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Executive Intelligence Review

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EIR

From the Managing Editor

This week's Special Report on the implications of the Club of Rome's depopulation effort is the result of a July 4 panel discussion at the New York City conference of the International Caucus of Labor Committees.

The ICLC is a scientific association established in 1973-74, when *EIR* founding editor Lyndon H. LaRouche, Jr. brought together organizations in the United States, Ibero-America, Western Europe and Canada, to revive the heritage of Plato's Athenian Academy. Political necessities impelled that step. 1973 was the year in which NATO's Club of Rome launched the Limits to Growth fraud; Henry Kissinger's Trilateral Commission and its Club of Rome supervisors launched the first oil hoax to accelerate global de-industrialization and depopulation; and, with Kissinger as the "inside man," Watergate was launched to further destroy traditional U.S. institutions and clear the way for a new "fascism with a friendly face."

By developing and circulating the LaRouche breakthroughs in political economy, and exposing the controllers and goals of the depopulators, the ICLC has countered the momentum of the Club of Rome. The ICLC and our international collaborators are currently the single strongest threat to the Malthusians, who know (although Malthus didn't say so) that *menticide*, the destruction of the ability of populations and policy-makers to grasp the scientific and moral conceptions required to carry out economic development, is a prerequisite for their new world order.

Yet, as this issue of *EIR* reports from many angles, Henry Kissinger, that perverted deployable of the Malthusian oligarchs, is still at large. Kissinger is doing great damage. Kissinger, who three months ago, with his accustomed blend of obsequiousness and arrogance, described himself publicly as a British agent, will do still greater damage until the intelligence below is acted upon by Kissinger's adversaries.

Susan Johnson

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Mathematics breakthrough to be released in September

The specifications of an important breakthrough in application of mathematics are now scheduled to be released publicly during the coming month of September, according to a New York City-based spokesman for an international scientific task-force.

The results to be announced represent a fundamental advancement in the ability to conduct computer-based analysis of certain classes of what are called "non-linear" features of economic and analogous processes. Despite that emphasis upon economic processes, the results contain the basis for useful improvements in a variety of fields, including crucial problems within experimental plasma physics.

The results to be announced are the outcome of a research and development project begun in New York City during December 1978, but subsequently involving scientists and research specialists of several nations. The international task-force has been co-sponsored by a prominent U.S. scientific association, the Fusion Energy Foundation, together with an international political-intelligence newsweekly, the *Executive Intelligence Review*.

History of the project

The project was born during a series of seminars held by the Fusion Energy Foundation in New York

City, during December 1978. The subject of the seminar was comparison of leading features of Soviet and U.S. progress in thermonuclear fusion and related matters of relativistic physics. The question was, how to focus U.S. research in such a way as to catalyze the highest rate of advancement, in light of known Soviet work in this field.

The seminar emphasized that the most crucial advances in 20th-century relativistic plasma physics had been prompted by the influence of an 1859 paper of the leading mathematical physicist, Bernhard Riemann. This 1859 paper, predicting the generation of phenomena now popularly associated with "sonic booms," is entitled, "On Propagation of Plane Waves of Finite Amplitude." This paper was crucial for the work of Erwin Schrödinger in accounting for the wave-particle dualism of electrons, and was crucial in Soviet successful development of a deployable H-bomb.

Although that Riemann paper dealt nominally with predicting the generation of "acoustical shock-waves," there is nothing properly surprising, the Fusion Energy Foundation reports, in its broader application to micro-physics and plasma physics. The Foundation points out that this 1859 paper was developed by Riemann as an example of the kind of experiment needed to prove experimentally certain kinds of laws of the universe.

Riemann outlined this method in an early, 1854 paper, "On the Hypotheses Which Underlie Geometry," in which he first specified what he named the method of "unique experiment." The Foundation's scientists emphasize that if the universe is Riemannian in its physical geometry, then the 1859 shock-wave paper is a model form of experiment to be applied to a wide range of what are termed "relativistic" phenomena.

Unfortunately, now as during 1978, one of the major problems in the U.S. physics community, according to the Foundation, is the influence of Riemann's factional opponents, the so-called Newton-Cauchy-Maxwell faction allied to the late Bertrand Russell's co-workers and followers. Although experimental results have forced scientists to employ some aspects of Riemann's work, and despite the influence of such Göttingen University refugees as Richard Courant, no general, serious attention is given to the broader implications of Riemann's successes in some many fields.

Prior to the December 1978 seminar, the Foundation reports, it had had extensive discussions of this problem with leading circles of the U.S. plasma-physics community, meeting a generally negative attitude against serious treatment of Riemann's more general approach to physics. Yet, as the 1978 seminar noted, known Soviet successes, matched with the results of U.S. work, showed that no general progress could be expected until a more thorough study of application of Riemannian physics informed research into certain key frontier questions.

The seminar therefore resolved, the Foundation reports, to develop a computer-assisted program of economic analysis, using Riemannian methods to overcome what are termed commonly "non-linear" problems of economic analysis. This course of action was recommended at that time by a sponsor of the Foundation, Lyndon H. LaRouche, Jr., who stipulated that Riemann's 1859 paper defined in principle a comprehensive solution to this problem of analysis of economic processes. LaRouche undertook to commit the *Executive Intelligence Review* to assist the Fusion Energy Foundation in the proposed project. The *Executive Intelligence Review* would benefit by having access to the best economic-forecasting method in existence. It was agreed that the Foundation would have proprietorship over the mathematical-physics products of the joint effort.

An informed approximation of the LaRouche-Riemann forecasting method was brought on line during 1979, producing, beginning the final quarter of 1979, the first of a series of quarterly forecasts for the U.S. economy which has been the only competent forecasting by any governmental or private econometric forecasting agency during the period to the present date. The methods employed for this purpose were published by

the journal, *Fusion*, and the *Executive Intelligence Review*, during 1979 and 1980.

However, the Foundation spokesman stressed, the 1979-82 version of the LaRouche-Riemann forecast represented only an informed approximation of the result proposed during the December 1978 seminars. A full-scale application had to be delayed until a suitable assembly of indispensable demographic and energy-consumption data had been collected and cross-checked. Trial tests of the data-base during July have now adequately demonstrated the characteristics of the required "model" as to specifications. The results fully confirm the projected expectations of December 1978, the Foundation spokesman reported.

In view of the general scientific importance of the results, the characteristic features of the functions employed will be released during a projected September press conference, although the upgrading of quarterly forecasts to include these improvements is not projected to be completed before the final quarter of 1982.

The LaRouche-Riemann method of forecasting-analysis

The developments in economic science of LaRouche, the Foundation spokesman reported, are ultimately based on the principles of economic science defined by Gottfried Leibniz, beginning with Leibniz's 1671 *Society & Economy*. These are the same principles informing the work of Lazare Carnot's Ecole Polytechnique, and are most famous as U.S. Treasury Secretary Alexander Hamilton's American System of political-economy.

To this, the Foundation reports, LaRouche added one essential advancement in economic science, beginning 1952, with the discovery that economic processes are uniquely Riemannian.

"Leibniz created economic science proper," LaRouche insists, "by placing economics on what we would today best describe as a thermodynamical basis." According to LaRouche's writings on this subject, Leibniz started by focusing on the implications of the heat-powered machine, by means of which produced heat could replace human and animal muscle-power in the process of production. LaRouche emphasizes that Leibniz generalized this notion of the thermodynamics of production, to include a sense of the ordering of progress in productive technology prior to development of powered machines. From this basis, LaRouche reports, "Leibniz developed a rigorous conception of those notions we call work and power in both economic science and thermodynamics today."

LaRouche has argued that the first basic measurement of economy is a value he terms "potential relative population-density." This, he describes as the average number of persons who can be sustained on an average square mile of habitable land of relatively improved or

depleted quality, by means solely of the productive labor of the population inhabiting that land. His analysis centers on the fact, that the relatively finiteness of apparent natural resources for any fixed level of technology means that societies must either progress technologically or tend to collapse.

He insists that a second measurement must be made: the number of kilowatts of usable energy available per square mile of habitable land. The Foundation's spokesmen insist that mankind existing in a primitive food-gathering mode of existence could never have exceeded a world-wide population of about 10 million individuals, requiring an average of about 15 square kilometers of the earth's habitable surface to sustain an average individual. There is almost an exact correlation between increases in kilowatts of usable energy per square mile and rises in potential relative population-density per square mile.

Before proceeding to examine the function of technological progress in more detail, LaRouche insists, the broader thermodynamical characteristics of the economic function must be defined.

LaRouche, according to the Foundation spokesman, "begins with the usual procedure in ordinary thermodynamics. The total usable energy-throughput is first divided into two parts." The first part is the amount of energy the system must consume merely to prevent itself from "running down." This, the spokesman indicates, is usually referred to as the "energy of the system." The remaining part of the usable energy-throughput is usually referred to as the system's "free energy."

Generally, according to the spokesman, we think of the role of this "free energy" in one or a combination of two ways. Often, we consider the non-wasted part of the "free-energy" as the capacity to do work on something outside the system itself, as in the case of a power-generating system. In other cases, like an economy, we are interested in the application of the non-wasted part of the "free energy" in some way used to change the system which generates this "free energy."

We refer to the second kind of case as a closed system, the spokesman indicated. "We may describe the work done in the non-wasted free energy in this second, closed-system case, in various ways, all of which are really different ways of saying the same thing." Useful application of free energy can be viewed as raising the level of organization of the system, "which is the most useful way of looking at the process in some instances." There is a simpler, more commonplace, thermodynamical way of describing the result.

"We compare the ratio of free energy to energy of the system over successive periods of the operation of the system." If this ratio declines or turns negative, the closed-system process is described as *entropic*. If the

ratio rises over time, "we might say that the closed-system is exhibiting 'negative entropy.' It is more convenient to use a shortened term; we prefer to say 'negentropy.'

"There is more to be considered. If a closed system is consuming its own free energy in a negentropic way, the intensity of the energy of the system is rising. The best way to describe this kind of intensity is the term 'energy-flux-density.'" Energy-flux-density measures the rate at which useful work is passing through a standard cross-sectional area of the process, such as kilowatts per square meter. "Unless this rise in the energy of the system is accompanied by either a constant value for, or an increase of the ratio of free energy to energy of the system over successive periods, the system is not truly negentropic, but is running down, toward, at best, some equilibrium-point." LaRouche describes systems which sustain at least a constant ratio of free energy to energy of the system as "absolutely negentropic." He cites living processes and "societies which are not in the process of dying" as illustrations of closed-system processes which are "absolutely negentropic."

It is the increases in energy-flux-density, combined with maintaining a closed-system free-energy ratio, which, the spokesman stated, is key to the thermodynamic significance of what may be termed the increase in the level of organization of absolutely negentropic closed systems.

According to LaRouche, a negentropic development of society correlates with a twofold increase in the organization of the economy. First, he states, the division of labor in production and movement of goods becomes more complex. Second, he points to the fact that design of machinery may combine two or more labor-operations into a single machine-operation. He argues that this is merely transferring some of the complexity of the social division of labor into increased complexity of the machine. He argues that this has the general effect of increasing the complexity of production in the most advanced, tool-creating part of production, while reducing the portion of the labor-force required for consumer-goods production.

This, LaRouche pinpoints as the location of the problem of accounting for the role of technology as such. Up to a point, LaRouche and the Foundation insist, simply input-output modeling is unavoidable. However, they emphasize, in the case of either technological progress or contraction of the economy, any effort to interpret an economy in terms of systems of linear inequalities breaks down. "The rows and columns of the matrix are changed, as well as the coefficients," LaRouche stresses; "It is these changes in the proper input-output matrices, combined with the energy-flux-density-function changes, which cause the usual econo-

metrician to howl his cry of injured protest, 'non-linear.'" LaRouche ridicules as childish, the efforts of Ilya Prigogine and Prigogine's group to solve such problems either for economies or power-distribution networks. "For anyone familiar with Riemannian physics, the approach to the solution is properly quite obvious."

The basic solution, according to the spokesman, is to perform Riemannian integration upon a potential function of order N , to generate a potential function of order $N+1$.

So, the spokesman reports, potential relative population-density for the entire population of a society must be the measure of the required function. The only work actually accomplished by an economy is an increase in that potential for the society's population as a whole. This increase in potential relative population-density is viewed as congruent with an increase in the negentropy of the economy as a closed system.

It is this increase in potential which correlates with the required increase in energy-flux-density of the usable energy-throughput of the society. It is implicit that increase in the per-square-mile energy-throughput correlates with the per-capita energy-throughput values, in terms of the population-density per square mile. It is also implicit that the energy-flux-density of point-sources of usable energy must be increased to sustain the desired overall per-square-mile increase in energy-throughput.

'Energy pay-back'

It is clear, the spokesman noted, where the Foundation stands on such issues as "soft-energy technologies" and so-called energy conservation. One does not need to go so far as Riemannian analysis to show that society must measure the amount of energy invested in creating and operating an energy-producing system. How long must an energy-producing system operate, before it pays back to society the amount of energy used up in producing that energy-generating system?

With present solar-energy technology, the answer is "Never." Present solar-energy techniques use more energy than they produce in their entire lifetimes. The same is true for so-called bio-mass energy-programs. The effect of energy conservation-programs of the kind the Carter administration pushed, is that the United States will lose more energy as a result of those conservation measures than will be saved by the conservation itself. "Scientifically, the spokesman stated, "the so-called alternative energy programs and soft-technologies programs are all a gigantic fraud. They will accomplish exactly the opposite effect to that advertised."

In the LaRouche-Riemann analysis, what is measured, according to the spokesman, is the rate at which society's energy-flux-density is increased by the invest-

ment of energy in production. "Energy pay-back" is a built-in feature of the analysis.

The analysis shows immediately, according to Foundation spokesmen, that the only tolerable energy-generating policies for society today must be a combination of technologically-improved fossil-fuel combustion, such as MHD, combined with high-head hydroelectric power, and fission and fusion forms of nuclear-energy generation. "Our objective must be to generate fusion-energy in the form of a stream of charged-particle plasma, not neutrons. Using neutrons to produce steam, to run turbines, is like using a jet-engine to operate a mechanical horse pulling an old-fashioned buggy," the spokesman stated. "If the fusion-output is a stream of charged particles, conversions such as MHD-type production of electricity are obvious."

The spokesman also stressed that such forms of fusion-energy technology mean the most fundamental revolution in chemistry and production technology in the history of mankind. "Controlled, ultra-high energy-flux-density heat-sources mean a fundamental change in every one of our conceptions of production and natural resources."

The deeper issue

The spokesman emphasized that the successful elaboration of Riemannian functions for economic processes will not completely settle the issue between the two factions among scientists. He emphasized that there are deeper issues, which he illustrated by Gottfried Leibniz's attacks on the dangerous implications of the arguments of René Descartes.

"Since the time of Plato," he stated, "the definition of scientific method has been fought out between the followers of Plato and the followers of such Phoenician, pagan cults as the Temple of Apollo at Delphi and the Temple of Isis at Thebes. The fight is not going to die out easily or quickly. The fight of Leibniz against Descartes was essentially nothing but a continuation of the fight of the followers of Plato against the Cult of Apollo. The same history is true of the delphic cults of Newton, Cauchy, Helmholtz, Maxwell, and so forth, against Riemann."

The underlying issue has been, the spokesman stated, the implication of what are called the "five Platonic solids." He stated, "During Plato's lifetime, a collaborator of his at the Cyrenaic Temple of Amon proved that within Euclidean space, only five kinds of regular polyhedrons can be constructed. Kepler later proved that Plato's argument is correct. Kepler proved that this limitation of the five solids demonstrates that the physical space we see is not reality as such, but a special sort of distorted reflection of reality. We say, that the visual physical space we see is a geometrically bounded discrete manifold. By proving that the orbits

of the solar bodies are bounded as to orbit and orbital relative orbital velocities, by the harmonic principles adduced from the five Platonic solids, Kepler proved that Plato was correct, and Plato's adversaries completely in error. That, however, did not stop the adversaries from continuing to be adversaries.

"That was the issue between Leibniz and Descartes, between Leibniz and Newton, between Louis Lagrange and the neo-Cartesian Augustin Cauchy, and between Riemann, Weierstrass and Cantor, on the one side, and such as Kronecker, Dedekind, Helmholtz, Maxwell, Rayleigh, and Russell on the other side. It is the same old issue of scientific method, between the followers of Plato and the delphic followers of the ancient Phoenician cults, simply dressed up in fresh disguises.

"Riemann's special achievement was to complete what Kepler started. Kepler proved that the discrete manifold of visible space was a harmonically-ordered mirror of a higher reality. Riemann, standing upon the accomplishments of all of Kepler's followers, completed the work of defining in principle what the nature of that unseen, higher-order reality must be. What we see in our images of the discrete manifold is a harmonically-ordered reflection of real action occurring in a negentropic form of continuous manifold. That is, the continuous manifold is characterized by the principle of Riemannian integration of potential functions from any given order N , to an order of potential function, $N+1$. We can make statements which are true concerning the continuous manifold only by means of observations and experiments which meet the specifications of the unique experiment.

"The reasons for objections to Riemannian physics are not scientific. They are psychological. To put the point in the simplest terms, many people, even trained scientists, are fanatically attached to believing that the reflection of reality in the mirror of visible space is an adequate substitute for the reality which is reflected. Riemann's validity, like Kepler's, has been proven over and over again, to the point no scientific defense of Riemann's opponents really exists in the experimental evidence. The issue is not scientific. It is a psychological problem invading the practice of science. That is the reason that not even the hydrogen bomb could shake the delphic faction to its senses on this issue.

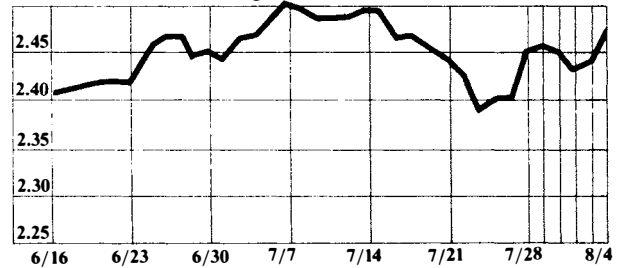
"The successful completion of the project will not necessarily convert pagan Phoenicians into Christians or Cartesians into scientists. We hope it will be useful to those scientists and others who wish to have the advantage of looking at Riemannian functions from a different vantage-point of comparative reference.

"Considering the kind of progress Riemannian physics can contribute to crucial areas of research today, one hopes there are not too many Phoenician fanatics among our scientific professionals."

Currency Rates

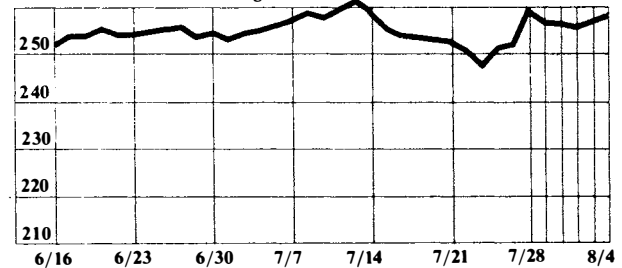
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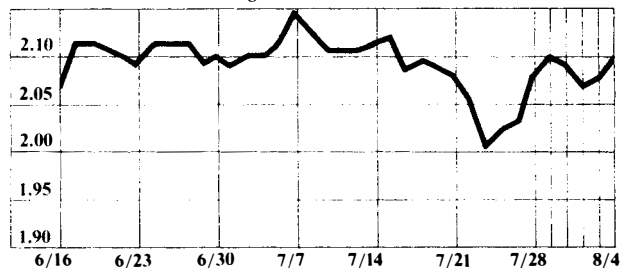
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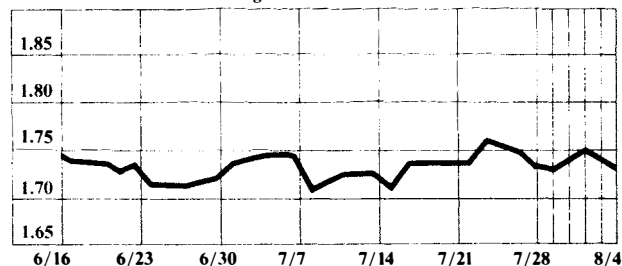
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The British pound in dollars

New York late afternoon fixing



Evil-doings at the Bohemian Grove: another credit cutoff maneuver

by David Goldman, Economics Editor

The Bohemian Grove, California's summer camp for corporate and political brass, dominated by drag musical skits and opportunities for uninhibited communion with nature, was the unlikely point of origin of a new proposal for world banking reorganization. Secretary of State George Schultz, noting the pre-crisis state of the Western banking system, asked West German Chancellor Helmut Schmidt and others in the "Mandalay Camp" party, including Henry Kissinger, for backing in the most dramatic international financial proposal since the 1929-31 management of Germany's war debts.

According to Bohemians who sat in on at least part of Shultz's presentation, the new Secretary of State promised to remodel the State Department to run all international economic policy, and to subject virtually all existing agreements on lending and trade to comprehensive review. This grandiosity came under the central heading, "Global Agreement for Risk Analysis," which boils down to a formula for shutting off lending to the developing sector and the East bloc and others judged risk-unworthy. After the recent failures, e.g. Banco Ambrosiano, the world is indeed at the beginning of a global financial crisis, said Shultz; but the central banks could not be expected to rescue failing institutions unless, in return, they obtained assurances that such problems would not crop up in the future. Every East bloc country is now in trouble, Shultz added, and various institutions and nations might well go under; specifically cited were Continental Illinois and Mexico, which recently has been shut off the bank syndication markets and has paid its day-to-day bills by factoring its future oil shipments through the Royal Bank of Canada.

At the level of global institutions, Shultz continued, the State Department would press such an agreement through the Bank for International Settlements, whose regulatory staff has presented such an agreement for the past several years, without notable success. Alternately, the State Department might put the credit issue at the top of the agenda at next November's extraordinary ministerial meeting of the General Agreement on Trade and Tariffs, viewing credit as another international commodity. GATT might then rationalize all controls and exports credits, Shultz added.

Aides to the new Secretary of State who helped design

this midsummer monetary reorganization cite two methods of overcoming the West German Chancellor's reluctance to sign an agreement which would tie West Germany's hands in international affairs. First, they say, Shultz can offer the carrot of loosened sanctions against West Germany's participation in the Soviet pipeline. What may come of this is disputed even among the Shultz circle, since not merely West Germany but the rest of Europe has flouted the pipeline sanctions and has proceeded as per schedule with contracted deliveries of goods to the Soviets; what the Germans fear more than the existing sanctions, as the German business daily *Handelsblatt* wrote in an Aug. 5 editorial, is additional trade restrictions, e.g. on European auto exports to the U.S. or on irreplaceable soybean exports to Europe.

For the new State Department to betray the mailed fist underneath the velvet on trade issues would ruin the apparent rapport between Shultz and his old finance-ministry colleague Schmidt. It is even doubtful whether, as Shultz promised, the new Secretary of State can persuade the Reagan administration to drop the sanctions, now that the White House has dug its credibility into a mulish position on the subject.

What Shultz aides cite by way of a stick with which the West Germans may be persuaded to hamstring their freedom to issue credit to their trading partners represents even a greater danger of miscalculation: a crisis, in the international money markets or in the Mideast, they believe, would further drain funds out of the already weak German mark and cause a general run for safety into the American dollar, further weakening German banks and the German economy. Under such circumstances, they argue, the German central bank would have to ask the Federal Reserve for lines of credit to support German banks who had taken large dollar deposits, as well as to support the German currency; under these circumstances, could the West Germans fail to come to terms?

Britain: The U.S. would go first

The answer, according to skeptical Bank of England analysts, is that once a crisis were underway, the prospects for negotiating any sort of quid pro quo would disappear in a general scramble of private and central

banks to stay afloat. The threat, in the case of the Shultz proposal, as Aron Nimzovich said, is mightier than the execution. British analysts—at the Foreign Office and among Thatcher's private advisers as well as the Bank of England—expect that the worst of the crisis will break first and heaviest on the American banking system itself, and that, far from presenting itself as the tower of financial strength to the world, the United States may in fact be the epicenter of the crisis. "The countries which are now ripest for debt default, like Mexico, have spent too long working within the global financial system to contemplate any drastic action," said an official of the Foreign Office division for Commonwealth affairs. "It will take a major bankruptcy in the United States to get any motion going in the Third World. The big point now is to convince people that the crisis is really here—although, ha-ha, Citibank might have to go under before they admit it."

In general, the West Germans have never responded to direct arm-twisting of the sort that some Shultz aides threaten. A close adviser and confidante of the West German Chancellor warned, "If this is just another roundabout way to stop us from issuing credits to the East bloc or to the developing countries, it would be politically unacceptable. It would be extremely unwise for Shultz to bring it up. We have an East bloc financial problem on our hands which is very difficult to deal with; the Soviets will not help their satellites; the banks do not want to lend without some government guarantee; and the government of West Germany, like yours, is not in such good financial shape itself, and not anxious to give out guarantees. The Americans don't want to lend to the East bloc, and they can't turn around and tell us not to."

In sum, the Shultz proposal to apply a tourniquet to international lending on the pretext of banking safety has no future, at least not as a formal proposal. Nonetheless it bespeaks an orientation for the new State Department which represents enormous danger not merely to the West Germans but to world trade. As the most recent statistical releases of the Bank for International Settlements indicate, the rate of international lending has already dropped off sharply between the last quarter of 1981 and the first quarter of this year. After the Banco Ambrosiano case in Luxembourg, the first interbank market disaster since the 1974 Herstatt collapse and perhaps the biggest of all time, the rate of lending must decline further.

The unraveling of the present monetary system is, as *EIR* has emphasized, not a matter of speculation, but rather occurring in full public view. At issue is not what form of patches might be applied to the present structure; the impossibility of that, short of a dramatic change of policy at the U.S. Federal Reserve, only reflects itself in the Bank for International Settlements'

inability to reach agreement among its member central banks on a mechanism to stabilize the mess.

The 'debt bomb'

What counts, no matter how Shultz and his friends understand the issue, is what sort of arrangements will replace the current monetary structure, dependent on failing, unregulated Euromarket credit. At least in a certain way Shultz's advisers understand this. According to one participant in the Bohemian Grove sessions, there is real fear among the new State Department group of what Latin Americans call the "debt bomb."

Objectively speaking, the Latin Americans have the power to obtain virtually any debt-reorganization terms they require, if they act together. Not merely the possibility that Latin American might act together in this fashion, but the likelihood that Japan and Germany (with suitably pious, hypocritical expressions of regret) might fall in with such an arrangement. The Japanese Ministry of International Trade and Industry, says one well-known international bank economist, "would love an international banking collapse and a wave of debt moratoria, so that they could start issuing new credits to the Third World and export again." Less aggressive, but no less self-interested, are the West Germans.

That is the midsummer nightmare of the Bohemian Grove. While Schmidt—to the extent of subjecting himself to the humiliation of spending several days with Americans in togas and false eyelashes—went to every length to appear conciliatory, he is not to be "trusted" to accept a permanent world depression while others proffer the possibility of a New World Economic Order. Like virtually every other German public figure of his generation, Schmidt, is in no fashion capable of truly independent action outside the scope of American tolerance, although the Schmidt-Giscard combination of 1978 that put the European Monetary System in place came close.

Far from gloating over Schmidt's visible limitations, the Bohemians are afraid lest Schmidt keep lines open to the sort of New World Economic Order approach forwarded in one way by Indian Prime Minister Indira Gandhi and, in another way, by this publication's founder, Lyndon H. LaRouche, Jr. At least some of the Germany-watchers in the Shultz camp feel this keenly. The central problem is not to make a deal with Schmidt covering basic policy issues where no deal is ultimately possible, commented a former State Department official with close ties to the new crowd; rather, Shultz will keep Schmidt grasping for a proffered deal that was never really there. Under these circumstances West Germany would be able to play no role in the breaking monetary crisis. Not Schmidt's susceptibility to pressure, but his caution and mediocrity, will permit the Bohemian perspective to triumph by default.

The Society for International Development presents McNamara policy in Baltimore

by Peter Rush and Lonnie Wolfe

The British Foreign Office-controlled Society for International Development (SID) held its 25th anniversary conference in Baltimore on July 18-22. Under the title "The Emerging Global Village," the Conference was intended to promote the notion of "one-world" interdependency, within which primitivism of the "village" ought to rule as the operative social ethic.

