

EIR

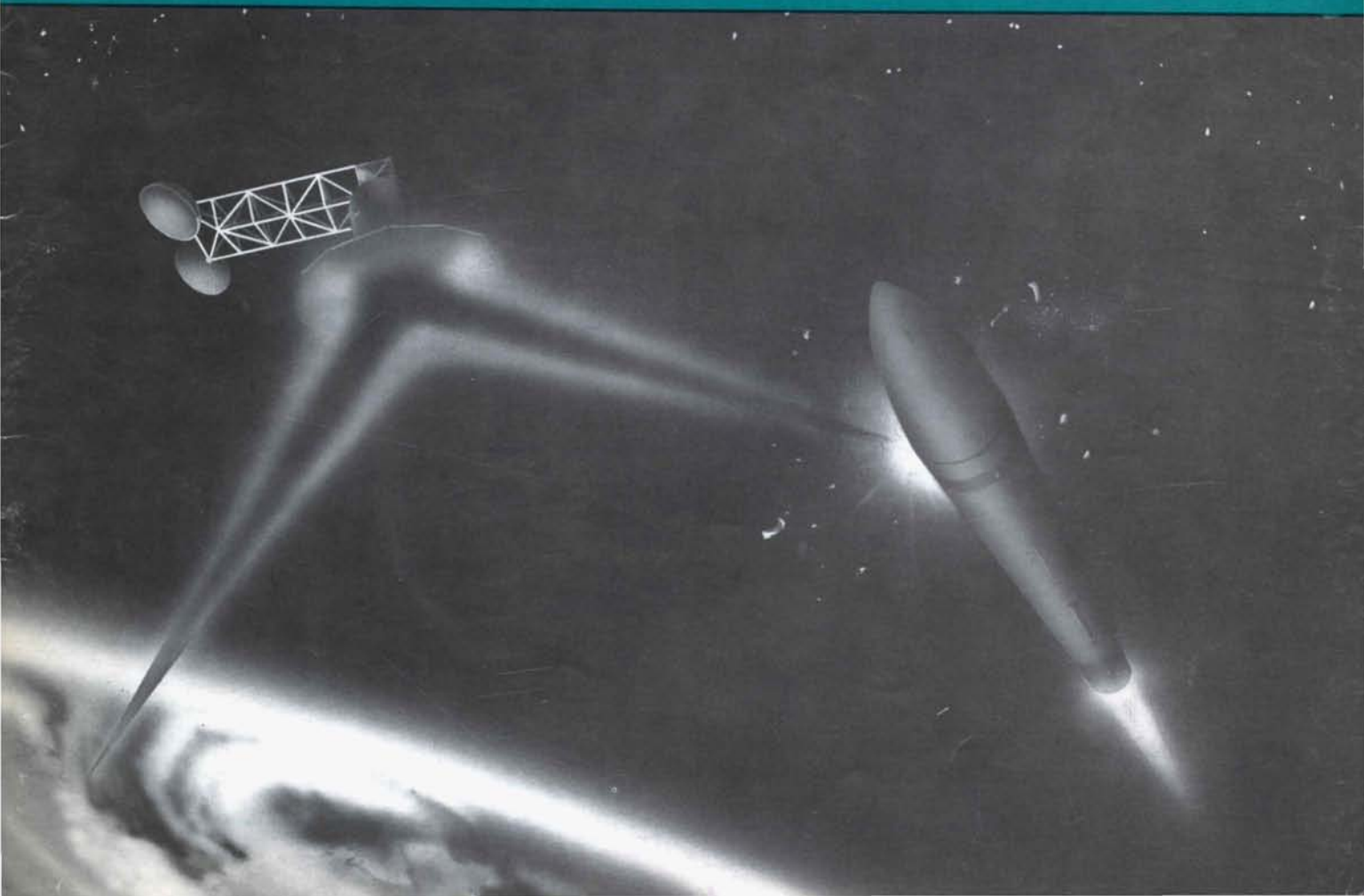
Executive Intelligence Review

March 15, 1983

\$10.00

Mexico's PAN party: the Barbie connection
Was Hitler a Scottish Freemason?
Why George Shultz is on an ego trip

**Can the U.S. catch up with the
Soviets in defensive beam weapons?**



EIR

The special reports listed below,
prepared by the EIR staff, are now available.

1. What is the Trilateral Commission?

The most complete analysis of the background, origins, and goals of this much-talked-about organization. Demonstrates the role of the Commission in the Carter administration's *Global 2000* and *Global Futures* reports on mass population reduction; in the Propaganda-2 Freemasonic scandal that collapsed the Italian government in 1981; and in the Federal Reserve's high interest-rate policy. Details the Commission's influence in the Reagan administration. Includes complete membership list. \$100.

