

The Krasnoyarsk radar appears even more menacing when considered in the context of other Soviet ABM-related activities. Together they cause concern that the Soviet Union may be preparing an ABM territorial defense. Some of these activities, such as permitted LPARs [large phased-array radars] and the Moscow ABM deployment area, are consistent with the ABM Treaty. Others involve potential or probable Soviet violations or other ambiguous activity, including:

- the apparent testing and deployment of components required for an ABM system which could be deployed to a site in months rather than years;
- the probable concurrent testing of air defense components and ABM components;
- the development of a modern air defense system, the SA-X-12, which may have some ABM capabilities; and
- the demonstration of an ability to reload ABM launchers and to refire the interceptor missile in a period of time shorter than previously noted.

Soviet deployment of an ABM territorial defense contrary to the ABM Treaty would have profound implications for Western security and the vital East-West strategic balance. A unilateral Soviet territorial ABM capability acquired in violation of the ABM Treaty could erode our deterrent and leave doubts about its credibility. Such a capability might encourage the Soviets to take increased risks in crises, thus degrading crisis stability.

SS-25: The SS-25, a clear and irreversible violation of the Soviet Union's SALT II commitment, also has important political and military implications. Testing and deployment of this missile violates a central provision of the SALT II Treaty, which was intended to limit the number of new ICBMs. . . . Under the pretext of permitted modernization, the Soviets, since the last compliance report, have deployed a prohibited second new type of missile, the SS-25, which is mobile and could be made more lethal. The SS-25 also could be modified to carry more than a single warhead. . . .

Telemetry encryption and concealment of missile/launcher association: Two other Soviet violations impede our ability to verify the Soviet Union's compliance with its political commitments. Soviet use of encryption impedes U.S. verification of Soviet compliance and thus contravenes the provision of the SALT II Treaty which prohibits use of deliberate concealment measures which impede verification of compliance by national technical means. A new finding of

this report is that current Soviet activities violate the provision of the Treaty which prohibits use of deliberate concealment measures associated with testing, including those measures aimed at concealing the association between ICBMs and launchers during testing. These deliberate Soviet concealment activities impede our ability to know whether a type of missile is in compliance with SALT II requirements. They could also make it more difficult for the United States to assess accurately the critical parameters of any future missile. . . .

The detailed findings

[We summarize here from the report's elaboration of Soviet violations, choosing particularly those sections which present new conclusions—ed.]

ABM systems: The U.S. Government judges that the evidence on Soviet actions with respect to ABM component mobility is ambiguous, but that the U.S.S.R.'s development and testing of components of an ABM system, which apparently are designed to be deployable at sites requiring relatively limited site preparation, represent a potential violation of its legal obligation under the ABM Treaty. This and other ABM-related Soviet activities suggest that the U.S.S.R. may be preparing an ABM defense of its national territory.

The U.S. Government judges that the aggregate of the Soviet Union's ABM and ABM-related actions (e.g., radar construction, concurrent testing, SAM upgrade, ABM rapid reload and ABM mobility) suggest that the U.S.S.R. may be preparing an ABM defense of its national territory.

SS-25 ICBM: The U.S. Government judges, based on convincing evidence about the SS-25, that the throw-weight of the Soviet SS-25 exceeds by more than five percent the throw-weight of the Soviet SS-13 ICBM and cannot therefore be considered a permitted modernization of the SS-13 as the Soviets claim. The SS-25 is a prohibited second "new type" of ICBM and its testing, in addition to the testing of the second SS-X-24 ICBM, thereby is a violation of the Soviet Union's political commitment to observe the "new type" provision of the SALT II Treaty. The deployment of this missile during 1985 constitutes a further violation of the SALT II prohibition on a second "new type" of ICBM.

Backfire bomber: The U.S. Government judges that the temporary deployment of Backfires to Arctic bases is cause for concern and continued careful monitoring. By such temporary deployment of Backfires, the Soviet Union acted in a manner inconsistent with its political commitment in the June 1979 Backfire statement not to give Backfire the capability to strike targets on the territory of the United States.

The Soviet Union is obligated to produce no more than 30 Backfire bomber aircraft per year. There are ambiguities concerning the data. However, there is evidence that the Soviet Backfire production rate was constant at slightly more than 30 per year until 1984, and decreased since that time to slightly below 30 per year.