The economic correlative presented is to use the current world financial crises to force acceptance of a new world monetary institution exercising control over all international credit, and hence all Third World development, a proposal spelled out by former World Bank president Robert McNamara in a keynote speech. The "world central bank" proposed by McNamara and publicly seconded by several SID leaders would enforce a lending contraction that in reality would spell genocide for tens of millions in the developing sector.

The conference was intended to attract both leaders and "grass-roots" organizers in the developing countries, and bring them together with the hard-core zero-growth base of the misnamed SID in the United States and Western Europe. Fifteen hundred people attended, but Third World leaders were almost entirely absent, and outside of Africa, participation from other Third World representatives was also very thin.

The conference was run on two parallel levels, one emphasizing more traditional development issues such as aid, investment, and the necessity for the industrial countries to do more for the Third World, to appeal to the developing sector; and a second track for the "Aquarian Age" deindustrializers and opponents of development, who, it is hoped by SID's leadership, will eventually be able to destabilize the governments presently being publicly courted. These Aquarians are intended to congeal into the shocktroops of a new fascist world order in both developed and developing countries. Their proposals for "decentralization," "community organizing," and "people-oriented" actions emphasized the alleged evil of "Western" patterns of development and culture.

Club of Rome founder Aurelio Peccei was conspicuously absent from the conference, though he was scheduled to make two major presentations. The official word from conference organizers, and on a note circulated in Peccei's name, was that he was sick; reliable sources report that Peccei's invitation was withdrawn so that the Club of Rome's reputation in the developing sector would not "stink up" the SID conference.

The SID leadership and the Club of Rome have no principled policy differences. The Club of Rome, however, has been unable to sell its ideas to any but a handful of developing-sector leaders. It has been damaged severely by attacks on its genocidal policies by organizations associated with economist Lyndon H. LaRouche, Jr.

In 1981, the Club of Rome announced plans to build mass-based organizations in the advanced and developing sector, and especially in the United States. Though it attempted to repackage its "limits to growth" ideas with more positive rhetoric, the Club of Rome has failed to achieve any of its stated organizing objectives. Sources close to the SID leadership say that these failures led to the decision to distance themselves from Peccei and the Club.

McNamara's initiative

The principal effort of the Conference directed toward the Third World participants was McNamara's "world central bank" proposal. Coming in the wake of speech after speech about how the developed countries, especially the United States, could not be expected to do much more than the very little they are presently doing to aid the Third World, this proposal was billed as the best hope for these countries. Mahbub ul-Haq, long-time SID leader and former lieutenant of McNamara's at the World Bank, now Pakistan's Planning Minister, reiterated in open session that the most important feature of this proposal was the elimination of the dollar from its role as a reserve currency, and the

placing of the industrial countries under the same supranational monetary controls the developing countries now suffer under, all in the name of “fairness.”

A top official of SID's leading affiliate in the U.S., the Overseas Development Council, specified to a journalist that the new bank would “have the power to eliminate the right of sovereign nations to issue credit on their own behalf without [the bank's] approval adding that it “would impose the same kind of austerity on advanced-sector countries and the U.S. that the IMF imposes on the Third World. In that way everything appears much fairer.” He said the draft proposal had had input from the ODC, the SID, the World Bank, the British Commonwealth (whose Secretary-General, Sridath Ramphal, endorsed the proposal at the conference) and “enlightened bankers” (see interviews below).

To give the plan the appearance of the “best deal possible” to developing sector leaders, the McNamara speech was preceded by a hardline statement at a conference panel by IMF Vice President Azizali Mohammed that the IMF would mount no bailout operations for Third World debt.

The McNamara plan, first floated by the Brandt Commission over a year ago, was identified at the time by economist LaRouche and this magazine as a program for global fascism. Its main feature is an agreement to regulate all international lending through one central facility. This new facility would issue its own currency, a form of paper money similar to the IMF's Special Drawing Rights. The U.S. dollar would be dethroned as the world reserve currency, accomplishing a longstanding goal of the City of London.

The new facility would end the power of sovereign nations to issue credit through their treasuries and central banks without the approval of the bank. In addition, the new facility would ensure that credit—both private and government—would go only for projects that it approved.

The plan is being sold to gullible developing-sector leaders as “anti-North.”

In his conference presentations and more frankly in an interview with the *EIR* (see below), SID ideologue Dudley Seers discussed the political dimensions of the McNamara proposals. Seers, the “grand old man” of the SID who is associated with the British Colonial Office's successor, the Institute for Development Studies at Sussex University, attacked the “Global Village” theme of the conference, arguing that only supranational entities on a continental scale, reminiscent of George Orwell's 1984 conception, could function in the future. Seers described his own efforts to pull together the continent of Europe, by “digesting” southern Europe into the Common Market during the 1980s, and Eastern Europe during the 1990s. According to Seers, the ideal structure is a continent-wide economic dictatorship

subsuming political-cultural entities defined by culture and language, without economic sovereignty, a design reminiscent of the Persian and Roman Empires—and more recently the British Empire. Seers also evasions the disintegration of the nation-states of the Middle East and Africa, which would come under the same kind of control.

Fascism at the ‘grass roots’

The other effort transmitted at the conference was the establishment of the “Grass Roots Strategies and Initiatives” (GRIS). Since 1969, the SID has been trying to sell the Third World on the desirability of “appropriate [i.e., low] technologies,” meeting “basic needs” rather than fostering development, and local rather than national and international development efforts, with very modest success. In Baltimore, the GRIS was touted as a means to recruit tens of thousands of local community organizers into the SID orbit in both developed and developing countries, to be used in actuality to attack Third World leaderships still committed to “Western” patterns of development.

While GRIS, less than a year old, is still embryonic, the voiced intention is to recruit zombies from the “Aquarian Age” kooks touted in Marilyn Ferguson's book *The Aquarian Conspiracy*. “New Age Consciousness” and cognate buzzwords of the Aquarian kook culture rang from podiums in numerous panels on “alternative life-styles,” “new frontiers of science” and grassroots organizing. The longest applause of the conference was given to the lunatic Ivan Illich upon completion of his speech on the necessity to restore the subsistence economy and way of life of the pre-industrial peasant village.

Will it work?

There is every likelihood that the SID will continue its evolution toward a fascist organization. But the problem that has plagued the Society since 1969, the difficulty of recruiting developing-sector agents to be used to destroy the developing sector, was not overcome in Baltimore. Three *EIR* representatives repeatedly broke the brainwashing environment by intervening to present reality in the form of the proposals for low cost, long-term credit for high-technology development worldwide, and the highest level of classical education, advanced by *EIR* founder LaRouche. Many of the Third World attendees, especially the Africans, the largest contingent from the developing sector, had no trouble recognizing the SID for the destructive organization it is, and sought to find out more about the LaRouche alternative. It was clear by then that the battle to control the minds of Third World intellectuals and political leaders has been far from won by the British Foreign Office and its appendages.

Interview: ODC spokesman

From a July 30 discussion with a senior official of the Overseas Development Council, which disseminates the Brandt Commission program:

Q: Are you familiar with McNamara's plan for a new world financial institution that he put forward at the SID conference?

A: We had some input into drafting the speech. So did many people in the leadership of the SID and at the World Bank. These ideas are really what Mabub ul-Haq has been saying for some time, also people in the Commonwealth office and people in the international banking community, the more enlightened ones, and of course people like Ted Heath and Willy Brandt and that whole [Brandt] commission.

Q: He is making this proposal in the context of what many perceive as a growing debt crisis. . . .

A: I would like to caution you about this crisis or what people say about it. First of all, most people don't perceive [it] yet as a crisis, although it is a crisis. With all that debt out there, there is still no country that has defaulted, everything seems so orderly. But there is chaos inside the system. The debt burden has destroyed the monetary system. So I know that McNamara is coming from a different direction. He is among those visionaries who recognize that we have had no monetary system since August 1971, that we need a new Bretton Woods. We have been running on empty for too long. His plan is a realization of some of the ideas of Mabub about the need for a new banking system.

Q: If nothing has gone wrong with the IMF and so forth, why do we need a new institution?

A: The problem is the decision-making process and enforcement of order. . . . The major thing that the McNamara proposal would do is create a new world reserve currency to replace the dollar. It would eliminate the power of the United States to dictate international economic policy and place it in a better forum than the IMF, this new institution. The new institution would also have the power to eliminate the right of sovereign nations to issue credit on their own behalf without [the bank's] approval. It would impose the same kind of austerity on advanced-sector countries and the U.S. that the IMF imposes on the Third World. In that way everything appears much fairer. . . .

Q: At the SID conference, IMF Vice President Azizali

Mohammed said that the IMF could not mount a bailout, even as large as the 1980 bailout, of Third World problem cases, nor did they politically desire to do so.

A: It is the last point that is important. You will have to look to the IMF board of governors' meeting in September to see how far they are going, but the IMF is definitely interested in provoking controlled crises to shake things up, to sound alarm bells about the debt situation. But the IMF is not credible as an institution to carry out these policies. It does not appear democratic enough for the developing sector. It can't be overhauled, so we need a new Bretton Woods.

Q: What would it take to get a new Bretton Woods?

A: You need a combined political and financial crisis to get people to accept a radical change. Until the financial crisis takes on the proportions of a Beirut, you won't have any motion. If one country goes over the edge, you'll try to solve that situation with a bandaid. If some banks are hurt in the United States, if they go under, well, that's a domestic or regional problem, so you solve it locally. You need a big fireball. But there are problems with that. . . . If things get too chaotic, what happens if the developing sector says, "Screw it all, these guys in the North don't know what to do. Let's have a new world economic order on our terms," and they declare debt moratoria. Then you have a mess that becomes difficult to work out—too many intractable positions. The crisis must be managed before it gets out of hand, but it will get sharper before there is any hope of action.

Q: Do you think there is a real possibility of Third World debt moratoria?

A: It is greater now than it was before, but it is still remote. It is more dangerous a possibility as the crisis grows sharper. The way such a thing would have to work is that all the Third World countries would have to do it. If any one or two did it, the banks would sink them.

Q: What would be the response of the North?

A: If they all did it, if the South said, "We won't pay and we won't listen to the IMF and now what are you going to do," the North would s--- bricks. Then they would maybe offer the McNamara proposal. And they would hope like hell that the South didn't know precisely what it wanted.

But let me go back to the question of how to get a new Bretton Woods, because I don't like thinking about a total Third World debt moratorium. The real problem is the United States. There are bankers that support the idea, but the problem is the government and more specifically the White House. They are totally uninterested. They hardly know the developing sector exists, except when there is war there. That is the problem—they will sit on their ass over in the White House until they get

their ass burned.

The thing that will shake them up is Mexico. You can take seven countries in the developing sector and push them over the edge, and the White House might not notice, even with United States banks screaming. But if one of those countries is Mexico, then it is a different story. Mexico is the only Third World country that Reagan knows exists. So the easiest thing is to force Mexico to the edge and that is already happening. That would panic people. You get a crisis in Mexico caused by their debt problems and their poor development policies, you plunge the country into chaos right on our border, and you have several other countries close to the margin as well, then you get people screaming for a new Bretton Woods from all sides. It is already starting to happen in Mexico, like I said. Just read the newspapers or look at the TV. It is going to get much worse. That will ring the bells in the White House. Mexico alone could do it.

Interview: Sridath Ramphal

From an interview conducted by EIR's Peter Rush with Sridath "Sonny" Ramphal, Secretary-General of the British Commonwealth, on July 20 at the SID conference.

EIR: There have been numerous articles in the Latin American press recently about the possibility of a debt bomb, where Latin America would use its debt situation as leverage to force some kind of debt reorganization. Have you heard any discussion of this kind of possibility?

Ramphal: I believe that the established agents in governmental positions are refusing to come to grips with the problem of international debt, and it is in that kind of vacuum that all kinds of approaches, some of them quite scary, will emerge. We have all been trying to emphasize the enormity of the debt problem, that there should not be a conspiracy of silence, which is the normal bankers' reaction: "Don't talk about it, it'll only get worse." But everybody knows that it is so bad that you know you have to talk about it because you've got to do something about it. We should come to grips as an international community with the enormous volume of debt. Otherwise, you will respond to one crisis today, say Poland, somebody else tomorrow, and you can handle a few; and then bang, there will be a crash, and you'll be back in the 1930s, and this is a situation in which we ought to be more intelligent.

EIR: What solutions do you see?

Ramphal: I think we have to impress the international community—this is what the Bank of International Settlements was saying—they are after all virtually the central bankers to the world banking system, and they were saying things are getting out of hand. But what to

do about it is the question.

EIR: What about debt renegotiation?

Ramphal: The banks wouldn't make that suggestion . . . I haven't got a blueprint, but the next step is, having recognized it, for North and South, creditors and debtors, together to sit down and recognize that we've got to negotiate this thing on a global basis.

EIR: Was Mr. McNamara's proposal the first you'd heard of his new bank?

Ramphal: No, the idea of an international central bank is one that the Brandt Commission has specifically proposed. However, I was glad to hear Mr. McNamara, I thought, in effect, endorse it. We think this is an important development.

EIR: How would the central bank actually work?

Ramphal: Again, it's a matter for negotiations. But the concept that just as a financial community at the national level needs the regulatory agency of a national central bank, so increasingly in an interdependent world we need a regulatory agency or an international central bank, properly structured, professionally run, so as to save the world from these recurring economic crises.

EIR: But how would it deal with these obvious questions of national sovereignty over currency?

Ramphal: I think that is the real challenge that faces us in the '80s and beyond. We have to come to terms—the Third World in particular, those with newest sovereignty, are most jealous of it—with the fact that we're living in a different kind of world, interdependent. . . .

EIR: How would the currency be differentiated from SDRs, for example?

Ramphal: Well, SDRs are clearly something for which the time has come. The Brandt Commission made it quite clear that they thought SDR should be used more effectively, and they are under the control of the IMF.

EIR: How would the currency of the central bank be different from SDRs?

Ramphal: No, it would be akin to SDRs.

EIR: Would it be like the IMF's SDRs?

Ramphal: That's right.

Interview: Dudley Seers

From a July 19 interview with Dudley Seers, a British subject and guiding light of the SID, conducted by Peter

Rush at the Baltimore conference:

EIR: In your speech you suggested that rather than a global village we might have continental villages. Are we moving toward a world in which continental blocs replace the era of the two superpowers?

Seers: I see two different points being asked: are things moving in that direction, and should they move in that direction. I think the answer to both is a qualified yes. We *are* trying to work in that direction, and are trying to break down some of the old scenarios, because they get in the way of one's thinking.

Let's concentrate on the case of Europe, which is the one I have studied. I believe the outside world is forcing it to become more unified, to work out common policies, such as on the Middle East, where it has a rather vague policy, but there are common policies emerging. There are many issues, the pressure of Japanese trade on the one hand and U.S. economic conflicts on the other, over the gas pipeline, over loan policies toward Eastern Europe, trade with Eastern Europe, and so forth, and also steel, on which European governments feel that by combining together on a common policy, they have more leverage in the world. The point I am making is that culturally, I think Europe feels more coherent not so much because there are inside movements for this, but because of outside events. People like Khomeini and so on make Europeans feel they have more in common, and realize they are different from Argentinian generals.

EIR: At the same time there is a tendency about which you have written that seems to be the opposite of this, the growing importance of smaller, ethnic groups.

Seers: In a way, the smaller groups have more of an opportunity in a continental context. For example, the Basques are happier in a European community than in the Spanish monarchy. It provides a partial solution to a regional problem. But I think to complete Europe logically you need Eastern Europe. So in the 1980s there is the question of the digestion of southern Europe, and it will certainly take the whole of the decade, in order to solve the policy problems and the money that needs to be spent and changes in institutions and voting in the Community and so forth. All those will take time. But the 1990s will be a period, I believe, of increasing links between the Community and Eastern European countries. Whether that will take the form of them joining or not, I don't know. You see, there are all sorts of treaty associations already, with Rumania for example, as there are with Turkey, so there are linkages which are more or less formal. I think ideally, I don't see that the socialist camp issue is such a tremendous one, providing that everyone accepts more or less the same rules of the game as far as pricing policies, monetary policies, and so forth. I definitely think this is possible.

EIR: You think the Soviets would go for this? Would

there be a quid pro quo?

Seers: Yes; I would see this linking with the breaking up of NATO. I think you can see a logical pathway to this. I think it [breakup of NATO] may well come about and then the Russians will be a lot less apprehensive.

EIR: We have the danger in the Middle East, especially if Khomeini defeats Iraq, of a balkanization of the Middle East, into a number of ethnic groups, the Kurds and so on. Lebanon looks like it may end up in two or three countries. . . .

Seers: That may not be entirely wrong. You see, some of these countries are very artificial, and many African countries are purely colonial creations, and they have the problem of irreconcilable groups, in Uganda, in Nigeria between the Yorubas and Ibos, and so on. These are not natural nations. I come back to this idea of cultural community.

EIR: Do you see it as a healthy development if certain ethnic and language families were to become political entities, rather than the nation-states they are now encased in?

Seers: I would think it would be. I think that although in a way any structural change does give an opportunity for external forces, political, economic and so forth, I think the resistance to the wrong type of development, wrong techniques, wrong assumptions, is better with a common ethnic base. I think the Basques may resist it more easily than the Spanish.

EIR: So would a Basque nation be preferable?

Seers: I would think so. I think as a general proposition there should be cultural cohesion in political groups. Now we have within the European Community the possibility of distinguishing between the economic groups and the political groups. I mean a Basque nation wouldn't make economic sense, but it would make political sense.

EIR: If it didn't make economic sense, how would it function?

Seers: Well, it still would deal with a lot of issues, all forms of local issues, while still keeping within Europe, its doors open to European trade, European capital movements.

EIR: What you are describing sounds similar to an idea going under the name "Europe of the Regions," used by the Pan-European movement, a right-wing group.

Seers: I also feel that, and I realize that this is a dangerous thing to say in some audiences, that this distinction between left-wing and right-wing is becoming much less important compared to the distinction between those who set the importance of cultural cohesion and nationalism high, and those who don't.

Conti's not the only one

Bad loans, excessive leverage, and a shaky deposit structure are jeopardizing other top American banks.

Continental Illinois of Chicago held a closed-door meeting with New York bank analysts Aug. 2 in an attempt to cover up the severity of the bank's problems. Conti's top management, according to one participant, "promised that Continental will exercise much better control and judgment over its loans."

But most of the bad loans Continental has to worry about have already been made. Continental is now simply the most prominent—though not necessarily the worst—case of a bank in trouble.

The London *Financial Times* on July 30 spotlighted Conti's problems because London banking circles want to see the major money-center bank for America's industrial and agricultural heartland to go down.

Continental announced in July that its second-quarter losses were \$61 million, and that its non-performing loans total \$1.3 billion, which is 3.7 percent of its total loan volume outstanding. But Conti is not honestly reporting its books. For example, Continental reported it is categorizing \$170 million in loans to Nucor Energy as current and performing, even though Nucor went bankrupt July 27. One would assume that performing loans are at least paying a small amount of interest, but that is a meaningless idea for a bankrupt company. Conti replies that its loans to Nucor are not bad be-

cause they are secured against Nucor's assets. But these assets, such as drilling rigs, are unsellable at even half the price in today's collapsed market.

Conti also classified a large portion of its \$150 million loan to the troubled Mexican Alfa group as performing, even though Alfa was forced to tell the world on Aug. 3 what everyone has known for three months—it is incapable of paying interest.

Conti's non-performing loans are thus probably four to five times the cited \$1.3 billion. Since this is much larger than Conti's reported capital of \$1.7 billion, were a significant portion of these loans to have to be written off, then Conti's losses would exceed the value of its bank capital, the technical definition of bankruptcy.

Senior American and British bankers reported Aug. 4 that Continental Illinois, which had to withdraw Aug. 2 from the pool of top 10 commercial banks that jointly circulate their certificates of deposit of \$100,000 or more, can not raise money through issuing CDs in either the United States or Europe. At the closed-door Aug. 2 meeting, Conti reported that it was obtaining funds from Europe; but as one source commented "We live in a 24-hour market. If Americans won't touch Conti's CDs, why assume that Barclays should?" Conti would have to pay an unaffordable 250 extra basis points if it were to mar-

ket its CDs.

Lastly, Conti is very much over-leveraged. Raymond Dalio, president of Bridgewater Associates calculates in a recent report that Conti's loan-to-deposit ratio is 111.1: for every \$100 in deposits, Conti has \$111.10 in loans. This emphasizes the significance of Conti's use of borrowed funds, including CDs, to make loans.

Dalio's view is that the entire domestic banking system is in Conti's shoes. "The American loan-to-deposit ratio is the worst it has been since 1929," Dalio stated Aug. 4. "Most American banks have many more bad loans on their books than they are willing to say."

First, almost four-fifths of all earning assets for banks are loans today, he reckons, whereas in 1945, American banks had only one-fifth of their assets as loans. In the 1940s and 1950s, banks had the majority of their assets in the form of Treasury bills or investments. Thus, the non-loan cushion in the event of loan defaults is now very small.

Second, Dalio reported that at the largest money-center banks, 50 percent or more of deposits are made by foreigners. In the case of Citibank, 72 percent of deposits are held by foreigners. Should foreign depositors withdraw 5 to 10 percent of their deposits from American banks, loans will have to be called in. This could bring down the American banking system.

Dalio commented, "I call this the failure period. Banks are writing off loans of failing companies that defaulted at a faster rate than any time since 1929. . . . The situation will get worse. I can't see anything that would turn it around. We're in the worst banking situation since 1929."

Taking the U.S. for a ride

'Domestic content' legislation would raise auto prices, wreck the industry, and promote trade war.

A bill in Congress sponsored by one of the leading Global 2000 enthusiasts would raise the price of autos in the United States by at least \$1,500, reduce auto employment, make locating foreign assembly plants in the United States prohibitive, scapegoat labor for the bill's passage, and possibly trigger an international trade war. Entitled highmindedly "The Fair Practices in Automotive Products Act," the bill is a shoo-in in the House; it could pass the Senate as an amendment and be stuck to the President just before election time.

The legislation (H.R.5133, S.2300) would require that above the first 100,000 units, an increasing percentage of "domestic content," i.e. parts manufactured in the United States, be contained in imported autos, beginning with the current 1983 model year. That would immediately eliminate 1.4 million of the present 1.68 million cars imported from Japan.

The bill's chief sponsors are hardly defenders of industrial growth. The House bill was initiated last December by Rep. Richard Ottinger (D.-N.Y.), infamous for his attempt to force population control upon U.S. foreign aid recipients, and Barbara Mikulski (D.-Md.), founding member of the new International Women's Resources Agency, which is dedicated to destroying "male-dominated" industrial society and restoring "women's productive activity in

household cottage industry."

The Ottinger bill is simultaneously a lesson in the economics of the auto industry, a case study in how the "de-industrializers" operate and a reminder how gullible the average American can be.

If 1.4 million Japanese autos were excluded from the United States, the immediate impact would be felt by the car buyer. Comparable domestically produced units cost an average of \$1,500 more than Japanese imports when reliability and longevity are taken into consideration.

The Japanese of course have no "domestic content" law, no import restrictions on autos from any nation and, unlike the United States, no tariffs on imports.

Primarily because of high U.S. interest rates, U.S. manufacturers cannot compete with the Japanese. Instead of Japan's 90 hours of labor per unit, the U.S. average is 120 per car, while interest rates in the United States are at least double those in Japan. For example, long-term industrial bonds, carry a 15.0 percent rate in the United States while comparable bonds in Japan are currently 6.6 percent.

If, because of the Federal Reserve System's usury, the companies cannot reduce costs to Japanese levels, they could easily increase prices once the major source of competition were banned.

Like the steel industry, auto would accelerate its move out of

production and into higher yielding financial investments, if it could obtain higher profits in a protected market.

Similarly the deeper the wage concessions granted by the union, the faster the companies diversify or reduce production. Domestic auto production would then fall, while presumably the manufacturers would announce a "new strengthening" of the industry.

The Ottinger bill would also prevent foreign car assembly in the United States since the imported parts would violate the "domestic content" requirements; and no foreign company could afford to build a complete production unit in the United States at current interest rates.

Congressional sources involved with the Ottinger bill claim not to be primarily concerned with the auto sector. They see this trade-war threat as one of the best means of forcing Japan to phase out its high-growth industrial system.

While the U.S. auto companies have kept a low profile on the bill, the United Auto Workers union has been unleashed to build popular sentiment for auto protectionism. The half-million-dollar campaign is based on the UAW claim of saving 800,000 American auto jobs, a falsehood that might make even Henry Kissinger blush. For the first time in its history, the union has sent a direct-mail appeal to all its members urging support for the bill.

Were the legislation to be passed, the prominent role played by the UAW in its promotion would lead Americans to ascribe rapidly mounting auto prices to the avarice of the UAW and, by extension, all organized labor.

Not another energy reorganization

The attempts by anti-growth moles to finish off the DOE should be rebuffed by Congress.

The Reagan administration is making a renewed push to gain congressional passage for the Federal Energy Reorganization Act of 1982, S.2562. Were this particular bill intended to ensure more effective federal backing for advanced nuclear and magnetohydrodynamic (MHD) energy R&D, it would fail to fulfill the purpose. Unfortunately, S.2562 is not even that.

Less than five years after Congress created a cabinet-level Department of Energy uniting nuclear, solar, and fossil energy programs with nuclear weapons programs, the administration has committed itself to dismantling the agency.

On May 24, about five months after the President announced that foolish proposal, Sen. William Roth, a Trilateral Commissioner, introduced S.2562. It was cosponsored by colleagues who knew better but had made a stupid back-room compromise—Majority leader Howard Baker from Tennessee, the staunch supporter of Clinch River Fast Breeder; Energy Committee Chairman James McClure (R-Ida.); and Armed Forces chairman Tower (R-Tex.).

A Senate source claims that S.2562 is "dead in the water" for this term, but largely for the wrong reasons: because it doesn't push alternative energy hard enough, and it retains an excessive nuclear program, in the eyes of liberal Democrats.

The new act proposes to take the bulk of present DOE responsibilities and dump them into the basement of the Commerce building, including the entire nuclear weapons program, approximately 40 percent of the Department of Energy budget. This program comprises some of the least understood and most vital areas of national defense research, and oversees the national laboratories—Lawrence Livermore, Los Alamos, Brookhaven, and so forth. It comprises all nuclear energy technology transfers, such as the provision of uranium for India's Tarapur facility. Given the preoccupation of Commerce Secretary Malcolm Baldrige with launching trade-war provocation against U.S. allies such as West Germany and Japan, the prospect of bestowing on him the entire array of civilian nuclear technology arrangements to wield in the form of energy blackmail is less than appealing.

The Senate Committee on Governmental Affairs, chaired by Roth, held hearings on this new piece of mischief on June 24. Secretaries Baldrige, Weinberger, and Edwards, along with David Stockman's Office of Mismanagement and Budget, all lined up to push Roth's legislation. Baldrige chanted a Friedman mantra: "The underlying premise of this reorganization is a reasoned reliance on the marketplace." This is a code-word for budget-slashing; in a widening

economic depression, it would destroy the precious research efforts in areas such as nuclear fusion and breeders which are the prerequisite for recovery and long-term prosperity.

Roth's effort is part of a process which began under the Ford administration, when the Atomic Energy Commission was dissolved into a branch of an amorphous Energy Research and Development Administration in 1975. This war against the actualization of an Atoms for Peace nuclear era, was followed three years later by RAND technology decoupler Rodney Schlesinger, who drafted the shape of present DOE. The valuable handfuls of top scientific and administrative veterans who avoided purge during this series of bureaucratic upheavals are likely to vanish if another reorganization further reduces the priority of energy.

The Reagan administration, following the advice of glassy-eyed David Stockman and Stockman's OMB assistant, Fred Khedouri, from the anti-nuclear Natural Resources Defense Council, has motivated the package by claiming multibillion-dollar budget economies. By their logic, perhaps we ought to throw the entire Defense Department into Commerce at the same time and really save!

The General Accounting Office, a research arm of Congress, issued its report on Aug. 2, disputing the administration's claims. GAO accused the administration of poor documentation and questioned any fiscal benefits. Others have noted that if budget-cutting were the sole or prime justification, it could be done far cheaper by cutting DOE programs where they are.

Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
	Jamaica/ U.S.A./U.K./ West Ger- many/Japan	The bankrupt Jamaican govt. has signed a countertrade agreement with General Motors. Under the deal—the first of several sought by Jamaica with major suppliers—Jamaica will pay for motor vehicles and heavy equipment made by General Motors in Europe and Japan with bauxite exports to U.S. metals companies and even the U.S. govt. Modalities of the deal are still confidential, but it is presumed that payments for much of the 6 mn. tpy of bauxite Jamaica ships to the U.S. will thus go directly into payments for imports needed to keep the beleaguered economy going. Jamaica's prime minister Seaga told parliament the deal "has the dual effect of saving foreign exchange as well as expanding the marketing of bauxite." Jamaica already supplies 45% of the bauxite to the depressed U.S. aluminum market, and it is not clear at whose expense or how GM would gain it a larger market share.	Seaga, anointed "the great white hope" of President Reagan's "free-enterprise model" for the Caribbean, has failed to bring in the foreign investment he used as his campaign slogan. The "free marketeer" is naturally turning to barter. Would GM like to market late-model Jamaican chickens?
\$9 mn.	Grenada/ U.S.S.R.	Grenada Prime Minister Maurice Bishop signed pact in Moscow for export of cocoa over next 5 years "at stable prices, which is of great value for our country." Bishop noted how collapsed cocoa prices had prevented revival of Grenadan economy. The Soviets are donating 1 mn. rubles of food, clothing, and other items to Grenada. Also providing \$7.7 mn 10-yr. credit at 3% on rubles for Grenadan shopping in U.S.S.R. First \$1.4 mn purchase is for 500 tons steel and 400 tons flour.	Low commodity prices create political opportunities in Third World for those who seek them.
	Cuba from U.S.S.R.	Cuba has agreed to Soviet plans to build 850 MW nuclear power station, Cuba's first. Construction will take 5 years.	Cuba going nuclear while most other developing countries forced to cancel plans.
\$250 mn.	Japan from U.S.A.	Japan Air Lines ordered three long-range Boeing 747s. Two will be Dash 200B passenger planes and one a freighter; all will have Pratt & Whitney engines. Japan Air has now bought 45 of the 747s. Order, while Japan Air is having losses and cutting employment, is a life-saver for Boeing, which has been hit by cancellations.	World trade is a 2-way street. In aircraft and other areas, Japanese buy American.
\$5 mn.	Iran from Italy	Breton di Castello di Godego of Rome is providing marble-finishing machinery for a new plant to be built outside of Teheran.	Monuments becoming a "growth industry" under Khomeini.
\$959 mn.	Iraq from South Korea	Iraqi govt. awarded contract to build 305-mile electrified railroad for high-speed trains north of Baghdad to Hundai and Nam Kwang Construction.	Iraq has continued infrastructure development, despite war and oil price decline.
\$106 mn.	India from U.K.	India will use consultants from the National Coal Board of England to develop Amolori coal mine, which will feed a 1,000 MW "super"-thermal electric station in Uttar Pradesh.	British govt. will finance \$53 mn. for equipment for the mine and guarantee other British costs. Lazard Bros. financing costs in India.

Business Briefs

Energy Policy

A break in the German 'nuclear freeze'?

The first West German nuclear plant construction license in more than five years has been granted. The permit, obtained by Bavarian Bayernwerk for its 1,300-megawatt KWU reactor, Isar II, is expected to be followed soon by approval for Lingen in Lower Saxony. Two similar reactors, Biblis-C in Hesse and Necharwestheim II in Baden-Württemberg are expected to be licensed within the coming year.

The de facto nuclear-plant freeze has been abetted by Interior Minister Gerhard Baum, a Free Democrat. Baum has come under strong pressure from industry.

The last reactor approved, Grafenrheinfeld in Bavaria, required 240,000 pages of paperwork to satisfy requirements from Baum's office. The four new reactors will be built by KWU, a subsidiary of Siemens, under a new "convoy" method of standardized design which is calculated to reduce construction time by about 25 percent.

East-West Trade

German banker's Soviet tour confirms pipeline

Deutsche Bank Chairman F. W. Christians' extraordinary three-week tour of the Soviet Union recently led West German bankers to conclude that the Soviets were deadly serious about the pipeline project, and strengthened the West Germans' decision to go ahead with the project at all costs, top-level German banking sources say.

Christians spent a week touring the Eastern Siberian gas fields, and was shown housing for 30,000 workers, including 10,000 women, who will move to Siberia for two to three years on a volunteer basis. The German banker, who

was a war prisoner in Russia and speaks fluent Russian, was "very impressed" by the ability of the Soviets to move such a large workforce into the sub-zero climate, a colleague says.

Christians also spent a week in Afghanistan, presumably evaluating for himself the political and military stability of the Soviets' southern flank.

Deutsche Bank was the lead manager in a syndicate of German banks who provided a DM 6 billion loan to further the Soviet pipeline last month, the largest-ever loan made by West German banks.

European Industry

Bonn reports a sharp decline in output

In the May through June period, West German capital-goods industry reduced output by a full 5 percent. The intermediary processing sector showed a fall of 3 percent.

According to figures released the first week of August by the Economics Ministry, the only industrial exception was construction, where output rose by 8 percent. The ministry notes, however, that "construction activity still remains under the already low average level" of 1981.

Overall industrial output for all sectors declined by 2.5 percent.

U.S. Industry

Harvester restructuring won't work

"International Harvester will find it very difficult to sell its construction equipment production facilities," reported Larry Hollis, analyst for Robert Baird, a Milwaukee-based stock brokerage firm, on Aug. 3. Harvester had announced July 29 that it plans to sell off its construction-equipment production facilities, which earned \$1 billion per year in revenues; close or sell off some of its

truck and agricultural implements facilities; and restructure its debt, including foregoing paying interest, as part of a sweeping "survival" plan.

The problem Harvester will have in selling its construction-equipment facilities is that any purchaser of the plant would have to assume the workers' unfunded pension liabilities at \$1.2 billion are twice the size of the value of Harvester's invested assets of \$580 million. If this two to one ratio obtains for the construction division, a purchaser might not be forthcoming. If a purchaser agrees to assume those liabilities, but offers no cash that would not help Harvester sufficiently.

High U.S. interest rates have reduced American farm implement producers' tractor sales (of over 40 horsepower) from 130,863 units in 1978 to 83,148 on an annualized basis for the first six months of 1982. American sales of combines has fallen from 31,494 units in 1978 to 9,298 units on an annualized basis for the first six months of 1982.

International Credit

Mexican Alfa Group renegotiates its debt

Mexico's industrial Alfa Group conceded to 150 creditors gathered at Chase Manhattan on Aug. 3-4 that it was unable to pay either principal or 70 percent of interest due on its \$2.3 billion foreign debt. Under the tutelage of Lehman Brothers Kuhn Loeb, Alfa presented a proposal for separately reorganizing each of the 15 companies in the Alfa group.

Alfa is trying to preserve total Mexican ownership of its HYLSA steel unit, one of the few Mexican companies which controls an advanced-technology process utilized around the world—one for the direct reduction of steel. The bankers are interested in acquiring HYLSA, one of the few profitable units of the combine, as partial payment for Alfa's unpayable debts.

The Alfa bankruptcy is being used to

try to shake open the doors of Mexico's industrial economy, which has grown rapidly in recent years through government subsidies and protection. The creditors, led by Lehman Brothers, are pressing to asset-strip the industrial giant to pay bank debts while continuing to negotiate with the Mexican government for further government credits to Alfa to pay off debt.

Lehman Brothers assured the other creditors that the Mexican government had assured Alfa that it would continue bailing out the firm at the same level the banks and management assume losses.

Domestic Credit

Interest-rate decline due to economic collapse

Last month's decline of U.S. interest rates, which saw the prime rate at major banks fall from 16 to 15 percent, is the direct result of an economic collapse, Federal Reserve staff economists believe. The decline is the result of lower cash balances in the banking system, and therefore lower reserve requirements at commercial banks, in direct relationship to the decline of economic activity.

The private view of the Federal Reserve is that the economic depression will continue without relief, contrary to Chairman Paul Volcker's public statements.

Declines in the so-called federal funds rate (the rate for overnight lending of banking reserves between major commercial banks), led the general decline in rates, Fed officials point out, noting that the rate fell from 14 percent in June to slightly over 11 percent during the first week in August. The fed funds rate slide was not principally due to Federal Reserve injection of funds into the banking system, Fed officials argue, but rather to lower reserve requirements arising from the declining rate of growth of the volume of checking account deposits.

Virtually all new borrowing is now "distress borrowing," i.e., a paper trans-

action whereby a corporation that can only pay interest by borrowing the wherewithal uses the proceeds of a new loan to immediately repay the bank. Such "distress borrowing" generates no additional checking accounts.

Therefore, the Fed staff has concluded, the high rate of growth of lending has continued while so-called demand for money has shrunk. Obviously, such means of easing interest-rate pressures only point to the overall weakness of the financial system. Despite the weakness in the economy, the \$50 billion per quarter rate of Treasury borrowing suggests another steep rise in rates in early fall, with even more devastating consequences for a corporate sector which has by all practical standards moved to the verge of outright bankruptcy under the Volcker regime.

Banking

Private credit to LDCs drops precipitously

Credit given by banks to less-developed countries fell by over 80 percent in the first quarter of 1982 compared to the first quarter of 1981. According to a report by the Bank for International Settlements (BIS), lending to LDCs dropped to \$3.1 billion in the first three months of 1982 compared to \$16.9 billion in the comparable period the year earlier.

The BIS reports that LDCs drew heavily on their deposits in banks, as did countries in the Soviet bloc, whose indebtedness declined by \$2.8 billion in the first quarter.

The Bank of England looks approvingly upon a policy of much more "selectivity" in bank lending to LDCs. The banks, said one spokesman, "will be much more selective. There will be tiering, premiums. The consequences are unpleasant, but they are sustainable." He claimed that the Euromarkets' rate of growth will decline from 20-25 percent a year to single-digit figures.

Briefly

● **JAPANESE** interest rates are being raised by 0.5 percent, bringing the prime rate to 8.9 percent, reports the *Japan Economic Daily*. The government was forced to raise rates on government bonds in order to market them successfully, propelling a rise in the entire interest rate structure. In addition, short-term rates have been hiked over recent weeks to stop the outflow of capital, which is seeking higher interest rates overseas, and weakening the yen.

● **JAPAN-INDIA** cooperation in construction and engineering projects in third countries was the subject of a conference in Japan beginning Aug. 5, attended by 400 firms from both countries. India would like to provide Indian manufactures, raw materials, and skilled labor for projects in partnership with Japanese capital, technology, and finance. India already has experience in engineering projects in the Middle East and Africa. The Indian delegation was led by Commerce Minister Virendra Patil while Minister of International Trade and Industry (MITI) Shintaro Abe headed the Japanese group.

● **SHAUL EISENBERG**, a former official in the Israeli Mossad linked to Dope-Incorporated networks, sealed an agreement last month on a feasibility study for a \$6 billion coal venture in Guizhou province, China. Earlier this year, a similar deal was made with Peking by Qaddafi-linked Armand Hammer for a coal-mining project in Shaanxi.

● **THE U.S. COMMERCE** Department has found a way to bolster the impression that an economic recovery is just around the corner. Commerce dropped the level of bankruptcies from among the components that make up the leading economic indicators. This year the number of bankruptcies is the highest since 1933.

How the Club of Rome intends to increase the global death rate

by Christina Nelson Huth, Features Editor

On March 18, 1980, the *Executive Intelligence Review* devoted its Special Report to demolishing the premises and findings of a study by Harvard Business School economists Daniel Yergin and Robert Stobaugh, which purported to show that it is possible to “decouple” energy consumption growth from growth in the overall economy. In this issue’s Economics section and in this Special Report, we continue the job of debunking such econometricians’ foolishness, with a series of articles on the progress of the LaRouché-Riemann economic model international research task force toward mathematical breakthroughs that will quantify for use in global economic forecasting and planning the causal relationship between the increase of energy-flux-density in economic processes and the growth of population potential in the economy.

This new breakthrough in the application of the LaRouché-Riemann model, aspects of which are reported below by Contributing Editor Uwe Parpart, puts in the hands of global development forces the means to indisputably expose Thomas Malthus and his “limits to growth” followers among the ranks of today’s population-control advocates as liars and hoaxsters. As Parpart reports, the population potential of the earth has risen, throughout human history, in quantum leaps corresponding to the application of new technologies, each distinguished from the preceding by an increase in its characteristic energy density. The human population potential today, with the application of modern fission technologies, Parpart reports, ranges up to 50 billion people. By these scientific criteria, the earth, and most emphatically those regions and nations known as the developing sector, *are vastly underpopulated*, and the task of national leadership is defined by the necessity to increase population growth potential through application of new, more energy-dense technologies to production in the economy.

The development of this new conceptual weapon against the Malthusians comes not a moment too soon. Those prestigious agencies, such as the World Bank and the Club of Rome, which have for the past decade and a half led the campaign to end world population growth through restriction of energy



H. Parymple United Nations

Ugandan children waiting for a meal at an emergency center in Karamoja province. Club of Rome sympathizers have moved from a "zero population growth" slogan to openly advocating a higher death rate.

consumption and technology investment, are now facing the disastrous and genocidal consequences of their long-time policies in the form of accelerated economic collapse in the industrialized nations, and economic collapse accompanied by famine and natural disaster in the developing sector. Their response to the crisis? A shift from espousal of mere zero population growth, to open calls for negative growth—a policy which their esteemed predecessor Parson Malthus correctly asserted could be implemented only by *raising the death rate*, that is, killing off people who are already born.

As Robert McNamara, former president of the World Bank, put it, the killers famine, war, and plague, are the most efficient means of lowering the world's population. Jay Forrester, co-author of the Club of Rome's founding document *Limits to Growth*, who has recently released another econometric model hoax asserting that over-investment in technology is the root cause for the depression in the U.S. economy, is only slightly less explicit in his prescription for mass death in India and other Third World nations.

Faced with these grisly formulations, the ordinary moral reader may ask why the population-control advocates would go so far as to endorse genocide in the furtherance of their objectives. Julio Silva Colmenares, the respected Colombian economist whose recent address to the International Caucus of Labor Committees conference in New York we summarize in this Special Report, had an answer to this question. Describing the World Bank program under which his nation was made a guinea pig of the population controllers at the end of

the 1940s, Silva Colmenares reports that the anti-natalist lobby is and always has been run by the international oligarchy, which fears normal robust population growth in the developing sector as a threat to its continued control over the world's "limited" natural resources.

Endpoint: the Roman model of collapse

Steven Bardwell documents below, that this oligarchy has been eminently successful in ensuring the application of its anti-technology and energy conservationist formulas to the U.S. economy. With the propaganda cover of such hoaxsters as Stobaugh, Yergin, and Forrester, disinvestment in the nation's labor force and in the infrastructure, plant, and equipment upon which the economy depends, has brought America to the point of demographic and productive collapse.

What is the endpoint of the application of the oligarchist scheme for total population control? The most devastating historical example of the genocidal effects of this model is the Roman Empire. By 600 A.D., two generations after Rome's fall into the millenium-long Dark Ages, the population of the Mediterranean world was reduced to 40 percent of that which lived 400 years before. As Kenneth Kronberg elaborates below, the Roman oligarchy accomplished this devastation by the same means being used by the population control oligarchy today: a refusal to introduce modern, advanced technologies, genocide against subject populations, and promotion of a cultural decay in Rome itself which soon rendered the elite of that city unable to reproduce itself biologically.

The link between energy use and population growth potential

by Uwe Parpart, Contributing Editor

Uwe Parpart, EIR Contributing Editor and research director of the Fusion Energy Foundation, was the keynote speaker of the panel on "The LaRouche-Riemann Model: A Study of World Population and Energy" at the July 4 afternoon session of the International Caucus of Labor Committees semi-annual conference in New York City. We print here edited excerpts from Mr. Parpart's keynote.

In the aftermath of the 1973-74 oil crisis, many people suggested that in order for the economies of the advanced sector to deal with the situation it would be necessary to shift from a relatively advanced, energy-intensive economy, to relatively less energy-intensive economies. Specifically, proposals were made to substitute labor for energy, to reverse what were at that time almost 200 years of movement of the advanced sector economies in the opposite direction.

To a significant extent, this has actually occurred in the economy of the United States and also in several other advanced sector nations. And not in small part, the present difficulties and dangers inherent in our immediate economic situation are due to that particular fact.

In this same period people like the Joint Economic Committee of the Congress, under the leadership of Ted Kennedy, proposed the possibility of reducing energy consumption in the United States by up to 40 percent, while at the same time maintaining economic growth rates which they regarded as sustainable at a level of 2 to 3 percent per annum in GNP terms.

Initially this sounds like a crazy proposal, but it becomes clearer what is intended when the internal composition of the economy is studied. It is quite possible to realize economic growth in GNP terms, specifically in the service sector and the so-called tertiary sector of the economy. This service-sector growth gives the appearance that the economy is growing, while in fact the production side of the overall economy is falling apart. There is no question that apparent economic growth in the service sector can be realized with great energy savings if there is a shift, for example, from steel production into putting up gambling tables in Atlantic City.

Undoubtedly, the gambling tables, for unit of dollar output, take a lot less energy input, and therefore "energy savings" are realized.

The U.S. economy has been doing this now for at least five to six years, and we are facing the results right now. There is a longer-term process, which started in the mid-1950s, of the internal shift from the manufacturing and agricultural sector into the service sector, and this longer wave of development interacts with the shorter-term substitution of labor for energy.

The critical point to keep in mind is that we have at this moment a situation about which short-term accounting parameters no longer tell the story. It is precisely because of this that all the traditional econometric models—the Wharton School, Data Resources, Chase Econometrics—have failed miserably, while our own model, which has taken into account these critical boundary conditions of the evolution of the economy, has been capable of making very accurate and very precise predictions. Under normal circumstances where, for example, this labor-energy substitution did not occur, one could have expected other models to perform reasonably well by simply predicting existing trends linearly. But normal conditions are no longer the case.

The economy has, in fact, undergone a phase change and continues on a downward spiral, which is extremely dangerous. The very people—and I think this is the most frightening element of this whole situation—such as Paul Volcker and others who have thrown us into the depression that we are facing, have little or no understanding of what determines the long-term behavior of the economy. The people who are evil are simultaneously so stupid that they cannot actually find a way of evaluating the consequences of their evil deeds.

A new world population model

We have begun the process of putting together a world economic model on the basis of the concept of potential population density, which Lyndon LaRouche has proposed specifically in his writings for several years. We are now in the process of trying to quantify

the relationship between population growth and energy use in the economy.

The basic idea is quite clear and straightforward. The idea is to treat the notion of population potential as a potential function, and to look at the time-evolution of a potential population, very much like temperature or other functions in physics.

What we see is actually an ordered sequence of connected potential surfaces, which represent given population densities and given points in time. They are connected in their upward ordering of population density potential by major changes in technology. The major changes in technology can in turn be described quite efficiently in terms of the concept of energy-flux-density. We are trying to develop an ordered sequence of potential surfaces of increasing complexity connected by increasing energy-flux-density, defining the actual potential at any given level.

Energy use and population growth

How is this population potential defined and what are the principal figures involved in this? This has to be measured, as I said, mainly in terms of energy-flux-density. In the year 1800, we know roughly the total amount of energy that was actually used by mankind. And between the year 1800 and the year 1975, for which we have measured these figures, there has been a 350-fold increase in actual energy production on a world scale. In this same period of time, there has only been a roughly fourfold increase of the total world population.

In the last 100 years or so, as late as 1850, the energy-flux-densities associated with this large multiplication of total energy production were very, very limited. For example, as late as 1815, nine-tenths of all energy produced and consumed in the U.S. was firewood, which, in fact, represents the lowest energy-flux-density that we could have conceivably come up with at that time. When the United States was operating in 1850 on solar biomass, this was at an energy-flux-density of about 10^{-6} megawatts per square meter. We are, by and large, meeting our energy needs now in energy-flux-densities of between 10 and 50 megawatts per square meter in the United States and in the entirety of the advanced sector. The gain of the efficiency associated with that is precisely what defines the possibilities for increasing the population potential.

In agriculture as well this principle applies. In considering the energy used per hectare for rice production, we see that the higher the energy-flux-density on the input side, the more energy in effect is saved because the energy needed to produce a ton of rice varies inversely with the amount of energy input.

In industry various types of engines, mainly steam-powered, that have been developed since the late 17th century, have raised energy-flux-density. The steam

engine in its original form, had by 1796 achieved a conversion efficiency of about 5 percent, which is extremely low. The converse of this proposition is that the fuel consumption in kilograms per kilowatt hour of these kinds of engines was very, very large indeed. The utilization of these engines did not significantly extend the actual power of man over nature in those circumstances. In the second half of the 19th century, however, the major technological innovations of the Industrial Revolution were realized. The modern, latest-developed turbines give us a 40 percent efficiency and a simultaneous decline in fuel consumption in kilograms per kilowatt hour. Here is demonstrated a very close correlation between the energy-flux-density and efficiency on one hand, and the actual relative—but not absolute—savings in fuel consumption.

The same thing can be measured indirectly by looking at the composition of industrial production. Percentages of what you might think of as total economic activity expended in the actual production in these categories (averaged figures over Western Europe and the United States) show that in the year 1900, 27 percent was expended on food production. By 1955, this percentage had dropped to 12 percent. Textiles had dropped from 20 percent down to 8 percent, basic metals rose from 7 percent up to 9 percent, with a slightly higher period which covers the war years. The most interesting categories are the last two: metal products such as machine tools, which more than doubled from 16 percent to 34 percent; and chemicals, which almost tripled from 5 percent to 14 percent.

It is the last three categories which represent the high energy-flux-densities in industry, and the previous ones which represent much lower energy-flux-densities. There is a wholesale shift in internal composition of industrial manufacturing from lower to higher energy-flux-densities and that, in turn, has a lot to do with the increase of the population potential.

The best figures we have representing energy-flux-density are figures that were assembled by a West German utility company (REW) of the Ruhr region, the largest supplier of energy in West Germany. If you take the total world land area, you can see the figure of .054 watts per square meter. This represents energy consumption for all purposes, household as well as industrial uses. If you look at the continental United States, you have 0.26. West Germany has about four times the energy-flux-density of the U.S. at 0.96. The Ruhr region is the most industrialized region in the world, at 16.6.

These figures, if our general outlook is correct, should translate more or less directly to production efficiencies, and that's precisely the way it shapes up. If you look at production in normalized dollar terms (1978), and look at the amount of tangible goods in agriculture and industry produced per square kilometer

in the world as a whole, the figures are \$50,000 per square kilometer for the world as a whole; for the continental United States it is \$200,000, about four times as high, which corresponds quite nicely to the multiplier in terms of energy-flux-density. In West Germany, the figure is about 10 times as high again. The productive output of a square kilometer of surface in West Germany is actually \$2 million; so basically that indicates 10 times the productivity of the average German worker compared to the average American worker.

If one now compares population, dollar GNP and per-capita kilograms-of-coal-equivalent (that is to say, energy contained in a kilogram of coal per capita), you will see that in the United States, the GNP per capita at this point is \$8,800 while the kilograms-of-coal equivalent consumed per capita is 11,500 kilograms. When you look at the last figure, in the case of West Germany, the average income in GNP terms is \$9,500 per capita now. However, the energy consumption is only about 6,000 kilograms coal equivalent per capita; that is, roughly half of what it is in the United States. This is due to distortions largely as a result of population density—because the larger population density in West Germany actually brings down the transportation costs, and transportation, in fact, accounts for close to 20 percent of total energy consumption in any advanced-sector country. In the case of the Soviet Union, the GNP per capita is \$3,500, and the energy consumption per capita is 5,500 kilograms-coal-equivalent per capita, so a similar distortion is present there.

The U.S. demographic collapse

The United States at this point in time, much as all other advanced-sector countries, is actually losing people, and losing them at an increasing rate. The figures that were recently published in the *New York Times* in February of this year for New York City and for the United States are extremely telling and very important. The youth population in New York City, that is to say, people under 18 years of age, declined between 1970 and 1980 by 21 percent. This translates into a net loss of about a million and a half young people. Now someone might suggest perhaps they left New York City and went elsewhere, went South, went to Houston, Texas, or what have you. This is not the case; the figures for the United States are also down, though not by the same percentage. The total decline in actual youth population in the United States in the last decade is close to 6 million; and this translates into a percentage decline of 8.5 percent.

The additional population pressure we're looking at in negative terms actually comes from a direct medical connection between the unemployment rate and deaths per year. There was congressional testimony on this several months ago to the effect that every 1 percent

increase in unemployment translates roughly into 50,000 deaths per year. That is to say, every time there is a 1 percent increase in the unemployment rate in the United States, at the end of the year in which that increase occurs there will be 50,000 fewer people alive than there would otherwise be. If you look at the increases in the unemployment rate over the last several years, it is obvious that the death count directly due to Paul Volcker's high-interest-rate policy probably is no less than several million people. We are talking about a situation in which we can directly lay the deaths of those people at the doorsteps of the United States Congress, of Paul Volcker, of the U.S. government, each of whom has found it impossible to reverse this situation.

It is not so much the so-called crude birth rate that, in the relative short term, determines actual population size and development, but actually the death rate. For example, the crude birth rate in Europe in 1750 was about 35 to 40 people per thousand; the crude birth rate in the developing sector at this point is roughly the same. That is to say, the industrial development that occurred in the 19th and 20th centuries in the advanced sector, while it changed the birth rates in the advanced sector to some extent, did not change them in the Third World. What led to the major population explosion in Europe from about 1800 on was not a change in the birth rates, but a very rapid decline in the death rate.

The major population explosion, as people called it, which occurred in the post-World War II period in the developing-sector nations, is due to the same phenomenon. While the crude birth rate essentially stayed the same, the death rate decreased quite dramatically, though not nearly as far and to the low level realized in Europe. The decline was to a level of about 15 to 20 deaths per thousand live births (rather than to 10 to 15) in the Third World sector nations at this point in time. This largely accounts for the apparent rapid population growth in the developing nations.

In a certain sense, Malthus was right—that actually the only way in which you can find ways of reducing the population growth rate is through increase of the death rate, and hardly anything else will work. Anybody who talks today about population growth reduction knows precisely that.

We are saying, therefore, that the people who write reports like *Global 2000*, like *The Limits to Growth*, and so forth, are not simply making predictions, but, in fact, are making policy proposals that are fully intended to be acted on. The population potential on the Earth right now is 30-50 billion people. We are nowhere *near* that. So if anybody wants to cut down population growth, the only way to do that, being that we are so far removed from that total potential, is by deliberately increasing the death rate.

How world population potential has grown

During his presentation of the progress on the La-Rouche-Riemann world energy and population model, Uwe Parpart identified three major periods of human development, which he distinguished in terms of energy flux density and population potential.

Repeated leaps in human society's energy flux density and population potential, Parpart demonstrated, refute the neo-Malthusians' claims that there is a fixed point at which the earth becomes overpopulated.

The first major period of human population growth reached up to about 10,000 B.C. The most accurate scientific information at this time indicates that 10,000 B.C. marks the transition in the most advanced regions of the world economy from a hunting-and-gathering society to an agriculturally based society—the Agricultural Revolution. Total world population at that period was no larger than 10 million people, but was probably approaching 10 million, a figure which can be considered the actual population potential for the human species at the hunting-and-gathering stage of economic reproduction.

One way that this population potential figure can be tested is by reference to contemporary hunting-and-gathering tribes in the Kalahari desert, which use about 15 square kilometers per person to sustain their existence in the hunting-and-gathering mode. The total habitable land surface of the earth is about 135 million square kilometers: if this is divided by 10 million, the result will be about 12-15 square kilometers.

A major increase in population growth occurred following the Agricultural Revolution. From the year 7,000 B.C. on, extremely rapid growth of the human population was taking place, and by 3-4,000 years before Christ there were several hundred million people on the earth. We know that in the year 2,000 B.C. and later there lived close to 150 million on the Indian subcontinent alone.

However, the population potential of the human species in the entire period from 10,000 B.C. to the turn of the 18th century, probably could not and would not have exceeded 1 billion people. In the year 1750, it is estimated that there lived about 650-800 million human beings. There exist fairly accurate population figures for the second half of the 18th century, and they indicate strongly that population potential at that time and for that mode of economic reproduction could not exceed 1 billion. Another indication that a potential population density of about 1 billion was not to be exceeded is the fact that even though there were no major wars of depopulation like the Thirty Years War (1618-48) during the 18th century, the population growth rate during the second half of the century fell to about .3 percent on a world scale by 1800.