2. The Global 2000 Report: Blueprint for Extinction

A scientific and political refutation of the Carter administration's *Global 2000 Report*. Includes a review of the report's contents, demonstrating that upwards of 2 billion people will die if its recommendations are followed; a detailed presentation of the organizations and individuals responsible for authorship of the report; analysis of how the report's "population-control" policies were applied in the Vietnam war and the destruction of Cambodia, El Salvador, and Africa; analysis of environmentalist effort to "re-interpret" the Bible in line with the report. \$100.

3. The Club of Rome in the Middle East

A dossier on the role played by the Club of Rome in promoting "Islamic fundamentalism." Focusing on two organizations, the Arab Thought Forum and Islam and the West, both of which are intimately tied to the Club of Rome, the report shows how the Club uses "Islamic fundamentalism" as a political tool to promote neo-Malthusian, anti-development ideas throughout the Middle East. \$250.

4. Mexico After the Devaluation

One of the most-discussed documents circulating in Mexico, this report describes in detail the role played by the U.S. Federal Reserve Chairman Paul Volcker and the Swiss-based Bank for International Settlements in organizing a credit cut-off against Mexico. Describes

the demands being made by the International Monetary Fund for economic "reforms" in Mexico, and why these demands are being resisted. Much information on Mexico's economic conditions and political factions is included. \$250.

5. Who Controls Environmentalism?

A history and detailed grid of the environmentalist movement in the United States. Analyzes sources of funding, political command structure, and future plans. \$50.

6. U.S. Policy Toward Africa

A case study of the "new" North-South policy of the Reagan administration, showing how economic policy toward Africa is being shaped according to the anti-technology, zero-growth guidelines of the Carter administration's *Global 2000 Report*. Discusses in detail the role being played by the AID and World Bank in implementing this policy, under directions primarily from Henry Kissinger, David Rockefeller, and the Ford Foundation. Includes profiles of the administration's top ten policy-makers for Africa. \$250.

7. Kissinger's Drive to Take Over the Reagan Administration

Full analysis of Henry Kissinger's attempt to consolidate control over the administration for the Trilateral Commission wing of the Republican Party; and the implications for U.S. foreign and domestic policy. Presents profiles of Kissinger's collaborators inside the administration, including recent administration appointees. \$250.

8. Outlook for U.S.-Japan Economic Relations

Detailed analysis of why U.S.-Japan economic frictions are likely to escalate in the coming months unless U.S. economic policy is changed. Features a strategic analysis of the U.S.-Japan relationship; analysis of the five key areas that friction will increase; evaluation of the political intent behind "Hitachi spy case"; and interviews on U.S.-Japan relations with leading Reagan administration officials. \$250.

EXECUTIVE INTELLIGENCE REVIEW

I would like to receive these EIR Special Reports:

Order Number(s) _____

Bill me for \$ _____ Enclosed is \$ _____

Please charge to my VISA Master Charge

Card No. _____

Signature _____ Exp. Date _____

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (_____) _____
area code

Make checks payable to:

Executive Intelligence Review, Dept. MC-1, 304 West 58th Street, 5th floor, New York, N.Y. 10019 (212) 247-8820.

Founder and Contributing Editor:
Lyndon H. LaRouche, Jr.
Editor-in-chief: *Criton Zoakos*
Editor: *Nora Hamerman*
Managing Editor: *Susan Johnson*
Features Editor: *Christina Nelson Huth*
Art Director: *Martha Zoller*
Contributing Editors: *Uwe Parpart,*
Nancy Spannaus, Christopher White
Special Services: *Peter Ennis*

INTELLIGENCE DIRECTORS:
Africa: *Douglas DeGroot*
Agriculture: *Susan Brady*
Asia: *Daniel Sneider*
Counterintelligence: *Jeffrey Steinberg*
Economics: *David Goldman*
European Economics: *Laurent Murawiec*
Energy: *William Engdahl*
Europe: *Vivian Freyre Zoakos*
Ibero-America: *Robyn Quijano,*
Dennis Small

Law: *Edward Spannaus*
Middle East: *Thierry Lalevée*
Military Strategy: *Steven Bardwell*
Science and Technology:
Marsha Freeman
Soviet Union and Eastern Europe:
Rachel Douglas
United States: *Graham Lowry*

INTERNATIONAL BUREAUS:
Bogotá: *Carlos Cota Meza*
Bonn: *George Gregory, Rainer Apel*
Chicago: *Paul Greenberg*
Copenhagen: *Leni Thomsen*
Houston: *Harley Schlanger,*
Nicholas F. Benton
Los Angeles: *Theodore Andromidas*
Mexico City: *Josefina Menéndez*
Milan: *Marco Fanini, Stefania Sacchi*
Monterrey: *M. Luisa de Castro*
New Delhi: *Paul Zykofsky*
Paris: *Katherine Kanter,*
Sophie Tanapura
Rome: *Leonardo Servadio*
Stockholm: *Clifford Gaddy*
United Nations: *Peter Ennis*
Washington, D.C.: *Richard Cohen,*
Laura Chasen, Susan Kokinda
Wiesbaden: *Philip Golub, Mary Lalevée,*
Barbara Spahn