Interview: James Lee Clingan

Legislator sought to stop the Trilaterals

Mr. Clingan is a Democratic state representative from Indiana's 42nd District. He served for 8 years in the state Senate (1960-68) and for 14 years in the state House (1971-85). His Senate service ended when his district was eliminated by a reapportionment engineered by the Democratic Party leadership, which considered him too independent.

EIR: You were imprisoned by the Nazis during World War II in the Hammelburg POW camp, where George Patton's son-in-law was also a prisoner, and had to fight your way out in heavy combat. Can you tell me how that experience affected your political thinking today?

Clingan: We have a lot of fine young men, but there's a lot of difference [between veterans of World War II and others], because when we fought that war, it was a war to win. Now, the boys are involved in losing their lives like they did in Vietnam and Korea, in no-win wars. It's a shame, what's going on in this country. Of course, Patton foresaw this at the end of World War II, and when they were bowing to the Russians and giving them territory that contained free people, who should have been free, like Poland and eastern Germany, Patton foresaw this where a lot of others didn't.

EIR: You were in the Third Army?

Clingan: Yes, I fought with the Seventh Armored Division, 40th Armored Infantry Battalion, as a platoon leader. I was the third platoon leader for this platoon in about a month, there were so many people getting killed.

EIR: Today, you're very involved with veterans organizations?

Clingan: Yes, I've helped many veterans get the medals they had coming, and get into the VA hospitals and various other things.

EIR: The VFW has passed a resolution in opposition to the Council on Foreign Relations.

Clingan: That was at the national convention in 1981. The national convention of the American Legion, held in Hawaii in 1981, also passed a resolution to investigate the Council on Foreign Relations.

EIR: This year you introduced in the Indiana House a resolution on the Council on Foreign Relations and the Trilateral Commission (HR 19, 1985 "A House Resolution Urging Congress to Investigate the Trilateral Commission and the Council on Foreign Relations to Determine their Influence Over the Foreign and Domestic Policies of the United States"). How did those fare in the legislature?

Clingan: I wrote this resolution and introduced it in the House in the form of a concurrent resolution, which has to pass the House and Senate. I had 14 co-sponsors and I could have had 50 out of the 100 in the House. It passed without any opposition, no discussion on the floor. They just took my word for it that it was necessary, because those organizations have been very detrimental to our country over the last 40 to 50 years.

I sent it over to the Senate and it was killed in committee. The Senate Pro-Tem is chairman of the Rules Committee and he put it in his lock box and locked it up and that killed it over there. I had 11 co-sponsors in the Senate, and he still had the gall to kill that.

I rewrote the resolution in the form of a House resolution, and passed it through the House again and sent it to the Indiana congressional delegation, the 10 congressmen and 2 U.S. senators. But they didn't acknowledge ever receiving it. That's how much these people have their heads in the sand. They don't have any business representing the people if they can't see what these organizations are doing to our country.

EIR: What is the main reason why you oppose the CFR and the Trilateral Commission?

Clingan: I could use a lot of language I used when I was an infantryman, but I won't do that. They're about as low a people as you could think of, who want to destroy our nationalism and our freedom. When I think about some of the boys that died beside me and died in my arms; and think about all the white crosses I saw on foreign soil of American boys; and I think about the hundreds of boys I saw on the battlefields lying there dead, both Germans and Americans; then I think what kind of people are these who would do to their government what they are doing.

EIR: One of the things you've recently been involved in is the effort to prevent Richard Burt from being nominated as U.S. ambassador to the Federal Republic of Germany. Was it for the same reason?

Clingan: Because he's a member of the Council on Foreign Relations. And he's a former newsman with the *New York Times*. I don't trust anybody who's a member of the Council on Foreign Relations, and I don't understand our President allowing these people in all the top positions that he's put them in.

EIR: You also introduced and passed in the Indiana House a resolution urging Congress to repeal the Federal Reserve Act.

Clingan: I wrote that resolution in 1982 and sent it to the Majority Leader of the Senate. He was appointed by the Senate Pro-Tem, Robert Garton, from Columbus, Indiana, who's killed all the resolutions. He's a friend and neighbor and, someone told me, though I won't say this to be a fact, that he does consultant work for Cummings Diesel. Of course J. Ervin Miller is head man at Cummings Diesel and he's a member of the Council on Foreign Relations, and former big wheel in the National Council of Churches, which is involved in all this, too.

I sent the resolution to the Senate with several co-sponsors, and it was buried in the Rules Committee by Senate Pro-Tem Garton. Then in 1983, I did the same thing and he killed it again, so I wrote the same resolution in the form of a House Resolution and sent that to all 535 members of Congress, the President and the Vice-President, along with a personal letter from myself.