Then followed the Industrial Revolution. This change in mankind's mode of reproduction ushered in the most rapid population growth in human history. A look at the second half of the 19th century, the period during which there was economic realization of the technological advances of the first half of the century, shows enormous population growth rates. For example, in the territory which is now East and West Germany combined, there were 17 to 18 million people in the year 1800. By the year 1900, this population had grown to 70 million, that is, a fivefold increase in about a century's time. In that same period of time, at least 10 million native born Germans migrated to the United States.

How was this growth rate sustained? What are the actual parameters of economic development that correlate to such a growth rate, and what kind of conclusions can we draw from the kind of economic and population growth that occurred during this period?

The population potential defined by the Industrial Revolution was specifically defined by two breakthroughs in technology: the steam engine particularly as it was perfected in the form of the internal combustion engine, and electricity. With the rise in energy flux density brought about by these new technologies, the population potential of the human species rose by approximately two orders of magnitude over what it was in 1800.

If we consider only two-thirds of this figure to be optimum, and project worldwide population figures in terms of a population density roughly that of India—200 people per square kilometer—at least 30 billion people could live on the earth's habitable 135 million square kilometers.

The United States is failing to reproduce its population

by Steven Bardwell, Editor-in-Chief, *Fusion* magazine

Over the past 15 years, the United States has failed to reproduce its existence as a nation. Culturally, educationally, and even biologically, this country is rapidly devolving.

The United States has not maintained the physical plant necessary for a modern industrialized society: the housing stock, economic infrastructure, and the productive machinery of the nation are decaying more rapidly

than they are being replaced, let alone upgraded.

The skilled manpower resources of the country are also being eroded. Skilled workers are retiring faster than new workers in critical trades like machinists, and tool and die makers can be trained. Perhaps least understood of all, America, for seven years, has maintained a birthrate and family formation rate which guarantees extinction of this country within a century.

Citydwellers in the United States can see that their own lives are declining because of unrepaired streets, poor city services, and decaying mass transit. But this situation is by no means confined to the nation's major older cities. As **Figure 1** shows, the condition of the infrastructure of the United States is abominable. The country's interstate highway system is falling apart; a large percentage of roads and bridges are beyond repair and in need of replacement, and the urban service infrastructure (i.e. water supply, sewage disposal) is accumulating needed repairs much faster than such repairs are being made.

Too little investment, of the wrong kind

The situation with the plant and equipment of the U.S. economy is similar. **Figure 1** also shows some revealing statistics concerning the reproduction of capital investment over the immediately preceding period. For example, the average age of U.S. machinery is 7.1 years. In the past two years, this figure has increased by more than one year; this means that the national rate of capital investment is so low that existing machinery is not being replaced. A series of studies conducted by the *EIR* economics group generated an estimate of actual capital investment being made in the United States. After subtracting the *EIR* estimates for replacement expenses (that is, maintenance and depreciation) of existing capital from the actual investments made, the resulting new capital investment is *negative*, ranging between -\$72 billion per year to -\$130 billion per year. These studies estimate that each year for the past five, there has been underinvestment of this amount.

Figure 1
Capital deficit for United States (1980)

Category	
Capital investment¹	
Average age machinery	7.1 years
Average age plant	17 years
% older than 20 years	35%
Real investment per year (high)	-\$ 72 billion
Real investment per year (low)	-\$130 billion
Infrastructure²	
% roads beyond service life	20
% bridges beyond service life	13
Cumulative underinvestment (roads and bridges)	\$700 billion
Cumulative underinvestment (water services)	\$ 60 billion
Cumulative underinvestment (New York City)	\$ 40 billion
Cumulative underinvestment (Cleveland)	\$ 1 billion
Housing deficit per year	2.5 million units

Notes:

¹ Council of Economic Advisors, 1980 and 1981. Joint Economic Committee to Congress, March 1979.

² Council of State Planning Agencies, 1981.

The cultural decline that has shown one form in the decay of the U.S. population takes another form in the decay of the physical plant of the United States. Figure 1 summarizes some of the most shocking aspects of this decay. Comparisons in some categories with other countries are available: the percentage of machinery over the age of 20 years in Japan, for example, is less than 1 percent!

It is important to note that the problem is a compound of two different effects. First, there has been a massive underinvestment in quantitative terms; insufficient funds have been spent on capital over the past 15 years. Secondly, tax laws, inflation, and accounting procedures penalize capital-intensive investment. These have completely crippled national investment.

For example, the U.S. steel industry, in many ways a case study for what is wrong with the entire economy, has invested over the past 20 years slightly more in capital equipment and plant than its Japanese competitor. For that approximately \$100 billion investment, the Japanese were able to purchase roughly 90 million tons per year additional steel-making capacity. However, for the same investment, the U.S. steel-making capacity actually *decreased*. The investment strategy was totally different in the two countries; the Japanese concentrated their investment in from-the-ground-up greenfield plant construction, using the most advanced technologies of continuous casting, integrated processing and transport, and the like. The U.S. investment, on the other hand, was almost totally in repair of old steel-making capacity—repairing already outmoded technologies. The result for the U.S. industry is an artificially bloated figure of capital stock, a completely unrealistic estimate of depreciation, and, worst of all, a secularly increasing average age of capital and decreasing productivity.

U.S. workforce: smaller, less skilled, less motivated

The reproduction of skilled manpower in the United States has suffered a similar fate over the past 15 years. As many commentators have noted, the U.S. industrial

**Figure 2
Reproduction requirements for workforce**

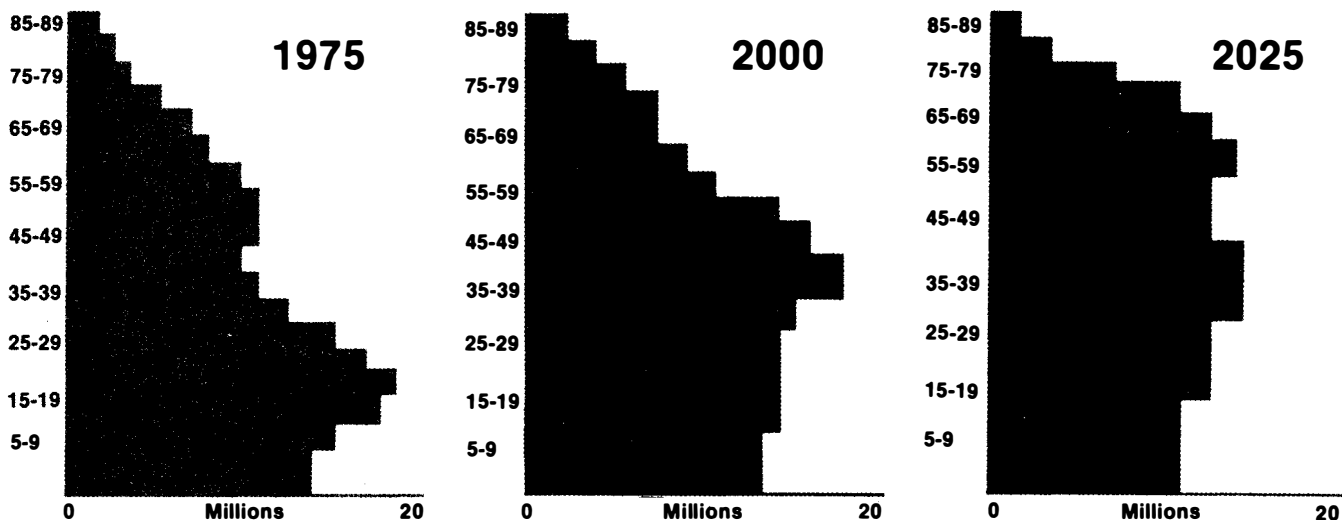
Category	
Machinists and die makers	
Annual retirement	31,000
Annual trainees k	5,000
Annual graduates	2,400
Mold makers	
Cumulative deficit (1980)	40,000
Metalworkers	
Cumulative deficit (1980)	250,000

The most fundamental prerequisite for cultural and economic reproduction is that the skilled labor force of a nation remain intact. At the very minimum, the number of retirees in a given necessary skilled job classification must be matched by the graduating apprentices in the same field. Figure 2 shows reproduction figures for some key categories of skilled labor in the United States. The cumulative deficit shown in the last two categories is the result of a now-decade-long period of under-reproduction of the workforce.

workforce has become less skilled, smaller, and less motivated. These generalized problems have shown up in the tremendous lags in military production, in the very slow productivity growth of American industry, and in the many unfilled skilled jobs.

Figure 2 quantifies this situation for some of the most critical skilled job categories in the United States. Although the astounding shortages in these categories are not unique to the United States, they have a very different significance than, for example, in the case of

**Figure 3
Age structure of U.S. population.**



Japan. Japan is estimated to have at least 850,000 unfilled skilled and unskilled positions in industry. However, these empty jobs are due to a much higher rate of economic growth than population growth, resulting in too few people for the jobs, not too few people of the required skills. This demographic shortfall is due almost entirely to a very successful birth-control program instituted by the Japanese in the early 1960s. It resulted in a quite predictable effect 20 years later: a dramatically reduced number of new entrants into the job market.

The U.S. labor shortage is *not* demographic. It is a question of *deteriorating skill levels* in the population. This problem extends from the skilled blue-collar jobs into the most highly skilled engineers, computer scientists, and teachers. And statistics indicate that the frightening problem will get worse: last year Minnesota certified only one new mathematics teacher for elementary and secondary schools. Out of 15,000 teachers certified last year in New York, only 30 were certified to teach chemistry.

Zero growth by the year 2000

The underlying causal factor responsible for this lack of material reproduction of the United States is perhaps best demonstrated by **Figure 3**, which shows the population structure of the United States over the next 50 years. The immediate prospects are of a period of negative population growth, increasingly high average age, and fewer and fewer children born each year. These trends will exponentially increase, if we assume only that the present fertility rate and family formation statistics remain constant. That is, we have made the conservative assumption that the recent drop in the U.S. fertility rate will stop, and that the fertility rate will remain constant. Even under this assumption, America will reach zero growth by the year 2000, and the population will begin to fall exponentially after that.

Many commentators have assumed that such a demographic self-destruction by a country is impossible, because as soon as the population reaches zero growth, fertility will rise to replacement rates. This assumption might be plausible—except for the fact that the cause of the present low and declining fertility rate is a *deeply rooted cultural pessimism*, reflected in the economic statistics noted above. Other industrial countries are already far advanced along this road. West Germany, for example, has such a low fertility rate that with every generation the number of native-born Germans decreases by 20%! The ancient civilizations of Hellenistic Greece (about 250 B.C.) and the Roman Empire both collapsed from internal demographic decline before they were externally conquered. History offers little hope for a “natural” reversal for a culture which is not reproducing itself.

The Roman model of mass depopulation

by Kenneth Kronberg

Examination of the demographic features of the Roman Republic and Empire provides a striking commentary on the genocidal effect of the global population policies proposed by the Club of Rome today. The Romans rejected technological innovation in favor of “appropriate technologies,” looted the workforce below the economic level required for population expansion, and promulgated a mass culture of Dionysiac cults and homosexuality which discouraged the growth of families. The result was the collapse of Mediterranean civilization into the Dark Ages, from which humanity struggled to recover for a thousand years.

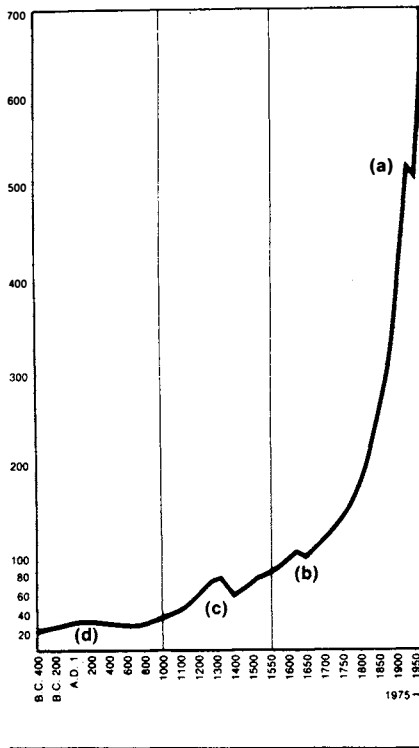
Figure 1 graphs the population of Europe since 400 B.C.; the rapid growth since the Industrial Revolution is evident (note that the horizontal scale is attenuated twice, after A.D. 1000 and A.D. 1550, in order to avoid an almost vertical incline over this period). The scientific development of agriculture and industry since the Golden Renaissance appears here in the ability of European society to support a vastly increased population; we see also the short-term impact on population of the depression and wars of this century (a), of the Thirty Years War of the 17th century (b), and the devastation of the Black Death precipitated by the collapse of the Italian banking houses of the 14th century, in which at least one-fourth of Europe’s population perished (c).

The portion of the graph marked (d), lying between 400 B.C. and A.D. 1000, shows the period when most of Europe was under Roman control. Here we see a gradual population increase until A.D. 200, followed by a gradual decline until A.D. 600, when the trend reverses and the population begins to grow again. The period following A.D. 200 marks the end of the *Pax Romana* and the beginning of the “decline” of the Roman Empire.

Figure 2(a)-(d) focuses on this period, and compares the population of Europe to that of the entire territory ultimately dominated by Rome at its greatest extent, to that of Italy itself, and to that of Greece. (The scales of these graphs have been adjusted to facilitate comparison.)

Rates of population growth and reduction appear as anything but gradual in this close-up. The combined

Figure 1
European Population,
400 B.C. to Present
(millions)



population of Roman and non-Roman Europe in A.D. 600 had plummeted to only slightly above what it had been in 200 B.C., while the population of the entire Roman world, including territories in Europe, Africa, and Asia, was substantially less in A.D. 600 than it had been 800 years before. From a maximum population of about 47 million, the Roman world had shrunk to about 29 million, or almost 40 percent!

The population of Italy during this period rose and fell in a similar manner [see Figure 2(c)], except that the crisis point was reached about 200 years earlier.

The population of Greece [Figure 2(d)] declined almost continuously from the defeat of the Golden Age of classical culture until after A.D. 600, when the Mediterranean world began to recover from the Dark Ages collapse of Rome.

Figure 3 reflects these trends in a

Figure 2a
Population, 400 BC to 1000 AD (millions)

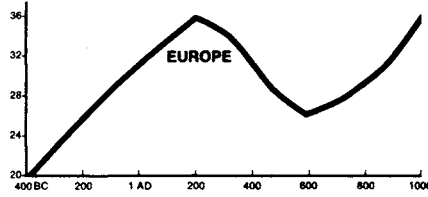


Figure 2b
Roman World Greatest Extent

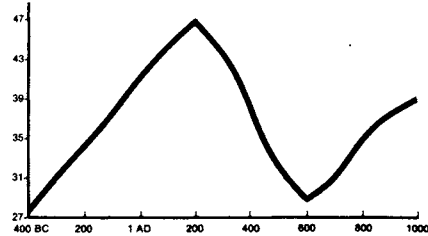


Figure 2c

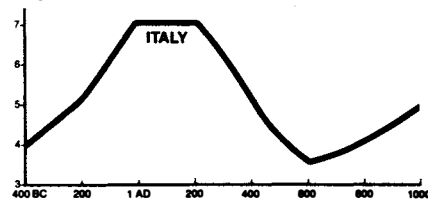
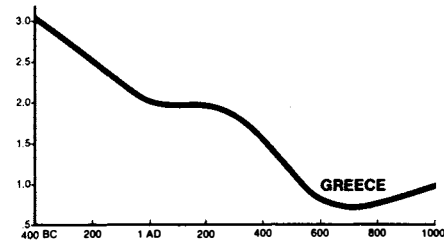


Figure 2d



comparison of population densities of Italy and Greece. In 400 B.C., at the height of their power, the Greek city-states were able to sustain an average population density of 23 persons per square kilometer, as a result of their application of scientific techniques to agriculture and industrial production. This was almost five times the average population density of the less-developed areas of Europe overall, and was also the maximum level of population density achieved in Roman Italy. This level was not reached again in Italy until approximately A.D. 1200; England could not sustain this density of population until the early 15th century.

Roman Italy was never able to sustain a greater population density than that of Greece because the Romans never surpassed the level of Greek technology available in agriculture and production. In fact, the Romans refused to introduce available technologies, for instance water mills and mechanical pumps.

The process that led to the stagnation of the Italian population by A.D. 1 is shown even more clearly in Figure 4, where emigration from outside Italy, particularly of slaves, has been discounted. Here we see that although the total population of free adult males counted in the Roman census rose from over 200,000 to almost 800,000 during the period from 200 B.C. to A.D. 1 [Figure 4(a)], the rate of population growth over this period slowed down from an initial 1.5 percent to almost zero [Figure 4(b)]. That is, by the time of the birth

Figure 3
Population density, 1000 B.C.-A.D. 600

	1000 B.C.		400 B.C.		200 B.C.		A.D. 1		A.D. 200		A.D. 400		A.D. 600	
	Total	/km. ²	Total	/km. ²	Total	/km. ²	Total	/km. ²	Total	/km. ²	Total	/km. ²	Total	/km. ²
EUROPE	10m	2.7	20	5.2	26	7	31	8.3	36	9.7	31	8.3	26	7
GREECE	1	7.7	3	23	2.5	19	2	15.3	2	15.3	1.5	11.5	.8	6.15
ITALY	2	6.6	4	13.3	5	16.6	7	23.3	7	23.3	5	16.6	3.5	11.6

Italy, 1200 A.D. = 24/km.²
England, 1377 A.D. = 19/km.²

Figure 4a

Peninsular Italy Population, Adult Males (adjusted)

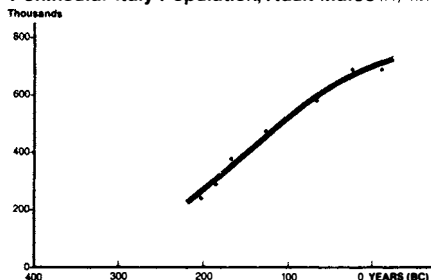
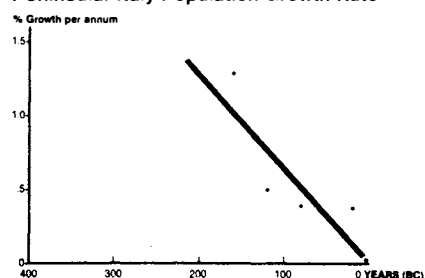


Figure 4b

Peninsular Italy Population Growth Rate



of Christ, Roman Italy had achieved that dream of the Club of Rome—zero population growth!

That collapse resulted from combined features of the Roman tax-farming economy: the constant war over new territories to loot, the extreme immiseration of the mass of the populace, and the degenerate culture which placed little value on individual human life. Infant exposure was the widespread and common method of “family planning,” and the prevalent homosexual culture discouraged marriages and child-bearing. Although these factors lowered the birthrate, they could not have in themselves resulted in zero population growth were it not for the extremely high death rate during this period [see Figure 5(a)-(c)].

Although we lack statistical data that would allow for a direct calculation of the death rate, we do have

information on life expectancy and longevity which implies an extremely high death rate. Figures 5(a) and 5(b) show two different measures of length of life from selected areas during the period of the Roman Empire: 5(a) shows expectancy at birth, and includes the high infant and childhood mortality; 5(b) shows probable duration of life for individuals who had survived to age 15. Figure 5(c) compares the percentages of total population who died within certain age-intervals.

Here we see that fully a third of the population died between the ages of 15 and 35. In the immediate vicinity of the city of Rome, a mere 14 percent of the population lived beyond their 35th year. These were the conditions under which Roman Italy was able to achieve the depopulation. *Enough people were dying fast enough to allow marginal reductions*

Figure 5a

Life expectancy at birth: Roman Empire

Rome	15.8 year
Latium	14.5
Cisalpine Gaul	20.7
Gaul	23
Campagna	24.6
Northern Italy	28.3
Egypt	28.7
Spain	32.7
North Africa	41.8

Figure 5b

Probable duration of life: Roman Empire

Northern Italy	46 years
Bordeaux	40
Danube	36
Britain	38
North Africa	49
Egypt	36
1931 India	45 years
1927 Egypt	50
1946 England	74

Figure 5c

Deaths/Total Population by Age Group: Roman Empire (%)

	exceeding			
	0 yrs.	1-14 yrs.	15-34 yrs.	34 yrs.
Rome-Latium	31%	28%	27%	14%
Cisalpine Gaul-Provence	22	22	35	21
Campagna	18	21	32	29
Northern Italy	14	18	33	35
Spain	15	9	36	40
Egypt	15	18	32	35
North Africa	14	10	23	53

Figure 6

Population and land cultivation reduction North Africa: Late Roman Empire

	Population		% reduction	% cultivated on Imperial estates	% deserted (sample)
	AD 100-200	AD 422			
Africa	750,000	290,000	61	39	39
Byzacena	510,000	250,000	51	50	50
Numidia	695,000	347,000	50	—	—
Mauretania	1,828,000	914,000	50	—	—
	3,783,000	1,800,000			
Tripolitania	100,000	50,000			
10% non-rural cities	388,000	185,000			
TOTAL	4,271,000	2,041,000			

in the birth rate to take hold. Only under similar conditions could the Global 2000 program be successful.

After A.D. 200 the Roman world entered a series of convulsions which mirrored the prior process in the Italian peninsula (Figure 6). This was the process that ushered in the Dark Ages.

Charts and tables based on data in: Colin McEvedy and Richard Jones, *Atlas of World Population History* (1977); P.A. Brunt, *Italian Manpower, 225 B.C.-A.D. 14* (1970); J.C. Russell, “Late Ancient and Medieval Population,” *Transactions of the American Philosophical Society*, NS 48, 3 (1958); A. H. M. Jones, *The Later Roman Empire* (1964). Figure 1 is reprinted from McEvedy & Jones.



Julio Silva Colmenares

Philip Ulanovsky/NSIPS

Colombian economist scores Malthusians

by Valerie Rush

A recent public appearance by the eminent Colombian economist Julio Silva Colmenares in New York City, to denounce as genocidalists the neo-Malthusian proponents of Third World population control headquartered at the World Bank and the International Monetary Fund, demonstrated the degree to which crucial leaders of the developing sector nations consider U.S. support of their growth and development plans to be crucial. Silva Colmenares, who will return to the United States later in August for a lecture tour with the Committee Against Genocide, spoke on July 5 to a mid-year conference of the International Caucus of Labor Committees, which gathered more than 500 participants from four continents to discuss the anti-Malthusian American System of economics and politics.

The Colombian economist is a lecturer at numerous universities and institutes in his country and a member of the Central Committee of the mass-based Colombian Communist Party. He is the author of several books, including *No Más Hijos* and *Verdaderos Dueños del Poder* (*No More Children* and *The Truly Powerful*).

Silva Colmenares explained in his presentation that he became a specialist in demography about a decade ago, when it became apparent to him and other pro-growth leaders in politics, the universities, and the Church, that a concerted effort was being made to revive the discredited theories on population of Thomas Malthus within the developing sector-nations. This "neo-Malthusianism," he explained, asserts that there is a direct causal relationship between poverty and "excess population."

"The country from which I come," said Silva Colmenares, "was chosen as a guinea pig by the World Bank

to develop all of its anti-natal conceptions to justify underdevelopment. . . . The problem of poverty is not a problem of population, nor of resource scarcity, but of social relations, that is, how production occurs and how the surplus is distributed. . . . It was in the interests of the multinationals operating through the World Bank to present an apparently scientific theory to justify what they had already decided on: to impose birth control on the underdeveloped countries as a means of maintaining in their hands, for the immediate future ahead, control over our natural resources."

Silva Colmenares demonstrated the irony of the Malthusian argument that population and resource "shortages" are obstacles to development. He pointed out that while the Rockefeller and Ford Foundations were sponsoring birth-control programs in Colombia in the name of aiding development, the multinationals behind them were looting the country of the very resources whose alleged scarcity was preventing adequate development. "Between 1920 and 1974," he reported, "when Colombia's oil allegedly 'ran out,' Colombia exported some 2 trillion barrels of oil which according to our estimates produced a net profit for the oil multitis, especially the Rockefeller and Mellon groups, of not less than \$4.5 billion, based on an investment of \$450 million. The country was left with no oil, no petrochemical industry, only empty oil wells."

Population equals development

Silva Colmenares stressed that population growth has been historically demonstrated to correlate with expanded growth and per capita income increase. "Population is the most important resource any country can have. There is no doubt that the living labor force is that which creates wealth and all of the surplus of a society." He described institutionalization of population control in the guise of government health care and maternity programs, reading for a shocked audience the recommendations for Colombia of Population Council head Bernard Berelson from Berelson's book *Beyond Family Planning*:

(1) government use of a sterilizing agent in water and food supplies; (2) legal permits to have children, acquired through purchase, inheritance or donation only; (3) reversible sterilization of all women pending government approval for childbearing; (4) obligatory sterilization of all men with three or more living children; (5) obligatory abortion of all illegal pregnancies.

Silva Colmenares, speaking in the name of those forces inside the developing sector who, in his words, are determined "to protect ourselves from such genocidal conceptions" of the anti-natalists, concluded his presentation with an appropriate comment: "As the Pope once said, the solution is not to cut people's heads off if there are not enough hats to go around."

New evidence of Kissinger's role in Aldo Moro murder

by Umberto Pascali from Rome

Some of the blood on Henry Kissinger's hands is at last seeping through to the pages of the international press.

The Italian newsmagazine *Panorama* has finally published what the European Labor Party and this news service asserted four years ago—that Henry Kissinger was the man behind the 1978 kidnapping and murder of former Italian Prime Minister Aldo Moro.

Within days after *Panorama* identified Kissinger as the “symbol” of the conspirators who brought about Moro's death at the hands of Red Brigades terrorists, Kissinger's name surfaced last month in Italian court testimony as a member of the Comité Monte Carlo, a super-secret freemasonic lodge set up by Grand Master Licio Gelli. Gelli was, once upon a time, a torturer for Mussolini's secret police. More recently, he became the organizer of the Propaganda-2 (P-2) Lodge outlawed by the Italian government for plotting a fascist coup. Gelli's and Kissinger's Monte Carlo lodge has now been identified as behind the terrorist bombing of the Bologna train station which claimed the lives of more than 80 people on Aug. 2, 1980, among its other crimes.

You are about to learn what has become common knowledge to citizens of the Italian republic, but is banned from news media in the U.S.A.—two documented homicidal episodes in the career of Henry Kissinger.

The Moro case

In 1978, former Prime Minister Aldo Moro, then the elected leader of the Christian Democracy (DC), Italy's largest political party, was trying to stabilize what had become a very shaky Italian republican system (40 governments in 35 years) by effecting a government

enjoying the support of both the DC and Italy's second largest party, the Communists, who are supported by a plurality of Italian workers. Under this plan, called by Moro a national unity government, more than three decades of instability and “class war” in Italian political life were to be brought to an end. Leading sections of the Communist Party, including its General Secretary, Enrico Berlinguer, were agreed on this perspective. (Berlinguer called it the “historic compromise.”)

Then Moro, the architect of the plan, was kidnapped by the Red Brigades, and after being held for 52 days during which the Socialist Party and others carried out “negotiations” with the terrorists over the opposition of the government, Moro was killed and his bloody remains left in the trunk of a car in Rome.

During the trial of Aldo Moro's terrorist captors and assassins, Moro's widow Eleonora testified. “Both my husband and other persons told me,” said Eleonora Moro, “that from 1975 on, Moro had been told that his attempt to have all the Italian political forces collaborating at a governmental level was not appreciated. He was warned not to pursue this policy. . . . Otherwise he would pay dearly for his stubbornness.”

Previously, on April 13, in an interview in the Italian daily *Corriere della Sera*, Eleonora Moro stressed that these threats came from an important international personality. “I am trying to remember how the threat was formulated,” she said. “You must stop pursuing your political plan to establish a political collaboration among all the political forces of your country. You either stop it now or you will pay dearly for it. You must decide how you wish to take this advice.”