Executive Intelligence Review
(ISSN 0273-6314)
is published weekly (50 issues) except for the second
week of July and first week of January by
New Solidarity International Press Service
304 W. 58th Street, New York, N.Y. 10019

In Europe: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstrasse 164, 62 Wiesbaden.
Tel. (06121) 44-90-31.
Executive Directors: Anno Hellenbroich,
Michael Liebig

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3
Colonia San Rafael, Mexico DF, Tel: 592-0424.

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

Brazil subscription sales:
International Knowledge Information System Imp.
Rua Afonso de Freitas 125, 04006 Sao Paulo Ltda.
Tel: (011) 289-1833

Copyright © 1982 New Solidarity
International Press Service
All rights reserved. Reproduction in whole or
in part without permission strictly prohibited.
Second-class postage paid at New York,
New York and at additional mailing offices.
3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10
Academic library rate: \$245 per year

EIR

From the Managing Editor

This week's Special Report on high-energy beam weapons was assembled by three experts in plasma physics from the Fusion Energy Foundation: Uwe Parpart-Henke, the foundation's research director; Steven Bardwell, the physicist who serves as editor-in-chief of *Fusion* magazine; and Charles B. Stevens, fusion technology editor of *Fusion*. The report's evaluation of the necessity, and feasibility, of a high-energy anti-ballistic missile system for Western defense ought to make the required impression on both Congress and the executive branch, providing a powerful counter-impetus to the "nuclear freeze" leadership's thinly veiled push for NATO's conventional-arms build-up against the underdeveloped sector.

In coming weeks, we will publish summaries of the latest econometric study by EIR's LaRouche-Riemann forecasting group. The subject is the implications of various levels of decline in the world oil price for the U.S. economy and the world economy as a whole. Next week, we will also present the evidence that the much-touted "recovery" in the United States represents a "blip" within a continued downward trend; the inventory accumulation in the auto sector, in particular, is simply the prelude to rapid inventory liquidations and shutdown during the second quarter of 1983.

A reckless mentality is setting in among certain business circles and Washingtonians: "the recovery is here, and from now on we'll only listen to good news." The admirers of the emperor's new clothes are having a specific falsehood foisted upon them: the idea that the post-industrial society works, that it is possible to undergo a collapse of the machine-tool and other heavy-industry sectors, and an official unemployment level of over 10 percent in the United States, without undergoing a depression. This obliviousness to the role of technological advances in the productive base of an economy in enabling that economy to survive is the same quality of ignorance and self-delusion that has permitted U.S. military defense to be eroded over the past two decades.

Susan Johnson

EIR Contents

Departments

38 Book Review

Lyndon H. LaRouche, Jr. on *Holy Blood, Holy Grail* by Michael Baigent, Richard Leigh, and Henry Lincoln.

47 Report from Italy

Justice minister tied to P-2?

48 Dateline Mexico

The Queen's visit.

49 Andean Report

Rebellion in Colombia.

60 Congressional Closeup

64 Editorial

The debt crisis and the heruspicators.

Economics

4 Payments squeeze to follow IMF packages

No grounds for relief in either Ibero-America or the advanced sector after the signing of IMF agreements.

7 Will Venezuela join the rest of the continent under IMF dictates?

Gretchen Small reports on her trip to Caracas.

9 Debt issue inflames Argentine politics

10 U.S. indicators: less than meets the eye

11 Currency Rates

12 'New Right' feints on IMF quota bill

13 The anatomy of a corporate murder

Part One of an investigative report on the high-level financial assault run by John Connally against Texas businessman Shearn Moody.

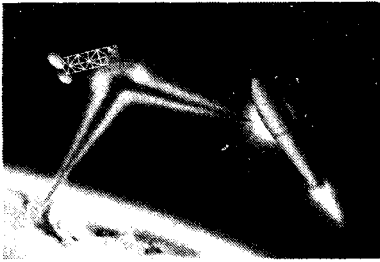
14 Gold

Gold and world liquidity.

15 Trade Review

16 Business Briefs

Special Report



Artist's conception of an earth-based beam weapon system, with an orbiting mirror that re-focuses the beam on the ICBM target.

Christopher Sloan

- 18 Can the U.S. catch up with the Soviets in beam weapons?**
- 21 How far ahead is the U.S.S.R. in developing strategic ABM defense?**
- 24 High-energy beam weapons and French military policy options**
- 26 X-ray lasers and civilian spinoffs**

This article first appeared in the twice-weekly American newspaper *New Solidarity*. Illustrations have been added.
- 30 Profiles**

Advocates of an anti-missile defense, and advocates of a nuclear freeze.