I got back 15 or 20 letters from different U.S. senators and congressmen. They seemed to agree with me, but very few of them have guts enough to try to do anything about it. Ron Paul has been fighting this and Rep. Henry Gonzales of Texas.

EIR: *EIR* was founded by Lyndon LaRouche. How did you first hear of Mr. LaRouche?

Clingan: I first saw Mr. LaRouche on the national media a year ago last summer, on CBS or ABC. I was sitting and listening to him and I was astonished. I wanted to pat him on the back, because he sat there and really scored old leftist Kissinger and Rockefeller and a few other CFR people, and I thought, "That old boy needs a pat on the back, he's got a lot of guts," and I give him a lot of credit. Anybody that's got that much nerve and intestinal fortitude, why I want to try to help the man a little bit. That's the way I feel about it.

EIR: On the request of the Schiller Institute, you recently endorsed the call for a new Nuremberg Commission, to try those enemies of humanity like David Rockefeller who have been responsible for genocide in our time.

Clingan: Yes, that's right.

EIR: The Schiller Institute and the National Democratic Policy Committee [NDPC] are urging the introduction of legislation to outlaw the laundering of drug funds on a federal and state level. How do you foresee that doing in Indiana?

Clingan: I think it's got a chance, in the form of a House bill. On the other hand, if I can't get it through there, I might pass it in the form of a resolution. We'll see when I get up there on the 7th of January. I have the information to write the resolution.

Eye on Washington by Nicholas F. Benton

OMB computer cuts back AIDS fight

The Office of Management and the Budget, to whose computer the Congress delegated its authority under the provisions of the Gramm-Rudman legislation in December, has reorganized the government's program to combat AIDS.

The OMB has recommended that the entire AIDS effort—involving \$213 million for FY 1987 (a paltry sum, which does not begin to meet the requirements for tackling this ominous threat)—be centralized under the authority of the surgeon general's office. This is despite the fact that this office, directed by Dr. C. Everett Koop, has not been actively involved in administration AIDS policy at all up to this point.

The OMB memorandum states: "The surgeon general and a small staff will be designated to coordinate the department's activities."

This is not intended to improve the effort to cope with the AIDS problem, but, like everything going on in Washington since the passage of Gramm-Rudman, has strictly fiscal considerations in mind. The new OMB assignment for Surgeon General Koop comes with \$17 million trimmed off the congressional request for AIDS funding.

The OMB also announced deep cuts in Medicare, Medicaid, and National Institute of Health grants. For example, it has resurfaced a proposal

previously rejected by Congress, to limit the costs of the Medicaid program by reimbursing states for strictly defined "medically necessary services only."

It also proposes limiting federal payment for educational and vocational services for the mentally retarded and for requiring a second opinion on surgery. It proposes that Medicare beneficiaries pay higher premiums for their coverage and that Medicare reimbursement rates to hospitals be increased next year by only 2%, way below the rate of actual inflation.

The OMB computer also mandated a \$15 million cut, halving the size of the Centers for Disease Control chronic and environmental health program budget for 1987.

Under the auspices of Gramm-Rudman and in the name of "free enterprise," the Congress is implementing Gov. Richard Lamm's (D-Colo.) Nazi "final solution" against the elderly, ill, and mentally retarded.

State and local governments hit hard

A spokesman for the National Association of State Budget Officers told this reporter that Gramm-Rudman has already begun to create pandemonium at the state and local government level, where budgets for 1986 have already been completed based on expected federal assistance—which suddenly is no longer going to be there.

Over \$11.6 billion is going to be cut out of the federal budget before March 1, and Larry Dzieza, staff director of the State Budget Officer's group in Washington, D.C. said that it is estimated that \$4.1 billion of that will come from programs assisting state and local efforts. "This will be in the form of so-called sequestered funds, automatically cut by the OMB

or GAO [Government Accounting Office—ed.] under the provisions of Gramm-Rudman," Dzieza said.

The biggest effect, he reported, would be in areas such as compensatory education, that is, education for the handicapped and disabled. As much as \$210 million could be lost from this program by fiscal year 1987.

Urban transit, housing, sanitation, and related basic urban infrastructure programs will also be torpedoed. Forget about any larger water projects, he declared. Under Gramm-Rudman, the Omnibus \$19 billion water bill passed by the House in the fall of 1985 has already become a white elephant.