A Christian Democratic parliamentarian, Cervone, a close friend of Moro, has reported that shortly before Moro was kidnapped, the DC leader told him, "You will see, they will make us pay for our political line. My situation is similar to that of Berlinguer," the Communist leader, said Moro. "He doesn't find understanding in the Soviet Union; I don't find it in the U.S.A. and parts of Germany." (Cervone commented that by "part of Germany," Moro meant Franz Josef Strauss, the Bavarian ally of Kissinger.) "Now," said Cervone, "we have reached this conclusion: the Red Brigades were used as a cover by the ones who organized the kidnapping and the assassination."

Last month at the trial of Moro's killers, Moro's daughter Agnese reported recalling how Moro had been threatened during a reception at the Italian embassy in New York in 1975.

Who threatened Moro? Henry Kissinger, *Panorama* magazine answered in its recent issue. Referring to the testimony of one of Moro's Red Brigades "jailers," Antonio Marini, the magazine reports that Moro told his kidnapers that Kissinger was the one who had threatened him.

"This name, Kissinger," *Panorama* concluded, "is the symbol of those circles that prepared the violent interruption of the political line of Moro."

Why Moro was killed

Of course, it is a matter of public knowledge—even in the United States—that Henry Kissinger publicly opposed Moro's proposed national unity government "on anti-Communist grounds." But the notion that Kissinger ordered the kidnapping and assassination of Moro "to keep Communists out of the Italian government" is laughable. Kissinger wanted Moro out of the way because he opposed the policy of stability Moro represented.

Kissinger's oligarchical masters hate the Italian republic and wish to shatter its institutions and to return it to the direct control of the old oligarchical families who ran it as a collection of satrapies. Revival of the House of Savoy, Italy's 19th-century monarchy, is part of this process.

On Aug. 17, 1978, after the killing of Moro, DC Senator Granelli, in charge of the party's foreign office, was asked by *La Repubblica* newspaper what he thought of the possible involvement of "the Americans" in the Moro kidnapping.

"The Americans?" Granelli replied. "This expression is too general. It was well known that Kissinger and Moro did not understand each other. I remember an unpleasant toast in Rome at the end of a long meeting with Moro. Kissinger said: 'We discussed the Italian situation at length; until 1947 I understood

everything, then I didn't understand anything any more.' Moro was enraged."

The year 1947 was the year Italy voted in a referendum to free itself of the Savoy monarchy.

Revival of the Savoy monarchy was the explicit goal of P-2 Lodge Grand Master Licio Gelli, which brings us to the two-year-old murder of 80 people in the Bologna railway station massacre.

The Monte Carlo Lodge

In 1969, as is well known in Italy, White House aide Henry Kissinger and his underling Alexander Haig shoved their snouts into Italy to "restructure and strengthen" Gelli's P-2 lodge on behalf of the British royal family and Italian oligarchs. Then began the now famous "strategy of tension": terrorism, coup attempts, assault after assault on the institutions of the Italian nation-state. Gelli was in constant contact with ex-King Umberto of Savoy, whom he hoped to return when demands for "order" had been sufficiently orchestrated.

What surfaced last month was new knowledge concerning the P-2's "wetworks" operations, and the existence of the supersecret Comité Monte Carlo.

Italian prosecutors investigating the Bologna train station bombing have in their hands today a confession from one of Gelli's close collaborators, Celso Ciolini. The Comité Monte Carlo, said Ciolini, included several internationally renowned personalities, mentioning in particular the name of Henry Kissinger.

It is Comité Monte Carlo, with Kissinger in its midst, that controls both right and left terrorism. The Monte Carlo lodge had elaborated a detailed plan to wreck Italy, with the participation of parts of the trade union leadership and key political and financial leaders.

The Bologna bombing, according to confessions taken by the prosecutors, was planned at a meeting of the Monte Carlo lodge on April 11, 1980. A month later at the Hotel Sheraton in Buenos Aires, Argentina, Gelli and Ciolini met one of the top operatives of the Black Fascist International, Stefano della Chiaie, the terrorist boss linked to the "Madrid Center" and reportedly in contact with the infamous Center for Documentation organized in 1951 in the Spanish capital by the pretender to the throne of Austria-Hungary, Otto von Hapsburg. The Madrid Center included [behind Gelli] Hjalmar Schacht's son-in-law Otto Skorzeny of Hitler's SS, rescuer of Mussolini and head of certain postwar Nazi networks. Libya's Muammar Qaddafi was in contact with the center well before he organized his so-called coup in 1969—the year the strategy of tension was launched in Italy, and the year Henry Kissinger moved into the White House under Richard Nixon.

In the fall of 1982 a new wave of terrorism is expected throughout Europe and the United States.

A kidnap plot against Helga Zepp-LaRouche

Two security sources have independently reported that an attempted kidnapping of Helga Zepp-LaRouche is planned for the immediate future. One of the known authors of this project is the notorious U.S. organized-crime member and Henry Kissinger crony, Roy M. Cohn of New York City.

Cohn is working with several channels into influential circles of the Federal Republic of Germany, coordinating projected major news-media slanders against Helga Zepp-LaRouche, as well as plans for a kidnapping-attempt to be conducted in Germany.

Cohn's contacts include Father LeBarr of the New York Catholic Archdiocese. LeBarr, a professed "blue fascist," reports himself to be in collaboration against Mrs. LaRouche with Friedrich W. Haack of the Federal Republic of Germany, and with corrupted Catholic Church circles in that country. Another of Cohn's principal channels into Germany include Karen Furey of New York City's East Side Conservative Club, who also serves as an official for an influential organization in Germany.

Cohn is presently reported to be visiting Monaco, meeting with the secret council of the Grand Orient Lodge branch in that city. Since it is known that Cohn is currently spending most of four to five days of each week concentrating on the operation against Helga Zepp-LaRouche, and since that Monaco Lodge is a Kissinger hang-out whose roster includes the genocidalist Aurelio Peccei, it is probable that Monaco is one of the centers in Europe being used for the targeting of Mrs. LaRouche.

Three other of the highest-level intelligence sources in the world have reported, independently of one another, that the threat against Mrs. LaRouche is currently cranked up to the level that an attack is virtually certain should she set foot in Europe at this time. One of these sources says official agencies rate the probability of an attack by one terrorist group with her name on its target-list to be about 7.5 on a scale of 10.

The targeting of Mrs. LaRouche in Germany is based on the fact that official agencies of the Federal Republic of Germany are currently refusing to afford her any security cooperation, despite the fact that she is currently

one of the highest-ranking targets for assassination or kidnapping in the United States or Europe today. Two sources of the highest level confirm this. One of these two insists that the security services of West Germany have been contaminated to cause this lack of cooperation. The other reports that this contamination of official circles in the Federal Republic has been arranged by Henry A. Kissinger.

These reports are corroborated in part by the fact of false reports concerning Mrs. LaRouche's security coming as official and stated unofficial assertions from official and semi-official sources in the Federal Republic.

The Kissinger involvement is circumstantially confirmed. Official U.S. government records document Kissinger's signature to documents issued, giving wildly false information against Mrs. LaRouche's husband no later than 1975. Recent information from the Federal Republic shows false information issued by Kissinger from the United States to be coming out of the mouths of official circles in the Federal Republic. It is otherwise fully confirmed that Kissinger has been involved in major, dirty-covert operations against LaRouche for more than a year recently, with Kissinger circles caught red-handed attempting to corrupt a key witness in a major legal case involving the Khomeini agent Cyrus Hashemi.

Also confirmed is the liaison between Kissinger and Roy M. Cohn, involving in part overlapping homosexual rings in which both are closely associated. Recent meetings in New York City restaurants may have directly involved joint-operations against Mrs. LaRouche and her husband, or may have involved discussing the usual sexual interests of the pair.

Roy M. Cohn

In addition to projecting a kidnapping-attempt against Mrs. LaRouche in Germany, Cohn and his accomplices in U.S. diplomatic and other channels, are currently projecting a massive propaganda-barrage against Mrs. LaRouche in both the United States and the Federal Republic of Germany. Cohn's circles project a barrage of lying attacks on Mrs. LaRouche to surface in major periodicals of the Federal Republic of Germany on the eve of the election in Hesse. Cohn and his staff are currently designing such articles in a garage-turned-operations-headquarters in New York City.

Among the charges Cohn is considering using is the allegation that Mrs. LaRouche's father was a Nazi official. Mrs. LaRouche is the only, orphaned daughter of a mother who married her childhood sweetheart at the close of the war, when the mother was 21 years of age. There is no limit to the vileness of the lies Cohn and his collaborators in Germany will employ.

Cohn, a raving homosexual, rose to fame, first as an associate of the prosecuting attorney during the Rosen-

berg trial, and then went on to gain notoriety as chief counsel for Sen. Joseph McCarthy. A certain affair, involving Cohn and his intimate friend, David Schine, in a West German hotel during the McCarthy period, is indicative.

Cohn's involvement in the Rosenberg case has two continuing implications. First, it was the policy of the prosecution to have the Jewish Rosenbergs tried by a Jewish judge and prosecuted by a Jewish staff. Also, the securing of the death-sentence was based on the fraudulent argument that information supplied to Moscow by the Rosenbergs had enabled Moscow to develop an H-bomb. As leading scientists, such as Harold Urey, correctly emphasized at the time, this allegation was the height of absurdity. A Cohn who would aid such a trick, to the purpose of ensuring that a pair of Jews were "fried," is a pretty low sort of degenerate.

Cohn's planned libels against Mrs. LaRouche are typical of the Roy Cohn of the McCarthy period, what is known as "McCarthyism." Interesting is the fact that McCarthy, with a raving faggot as his chief counsel, hounded the U.S. State Department with the allegation that it, the State Department, was covering up the nest of homosexuals in sensitive positions. Why, then, did McCarthy keep Cohn on his staff?

Cohn moved on from the deathbed of the alcoholic wretch Joe McCarthy, to finer things. He became a part of organized crime. During the early 1960s, he was business partner of the notorious Joseph "Joe Bananas" Bonanno, in the Lionel Corporation. This corporation was the U.S. corporate branch of the Canada-Switzerland-based Permindex organization. Permindex, headed by Bronfman attorney Louis M. Bloomfield of Montreal, Canada, was the organization expelled from Switzerland for complicity in attempted assassinations of President Charles de Gaulle, and later indicted on charge of complicity in the assassination of President John F. Kennedy. Cohn today is the attorney for the so-called five organized-crime families of New York City, and a leading figure of the organized-crime infested New York East Side Conservative Club, of Karen Furey, Tom Bolan, the Buckleys, et al.

Apart from being a "McCarthyite" and a gangster, homosexual Cohn is a leading figure of the networks of the World Anti-Communist League, the mother-organization of the Latin-American death squads. He is also a Kissinger asset, of the Henry Kissinger who travels among and uses many of the same assets.

A full dossier on organizations in the German Federal Republic cooperating with Cohn, Kissinger, Father LeBarr and Karen Furey's circles, is being assembled for publication—unless the government of the Federal Republic of Germany provides the endangered Mrs. LaRouche the security cooperation her safety requires.

STOPPING THE DEPRESSION AND REBUILDING THE STEEL VALLEY

A Conference on Economic Development sponsored by
The National Democratic Policy Committee

Wednesday, Aug. 25
9:00 A.M. to 9:00 P.M.

Marriott Hotel
Monroeville, Pa.

CONFERENCE SCHEDULE

8:30 a.m. Registration

9:00 a.m. Welcoming Remarks

9:15-10:45 a.m. "High Interest Rates, Industrial Collapse and the Coming Monetary Blowout"

SPEAKER:

David Goldman, Economics Editor, *Executive Intelligence Review*

PANEL:

Gene Mahoney, President, Central Labor Council, Fayette County

Emil Dicembre, President, Cement Masons Local #56

10:45-11:00 a.m. Break

11:00 a.m.-12:30 p.m. "The 'Post-Industrial Society' Threat to the Steel Industry; the Causes of its Current Collapse"

SPEAKER:

Richard Freeman, Economist, *Executive Intelligence Review*

PANEL:

Jim Olson, Field Engineer, U.S. Tubing Specialties, Gary, Ind.

John Balian, USWA Local 1397

12:30-2:00 p.m. Lunch break

2:00-5:00 p.m. "Creating a U.S. Capital Goods Boom: Great Enterprises, City-Building and Trade Expansion in the Developing Sector"

SPEAKER:

Uwe Parpart, Director of Research, Fusion Energy Foundation.

PANEL:

Representatives from India, Latin America, and Africa

5:00-7:00 p.m. Dinner break

7:00-9:30 p.m. "Creating a U.S. Capital Goods Boom: Great Enterprises and Infrastructural Improvement Projects in the U.S.A."

SPEAKER:

Paul Gallagher, Executive Director, Fusion Energy Foundation

PANEL:

Tom Shetterley, Vice President, Central Labor Council, Fayette County

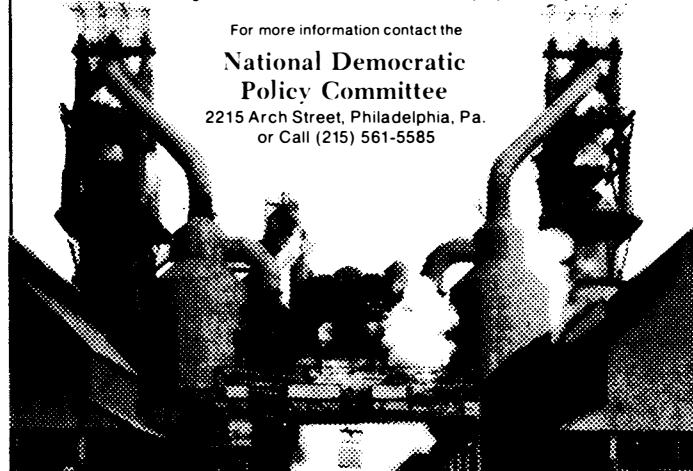
John McIlvaine, Labor Arbitrator, Compensation Counsel, UMW District 4; farmer; director of the American Beefalo Association

Organizational affiliation for identification purposes only.

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National Democratic
Policy Committee

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The final doublecross: has the U.S. lost the Middle East?

by Criton Zoakos, Editor-in-Chief

Secretary of State George Shultz's acts of omission since he assumed office carry certain sinister implications for the future of the United States as a major power. His studied "low profile," especially in the context of the unraveling Middle East disaster, might prove the discreet Secretary of State a most calamitous public servant. If the Secretary continues to subscribe to the wisdom of "low profile" until the November election, he will have de facto and by default surrendered U.S. foreign policy for the critical period ahead to self-confessed British agent Henry A. Kissinger.

As of Wednesday, Aug. 4, the United States lost, and lost dramatically, every last remnant of influence over the Israeli government. With each day's new failures in the Habib mission, U.S. influence among Arabs has been collapsing in an equally dramatic way. That influence is disappearing faster under George Shultz than U.S. influence in Latin America under Alexander Haig. Before the new Secretary reconsiders the wisdom of his adopted modesty behind his discreet "low profile," he must review the following facts and their implications.

After Beirut's massacre

If the Israeli government, under Sharon's and Neeman's influence, goes ahead with the projected spectacular massacre of PLO combatants in western Beirut, a new, hideous genie will be unleashed in the Arab Middle East, a wave of racist, violent irrationalism which will take decades, perhaps more, to abate, a monstrosity analogous to what Khomeini unleashed in Iran. Arab governments, aware of this imminent eruption, have been signaling Washington that they will be unable to resist this development, and therefore they do not plan to resist it. If Israel does what Neeman and Sharon tell it to do, it is likely that the nationalist political anti-Israeli sentiments in the Arab world will be transformed into hideous racist anti-Semitic passion which will open a shameful new era in Middle East politics. "You get the feeling that after 6,000 years of relative civiliza-

tion, men are about to descend to the animal level," as one senior Arab diplomat put it.

The master over this situation appears to be British diplomacy around Lord Carrington's pet "European Third Force" project, on whose behalf Henry Kissinger is deployed. Saudi, Kuwaiti, and other Arab investors are now prepared to withdraw financial assets (of which there are an estimated \$100 billion) out of the United States and into London, a move which would throw the United States into the worst economic crisis in history.

Thus, within days, the United States may be looking into the bowels of the following Hell: The entire Arab world from Morocco to the Straits of Hormuz denouncing and condemning the United States as responsible for Beirut's massacre by Israel; an embattled and defiant Israel emerging from Beirut's bloodbath with the realization that it destroyed forever its last chance to win the right to exist peacefully in the Middle East, betrayed by the United States; and a United States crushed by the worst financial and economic collapse since 1929, lying paralyzed and impotent.

From their respective corners of the globe, London and Moscow will be looking on with satisfaction, planning their next moves. When the stupid Lord Carrington finally realizes that only Moscow has the means to make the next move, will he then instruct Henry Kissinger to go for a showdown? And how close will Kissinger be allowed to the nuclear button?

The invariant pattern: doublecross

We are reaching this point of crisis after an unbroken string of miscalculations and doublecrosses which go back to the beginning of June. The analyst who has closely watched the evolution of this crisis from then to now, will confirm that the single invariant feature which determined the whole affair so far has been *doublecross/miscalculation/carnage*. Back in May, the United States was making secret arrangements with the PLO whereby the PLO would recognize "Israel's right to exist" and

the United States would extend diplomatic recognition to the PLO. Then Alexander Haig doublecrossed the Arabs and informed Sharon of the proceedings. Israel proceeded to make a deal with the Syrians to go after the PLO and divide Lebanon between themselves. Next, Israel received prior approval from the United States to invade Lebanese territory up to 25 miles in order to secure its border area. Then Israel moved into Lebanon, doublecrossed its Syrian partners by crippling their military force in Lebanon and doublecrossed the United States by going all the way up to Beirut. Now came the turn of the Soviet Union to doublecross the Syrians, who hurried to Moscow to seek new military assistance which was not forthcoming.

Then came the turn of the moderate Arabs to doublecross the Palestinians: Haig had disseminated the line throughout the Gulf governments that their fears of radical upheavals should now be laid to rest: there is, he said, a plan to dismantle the military organization of the PLO; after its elimination Lebanon, Syria, and Jordan will join a new phase of the Camp David agreements in conformity with the Fahd Plan, and a great anti-Soviet "strategic consensus" of Arabs and Jews will be achieved in the Middle East (which will also take care of the Gulf states' problem with Khomeini). After two weeks of vicarious sarcasm against the PLO, the Arab leaderships of the Gulf woke up to the fact that they too had just been doublecrossed: Haig was gone, and Habib, whose mission was supposed to accomplish all these wonderful things, had totally failed.

Then comes the turn of the Israeli government to be doublecrossed: after two months of brutality, heavy casualties and escalating domestic opposition, Washington tells Begin and Sharon that they are not allowed to finish off the PLO—the only result which would have justified the brutal campaign in the eyes of Israeli citizens. Upon receiving the U.S. ultimatum, the Israeli cabinet met for five hours on Aug. 6, and voted to reject every point made by the White House as well as the United Nations. Subsequently, a few hours before this writing, a large-scale new military assault was mounted against Palestinian positions in western Beirut.

Now Alexander Haig, who lost his job for telling lies to President Reagan (see *EIR*, July 20) has drafted a document in which he claims that President Reagan, before the Israeli invasion, had agreed that its military purpose should be to wipe out the terrorist organizations in Lebanon. The more the Israeli government is pressured by Washington, the more it is tempted to take advantage of Haig's habitual lies and make President Reagan appear co-responsible in Arab eyes for the impending western Beirut massacre.

On the larger canvas of grand strategy, it is Great Britain which is doublecrossing the United States, hav-



Israel, too, has outsmarted itself: Kissinger with Begin in 1978.

ing maneuvered the entire situation into its present course. With the demise of U.S. influence, Britain will pretend to be the protector of the security for those Arab oil producers who need outside patrons to remain in power; and thus Britain will attempt to pretend to be the guarantor of Western European oil supplies. Britain has been able to doublecross the United States only because the Soviet Union has agreed to maintain a discreet distance while Lord Carrington is emasculating the United States. Once Carrington's surgical operation is completed, it will finally be the Soviet Union's turn to doublecross Her Majesty's very clever diplomat. When the Soviets move, the United States will be bandaged in its sickbed, while Lord Carrington begins to realize that he has bitten off more than he can chew.

The patient will either watch the final act of the drama with pathetic resignation, or, the last doublecross will, according to all the precedents of this crisis, lead to one final global carnage. Secretary Shultz should consider these implications before his studied "low profile" allows Henry Kissinger a magnified field of action.



Panama's President Royo was ousted by the British

by Gretchen Small

Only the short-sighted, an unfortunately large contingent in Washington, D.C. these days, found satisfaction in the July 30 coup against President Aristides Royo by Panama's National Guard.

In Ibero-America, few missed the political message: "Royo's fall could well have been meant as a warning to other Latin American leaders who intend to hang tough in the fight for a new continent," stated the lead editorial in the Caracas daily *El Mundo* Aug. 3. Signed by publisher Angel Capriles, the editorial charged that Royo's ouster had been ordered by forces in the United States in reprisal for the former Panamanian President's role in support of Argentina over the Malvinas Islands. Panama's new president is Ricardo de la Espriella, a former employee of Rockefeller and Kissinger's Chase Manhattan Bank.

President Royo resigned from his post for "health reasons" and left Panama altogether less than a week later for an extended "visit" to Spain. Royo's brief press statement claimed that he had developed a sudden "throat ailment" which led his doctors to recommend he keep silent if his health was to remain intact!

Two days before, Royo's voice had been heard quite clearly in a call for the American countries to unify in defense of their economic integrity and sovereignty, whether or not the United States chose to join in. During the Malvinas War, Royo urged the United States to uphold the Monroe Doctrine against Britain.

In a joint communiqué with Venezuelan President Luis Herrera Campins released July 29, following two days of discussions in Caracas, Royo and Herrera Campins endorsed plans to hold a meeting of continental foreign ministers in Panama later this year. On the agenda was to be the development of a "strategy that will permit Latin America to overcome its problems of vulnerability and . . . strengthen the Latin American organizations that support that process of integral security," the communiqué read. "Eradication of colonialism" was emphasized. In Venezuela Royo noted that, in his opinion, the future foreign ministers' meeting should include Cuba, but not the United States.

Royo's subsequent ouster was meant as an object

lesson to others considering charting an independent policy for their nations. The actual lesson is, however, that Panama, and Royo, were left exposed by the failure of other countries in the continent to move more quickly.

The "fight for a new continent," in which Royo had played a prominent role, began when Ibero-American leaders recognized that the British-American alliance against Argentina in the Malvinas war had nothing to do with the territorial dispute, but was a precedent for future NATO-backed confrontations they would face themselves over debt collection and economic policies. With nearly a quarter trillion dollars in debt outstanding, and little means to pay in the midst of plummeting world trade, the more far-sighted of Ibero-America's leadership decided that defense measures had to be adopted.

Royo, like others, was studying the proposals by American economist and politician Lyndon H. LaRouche, *EIR's* founder, for the establishment of an Ibero-American Common Market and the use of the "debt weapon." LaRouche had pointed out that in the current financial crisis, even a few Ibero-American countries, if agreeing to jointly renegotiate their debt, could force governments and bankers alike to accept their terms for renegotiation. LaRouche proposed that these countries move now to demand a new international monetary system which assures credit for technology transfer and economic development as the conditions for renegotiating the debt.

The potential for Ibero-American countries to link up with the forces of LaRouche within the United States around that program, sent the oligarchy of the "old continent"—Britain, Venice, the remnants of the Hapsburg Empire—scrambling. Their strategy is simple: overthrow governments considering this action; assassinate other leaders; and trigger border wars which set off one nation against another.

Prelude to Royo's fall

• July 27: as President Royo arrived at the Caracas airport for meetings with the Venezuelan President, a Venezuelan National Guard member assigned to Royo's security "shot himself." Many at the time

thought that an assassination attempt against Royo was occurring. The same day, the *Washington Post* ran an article "predicting" all of the major features of the coup against Royo, which took place four days later, and saying that the head of the National Guard, Ruben Darío Paredes, favors an "open economy."

- July 28: Peru's President, Fernando Belaunde, was almost killed by a bomb which exploded close to the site where he had just delivered an address. A striking increase in terrorist activity in Peru is ascribed to the drug-linked Maoist group, "Sendero Luminoso."

- July 29: Caracas daily *El Mundo* published LaRouche's call for Ibero-America's use of the debt weapon, next to the coverage of the Royo-Herrera Campins discussions.

- July 29: Colombian President Julio Cesar Turbay, who took Britain's side in the Malvinas War, held a quick summit meeting with Venezuela's President to deliver a single message: Venezuela and Colombia must unite to combat communism and Cuban influence in the region as their only priority. Venezuelan government officials understood the message: Venezuela's negotiations to reestablish relations with Cuba, its decision to join the Non-Aligned Movement as a full member and organizing with countries like Panama for inter-American unity are unacceptable to Turbay's U.S. State Department controllers; Venezuelan participation in the coming war in Central America must come first.

The same day, the New York *Journal of Commerce* ran an article, "Venezuelans Fear Devaluation," which admitted that there is no technical reason for the bolivar to be devalued, but persistent "rumors" to that effect are seriously harming the country's credit rating.

- July 30: *El Mundo* ran another statement by Lyndon LaRouche, this one calling for dumping the inflationary Eurodollar market on the British and smashing the pound sterling. Again, the article was placed next to the paper's coverage of the Royo-Herrera Campins communiqué calling for continental unity.

- July 31: Reports reached New York from Venezuela that during a recent visit to Washington, the Secretary of Foreign Relations of the ruling Christian Democratic Party, Juan José Monsant, had been raked over the coals by the chiefs of American diplomacy, including Assistant Secretary for Latin America Thomas Enders, George Landau, a Kissinger crony appointed ambassador to Venezuela, and Viron Vaky, a private citizen. Vaky's ties to Henry Kissinger date from his old State Department days. He headed the Aspen Institute's committee on "Governance of the Western Hemisphere" whose recent report outlined how border conflicts can destroy Ibero-American unity.

After Royo's ouster, Vaky privately stated that while the Venezuelans have been the "most hysterical" after the Malvinas war, "they will now go back to where they

were before." Reports from Colombia indicate that incoming President Belisario Betancur, to be inaugurated Aug. 7, is under great pressure to fulfill outgoing President Turbay's promise to make Colombia the policeman of the region. Belisario's personal security is lax, an AP wire announced internationally on Aug. 3, making him an easy target for terrorist attack.

And for Argentina? Schroeders Bank sources commented at the end of July, "It's only a matter of days or weeks" before the country "falls apart . . . this could mean a radical change in policies or government." A top executive at Lazard Frères suggests Aug. 16 is the date for a bankers' coup.

In Washington Royo's ouster is termed a blow for "stability" in the region. National Guard Commander Paredes, the power behind the coup, is "pro-American" while Royo was "flirting with Cuba."

The overthrow of Royo was the third step in a year-long project to remove the last vestiges of the Torrijos machinery from power in Panama. For whatever reasons, Torrijos, despite his unsavory side, had decided to try to help end the continuous depopulation war in Central America. When Torrijos died in a mysterious plane accident on July 31, 1981, Aristedes Royo stepped in, holding power with a more aggressive touch than anyone had expected.

But three months ago, Colonel Paredes took over as head of the National Guard. When Royo began his aggressive organizing against British plans, Paredes was told to make his final move.

But with the structure of command within the Guard weakened in the series of power struggles, Paredes is not likely to last long, nor is a peaceful transition to civilian elections likely. Next in line in the power struggle is the head of Panamanian National Guard Intelligence, Col. Manuel Noriega, the widely acknowledged kingpin of drugs and prostitution in the Guard. Colonel Noriega "has as close contacts with CIA director William Casey as with Fidel Castro," as Jeremiah O'Leary put it in a recent *Washington Times* analysis, placing Noriega as an asset of the networks of Anglo-American intelligence who have long-established cooperation with the worst elements in Soviet intelligence.

The strategic significance of Noriega's rise is the following. During the Malvinas battles in the South Atlantic, British policymakers began putting out the word that the strategic significance of the Malvinas Islands lay in their position guarding the trade routes through the Magellan Straits, the only trade route that could replace the Panama Canal *should that canal be taken over in a process of internal chaos in Panama*.

Colonel Noriega is just the kind of operative who could carry out such a destabilization of the Canal. Ironically, with the ouster of Royo with American aid, Noriega is now all the better situated for such a task.

Gandhi's visit poses development option to the Reagan administration

by Paul Zykofsky from Washington, D.C.