In anticipation of the "sequestering" powers of the OMB and GAO computers under the Gramm-Rudman regime, President Reagan is preparing a 1987 budget, due out in February, that is expected to call for \$8 billion in cuts to Medicare, selling the Federal Housing Administration, the Bonneville Power Administration, the Naval Petroleum Reserve, and other public agencies to private business, cuts in housing, ending subsidies to Amtrak, and slashes in the defense budget.

Dzieza reported that drug-abuse prevention programs, as well as vocational training programs, will also get the knife.

So much for the President's War on Drugs. Not only has it been stopped at the top levels of the Justice Department, to prevent action against money-laundering banks, but even the neighborhood efforts that the First Lady likes to visit now and again are being eliminated.

Dzieza said that in an environment where malnutrition and disease are already rising, serious cuts in already marginal funding programs for minimal sanitation upkeep and rat abatement programs in inner cities could have disastrous and uncontrollable results in the immediate months ahead.

National News

Armand Hammer releases biography

Fresh from almost single-handedly arranging the November Reagan-Gorbachov summit, Armand Hammer has graced the world with an autobiography financed by his Occidental Petroleum empire. Consisting of lurid descriptions of how this 87-year-old KGB operative lives his life, the book was reviewed on New Year's Day in the *Washington Post* by Michael Kinsley under the title, "Executive Porn."

The book, *The World of Armand Hammer*, includes a two-page photo spread of Hammer in bed, simultaneously watching four TV sets, eating breakfast, reading the paper, and "arranging by phone to have tea with the visiting Deputy Prime Minister of Bulgaria." The book describes his chats and encounters with his closest friends, such as Baron Hans Heinrich, Thyssen-Bornemisza, Prince Charles, and of course, every Russian ruler since Lenin.

Meanwhile, Mr. Hammer has been busy negotiating a Soviet-U.S. "cultural exchange" program. "The Bolshoi and the Kirov [ballets] and the Moiseyev dancers and the circus might come," Hammer disclosed recently in New York.

Negotiations are under way for at least 10 major performing groups from the U.S.S.R. and an equal number from the United States to participate in the exchange program. "And in exchange we could send some of our great performing artists, rock bands, and great Broadway musicals," added Mr. Hammer.

U.S. runs test for new x-ray laser

The United States conducted the "Goldstone" underground nuclear weapons test on Dec. 28, a part of efforts to develop one potential component of the Strategic De-

fense Initiative, the x-ray laser.

Officials have declined to discuss the purpose of the test, but Pentagon and congressional sources have said the experiment is designed to test the concept of harnessing x-rays produced by nuclear explosions to create a laser cannon to destroy incoming Soviet missiles.

The Department of Energy has denied that delays in the scheduled test were prompted by congressional criticism of the SDI program, such as that of Rep. Edward Markey (D-Mass.) against a similar test last March.

The Soviet news agency Tass immediately condemned the test as evidence that the United States "intends to continue making attempts at achieving military-strategic superiority."

Soviet Foreign Ministry spokesman Vladimir Lomeiko charged at a rare news conference on Dec. 29 that the Goldstone test is a violation of the ABM Treaty. "Everyone knows that the explosion was set off to test 'star wars,'" he said.

Euthanasia increases in U.S. hospitals

A new study conducted by the Hennepin County Medical Center in Minneapolis has found that increasing numbers of people with kidney failure "choose" to end their lives by stopping dialysis, and that these little-publicized deaths are likely to become more common.

Researchers surveyed a large dialysis program and found that stopping therapy accounted for 22% of the deaths among its patients. Of these cases, half involved patients who allegedly could not decide for themselves because they were in comas or senile. For about 75% of these, doctors suggested termination; in other 25%, the initiative came from family members.

"Stopping treatment is a common mode of death in patients receiving . . . dialysis, particularly in those who are old and those who have complicating degenerative dis-

eases," the study says. "Because of the increasing age of patients on dialysis, withdrawal of treatment will probably become more common in the future."

ADL leader calls for revenge

Anti-Defamation League leader Kenneth Bialkin, a gangster associate of Robert Vesco, urged that the United States retaliate militarily against the Palestine Liberation Organization (PLO), in response to the late December orgy of "Abu Nidal" terrorism actually directed by the Israeli Mossad.