When Indian Prime Minister Indira Gandhi arrived at the White House on July 29, she described her first visit to the United States in more than a decade as "an adventure in search of understanding and friendship." Several days—and countless speeches and meetings—later, Gandhi told reporters that she felt her eight-day visit had been largely successful.

That success was the result of Gandhi's statesmanlike attitude and her ability to convey India's views and concerns to the administration and to the public at large. It was also based on President Reagan's willingness to listen. Summing up her 90-minute meeting with the President, Gandhi noted, "It was a good meeting. President Reagan is easy to talk to. He is a good talker, but he is also a good listener, and I was able to put across India's point of view."

The Indian Prime Minister added that she and Mr. Reagan had "agreed to disagree" on a number of issues. "We don't expect President Reagan to change his policies, but we do want him to try and understand why we follow the policies that we do; what are the compulsions of and circumstances behind what we are trying to do. And I think I did get this point across to the President."

Mrs. Gandhi did not conceal India's concern over certain aspects of U.S. policy. On the situation in the Middle East, she noted in a television interview that if the administration had taken a "strong attitude earlier," the situation in Lebanon "may not have deteriorated to this extent." Gandhi also implied that the United States would be well advised to deal directly with the PLO, whose leader Yasser Arafat had "struck me as the most moderate Arab" on the question of recognition of Israel during his recent visit to New Delhi.

Regarding sales of sophisticated military equipment—including F16 fighter-bombers—to Pakistan, Gandhi noted that President Zia had given assurances to the Soviet Union that it would not use these weapons against its troops in Afghanistan. In that case she feared that the arms would be used against India, as had occurred in the past three wars with Pakistan. She pointed out that the arms sales were forcing India to spend more on arms, diverting funds from development needs.

Addressing the administration's economic policies,

Gandhi was critical of U.S. cutbacks in financial assistance to developing countries—cutbacks which also slow down export-based economic recovery in the developed sector. In this context she rejected U.S. proposals that developing countries like India should rely more on dwindling credits from the commercial markets, since high interest rates have made such loans extremely costly.

Contrast to 1971

Yet the talks between Gandhi and Reagan were held in a friendly atmosphere. This was a sharp contrast to her last visit to the United States in 1971 when Gandhi clashed with the Kissinger crowd—which was then fully committed to a "Pakistan tilt"—over Washington's refusal to condemn the Pakistan military's genocide against the population of East Pakistan.

But today the administration appears to have become more aware of the importance of India as a regional power—as well as the instability of "traditional" Asian allies Pakistan and China—and went out of its way to give Gandhi a warm reception. In particular the two heads of state appeared to have established a rapport, which, observers note, could be an international factor in the future given Gandhi's similar close relationship to the Brezhnev leadership in Moscow. Gandhi, who is scheduled to visit the Soviet Union in September, is known to be concerned with the need to improve U.S.-Soviet relations.

An element which contributed to the friendly tone of discussions was working out a solution for the one major outstanding bilateral dispute between the two countries—the cutoff of enriched nuclear-fuel supplies for the U.S.-built Tarapur atomic power station. Despite a 1963 agreement which committed the United States to supply fuel for the entire 30-year life of the plant, the fuel supplies have been blocked by the 1978 Nuclear Non-Proliferation Act. Under an "agreement in principle" announced after the White House talks, the enriched uranium fuel will be supplied by France to bypass the Non-Proliferation Act. The 1963 agreement will remain in force, including provisions for international inspection of the facilities and future use of the spent fuel. India's desire to reprocess that fuel to supply

plutonium for its fast breeder program will be addressed at a later date.

Clearing up misconceptions

Prime Minister Gandhi also spent a good deal of time clearing up "misconceptions" about India and its policies. In countless meetings with journalists, interviews with the press and television, and discussions with scientists, businessmen and political analysts—not to mention the official talks in Washington—Gandhi repeatedly explained the motivations for India's domestic and foreign policies.

Responding to charges that India is "pro-Soviet," Gandhi stated: "We do not lean to one side or another, neither to the so-called East nor West. We judge issues from the Indian point of view and in terms of mankind's right to a peaceful and fuller life."

Addressing the Soviet intervention in Afghanistan, Gandhi reiterated India's opposition to the Soviet troop presence there, but also said that India stood for "total non-interference," referring to the outside backing for Afghan rebels operating from Iran and Pakistan. She noted that India had refrained from sheer condemnation of the Soviet Union—for which she has been criticized—since this only pushed the U.S.S.R. to "dig further" and to create a more dangerous East-West confrontation. Instead, India has pressed for a negotiated settlement through which the Soviets would withdraw, rebel activity would stop, and Afghanistan would return to non-alignment.

Gandhi also outlined India's efforts at "industrializing, modernizing and transforming an ancient society of immense size, population and diversity," based on planned economic development, since independence from the British in 1947. It was through this process that India had attained self-sufficiency in foodgrain production and a fivefold increase in industrial production, she reported.

In a speech to scientists Gandhi presented an India "preoccupied with building and development," based on advanced science and technology. Gandhi stressed India's desire for cooperation through transfer of technology, while noting the need for developing countries to build up their own scientific expertise. She reminded her audience that India has created the world's third largest pool of scientists and engineers. After the official talks both sides announced the agreement to form a special joint commission of Indian and American scientists to determine new areas of scientific cooperation, including agriculture, bio-engineering, immunology and materials sciences.

In her arrival speech at the White House, Mrs. Gandhi summed up what a United States true to its historic purposes as a nation means to others. From the vantage-point of this speech, her visit can be seen as having posed to the Reagan administration a partner-

ship with the developing countries for economic growth, as an alternative to its current pursuit of the policies of economic collapse and confrontation set by its Anglo-American advisers.

We excerpt below Mrs. Gandhi's statements on leading issues during the course of her visit.

Gandhi greets Mr. Reagan

At the White House arrival ceremony, July 29:

Mr. President and Mrs. Reagan, to me every journey is an adventure. And I can say that this one is an adventure in search of understanding and friendship.

It is difficult to imagine two nations more different than ours. As history goes, your country is a young one. Over the years, it has held unparalleled attraction for the adventurous and daring, for the talented as well as for the persecuted. It has stood for opportunity and freedom. The endeavors of the early pioneers, the struggle for human values, the coming together of different races, have enabled it to retain its elan and dynamism of youth. With leadership and high ideals, it has grown into a great power. Today, its role in world affairs is unmatched. Every word and action of the President is watched and weighed and has global repercussions.

India is an ancient country. And history weighs heavily on us. The character of its people is formed by the palimpsest of its varied experiences. The circumstances of its present development are shadowed by its years of colonialism and exploitation. Yet, our ancient philosophy has withstood all onslaughts, absorbing newcomers, adapting ideas and cultures. We have developed endurance and resilience.

In India, our preoccupation is with building and development. Our problem is not to influence others, but to consolidate our political and economic independence. We believe in freedom with a passion that only those who have been denied it can understand. We believe in equality, because many in our country were so long deprived of it. We believe in the worth of the human being, for that is the foundation of our democracy and work for development. That is the framework of our national programs.

We have no global interests. But we are deeply interested in the world and its affairs. Yet, we cannot get involved in power groupings. That would be neither to our advantage, nor would it foster world peace.

Our hand of friendship is held out to all. One friendship does not come in the way of another. This is not a new stance; that has been my policy since I became Prime Minister in 1966.

No two countries can have the same angle of vision, but each can try to appreciate the points of view of the others. Our effort should be to find a common area, however small, on which to build and to enhance

cooperation. I take this opportunity to say how much we in India value the help we have received from the United States in our stupendous tasks.

On Indo-U.S. cooperation

To the Foreign Policy Association in New York City, Aug. 2:

There have been many ups and down in the curve of Indo-U.S. relations. Two large, vibrant and plural societies cannot possibly agree on all matters and especially on details, but if we concentrate on a shared perception of global welfare and respect for the same human values, we have a base on which to build understanding and cooperation. I believe such an affinity exists between our two countries, and that in the coming decades we can cooperate creatively in the great task of harnessing the resources of our planet more rationally and fruitfully for the benefit of all humankind. . . .

We want foreign investment. We want it to bring such technology as we can absorb and adapt to our conditions, which will augment our exports, improve our balance of payments, and strengthen our self-reliance. Of the 6,232 industrial collaboration agreements signed between 1957-1980, about 20 percent were with U.S. firms.

Foreign investment in India can earn its normal rate of return and be assured of security. We have borrowed from private financial institutions but there are limits, because of heavy debt servicing charges. . . .

On science and technology

To the American Association for the Advancement of Science on July 30:

Scientific endeavour, as success in any other walk of life, instills confidence in a society and leads it to a higher sense of achievement and fulfillment. Apart from the raising of traditional skills and techniques, using available materials in agriculture and rural crafts, our efforts in science cover a wide spectrum, encompassing work in some frontier areas of atomic energy, space science, oceanography, electronics, and fundamental research in mathematics, particle physics, molecular biology and so on.

Why should India, which is still wrestling with the more obvious basic needs, concern itself with such advanced areas? Scientists are aware that new knowledge is often the best way of dealing with old problems. We see our space effort as relevant for national integration, education, communications, and the fuller understanding of the vagaries of the monsoon which rules our economic life. Mapping from the sky also gives information about natural resources. Oceanography augments food and mineral supplies. Modern genetics opens



Stuart Lewis / NSIPS

Mrs. Gandhi with President Reagan at the White House.

out vast possibilities. Homegrown expertise has helped our oil exploration. Had we been wholly dependent on foreign experts, we would not be producing 16 million tons of petroleum a year. . . .

For India, science is essential for development and no less for the intellectual self-reliance and creativity of our people.

On economic development

To the Foreign Policy Association, Aug. 2:

In no way is it (our planning) totalitarian or coercive. We try to take the largest possible number with us at every stage. Industrializing, modernizing and transforming an ancient society of immense size, population and diversity is a daunting venture and, inevitably, a gradual one. In a democracy particularly, but even in other systems, the pace of transformation cannot be faster than its acceptance by the public. . . .

India is now basically self-sufficient in grains. In 1979 we could withstand one of our worst-ever droughts, though it seriously affected our economy in the succeeding year. Our grain production has now reached the record level of 134 million tons. This green revolution was made possible by the gradual spread of new technology, of better and new varieties of seeds, of the use of fertilizers and pesticides, of land reforms, of price policies and credit to farmers, and above all the skill, hard work,

and adaptability of the ordinary Indian farmer and the increasing involvement of the people at the grass-roots level in the process of development. . . .

No less substantial is the growth and diversification in our industry, bringing us to the first dozen countries in volume of industrial production. In 30 years since 1950-51, the index of industrial output increased more than five times.

On North-South cooperation

To the Foreign Policy Association, Aug. 2:

India and most developing countries need foreign aid and loans to get new technology and to make structural changes in the economy. Shortages of foreign exchange and deficit in balance of payment are closely connected with development problems. They cannot be solved by cutting down expenditure or changing exchange rates. To reduce imports, we must increase our domestic production. To augment exports, we must produce more exportable goods and these need markets in industrialized countries. All this calls for investment, higher productivity and more flexibility. We need external assistance to support developmental programs. . . .

On the Middle East

From a discussion at the National Press Club, June 30:

We have been agonized by the Lebanon tragedy, especially by the bombing of civilian areas, and we've expressed ourselves very strongly on this. We have talked to the U.S., Soviet Union and France, who are in the best position to do something about it directly. . . .

From NBC-TV "Meet the Press," Aug. 1:

When Mr. Arafat came to India not too long ago, he struck me as the most moderate Arab I have met on this issue [of recognition of Israel—Ed.]. And he very clearly stated that he thought that some kind of agreement could be reached by which the Israelis, the Arabs and the Christians in that area could live together in peace. He said this was the situation before Israel came into being and he would very much like some such arrangement. India, long ago when this matter came up at the U.N., had proposed a federal kind of set-up.

On Pakistan-India relations

To the Foreign Policy Association, Aug. 2:

In spite of the conflicts and hostilities which we have faced in our own neighborhood, we have kept wide open lines of communications and the road of reconciliation. In my last term of office I took the initiative to improve relations with China and Pakistan, and we are continuing

these dialogues. We do want relationships of trust and amity. A no-war pact was first offered to Pakistan by my father and repeated in different forms subsequently. But Pakistan seemed to be allergic to the words. However, the substance of a no-war declaration was incorporated in the 1972 Simla Agreement between [Prime Minister] Bhutto and myself. Pakistan has now come forward with a proposal for a no-war pact. We are ready to take it up once more. In fact I have publicly affirmed that, pact or no pact, India will not attack Pakistan. I have proposed a treaty of peace, friendship and cooperation which would include non-aggression commitments, and affirm strict adherence to nonalignment by both countries and a resolve to settle all differences by bilateral negotiations. I have also suggested a joint commission as a mechanism for continuous consideration of bilateral cooperation.

From NBC's "Meet the Press," Aug. 1:

We don't want the U.S.A. to break off its friendship with Pakistan. I don't think that would solve any problem. But we do feel that being friends with Pakistan should not preclude being friends with India.

From interview with the New York Times, Aug. 1:

We are doing everything possible to have . . . a reconciliation [with Pakistan—ed.]. But my only—I don't know if "suspicion" is the right word—is that Pakistan is a bit wary of all this. Not because they don't want friendship, but because they are worried about Indian influence. Not influence which the Government of India will exert, but there is no doubt that greater friendship with India will encourage the forces of democracy. This is our problem not only with Pakistan, but with all our neighbors.

Gandhi on Afghanistan

From speech at Foreign Policy Association, Aug. 2:

Much emotion has been aroused in the U.S. and other countries on Afghanistan. We are no less concerned. For it is a neighbor with whom we have a historic friendship. Our position has been made clear publicly and privately, through diplomatic channels and at the personal level, that foreign troops in Afghanistan should be withdrawn. At the same time we are aware of other interferences there. This also must be taken into account.

From ABC-TV "Nightline," Aug 3:

The question is do we want this to increase the confrontation between East and West, or create a new kind of confrontation in the region. I think that would be disastrous for the world. Therefore we have been trying everything possible to have some kind of negotiated settlement and we are told by the Afghans that if the help to the rebels will stop they will ask the Soviets to go back.

The Frankfurt mafia: Part II

Volker Hassman, European Labor Party candidate in Hesse, pursues the West German side of the organized-crime banking empire.

This article first appeared in Neue Solidarität on May 6, 1982. Part I investigated the dirty-money operations of Dr. Tibor Rosenbaum, whose Swiss-based Banque de Crédit Internationale (BCI) functioned as the "central bank" for the international drug trade until its collapse in 1974. In this installment, Hassmann begins to unravel the dope lobby's operations in the West German state of Hesse, following the trail which leads to the factional opponents of Chancellor Helmut Schmidt in all three of West Germany's major parties.

Who were the late Tibor Rosenbaum's cohorts in the BCI?

- On the board of the BCI sat Ernest Israel Japhet, president of the Bank Leumi, Israel's largest bank. His family's trading company, Japhet Company, is involved in the diamond trade between Israel and Hong Kong. Precious stones are exchanged for opium in the same "Golden Triangle" where the Japhet family began its career with Dope, Incorporated 150 years ago.

- One of the trustees of the Bank Leumi is Baron Stormont Bancroft, deputy chairman of Cunard Shipping Lines, which is suspected of transporting heroin along its Asian and Middle Eastern routes.

- The BCI maintains close ties with the Bank Hapoalim, the second-largest Israeli bank. According to French author Jacques Derogy's investigations into the Israeli mafia, this bank also plays a role in the diamond and drug trade. Illegal proceeds from the Israeli-Thai exchange of diamonds for opium were first channeled into a trustee account in London and then into bank accounts in Johannesburg. From there they were redirected by Bank Hapoalim to accounts with the BCI.

- Rosenbaum effectively took over yet another bank, the Swiss-Israeli Trade Bank, also headquartered in Geneva. This bank controls the shipping lines of the Paz business group, which in turn has a monopoly over Israel's oil and petrochemicals industry. In 1978 the New York police seized a ship belonging to the Paz group which was about to unload a cargo of liquid hashish. Another partner in this group is Max Fisher, one of the big-shots in American organized crime. The list of directors of the Swiss-Israeli Trade Bank reads like a *Who's*

Who of the British-Israeli Mossad networks.

- Then there was the intermeshing of the BCI with the Permindex organization in Switzerland, the assassination bureau directed by British intelligence veteran Louis Mortimer Bloomfield. Permindex was behind the murder of John F. Kennedy and the assassination attempts against French President Charles de Gaulle. After the war Bloomfield had become a Canadian citizen, and ran the local affiliate of Crédit Suisse, a Swiss banking operation deeply involved in these same financial networks.

The remnants of Dr. Rosenbaum's financial empire, which was liquidated in 1975, still exist today, albeit listed under different addresses.

Siamese twins

According to the team of Israeli authors Eisenberg, Dan, and Landau in their biography of Meyer Lansky, *The Mogul of the Mob*, there was more to Rosenbaum's dirty business: a special friendship bound him with Bernie Cornfeld. It is virtually impossible to establish just where the BCI left off and Cornfeld's swindle operation Investors Overseas Services (IOS) began. Already in 1960 and 1961 the two would meet for planning sessions in Monrovia, the capital of African Liberia, to draw up their joint strategy. In the Federal Republic of Germany the IOS scandal is remembered only too well, since it cost quite a few political necks.

On the surface the IOS was an international investment fund, run first by Cornfeld and later by Robert Vesco. But upon closer examination it turns out to be nothing but a giant pool for the laundering of dirty money. Cornfeld's "representatives" would travel the world over, often carrying with them large sums of cash. The official version has it that this was the investment deposits of countless anonymous depositors. In reality it was money fleeing countries where strict regulations governed foreign-currency exchanges. Many of these alleged "small investors" were actually the local point-men for Lansky's Israeli mafia networks.

Rosenbaum and Cornfeld reached a special agreement at their meetings in Monrovia. IOS customers could either buy IOS certificates directly or open an

account with the BCI. *Der Spiegel* magazine reported at the time that the BCI itself gave credit to investors who then used it to buy IOS paper. The pair of Siamese twins complemented one another magnificently. When the BCI got into trouble in 1967, Cornfeld came to its rescue with a respectable sum. Rosenbaum reciprocated, paying Cornfeld's bond when the financial swindler was arrested after the breakup of IOS in Switzerland.

The Swiss have a reputation as extremely well-scrubbed and fastidious. But one can scarcely avoid the impression that the Swiss authorities must have abandoned this national virtue of cleanliness when investigating the case of IOS, since its true character as a revolving door for the transfer and "recycling" of hot money from the worldwide drug trade never came to light.

There was also another side to the IOS: Cornfeld as "the people's capitalist." Countless ordinary individuals, dreaming of making a killing, threw their savings into this murky money-canal, and all of them had lost even before they received their first certificate. Only after the great crash did they realize that they were floundering in a net spun by Cornfeld, Vesco, and Rosenbaum, the money-launderers of organized crime.

But what about the German reputation for fastidiousness? When the Hessische Landesbank (Helaba) joined up with the BCI in 1972, Helaba chief Wilhelm Hankel claims to have known no "concretely incriminating facts" about it. But he knew very well with whom he was dealing, having personally conferred with Rosenbaum in Bonn. He knew that Rosenbaum and Cornfeld were zeroing in on the Federal Republic during the second half of the '60s. The danger of competition for the German *Grossbanken* [the big three commercial banks—ed.] from the earliest activities of Cornfeld's and Rosenbaum's "representatives" in the investment business was by that time a widespread subject of discussion. The German banks were seeking the protection of Bonn legislators from the aggressive IOS apparatus, since the hard-selling methods of the gate-crashers were resulting in steep success curves for the new market operation.

During 1966-69, IOS's turnover in the Federal Republic amounted to half of the total volume of business of the swindle empire. This was not least to the credit of Dr. Erich Mende, Vice-Chancellor under Chancellor Erhard and a prominent Free Democratic Party (FDP) politician. A party colleague and former director of the Gerlin Company, Dr. Pohl, had enlisted him for Cornfeld.

It seemed that the FDP was particularly well suited for business practices such as these; Mende's party colleagues, former minister Viktor Emanuel Preusker (from the Bankhaus Preusker & Thelen in Bonn), was likewise involved. He himself founded the IOS's Orbis



Meyer Lansky

Bank in Munich, assisted by Hubertus Baron Digeon von Monteton, who had left the central offices of Deutsche Bank to take this job.

Mende made himself into a sales king, and one might surmise that he found his political relations with representatives of all party colorings very useful. He alone built up 200 IOS agencies and gave more than 100 speeches per year during the course of his activity as evangelist for Rosenbaum's partner. Many prominent people were among his customers, including the wife of a well-known politician from Bavaria, who these days is considered the finance minister in a Christian Democratic Union/Christian Social Union shadow cabinet, and who would certainly be expected to have more experience in finance policy than his acknowledged credentials would indicate [a reference to CSU chairman Franz-Josef Strauss—ed.].

Back to Wilhelm Hankel, the economics professor and *spiritus rector* of all the banking reforms of the social-liberal coalition [the Social Democratic-Free Democratic coalition which has governed in West Germany since 1969—ed.] The German banks, helpless in the face of Cornfeld's success, were demanding an "IOS law." It was Hankel who, after his appointment in 1968 as Ministerial Director of the Money and Credit Department in Karl Schiller's Economics Ministry, took the teeth out of the law against foreign investment companies. In the phrasing of his legislation one could even read that the Federal government "welcomes the

activity of foreign investment companies in the Federal Republic.”

Rosenbaum's and Cornfeld's success relied to a considerable extent on a wide scope for action in the Federal Republic. And who in the Federal Republic would be considered dishonest if involved with such successful businessmen? Contributions of large sums and other favors, about which nothing was ever dragged before the public, facilitated these deals greatly. Had the German public known at the time just who this Dr. Rosenbaum really was, just whom Hankel had met with in Bonn, it would hardly have been possible for Hankel, right after that meeting, as the newly-named head of the Hessische Landesbank, to join up with the BCI without any resistance and later to say, with a shrug of the shoulders, that there was no way one could have known what “mysterious darkness” one was getting mixed up in.

Rosenbaum found Helaba's participation very useful. His business deals since the beginning of the '60s had not been going too well, as he was having no end of trouble with some extravagant real-estate failures in Liechtenstein. A good thing then that he knew Wilhelm Hankel, who in the meantime had been named a board member at the Neu Mainzerstrasse in Frankfurt Square. Hankel was interested in giving Helaba, which was too provincial in his eyes, an international reputation. His motto, “Big is Good,” flashed in advertisements in all the German newspapers. Hankel began to put this slogan into action. He had the main floor of the bank renovated for 300,000 marks, and cynics said that this was the cheapest decision he ever made for Helaba.

Fast expansion—that was the way the bank's balances would be increased. Big deals. International business. But it was never explained why this should exclusively involve Luxembourg, the Far East and the Bahamas, and—with BCI participation—Switzerland, where Helaba was already represented by the Banque Worms, considering that Geneva was not a preferred location for raising foreign funds. Yet Hankel persisted with his “offshore” markets and the BCI. It did not seem to bother him in the least that his counterpart Rosenbaum was considered a mafioso by certain Swiss bankers and had gotten acquainted with prison facilities from the inside.

Hankel acquired 36.4 percent of the shares of BCI, but was granted 50 percent of the voting rights. Behind the BCI, which was increasingly falling into disrepute, now stood the Hessische Landesbank, backed up by the state of Hesse. And who would think twice about the BCI when Helaba's chairman of the board and Hesse's governor Albert Osswald sat on its board of directors? The channels of influence that Rosenbaum had built up since the '60s in Germany stood him in good stead.

To this day it has not been explained how the multi-

party arrangement came about through which Hankel, right out of the Economics Ministry, was deemed suitable for the Helaba post—although his senior, Economics Minister Karl Schiller, had fallen into disfavor with his own Social Democratic Party (SPD).

The Economist of London on Feb. 26, 1977 found Helaba's involvement with “the tiny BCI” a “highly peculiar investment.” The magazine suggested that perhaps the close ties between Chancellor Willy Brandt's SPD and the Israeli Labor Government were the decisive factor in establishing links to such an ambitious Israeli financier.

The Tzur connection

The *Frankfurter Allgemeine Zeitung* reported at one point about the diverse functions carried out by Rosenbaum's bank. A group of lawyers in Geneva had presented evidence in 1974 showing that the BCI was a haven for German tax evasion. Hankel knew this, and he knew more. Michael Tzur, an old friend of Rosenbaum, showed him how Germans could attain tax-free status through the BCI, taking advantage of German laws intended to promote investments in developing countries. Officially the BCI had been founded to finance trade with Africa and with other developing countries. Yet this was, as we have already documented, just one side of Rosenbaum's double bookkeeping.

Who was Hankel's advisor in this matter? Tzur was a high official in the Israeli Foreign Trade Ministry and the chairman of the foreign exchange commission, an important institution in a country with strict exchange and capital controls. He played an important role in the work of the Israel Corporation, a company that administered millions of dollars in contributions from around the world for the economic development of Israel. The Israel Corporation had invested a portion of these contributions in Rosenbaum's bank, and an enormous scandal broke out in Israel when it became known that Rosenbaum had used the funds for his risky real-estate deals.

Tzur himself had cashed a total of \$1.4 million in bribery money while transferring company funds to the BCI. That cost him a prison sentence of 15 years. But what never came to trial was the fact that Tzur was one of the bigwigs in the diamond trade. According to Jacques Derogy's book *The Israeli Connection*, the diamond trade has an important function in “laundering” dirty money. Nevertheless Rosenbaum's primary task was to function as the meeting ground between the diamond trade and the drug trade, which were acquiring a bigger and bigger share in Israeli foreign trade.

The next installment takes up the political consequences of the BCI affair in toppling the government of the state of Hesse.

The IMF's warning to Kenya

The coup attempt this month may not have been intended to succeed, but population-control demands certainly are.

The Kenyan capital of Nairobi was the scene of an attempted coup on Aug. 1. Air Force troops took over the main radio station and broadcast appeals to the public to support their efforts to oust President Arap Moi. Hordes of looters raided the stores in central Nairobi, and several hundred soldiers and civilians were reportedly killed in rioting and in the crushing of the coup attempt by army personnel loyal to President Moi.

The coup attempt was organized in a way that would lead to ethnic conflict in the future, conflict that could wreck the nation-state. The coup attempt was led by young members of the Air Force, who were reportedly predominantly members of the Luo tribe, while the political direction of the country is predominantly in the hands of the Kikuyu tribe. At this point the entire Air Force has been arrested.

While press reports claim that these "ethnic rivalries" were behind the recent events, in fact the real reasons for the coup attempt lie elsewhere.

The entire continent of Africa is being targeted for destabilization, in order to carry out the genocidal policy of decoupling Africa from the world economy, and preventing the development of nation-states on the continent. The Organization of African Unity is divided and unable to deal with the fundamental crises. There will probably not be a quorum of African heads of state at the

OAU summit in early August because the Polisario-Morocco issue has split the OAU.

The destabilization of Kenya hits the country long considered to be the most stable in the Horn of Africa, and makes more ominous reports received earlier this year by *EIR* from British surces that the entire Horn of Africa would become a chaotic nightmare. Tremors have been reported from the south of Sudan. New fighting is reported in Somalia, and President Obote's attempts to stabilize Uganda are being hindered by Qaddafi-aided rebels.

Kenya has traditionally been one of the few stable, prosperous countries in Africa, with its exports of tea and coffee bringing in high earnings, and tourism adding needed foreign exchange. However, in the last five years, the world market prices for tea and coffee, like those for other commodities, have fallen drastically. Tourist revenue is being carefully managed by outside financial circles, according to Kenyan diplomatic circles, with the result that Kenya never sees a cent of its money.

Kenya has a thriving population growth of 4 percent per annum, with existing population merely 15 million or so. But this growth rate is being attacked by the Club of Rome and Global 2000 circles as "catastrophic."

In June 1981, *EIR* published a report on the RAPID program, a

scheme for brainwashing officials from Third World countries into thinking that population growth is the root cause of poverty. A leader of the program, Malcolm Donald, was quoted as commenting, "Kenya has the highest birth rate in Africa, and President Moi says he wants Kenya to start a population program. But there is tremendous resistance, and the efforts they are making are only lukewarm. Moi may not mean what he says. We have made two trips to Kenya, a third is slated, and we are still not out of the batter's box."