Speaking for the Conference of Presidents of Major American Jewish Organizations, Bialkin ranted on Dec. 29 that the PLO has placed itself "outside of the company of decent peoples and must be sanctioned by the world community." An American "resort to force" against the PLO "would not be inappropriate," he said. "If the U.S. . . . could move militarily against an identifiable group consistent with our policy . . . I don't think I would criticize it."

Bialkin also called on the Reagan administration to sever diplomatic ties with Western European nations who support the PLO. "Diplomatic support must cease," he declared. France, Turkey, Greece, Spain, Italy, Cyprus and "other European countries" must "withdraw their recognition and diplomatic support from the PLO."

Bialkin further demanded that "the PLO observer to the U.N. must be expelled, and their offices closed."

Congress full of 'socialists': Roth

"Americans believe that we have Democrats and Republicans" in Congress, Rep. Toby Roth (R-Wisc.) said in a *Washington Times* interview on Dec. 27. "That's not so. . . . We have mostly socialists, and they're the

ones that run the Congress. . . .

"Take a look at what takes place with the Soviets, what takes place that the socialists in the Congress never attack—a Soviet client state or the Soviet Union. . . . No one has the courage to speak out against someone who can strike back. . . . No one ever says a word about what's taking place in the Soviet Union."

Citing the "genocide" which the Ethiopian government has helped carry out against its own people, Roth stated: "I think we are going to be party to the genocide that's taking place. . . . So often you hear people say, 'Why didn't the West do more during World War II as it relates to the Holocaust.' . . . Who's saying anything about Ethiopia today? That's genocide that's taking place; that's a holocaust taking place, and yet we are saying nothing. If we say nothing and we know what's going on, aren't we partners? Aren't we blameworthy, too?"

A member of the House Foreign Affairs Committee, Roth is seeking to impose a trade embargo against Ethiopia for genocide against its own population.

Roth said the Ethiopians are charging \$12.50 a ton for the famine relief food being donated, and the money is being used to pay Soviet drivers.

Battle brewing over ASAT tests

A major effort is expected in Congress early this year to overturn the recently approved ban on ASAT testing because it will hinder the development of SDI, the *Washington Times* cites government sources as saying.

These sources say that the administration won't take the initiative, but that members of Congress will move to reverse the ban, and that chances for reversal are particularly good in the Senate.

An administration source told the *Times* that the ban was passed not only to prevent the United States from obtaining an ASAT capability comparable to the Soviets, but to hinder the testing of SDI technology, and

that once Congress understands this, it will rescind the ban.

So far, there has been no effect on SDI systems testing, "but clearly there will be" if Congress doesn't change the law soon, said one administration source. If that doesn't happen, the alternative would be for the administration to embrace and implement the "wider interpretation" of the ABM treaty, which would allow ASAT testing.

The pro-Soviet wing of Congress is already upset at prospects of an administration effort to rescind the ban or continue testing under some other auspices. In Congress, Reps. Les AuCoin (D-Oreg.) and Norman Dicks (D-Wash.) warned Defense Secretary Weinberger in a letter that there is "no legal way" for the Pentagon to conduct ASAT tests, and "any attempt to do so would provoke the most severe repercussions."

The warning from the two was prompted by *Washington Post* reports that Pentagon officials intended to proceed with ASAT tests violating "the spirit but not the letter" of the law.

Spacecraft observes Halley's Comet

A Pioneer spacecraft went into position on Dec. 28 to begin 10 weeks of relatively close observations of Halley's Comet during its passage near the Sun.

According to Peter Waller, spokesman for NASA at the Ames Research Center, the spacecraft will make observations with its ultraviolet telescope. "Every time it spins—five times a minute—it will scan the comet."

The Pioneer was originally launched in 1978, with its primary purpose the observation of Venus. But for the occasion of the comet's visit, it has been turned toward the Sun. When Halley's Comet gets closest to the Sun, "it will be well within the Venus orbit, and so will really heat up," Waller said. "We expect to see outbursts, jets, and other events as its ice crystals turn into water vapor."

Briefly

● **AMERICAN MEDICAL** International, Inc. has negotiated for months with the University of Texas Medical School and M. D. Anderson Hospital and Tumor Institute to set up the "first" hospital facility to exclusively study and care for AIDS patients. Richard D'Antoni, spokesman for the Houston region of AMI Inc., said that M. D. Anderson Hospital would provide direction to the research, since it is one of the best AIDS research centers nationwide.

● **SEN. ROBERT Dole** must push the IMF economic program through Congress if he wants the GOP nomination, according to David Broder in the Jan. 1 *Washington Post*. The Senate must pass the tax-revision bill, use Gramm-Rudman, "which it invented out of desperation," to produce meaningful deficit reductions, and pass a protectionist trade bill. If Dole can do those things, "then he may, just may, have an entering wedge for the 1988 GOP presidential race. . . . Otherwise, forget it."

● **THE TEXAS** Board of Health, after waiting for a 30-day comment period, has finalized its plan to quarantine AIDS victims who refuse to cooperate with authorities and who continue to prostitute themselves. The board voted 12-5 to begin the quarantine.

● **RICHARD LAMM**, the Colorado governor who has advocated the Nazi system of euthanasia against the elderly and infirm, wrote in the Dec. 15 *New York Times* that new measures must be taken to restrict immigration into the United States.

● **JERRY FALWELL**, head of the so-called Moral Majority, endorsed the Gramm-Rudman act at a press conference in Washington, D.C. on Jan. 3. Asked by *EIR* how he could reconcile his support of the bill with his "pro-life" outlook, Falwell did not deny the effect of the bill on the elderly and handicapped, but supported the legislation nonetheless.

Editorial

For a tumultuous New Year

It would be consumer fraud, were we to wish our readers a "Happy New Year." Instead we can promise a tumultuous 1986, joyful only insofar as there is joy in victory over the enemies of republicanism and human progress. The coming year will be decisive: The Soviet leaders view it as such, in their bid for unchallenged military superiority and world domination; the world financial system is at a breaking point, and will either be replaced with a New World Economic Order, or will plunge into the depths of depression; the U.S. congressional elections will determine the outcome of the 1988 presidential campaigns, and the shape of American politics for years to come.

Only if the principles of truth and morality discussed by Lyndon LaRouche in this week's *Feature*, are rigorously used to achieve a "paradigm shift" in the U.S. population, can the "Age of Aquarius" be ended and the survival of Western civilization be ensured.

What are the prospects for 1986? For the first time this year, Americans were greeted on New Year's Day by a televised address by the general secretary of the Soviet Communist Party, Mikhail Gorbachov, who delivered a 1980s version of Nikita Khrushchev's "we will bury you" speech. Gorbachov demanded that the United States stop seeking security for itself "through new types of weapons," and called for "cutting back nuclear arsenals and keeping outer space peaceful." Given the Soviet record of treaty violations, documented in our *National* section, it is obvious that Gorbachov's goal is the full elimination of the U.S. Strategic Defense Initiative in 1986.

Just days before Gorbachov's address, suicide commando attacks at the Rome and Vienna airports signaled a new phase in the Soviet-backed terror offensive, aimed against the United States and its allies in Europe and the Middle East.

As for President Reagan, in his televised speech to the Soviet people on New Year's Day, he reiterated his hope that the achievement of strategic defense capabilities by both superpowers "will free us from the threat

of nuclear destruction." Yet even as the President spoke, the Gramm-Rudman "balanced budget" bill was going into effect—with the President's blessing—slashing U.S. defenses unilaterally, demolishing social services, urban infrastructure, and other essential programs. Like the countries of the Third World, the United States is being placed under the austerity regime of the International Monetary Fund—with the full connivance of Treasury Secretary James Baker III and White House Chief of Staff Donald Regan.

As the devastation of Gramm-Rudman begins to grip the country, two impulses will emerge in the American population. One will be an even deeper collapse into cultural pessimism, despair, and anarchical behavior. The other will be a desperate appetite for cultural optimism and truth. Signs of this have emerged, in response to the threatened AIDS epidemic, as angry parents demand an end to the government cover-up and to the immorality of the "Age of Aquarius," which has fostered the rapid spread of this hideous disease.

Will the barbarians win, as they did in Weimar Germany in the 1930s, or will the American people change fundamentally in 1986? The Congress has demonstrated its utter bankruptcy by voting up the Gramm-Rudman bill, handing over the constitutional authority of the legislative branch to the computers at the Office of Management and the Budget. There is no moral "silent majority" waiting in the wings to kick the hypocrites and liars out of Washington; the majority is "silent" only because it is steeped in the most banal concerns—the outcome of the Superbowl, the next episode in "Dynasty," or the latest bizarre activities of the neighbor's wife.

It will take harsh jolts of reality and an organized political movement to change this. The tumult of 1986 will provide the jolts all right; whether or not a republican political movement of sufficient power emerges, in the context of the 1986 congressional races and the presidential campaign, depends on what *EIR*'s readers do.

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