The IMF and the World Bank have increased the pressure, with the World Bank officially telling the Kenyan authorities that no more loans would be forthcoming unless a population control council was set up.

The coup itself seemed virtually designed to fail, with no serious attempt by the Air Force troops involved to attack other major installations than the radio station, or to capture government ministers. This could be the last warning to Moi to knuckle under to IMF demands . . . or else.

The *Financial Times*, the voice of the City of London, warned Kenya that the West's readiness to help out financially depended on "internal reforms," especially an end to the policy of subsidizing food prices to allow the urban population cheap food. This is one of the standard IMF demands to every Third World country—a step which has invariably led to unrest where it has been forced through.

In future issues *EIR* will report on what is happening in other African countries lacking the "privileged" position Kenya has had.

Egypt's star rises

But the fruits of diplomacy will be bitter, if the United States cannot stop the bloody Israelis.

Ostracized by the Arab world as an accomplice of Israel since it agreed to the Camp David treaty in 1977, Egypt is now looking to become once again the political center of the Arab world. Indicative of this was a commentary by Israeli analyst Mordechai Abir on Radio Jerusalem, Aug. 5. Abir emphasized that "[a] farfetched [idea] only two years ago, it is now not unthinkable that Egypt will soon regain its natural leadership of the Arab world."

Since the April-25 Israeli return of the Sinai, Egyptian President Hosni Mubarak has met with Saudi King Fahd and other Arab leaders in an effort to re-establish diplomatic relations.

But the failure of the United States to restrain Israel in its bloody drive to invade west Beirut, may cause Washington to lose Egypt, its most trusted Arab ally. Since the invasion began, Mubarak has delivered numerous messages to Reagan that the U.S. position in the Arab world would be destroyed as a result of Israel's aggression. A member of Egyptian Foreign Minister Hassan Ali's July 29-Aug. 1 delegation to Washington revealed that Egypt will look toward Europe for a new partnership if the United States does not finally succeed in stopping Israel.

Immediately after the June 6 Israeli invasion of Lebanon, Mubarak announced an indefinite postponement of the Palestinian autonomy talks with Israel. Since then

Egypt has served as a mediator for the PLO with Washington, stressing that the only solution to the Lebanese crisis is for the United States to break with the Kissinger-drafted 1975 agreement with Israel, which specifies that Washington will neither talk to or ever recognize the PLO.

Using the fact that it has relations with Israel to act as a unique mediator with Washington in the crisis, Egypt has maneuvered in turn to rebuild its bridges to the Arab world.

Over the weeks, Washington has been very slow to move, but there was no doubt that the Egyptian voice has had more weight in American ears than any other. When President Mubarak attended the funeral of King Khaled in Mecca, he was more than warmly welcomed by his old friend King Fahd. Some weeks later, the Iraqi leadership, itself in search of allies, invited Mubarak to attend the September non-aligned summit in Baghdad.

Although some cynics may consider that after all, the Lebanese crisis was "good business" for Cairo, no one in Egypt dares to think so, for obvious reasons. Egypt knows that its fate is closely intertwined with the rest of the region. This was the substance of the most recent message sent by President Mubarak to President Reagan during the Hassan Ali visit. The message detailed precisely that the lack of American pressure on Israel, ensuring an Israeli *diktat* over Leba-

non and a massacre of the Palestinians would have but obvious consequences: the immediate destabilization of all of America's friends in the region, beginning with the Gulf countries. An Israeli victory would be de facto a victory of the forces of radicalism, be it under a Palestinian or Islamic fundamentalist cover; a victory for Ayatollah Khomeini.

To stop that, there were few steps Egypt could take to contain an upcoming wave of terrorism. As Hassan Ali declared to *Le Monde* of Paris on Aug. 3, "If Beirut is taken over by the Israelis, I do not know how we could continue to maintain normal diplomatic relations with Israel." Internally, President Mubarak is taking the necessary steps to defuse radicalism. He de facto supported all the efforts of the left opposition to support the PLO, sending money and supplies to Beirut, and is about to announce an amnesty for most political prisoners. But everyone knows nothing more can really be done, as, in the words of a diplomatic source, "Once we break relations with Israel, everything will change in the region." There is growing dissatisfaction expressed in the daily Egyptian papers, where it is openly regretted that peace was made with a country which does not want peace." But it is similarly understood that breaking relations with Israel will be a step of little value compared to the destruction of Beirut. This is what Egypt has been trying to have the Americans understand, and the immediate future will tell if they succeed. As for the Americans, the present lack of courage to act means not merely the collapse of the ill-fated Camp David treaty, but the collapse of a region.

New low point in U.S.-Mexico relations

An ABC-TV program raises wide suspicions among Mexicans as to what the United States is up to.

I would have never expected that a single television documentary program could become the central issue in U.S.-Mexico relations. But that is precisely what a July 25 ABC-TV documentary has provoked.

As I reported to you last week, ABC's "Mexico: Times of Crisis" program told Americans that bloody Iranian-style revolution is about to sweep Mexico. "Mexico is not immune to the upheavals of Central America," ABC gloated.

Mexicans' outrage has been phenomenal. As columnist Manuel Buendia asserted in *Excelsior* July 29, the program attempted to convince Americans that "a U.S. [armed] intervention should occur soon under the pretext that our economy is falling apart."

In a column July 30 in the daily *El Sol*, Chao Ebergényi, a columnist close to government circles, commented that U.S. analysts "have the serious problem of looking at the world as they would like it to be. . . . Iran could hardly compare to Mexico. . . . We don't have holy wars; neither do we suffer from Ayatollahs."

Ebergényi wonders whether the people behind ABC are "the promoters of Global Genocide 2000," the report advocating depopulation by U.S. Malthusians under the Carter administration.

On July 29, ABC-TV renewed its attack, devoting 20 minutes of its "20/20" show to the former head of the Mexican security police, calling

him a "high government official who would have been happy in Nazi Germany." ABC charged that the official, Nassar Haro, is a symbol of Mexican corruption and indifference to justice.

A preliminary look at ABC's corporate composition indicates that Ebergényi may be on target. The network is run from the top by the old Joseph Kennedy-Meyer Lansky organized-crime machine.

Represented on the board of directors of ABC are banks such as Schroeder, which took such a prominent role in bringing Adolf Hitler to power; as well as Lazard Frères and Morgan, known for their financial warfare against Mexico since the 1920s.

Intersecting the ABC propaganda is specialized propaganda being circulated among U.S. businessmen. One of the foulest "Iranization" shots is a recent two-page document by the Massachusetts-based "Probe International" intelligence outfit. Titled "A Comparison Between Mexico in 1981 and Iran in 1976," the document lists a series of "revolution-making" factors. "Disaffected students: Iran, yes. Mexico, not visible; large military: Iran, yes. Mexico, not yet; inequitable distribution of wealth: Iran, yes. Mexico, yes," etc.

ABC is now responsible for having brought U.S.-Mexico relations to their lowest point since the times of the zero-growth administration of Jimmy Carter.

"As a Mexican, I am worried

and outraged at the ABC program," Francisco Galindo Ochoa, President López Portillo's press spokesman, told a group of U.S. officials at a highly tense meeting July 28. Attendees included Charles Wick, head of the State Department's International Communications Agency (USICA).

According to press accounts here, while Wick talked about the "excellent" relations between the United States and Mexico, Galindo abruptly interrupted to remind him of "the hostile attitude toward Mexico coming from U.S. dailies, magazines, which this program has increased."

According to *Excelsior* columnist Joaquin López Doriga, the ambassador, John Gavin, who disgracefully appeared on the ABC program to endorse claims that the Central American turmoil could soon undo Mexico, has explained to government officials that his statements were taken out of context and has expressed quite "strong" words about the ABC producers.

In a letter to Galindo Ochoa published in the press here July 30, U.S. Embassy spokesman Stan Zuckerman takes a brutal snipe at those "who see a proof of a great campaign of slanders in every hostile note."

The same day, the ultra-leftist daily *Uno mas Uno* commented that after all, there was some truth in the ABC "Iranization" special. In the same edition the paper called on disaffected workers to protest recently decreed price increases in basic products.

This convergence of opinion between radical outlets and U.S. officials has not escaped government leaders here.

International Intelligence

Iran vows: no Non-Aligned meeting in Baghdad

The speaker of the Iranian parliament, Ayatollah Hashemi-Rafsanjani, issued a declaration on July 25 that Iran will escalate its war against Iraq in order to block the September meeting of the non-aligned group scheduled to be held in Baghdad. Iranian Prime Minister Mus-savi has since reiterated Hashemi-Rafsanjani's declaration stressing that Iran will not allow Iraqi President Saddam Hussein to take the chairmanship of the Non-Aligned movement which he is scheduled to acquire in September.

The Khomeini dictatorship has been conducting aggressive diplomacy within the group of developing nations to get a consensus against holding the meeting in Baghdad. Iran has been coordinating with Cuba, which led to Cuban Foreign Minister Malmierca's trip to Baghdad Aug. 2 to urge that the meeting be held somewhere else.

In late July President General Ershad of Bangladesh issued a statement that because of the Iran-Iraq war, the Non-Aligned meeting should be called off. Ershad was speaking on behalf of the same Chinese-allied Muslim Brotherhood which installed Khomeini.

Chinese revert to 'third way' posture

The official *People's Daily* published one of China's strongest attacks on the U.S. to date, at the beginning of August, consistent with its stiffening "Third Way" foreign-policy orientation of criticizing both the Soviet Union and the United States. At the same time Peking is coordinating with Britain and Socialist France to encourage a "breakaway Europe" scenario vis-à-vis Washington.

During his visit to Peking in early August, French Foreign Minister Claude Cheysson was praised by Premier Zhao

Ziyang for leading an "independent" foreign policy while British Prime Minister Thatcher will visit China in September, bringing with her, among other things, tidings of sophisticated British arms for Peking.

The *People's Daily* carried a prominent article by an official of the prestigious Academy of Social Sciences accusing the Reagan administration of "being divorced from the complicated reality" of the world situation. The newspaper first focused on the administration's decision to continue arming Taiwan.

The article then scored the U.S. for using Moscow as a scapegoat.

The Chinese repeated in much stronger terms attacks on U.S. economic policy for "infringing on the interests" of Western Europe, and criticized the Reagan administration's sanctions against the Soviet pipeline. Simultaneous attacks on continued U.S. grain shipments to Moscow show that Peking is less concerned about the harm done to East-West trade than it is in finding another issue on which to divide Europe and the U.S.

Secret American-German gathering unveiled

At San Francisco University, a carefully selected grouping of West German and American youth leaders were assembled Aug. 2-8 by the American Council on Germany, the foremost private organization coordinating political links between the two countries. The 80 attendees were selected over an eight-month period to hear presentations on foreign affairs by such notables as Undersecretary of State William F. Buckley and former Central Intelligence Agency director William F. Colby.

Also present at the event as a coordinator was ACG treasurer Karen Furey, who also functions as a top coordinator for the East Side Conservative Club in Manhattan and maintains confidential links between the two organizations.

Although Furey put great effort into

keeping the list of attendees confidential, it has been learned that two members of the West German Parliament, Otmar Schreiner, a Social Democrat, and Matthias Wissmann, a Christian Democrat, were present. Also from the German side were executives of Morgan Bank, Frankfurt, and Esso, West Germany.

American participants included AFL-CIO international affairs spokesman James M. Ellenberger, and an individual presenting himself as the head of the Democratic Party in New Jersey.

It is known that among the topics discussed was that of the political activities of Helga Zepp-LaRouche, wife of *EIR* founder Lyndon H. LaRouche; and of Zepp-LaRouche's party, the European Labor Party. The ACG, known in Germany as the "Atlantic Bridge," is chaired by the 87-year-old John J. McCloy, former allied commander of the postwar German occupation. McCloy has recently been tied to the Bahamas-based operations of gangster Meyer Lansky.

Poland targeted by terror networks

Poland-watchers are worried that Aug. 31, the anniversary of the Gdansk agreements that legalized the Solidarnosc movement, may mark the outbreak of Ireland-style terrorism in Poland. "Poland may turn into another Ireland by next year," said one expert linked to Swiss banking circles.

Solidarnosc, now underground, issued a call on July 31 for holding "peaceful" demonstrations Aug. 31 for the restoration of the union's legality.

Contacts between elements of Solidarnosc and the Italian terrorist Red Brigades were made public during the trial of Brigade members earlier this year. Exposed Brigader Luigi Scricciolo, international secretary of the Socialist Trade Union Confederation (UIL) in Italy, confessed that he not only maintained contacts, but had attended the Sept. 1981

Solidarnosc conference in Gdansk. Scricciolo also met regularly with Jacek Kuron, who is now serving time in a Polish jail for his attempts to instigate a civil war.

The would-be assassin of Pope John Paul II, Juan Fernandez Krohn, was also invited to the 1981 Gdansk congress of Solidarnosc, and did go to Poland shortly before his attempt to assassinate the Pope on May 13.

One representative of the oligarchic Pallavicini family in Rome declared that "the situation in Poland and terrorism in Italy, will, one hopes, change the thinking of Italy and the Pope."

Now an underground terrorist group, the MRKS, has surfaced. In a July 18 interview with the Italian daily *L'Espresso*, three MRKS terrorists openly compared themselves to the Red Brigades, and to the Polish World War II resistance group Armija Krajowa.

Imposimato names Paris as terrorist base

"We have had proof for a long time in Rome," declared Italian Judge Ferdinando Imposimato, "that terrorism has taken root in France, and that Paris has become a remarkably well-structured operational base."

Imposimato revealed the latest results of the anti-terrorist investigation he has been leading, in an interview in the Aug. 2 issue of the French weekly *Le Point*. He added that "all the demands to the French police on the part of Italian policemen and carabinieri have been in vain." (*EIR* has been independently informed that in July 150 Italian terrorists were deployed into West Germany and France, with the connivance of a French cabinet minister.)

Le Point reports that surrendered Red Brigader Carlo Brogi told police that he was assigned by Red Brigade "brains" Mario Moretti to find apartments in Paris for the terrorist group: "Thus we learn that the leaders of Italian

terrorism live in the Rue des Capucines and the Rue des Dames," says the magazine.

Imposimato maintains that since the roundup of some 400 terrorists following the freeing of kidnapped NATO Gen. James Dozier, "we have known that 14 brigadists, including Lanfranco Pace and Oreste Scalzone, have taken refuge in Paris. Thanks to confessions, we know the addresses, names . . . everything."

"We are also absolutely certain," Imposimato said, "that they have set up a Red Brigades column in the French capital and they work with other international groups [including] the French NAPAP." The Red Brigades in France are also known to be in touch with the IRA, the RAF of West Germany, and the ETA and GRAPO of Spain.

New role for Vatican as international mediator

Agostino Cardinal Casaroli, Vatican Secretary of State, delivered an important new proposal for international diplomacy being made by Pope John Paul II, on Aug. 3 at the first press conference of his current visit to the United States. President Reagan flew to Hartford to meet with the Cardinal a day earlier.

The Vatican Secretary of State announced that, in this delicate period of international crises, the Vatican had decided to put itself forward as the only appropriate mediator for all international issues. Unfortunately, he said, the United Nations has shown that it lacks the moral authority to carry on this role. There are three requirements for any institution that would attempt to fulfill this role, he specified. They are, first, moral authority, second, a sincere interest in the solution of these problems, and third, great experience. Citing the Church's two-thousand years' experience, Casaroli noted that the Vatican seemed to uniquely fulfill all three of these prerequisites.

Casaroli's press conference was given in Boston. The Secretary of State has come under political attack lately.

Briefly

● **YUVAL NEEMAN**, Israel's new Minister of Science and Development (and also putative father of its nuclear bomb), is assuming top-down control of all Israeli R&D, with extraordinary powers including the transfer of certain responsibilities from other ministries. His entry into the cabinet is expected to add to the weight of Defense Minister Sharon.

● **'DEFENDING EUROPE Without the Bomb'** is the cover story in the July 31 issue of *The Economist*. "NATO really ought to be able to block a Soviet attack with men and tanks alone, without more or less assuming that it will have to pull the nuclear trigger in the process," says the advocate of neo-colonial conventional wars.

● **PIERRE TRUDEAU** is planning to put Canada under an emergency dictatorship in response to a banking collapse sometime between now and October, according to a statement issued by Giles Gervais, candidate of the Movement for the Commonwealth of Canada for mayor of Montreal.

● **FRANCISCO GOYA** contributed a painting of the Greek goat-god Pan to the Mexican Labor Party's campaign against the post-election reign of terror being conducted by the fascist PAN party in Mexico. The PLM poster shows Pan surrounded by a group of transfixed females, with the warning "PAN wants your women."

● **UNESCO**, possibly the most egregiously Malthusian of all United Nations bodies, held a "World Conference on Cultural Policies" July 26-Aug. 5 in Mexico City. *EIR* was on the scene, much to conference organizers' dismay, and will carry a full report in a future issue.

Kissinger's secret agenda for the White House

by Richard Cohen, Washington Bureau Chief

While the President is being sent around the country to exude an electoral image as a strong "leader of the free world" who would never back down on his announced policy commitments, former Secretary of State Henry Kissinger was telling an elite group of U.S. corporate, banking and political leaders at the secretive Bohemian Grove gathering July 23-24 that the United States must be made to renounce its superpower status in world affairs.

According to a reporter who penetrated the Bohemian Grove sessions (which exclude non-whites and Jews), the central theme of Kissinger's keynote address reasoned "that in the period following World War II, the United States controlled 55 percent of the world's gross national product. The figure today is more like 25 percent. Now as a result the United States needs to conduct a different kind of foreign policy that accounts for its diminished economic influence—a *foreign policy that would be more like that of Great Britain.*"

In short Kissinger told the self-styled U.S. elite, "You are now a once-developed nation like Britain. You must now reduce your economic and military commitments globally, and instead resort to British tactics of psychological and cultural warfare." According to the reporter present, the drunken, foolish U.S. leaders present all cheered for policy that amounts to the final surrender of American principles.

Policy aims

While Henry Kissinger spoke, "Alexander Haig and Gerald Ford sat crosslegged before him. Secretary of State George Shultz and his guest Helmut Schmidt, the Chancellor of West Germany, were off to the side."

According to early information on the Kissinger plan, the permanent withdrawal from superpower rank will occur in tandem with moves authored by Kissinger and endorsed by Shultz to enforce horrible contraction on the developing sector and extreme austerity on the U.S. economy following the November elections. To accomplish this, advisers to Kissinger and Shultz are said to be considering broad schemes of developing-sector debt rescheduling that would be linked to outright genocidal conditionalities. In addition, they are said to be considering a warmed-over version of Kissinger's 1975 proposal for the creation of an International Resources Bank; under this typically British scheme, developing-sector debt might be refinanced on the basis of mortgaging raw-material reserves. In the advanced sector, secondary banking structures linked to local trade and industrial and agricultural production will be triaged.

Permanent shrinkage of the U.S. economy and the world economy under the auspices of Kissinger-style crisis management or possibly a new global institution requires, according to Kissinger's estimates, the acqui-

escence of the leadership of West Germany and the Soviet Union (see article, page 9). In addition it would require an irreversible Kissinger coup within the Reagan administration.

According to sources close to the Kennedy family's political operations and U.S. intelligence sources, the Kissinger operation within the Reagan administration will surface openly to attain these objectives after Reagan and "Reaganism" suffer stinging defeats in the November elections. White House sources have told me unequivocally that Shultz will make important new moves following those elections. A source familiar with the thinking of the Soviet Politburo confided to me that they are convinced that a "new turn" in U.S.-Soviet relations will develop after November. And a source with close ties to the Atlantic Council reported that, following private talks in California with both Shultz and Kissinger, Chancellor Schmidt is also convinced that relations with Washington will now improve.

The modus operandi

Intelligence sources here report that Kissinger is depending upon two key operations between now and November to build his assets in preparation for the policy coup. Kissinger is exerting all his influence to secure control over U.S. Middle East policy. As I reported last week, Kissinger's first meeting with Shultz focused upon the assignment of longtime Kissinger collaborator Helmut Sonnenfeldt to a crucial informal advisory and troubleshooting role with Shultz. It was Sonnenfeldt, when director of the sensitive Bureau of Intelligence and Research at the State Department in 1958-60, who leaked quantities of classified U.S. material to Israeli intelligence. In fact, Sonnenfeldt was almost retired from the foreign service when in 1958, State Department security officers caught him sending to Israeli intelligence secret information on Eisenhower's plans to send U.S. marines into Lebanon. At that time Sonnenfeldt was also helping to build Fat Henry's career by delivering classified material to the Harvard professor. Thus both Sonnenfeldt and Kissinger had established clandestine channels to Israeli intelligence around the Lebanon crisis of 1958. Kissinger then used the channels while National Security Advisor and Secretary of State. Former Secretary of State Alexander Haig became familiar with these channels while serving as Kissinger's "dirty tricks" caretaker at the National Security Council (see *EIR*, July 20). It was the use of these clandestine channels to elements of Israeli military intelligence associated with Defense Minister Ariel Sharon through which Haig connived to set up the Israeli invasion of Lebanon and for which he was summarily dismissed when the President was apprised

of the extent of the Secretary's duplicity.

Now Kissinger and Sonnenfeldt are once again playing these channels. In fact, it was reported that Kissinger is so intent on raising the heat throughout the Middle East, that he has connived to get both Haig and Israeli Prime Minister Menachem Begin to threaten the White House with alleged information that would find its way in to the major U.S. press "proving" that Reagan was aware of Israel's real intentions before the Israelis marched into Lebanon. This blackmail along with persistent warnings from the President's pollsters are said to have destroyed all hope of effective Presidential reaction against the annihilation of Beirut.

Presidential impotence presumed

Accordingly, while the Israelis sack Beirut and Iran's Khomeini builds for a final attack on Iraq—an assault which the White House is convinced will be successful—President Reagan is scripted to sit on his hands. This is an essential aspect of Kissinger's plans. Impotent Presidential rhetoric in the wake of blatant threats to Middle East oil supplies will guarantee not only devastating Republican losses in November but Western European desperation. According to Washington sources, this is exactly what Kissinger seeks as he moves to seize top-down control of the U.S. negotiating machinery. Kissinger will then ask for European compliance with his British controllers' post-election global economic reorganization, in exchange for his help in securing oil supplies!

Kissinger's second objective between now and November is to place more of his people into key positions within the Reagan administration. Most important here has been the joining of forces within the administration of people loyal to Kissinger and others loyal to Vice-President George Bush. Bush has only obliquely opposed the recent presidential decisions which his mouthpiece Commerce Secretary Malcolm Baldrige has publicly criticized. In a first attempt to create political distance between Bush and Reagan, Baldrige has made it known that he opposes the President's decision to continue arms sales to Taiwan, the Trans-Siberian pipeline sanctions decision, and Reagan's erroneous mid-year budget-deficit projections. Washington intelligence sources have told me that the preliminary moves by the Bush group anticipate a Republican debacle in November; they are meant to precede a full-scale effort within the Republican Party to get the President to announce after the November elections that he will not run for a second term. These sources say that Reagan will be presented with only one other post-election alternative: to shift his policies 180 degrees. Either way, Kissinger obtains broad control over White House policy.

U.S. fusion budget to become a PR joke?

by Mary McCourt

The Fusion Energy Foundation has obtained a copy of the minutes of the June 1-2, 1982 meeting of the Department of Energy's Magnetic Fusion Advisory Committee (MFAC) which confirm the warnings of retiring DOE Fusion Office Director Edwin Kintner last December that the fusion "program is being destroyed" by ending the "national mission orientation" to fusion power development under massive budget-cutting pressure. Under former director Kintner, the meetings of the MFAC were the means for the DOE to assess the quality and progress of research in the nation's labs.

But the minutes of the June meeting reveal that the leaders of national laboratory fusion work, the nation's most advanced science and technology program, are being forced to assess their scientific and technological progress on the basis of "the country's perceived notion of the value of fusion support," i.e. Fed Chairman Paul Volcker's vicious austerity policies, rather than the actual energy needs of an advanced industrial economy.

The basis for a new "mission orientation" does exist in the proposals of the Fusion Energy Foundation and its founder and board member, Lyndon H. LaRouche, to use the recently discovered polarized fuel properties of plasmas to engineer commercial fusion reactors by 1995. Work by two scientific teams in the United States, one at Princeton University and the other at Brookhaven National Laboratory, has shown that polarization of the plasma fuel within the fusion reactor could enhance fusion fuel cycles by 1.5 times. If polarization of the fuel nuclei can be maintained for the time necessary for the fusion reaction to take place, fusion can be achieved at lower temperatures than previously thought necessary. If these results can be demonstrated experimentally, it would mean that several large-scale fusion machines would have already achieved breakeven, i.e. the temperature at which the machine produces as much fusion energy as the energy required to ignite the reaction.

Reagan Science Adviser George Keyworth made an unusual appearance before the Advisory Committee to enforce the austerity mentality. Claiming that "there was no more difficult technological problem than producing fusion power," Keyworth stated that "no one could predict" when there would be results. Keyworth said that

the present level of funding "is viewed as adequate" and that it would be difficult to argue for any significant increase in funds. This budget-tightening process is international, Keyworth noted, but due to the fact that it would not be possible for the United States to achieve a demonstration of fusion power on its own, only by international cooperation might it be possible to keep the program going. This, however, would require decisions "from the highest levels of government" on the issue of control of technology transfer, a policy never before forced on magnetic fusion programs.

The response of the laboratory scientists present was a "consensus" that no significant engineering work could begin on fusion reactors until the present series of stretched-out experiments are completed by the end of this decade, which are marked by competition for an "optimum design," rather than scientific cooperation.

Dr. John Clarke, Acting Associate Director for Fusion Energy, of the Office of Energy Research, reiterated Keyworth's assessment. Because "the administration perceives that we do not need a new power source before the end of the century," Clarke stated, "we should not take extreme risks." Using language more appropriate to Madison Avenue advertising campaigns that the question of the future of the nation's energy supply, Clark called the top priority "maximum progress in developing the data base to permit those outside to enthusiastically support the program. . . . The program can be accelerated without structural change if fusion is perceived as a national need. He likened the new strategy to how a company markets a new product.

"There must be sufficient scientific and technical data to demonstrate feasibility, which leads to product definition, which leads to sufficient belief in the product to justify investment. . . . By this strategy we can hope to select an attractive fusion concept that will merit development. . . ."

Dr. Stephen Dean, president of Fusion Power Associates and a former official in the DOE magnetic fusion program, who supports the policy-outlook being organized for by the Fusion Energy Foundation, made the only response based on a realistic assessment of national and world energy needs. He told the committee that he believed that many industry people are opposed to this "new strategy" outlined in the Comprehensive Program Management Plan (CPMP). He cited as the major problems that the strategy puts the focus of the program 10 years off in the future, and that rather than attempting to build an ambitious Engineering Test Reactor (ETR) for which there is insufficient data, the program should go ahead to build a facility that makes a lot of fusion power—something achievable within 2 to 3 years. Dean asserted that CPMP had no resemblance to the intent of the Magnetic Fusion Energy Engineering Act of 1980, and the committee is thus alienating Congress and the nuclear industry.

LaRouche on the Toynbee factor in British grand strategy

by Criton Zoakos, Editor-in-Chief

"There is hardly a task worthier of speedy accomplishment than the publication of this book," was the unanimous agreement of the New Benjamin Franklin Publishing House editorial board, upon reading the manuscript of *The Toynbee Factor in British Grand Strategy*, the latest book by Lyndon H. LaRouche, Jr.

Mr. LaRouche, probably the most prolific American writer on important topics in recent decades, commands a grip on argument and creative force which has made him the beloved thinker of many and the object of compulsive hatred of others. His latest book, *The Toynbee Factor*, clarifies beyond ambiguity the crucial and many times unspoken issues upon which are based the controversies and polarization around the person of Mr. LaRouche. The book's primary objective is to lay bare the causes of the national failure of the United States, primarily in foreign policy formulation; but also in general conduct in the pursuit of national purpose.

His identification of these causes will knock the proverbial socks off the complacent philistine and odd Dean of Political Science Department who flatulently deems himself "well informed" in such matters. No matter. As LaRouche himself points out, "Lord Carrington's close collaborators will not disagree so much with what is reported in this report, as the fact that the matter has been brought into the public light." *The Toynbee Factor's* thesis, of course, is that the cause of the United States' failure in foreign policy lies in the fact that the United States has allowed the European, primarily British oligarchy to capture its foreign policy-making institutions. This is a fact which will not be contested by anyone who knows.

Perhaps most shocking to the Toynbee school will be LaRouche's proof that human civilization, as adducible from evidence of calendars and epic myths, must be dated back as far as 42,000 years. It was not until the ancient maritime civilization, reflected in epics such as the Indian *Rigveda*, was destroyed by barbarian tribes that the age of astrology, which the oligarchical school reflects, came into existence.

Thus, LaRouche locks his fire on the question: what has happened to the character of Americans that they permit the oligarchy to run U.S. policy? Or, as he puts it, "It is past time someone took up the question 'How come?'"

The answer is not pleasant, but the answer is there.

A fundamental shift in our national character has been caused which accounts for a discrepancy between private morality (of that majority which still values moral conduct in private affairs) and public morality of policy-making. Privately moral persons will admit this, with some difficulty. Many of them will claim that "nothing can be done about it." A few, those morally more gifted, will seek ways for remedy. It is for those few that *The Toynbee Factor* has been written.

Our national character has been tampered with because we have tolerated in our mental, cultural and scientific life, including the area of "entertainment," the most extensive outpouring of banality and hedonism. What occurs inside the minds of members of our culture, from the musical performances of Bruno Walter and Arturo Toscanini, to the grotesque empiricist outlooks in natural science progressively more dominant since the Solvay Conference, to the hardly concealed pornography of television "soap" and Neronian "sports," is all coherently reducible to a single phenomenon of mental life: infantile regression, efficiently identified by LaRouche as the "oligarchical principle" in ordering cultures and societies.

LaRouche has brought forward a major challenge to Toynbee's contention that the "oligarchical principle" is a more or less "eternal," permanent feature in the ordering of human behavior within civilization. This challenge, which will provoke howls of hysteria for years to come, is founded on LaRouche's revolutionary historiographical method, in which he synthesizes the evidence drawn from surviving historical records, economic evidence, thermodynamic and technological transformation evidence, to adduce laws of human behavior upon which he can rest his "Atlas Epic"

hypothesis.

Who ruined our foreign policy?

It is not often that the reader of a major book on United States foreign policy, written in part as an appendix to testimony before the Senate Foreign Relations Committee (as Mr. LaRouche's latest book is), finds the more regrettable and painful "secrets" of his or her family and personal life paraded as exhibits of evidence into a court inquiry, as it were, into the matter of "who ruined our foreign policy?" Yet *The Toynbee Factor* is, in its poetic quality, less than a grand court proceeding and more like an Aeschylean tragedy in which the reader, like the audience in the *Eumenides*, suddenly realizes that he or she, is the dramatic actor on the stage, compelled by the "laws" of his/her culture to march ineluctably into doom and expiation. Thus, LaRouche's reader is caught, inside his own tragedy, calling out, "don't do it," "don't march into Fate's destruction," till he discovers that it is to himself that he calls out. The solution to such Aeschylean tragedy as this through which our nation is going, is not for the individual actor to change the course of his action, because within the "laws" of his culture, any course of action will lead to doom. The solution is for the reader, like the Aeschylean audience in the *Eumenides*, to become the *Areopagus*, the lawmaker-within-the-play, and effect a shift in the laws which determine the course of the drama.

No easy matter

For a society in such an advanced stage of cancer, this is no easy matter—it takes no less a scholar than LaRouche to attempt a solution.

This reviewer has identified at least a score of major scientific themes, each of which, in happier times, would have justified the establishment of a new disciplinary department in major universities, the which Mr. LaRouche summarily develops with compelling arguments in *The Toynbee Factor*. The entrenched flatulence of our culture's practices in mathematics, physics, history, economics, music, poetry, philology is given a trouncing, which shall have salutary effects for our social health if the gifted layman, rather than bow before the rumps of Philistia, joins with LaRouche to kick these asses out of court and out of our public consciousness. But for the layman to do so, he or she must be gripped by the same ferocious, ruthless passion to preserve the integrity of moral mind against the foul encroachments of the Kissingers and similar counterfeits now adulated by our republic's sheep—the same ruthless passion which dominates Mr. LaRouche's latest book.

The editors of the New Benjamin Franklin Publishing House, sharing, as citizens of this republic, in the near-death agony of this ruined culture are, like the

author of *The Toynbee Factor*, gripped by the question: "Has the American people lost the moral fitness to survive?" The answer to this question will remain in suspension for a while, for it must be arrived at in a truly Aeschylean manner: you, the reader/viewer, must recognize yourself in the pathetic actions of the tragic person on stage and, with us, you must act to change the laws of human behavior regulating your dying culture. There you, like us, should find that there is no challenge worthier of your contribution than the speedy publication of this book and its circulation throughout the United States.

Since our nation's public life has been deprived of the possibility of cultivating its moral judgment in great performances of Shakespearean or Marlovian political tragedies, let us now take this book, and make the households of America, from coast to coast, the stage of our Aeschylean resolution.

The Toynbee Factor is available from New Benjamin Franklin Publishing House. For more information call (212) 247-7484 or (212) 247-8820, or write New Benjamin Franklin Publishing House, 304 W. 58th St., 5th Floor, New York, New York 10019.

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Latter-day astrologers

Richard Beal, who is President Reagan's Special Assistant in Charge of Planning and Evaluation (you'll find out what that is in a minute), has been busy outside his usual quarters in the White House basement lately. *EIR* ran into him at the World Futures Society conference in Washington in July, where he gave a briefing on the White House situation room, located in the basement. He came above ground again a few days later in Boston, where he addressed a seminar at the Taft School of Government of the University of Massachusetts.

For anyone who wonders why the American voters elected a Reagan administration in November 1980 and still don't have a Reagan administration, creatures like Richard Beal are important to watch. Unelected, unscrutinized by Congress, Beal and his cohorts whom the reader will meet in this column wield a power comparable (as the enthusiastic *Boston Globe* put it in covering Beal's Boston speech on Aug. 1) to the witch doctor in a primitive society, or the phenomenon readers consulted by the Caesars in the temples of ancient Rome. (The *Globe* also loved the Washington Futures conference.)

Beal is a "computerized prophet" whose policies sound more like California Governor Jerry Brown than President Reagan, and who conceives his job, according to his recent speeches, as convincing the

President that the United States is on the edge of changes that negate most of the traditional liberal or conservative beliefs.

The message, carried in opinion polls and other orchestrated "perceptions," is that in order to survive the elections, Reagan should turn over major policy decisions to outside "experts" and ditch the traditional constituencies that rejected Jimmy Carter for Reagan in 1980.

Beal told the Boston seminar that the economy of the future will favor merchants of information (like himself, of course) rather than producers of hard goods. "Productivity" will become irrelevant, as will organized labor, he said.

Beal is only one of the latter-day astrologers who work down in the White House basement. *EIR*'s investigation of these shadowy gnomes reveals that Beal is a protégé of pollster Richard Wirthlin, whose power in the Reagan administration has won the awe of the court astrologer of the most synthetic President ever to reach the White House. Patrick Caddell, Jimmy Carter's pollster, has said, "I could kiss them [Wirthlin's team] for using thematic approaches. They really do understand the importance of themes as the great projecting force of political management."

Who is Richard Wirthlin?

Wirthlin, so the story goes, was teaching economics at the University of California in 1964. By 1980 he headed a polling and public relations firm, Decision Making Information, Inc., which grossed \$3 million from corporate banking and GOP clients. One special account involved reviving the flagging finances of Southwest Savings and Loan of Arizona.

By 1980 Richard Wirthlin was top campaign strategist for Ronald Reagan's presidential campaign. His October 1980 paper, "Seven Conditions for Victory," outlined what Reagan's image should be going into the elections. After the election, he became director of planning for Reagan's transition team. He created the Office of Planning and Evaluations and placed his employee of eight years, Richard Beal, in charge.

Then Wirthlin spawned the "Initial Action Plan" which begat the "First 90 Days Project" headed by George Bush's presidential campaign operative, David Gergen. Gergen compiled records of the first 100 days of every President since FDR, concluding: 1) this is the period to establish the President's "persona" and thus the "character of the administration"; and 2) the President must be kept from making any "big mistakes."

To accomplish this, Gergen recommended that Reagan "keep a simple focus and go strong on the economy." The team of Gergen-Wirthlin-Beal has been consistent in hammering away with this advice. Reagan should leave foreign policy and other "complicated" matters to experts, and focus on pursuing an economic recovery by means of the "supply-side" or other varieties of quackish wizardry being offered up by economic experts. Judging from results, the experts are determined to make the astrologers' prediction of an economy with no hard goods produced come true!

Wirthlin warned again in the fall of 1981 that Reagan "has to be careful not to diffuse his presidential power by getting tangled in too many diverse issues . . . managing the economic recovery will remain at the top of his agenda."

To be continued.

Parliamentary bills in House

Recent initiatives in the House of Representatives have opened a flank in the Harriman campaign to turn the United States into a parliamentary system modeled on that of Great Britain. These initiatives include two bills, a Republican-sponsored H.R.4070 and a Democratic-initiated H.R.6479, drafted out of discussions and hearings in the House Administration Committee's task force on elections, which would amend the Federal Elections Campaign Act of 1971. The first of these would strengthen the control, especially financial control, of the two major parties over the political process; the second would strip independent-expenditure political action committees' ability to influence policy or elections by drastically limiting the PACs' expenditures while increasing disclosure and reporting requirements to the FEC.

In response to claims that the independent expenditure political action committees are running amok, the House has embarked on the legislative component of an ongoing project by such overt pro-British parliamentary-system advocates as former White House counselor Lloyd Cutler, Sen. Ted Kennedy, Cyrus Vance, and Democratic Party éminence grise, Averell Harriman.

The bulk of testimony at two House Administration Committee task force hearings—on June 10 and July 28—was consumed with attacks on independent expenditure committees and recommendations for how to curb or even eliminate them. Top Harrimanite operative Ted Sorensen testified on July 28 as chairman of the Demo-

cratic National Committee task force on Independent Expenditures, delivering the recommendations of the task-force study he had just completed. These recommendations include strengthening the parties through facilitating public funding, e.g. increasing the federal income-tax "checkoff" and having funds go to parties, who then determine what candidates get funds; limiting independent PAC expenditures to that of an individual candidate; and increasing disclosure.

GOP National Committee Chairman Richard Richards also testified against independent PACs.

BIS proposes, Robert Byrd disposes

After three years of unabated obstruction of the fight against Paul Volcker, Senate Minority Leader Robert Byrd (D-W.Va.) has suddenly introduced the "Balanced Monetary Policy Act of 1982" (S.2807), along with 30 other Democrats. Byrd's legislation, introduced on Aug. 3, mandates the Federal Reserve Board to target interest rates (as it did before October 1979), as well as monetary aggregates (as it has since October 1979). There is nothing in the legislation which would preclude Paul Volcker from telling Congress that he could achieve one target, and not the other, thus rendering the legislation meaningless—as a Byrd intimate admitted.

In the floor speech accompanying the legislation, Byrd succeeded in avoiding all mention of Paul Volcker's name, and instead, blamed the Reagan administration for high interest rates, citing the budgetary effects of the Reagan

tax cuts and the administration's continued "support" for a policy of tight money. The man who fought every congressional effort to go after Paul Volcker in 1981, now states, "Bold action by Congress is imperative, because the administration has embraced two economic experiments which together have brought our nation to the brink of depression."

The Bank for International Settlements has let word trickle down to the likes of Robert Byrd, that monetary policy must now accommodate the impending necessity to bail out the Eurodollar market.

In fact, Byrd requires the Fed to keep real interest rates above the level of inflation. The Fed will then be primed to slam the domestic monetary brakes while turning on the printing presses to bail out the Eurodollar market.

Hospital bidding wars proposed

Carter administration plans to destroy the nation's high-technology medicine have been re-launched under the rubric of "fiscal austerity" and Skinnerian/utilitarian rewards for "good behavior" by hospital management.

The notorious former director of Carter's Health Care Financing Administration (HCFA), Robert A. Derzon, who is currently Vice-President of Lewin & Associates, a Washington D.C. health-care consulting firm, praised a June 23 Senate Finance Committee Health Subcommittee report on proposals for government prepayment of Medicare and Medicaid Hospital Costs in his June 3 testimony. Derzon said, "The question you are

addressing, simply stated, is how [can we] purchase care from hospitals? . . . Medicare's practice of retrospectively paying incurred costs has created strong incentives for hospitals to spend more, not less; and what is worse, has encouraged hospitals to believe that almost all capital investment is risk-free."

Derzon earlier gained international attention when his now famous "Derzon Memo," issued on June 4, 1977 as administrator of HCFA, was made public. Under the heading of "Regarding Cost-Inducing Activities," the memo said that the Federal government could save \$1.2 billion through increasing the death rate of elderly medicare recipients by forcing states to enact Living Will legislation. "Additional Federal savings would accrue to Medicaid and the VA and Defense Department health programs" beyond the \$1.2 billion if the government was able to eliminate the last year of life of only one-fourth of the people now receiving government health benefits, concluded the memo.

In his June 1982 testimony Derzon complains, "We know that when HCFA set 223 limits on only inpatient costs, hospitals built intensive-care units which are excluded from routine costs and hospitals shifted costs to ancillary services and outpatient clinics." He praises what the Senate Finance Committee has called "prospective reimbursement" because "prospective payment means hospitals will know in advance what they will be paid for their product regardless of their production costs." The bottom line of the 24-page Senate report is that hospitals must be forced to bid in advance for government contracts. The hospi-

tal which can reduce services below the agreed-upon price for the year will be rewarded by being able to keep the "savings."

The June 23 hearing is the first in a series of hearings projected to run through the next session and generate the legislation based on the Derzon perspective.

London's basketball favorite wants Eurodollar bailout

Former New York Knickerbocker forward and reputed Senator from New Jersey, Bill Bradley, is finally giving his Rhodes Scholarship sponsors their money's worth—\$1.8 trillion, to be precise. In a Senate floor speech on July 29, Bradley called for the United States to function as a "responsible lender of last resort," and to bail out the Eurodollar market. Bradley would give the IMF a virtual carte blanche to destroy the dollar: "There could be established a multilateral fund from which central banks could borrow the foreign exchange they need to cover endangered banks under agreed conditions. The fund would need authority to borrow from the central bank of the country whose foreign exchange was in demand in order to reloan to the central bank in need. It appears to me that the International Monetary Fund (IMF) would be the appropriate agency to administer this fund, but there are alternate candidates."

Bradley's proposal to turn the U.S. dollar into toilet paper was preceded by a lengthy analysis of the fragility of the Eurodollar market, the chain-reaction threat of a Polish debt default, interbank lending and other salient points

which mirror exactly this journal's warnings. Several days later, Eurodollar Bill bounced back onto the Senate floor to panic over the Bank of Italy's decision to let Banco Ambrosiano's Luxembourg subsidiary collapse.

Levin attacks Japanese, German defense levels

Senate Armed Services Committee member Carl Levin (D-Mich.) repeated portions of a Defense Department "Report on Allied Contributions to the Common Defense," in a floor speech on July 30. The report, which rates allied NATO countries' and Japan's contributions to common defense efforts, was mandated as a result of a Levin amendment to the 1982 Defense Authorization Act.

While Levin notes the "low-key" manner in which the report was released, apparently, he concludes, in an attempt to "spare some of our allies—especially Japan—major embarrassment," the report nonetheless concludes that Japan and West Germany are falling substantially short of defense commitments.

Levin underscores the report's veiled, Kissingerian threats. "Our allies . . . need . . . to increase their contributions to the common security in the context of the expansions of our own efforts to defend the Persian Gulf—which benefit the allies as much, if not more, than they do ourselves." If the allies and Japan do not reverse their current positions, Levin concludes, "We will have to consider drastic cures for the disease of security complacency which seems to afflict some of our allies."

National News

AFL-CIO plans political containment of labor

The Executive Council of the AFL-CIO refined its plan for guaranteeing the labor vote to a Social-Democratic presidential candidate at its quarterly meeting in New York the first week in August. This strategy would include the first pre-primary endorsement of a candidate in the history of the Federation, to prevent the "defections" of union members to vote for candidates on the basis of individual decision. In 1980, 44 percent of union members "crossed party lines" to vote for Ronald Reagan, a decisive factor in defeating Jimmy Carter.

The AFL-CIO General Board is slated to endorse a candidate in early December 1983. The endorsement will require a two-thirds majority of the Board's 99 members, weighted by the size of individual union membership. The decision would only be binding on AFL-CIO state federations and local central labor councils, it is expected that few affiliated international unions would buck the Board's decision.

Was Penn Square plugged?

Some intriguing unanswered questions remain regarding the dramatic failure of the Oklahoma City Penn Square Bank last month. According to their own admission days later, one of the bank's major shareholders, GHK Oil company, withdrew most of its holdings in Penn Square, amounting to undisclosed millions, just several days before the failure.

GHK owner Robert L. Hefner III says that he made the move on advice of a "prominent New York financial institution." This has led to speculation that the Penn Square affair may have been deliberately triggered against certain domestic U.S. banks. This is especially significant in light of the fact that Fed

Chairman Volcker, in agreement with members of the Basel, Switzerland Bank for International Settlements, deliberately refused to bail out Penn Square in order to "discipline" domestic banks.

Hefner is a Carter liberal, a rarity in the oil business, who maneuvered a proviso into the 1978 Natural Gas Policy Act to exempt so-called deep gas (below 12,000 feet) from price controls. Hefner's GHK is the largest independent leaseholder in the deep gas region of the Anadarko Basin of Oklahoma, a major lending prop for Penn Square.

LaRouche challenges Kissinger to sue him

Lyndon H. LaRouche, the noted economist, has issued two statements in his own name warning of the extreme danger of allowing Henry Kissinger to return to any position of power in the United States, on July 28 and August 3.

In his first statement, LaRouche urged the American public to make known to President Reagan that they fully back his having kept Kissinger out of the U.S. government's affairs up to this point. LaRouche motivates this political mobilization, with full acknowledgement that Kissinger may attempt to sue him for his statements, with descriptions of Kissinger's own admission in his May 10 speech at London's Chatham House of lying and treason to the U.S. president.

"Personally, Kissinger is a nothing. Or, as we say in Yiddish, a *golem*. His first intelligence boss, back when Henry was a Pfc. jeep driver in Oberammergau, says, 'I invented Kissinger.' . . . A *golem* is a thing, a hunk of mud squeezed into the shape of something semi-human . . . made to walk and run errands. . . .

"But the important thing is not the disgusting thing which Kissinger is personally. The most disgusting thing is what he had done to our own and other nations. . . ." including the set up of the political murder of Pakistan's President Bhutto, and the genocide carried out by

the Pol Pot regime in Cambodia.

LaRouche's second statement, "Kissinger, the Politics of Faggotry," makes clear what motivates Kissinger. "Henry A. Kissinger is no ordinary, common, garden variety of homosexual. His heathen sexual inclinations are merely an integral part of a larger evil. . . .

"Psychologically, Henry is of a distinct species . . . the species some psychopathologists prefer to describe as an extreme anal variety of sado-masochistic personality, of the same pathological type as organized crime's Roy Cohn. . . .

"Most citizens have noticed about Kissinger, that he explodes into irrational rages very easily. He exhibits a *distinctly unmanly* testiness. . . . As long as he believes he is being admired, or admired for reasons of fear, Kissinger can be almost generous, more or less 'seductive' in the way some confidence men often are with prospective 'suckers.' 'Cross Kissinger,' rip away his narcissistic, anal self-delusions, and his impulses turn instantly homicidal—as Pakistan's Bhutto recalled vividly before he died by Kissinger's decree.

"To understand the kind of faggot Henry Kissinger is, . . . think back to the Emperor Nero and his court. Think of Studio 54, then of Nero's court, and then of Studio 54 again. Think of Roy Cohn's parties. . . . Think of Nero, and then of Kissinger, and then of Nero and then of Roy M. Cohn. That is the kind of faggot Henry Kissinger is.

"That is the kind of faggotry that destroyed Rome. Will you permit it also to destroy the United States?"

AEI forum gathers Ford administration types

The World Forum of the American Enterprise Institute was scheduled to be held Aug. 13-15 at former President Jerry Ford's residence in Vail, Colorado. Among the speakers and attendees are Henry Kissinger, former GOP chairman Bill Brock, former Fed Chairman Arthur Burns, former vice-presidential candi-

date in Ford's 1976 race Bob Dole, and former economic adviser Alan Greenspan.

Also on the list are Council on Foreign Relations-approved congressmen like Tom Foley of Washington and Barber Conable of New York; Trilateraloid GOP activist Dick Cheney of Wyoming; Kissinger sidekick Brent Scowcroft; and, from the AEI, Irving Kristol and program director Marvin Esch, an associate of the unsavory GOP moneybags Max Fisher.

Forty-seven CEOs from Fortune 500 companies are expected, along with former French President Valéry Giscard d'Estaing and former British Prime Minister James Callaghan, who headed governments during Jerry Ford's tenure.

The theme of the closed-door, invitation-only session is "the Atlantic Alliance," and informal discussion is bound to occur on how to increase the Trilateral grip over the Reagan administration. *EIR* will report on the proceedings in a future issue.

Commentary magazine endorses eugenics book

In its August 1982 issue, *Commentary*, the magazine of the "American Jewish Committee" published a review which fully endorsed *The Underclass*, Ken Auletta's recently published analysis of American urban problems from the standpoint of eugenic race science.

According to Auletta, "crime, disease, alcoholism, schizophrenia, and other mental illnesses" are all largely determined by human "genetic inheritance," as are "anti-social behavior, dyslexia, manic depression, low IQs, temperament, stuttering, and shyness. . . . It is both a hopeful and a depressing signal that the study of human genetics has come out of the closet. Hopeful . . . because it provides a fuller portrait of the truth. Depressing because it will no doubt prove that more citizens than we care to admit are beyond the reach of 'science.'"

In the past, such "eugenic" theories of sociology have been used by the Harrimans in the United States and the Nazis in Germany as a justification for mass extermination and sterilization campaigns against the poor and racial minorities, as well as an excuse not to implement needed reforms in sanitation and public health. In recent years, *Commentary* has been used as a forum for the closely related Social Darwinist ideas of Harriman protégé Daniel Patrick Moynihan and his associate Edward Banfield, both advocates of a policy of "benign neglect" against the nation's poor.

Commentary is supported financially by the DeBeers diamond mining interests of South Africa. While it claims to speak for a segment of the Jewish community, it has refused to publish any of the evidence of the role of the Harriman-funded eugenics movement in assisting in the extermination of the Jews.

U.S. court rules for WPPSS project

The Federal Court for the Western District in Seattle, Washington has ruled unconstitutional State Initiative-394. I-394, voted last year, requires state-wide vote of approval every time the Washington Public Power Supply System requires bond financing for construction of large nuclear projects. Joseph Califano, former Carter HEW Secretary, represented an anti-nuclear coalition supporting Washington State against the WPPSS projects.

While the Federal Court ruled the I-394 was an unconstitutional impairment of contract between a federal agency, Bonneville Power Administration, and WPPSS, the court left I-394 in effect pending appeal. A bond sale for \$680 million just before I-394 took effect will ensure construction will proceed on Unit 2, which is 95 percent complete, and Unit 3 which is 56 percent complete. Three other plants have been deferred or cancelled in the past 15 months.

Briefly

● **THE AFL-CIO** Executive Council gave unqualified support to the Israeli invasion of Lebanon at its quarterly meeting. Federation president Lane Kirkland admitted to an *EIR* correspondent that he had found U.S. Mideast policy "confusing" since the dismissal of former Secretary of State Haig, for whom he had only praise. Kirkland mentioned meeting with former Kissinger aide Lawrence Eagleburger.

● **PIERRE SALINGER**, an executive with ABC-TV, met recently with Henry Kissinger and Roy Cohn on the West Coast. ABC has recently run two programs portraying the Republic of Mexico as on the verge of Iran-style chaos.

● **ANDREW GREELEY**, author of the "fictionalized" attacks on the late John Cardinal Cody in *The Cardinal Sins*, and source of the material for the subsequent *Chicago Sun-Times* slanderous "investigation" of Cody, is being sued for \$3 million for libel by journalist James Winters. Greeley claimed that Winters had actually "stolen" his material, which included a taped diary saying, "getting Joe Bernardin [Cody's replacement] into the College [of Cardinals] is getting our conspiracy in. . . ."

● **RICHARD COHEN**, *EIR*'s Washington Bureau Chief, briefed an audience of 30 diplomats, *EIR* subscribers and media representatives on the *EIR*'s "Kissinger file" on Aug. 5 in Washington, D.C. Cohen presented evidence of the former Secretary's role in the overthrow and judicial murder of President Ali Bhutto of Pakistan, the kidnap-murder of Italian Prime Minister Aldo Moro, his geopolitical manipulations of the Mideast and the "China card," and his self-confessed role as an agent of the British Foreign Office, and then brought the audience up to date on new information pertaining to Kissinger's membership in the secretive Monte Carlo Lodge.

'Christians who are not Christians'

During the past month the Mexican National Action Party (PAN) has declared a state of "national civic insurgency." This party, which garnered visible strength in the July 4 elections, particularly in the northern border states, is dedicated to carrying out the Iranization of Mexico, "insurgency" against the Mexican state for the imposition of a feudal order.

The PAN is a nominally "Catholic right-wing" party, neither Catholic nor right-wing. It is a cultist tool of the international black oligarchy—the same oligarchy running left and right terrorism throughout Europe. The PAN was aided in the election period in its operations against the Mexican state through the U.S. Embassy in Mexico City and the U.S. consulates in the northern border states.

Weeks after the election, ABC's prime-time TV extravaganza against Mexico featured the U.S. Ambassador to Mexico, John Gavin, predicting Central American-style chaos for Mexico.

"Whose side is the U.S. on, anyway?" one asks.

EIR has documented the plan to turn the Mexican republic into a cauldron of chaos and insurrection since Lyndon LaRouche denounced George Ball's "Paddock Plan" for wiping out half the Mexican population through "war, pestilence, and famine," in a half-hour election-eve television broadcast in 1976.

Today those plans are in operation with the complicity of the U.S. State Department and Henry Kissinger, who warned Mexico in 1978 that "too rapid modernization" would make an Iran out of our southern neighbor. And James Buckley, his "conservative Catholic" family, and their *National Review* are backing the "Catholic right-wing" party, formed in 1939 by admirers of Hitler and Mussolini: the party of "national civic insurgency."

Will Liberal Trilateralist Vice-President George Bush also back this fascist party for the sake of carrying out a Global 2000 policy of mass murder in Mexico?

The PAN is a tool of the oligarchy's new Inquisition. Much like the Hapsburg-created Pan-Euro-

pean Union, it is dedicated to bringing about a new feudal order through use of the environmentalists, "right" and "left," the dionysian rabble at war against the progress of peoples, against the perfecting of the republican order as defined by Pope Paul IV in the encyclical *Populorum Progressio*.

Like the black oligarchy that created them, the Panistas are "Christians who are not Christians"; they are dedicated to using inquisitorial methods to promote irrationalism.

While apostolic Christianity as defined in Pope John Paul II's encyclical *Laborem Exercens* defines fostering the creative potential of the human mind, man's building and creating, in the image of God, as the purpose of government, the PAN and the Pan-European Union are dedicated to eradicating the humanist basis of the Judeo-Christian tradition to bring about a satanic, dionysian world order. The PAN is not hesitant about working with the radical left to this end.

The anti-Christian cultism of the PAN was demonstrated shortly before the Mexican elections when dionysians led by Liberation Theology elements in the Catholic Church announced the apparition of the Virgin of Guadalupe, the object of cult worship in Mexico for hundreds of years. This new apparition took place, according to the PAN, in the home town of the Panista mayor of Ciudad Obregon, Sonora, Adalberto Rosas. The Archbishop of Sonora, Quintero Arce, announced that the Virgin had appeared because the population was living under such oppressive conditions, an open attack on the ruling PRI party.

The cultist nature of the PAN and their method of organizing based on manipulating fanaticism, ignorance, and superstition, is well known throughout Mexico. Buckley family assistance and State Department complicity in this operation against the Mexican republic is also a well-known fact.

Now rumors are spreading that PAN leaders have been involved in the celebration of black masses. One would hope that Mr. Buckley would renounce such perversions.

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