International

- 32 Witchhunt against López Portillo: the Barbie connection**

Henry Kissinger and his neo-Nazi associates in Mexico want to destroy the pro-growth former President the same way Kissinger juridically murdered Pakistan's Prime Minister Bhutto. We document the scope of neo-Nazi interlock with the opposition PAN party and the instigators of the campaign to put López Portillo on trial.

Documentation: Enrique Farlie Fuentes's comments on his friendship with SS Obersturmführer Klaus Barbie, and excerpts from the pro-fascist writings of Mauricio Gómez Mayorga.
- 44 Why the world is laughing today at the great parties of the Federal Republic**
- 46 The real scandal on Spain's economic scene**
- 50 International Intelligence**

National

- 52 What Shultz has up his Williamsburg sleeve**

On the question of the International Monetary Fund and trade policy.

Documentation: A news release by *EIR* founder LaRouche titled "George Shultz is on an Insane Ego Trip."
- 55 Vance and McNamara send message to Soviets**

They call for drastic defense cuts.
- 56 How the Justice Department arranged Harold Washington's Chicago 'upset'**

Author Warren J. Hamerman, Chairman of the National Democratic Policy Committee, was in Chicago during the mayoral election.
- 59 Governors' conference demands more austerity**

Payments squeeze to follow IMF packages

by Dennis Small and Mark Sonnenblick

To hear Secretary of State George Shultz and Treasury Secretary Donald Regan tell it, the International Monetary Fund (IMF) and the Ditchley Group creditors' cartel have resolved the world's financial crisis at a stroke—by announcing over \$20 billion in financial bailout packages for the bankrupt Third World nations of Brazil and Mexico. On Feb. 25, Brazil signed over \$9 billion in credit deals with the international banks, and three days later signed with the IMF for another \$5.9 billion. Mexico in turn secured a long-awaited \$5 billion jumbo loan with its bank creditors on March 4.

Most of the U.S. media celebrated the news as positive proof that the worst of the financial crisis had now passed. Shultz concluded that it augured the beginning of the long-awaited "economic recovery." And banker David Rockefeller went so far as to proclaim the end of the world debt crisis.

The facts say otherwise.

First of all, the terms of the IMF deals with the Mexicans and the Brazilians guarantee that these economies will be plunged into profound economic depressions—as a result they will be unable to repay their debt. Brazil's IMF "conditionalities," for example, include the destruction of the Brazilian labor force; a 20 percent cut in state company budgets; a \$10 billion cut in government lending to private companies; a 23 percent currency devaluation; and the auctioning off of bankrupt Brazilian state companies and private firms to "foreign investors."

The terms the IMF is exacting of Mexico are equally destructive. And Venezuela, the only major Ibero-American nation not yet subjecting itself to IMF conditionalities, is expected to finally crawl to that august institution within a few weeks, after being hit with a full-scale campaign of

financial warfare (see article, page 7).

Secondly, the monetary arrangements themselves amount to a dangerous pyramiding of insolvent paper, one that could well come crashing down before April.

EIR economists have discovered that approximately \$40 billion in new short-term credit lines were extended to Ibero-American countries during the past six months (August to February) by New York commercial banks, in order to prevent the Ibero-American "debt bomb" Combined with other debt obligations coming due at the end of this payment quarter, it is estimated by bankers in the United States and Europe that a total of \$90 billion will have to be rolled over between March 15 and March 31. The biggest surge in the money-market lending, which occurred principally in the form of overnight federal funds loans from New York or other big U.S. banks to New York agencies of Ibero-American banks, occurred during the fourth quarter of 1982. Since figures on lending from that period have not yet been published, many bankers and financial officials are in the dark about this imminent \$90 billion payments squeeze.

Looked at in this context, the much-touted bailouts for Brazil and Mexico have in effect poured another \$20 billion in oil on a raging fire of \$90 billion in already illiquid debt that, somehow or other, has to be paid or papered over once more before April 1.

The Brazil case

The hundreds of men with drawn faces who lined up to sign papers in New York on Feb. 25 were too well dressed to be on an unemployment line. They were representatives of 135 banks signing contracts at the Plaza Hotel to provide

Brazil with \$4.4 billion in new loans, and of over 400 banks agreeing to extend, for another eight years, the long-term loans coming due in 1983, which Planning Minister Delfim Netto estimates involves another \$4.9 billion.

On Feb. 28, the scene shifted to Washington, where the International Monetary Fund (IMF) directors approved Brazil's three-year "stabilization program" and the \$5.9 billion the IMF will dribble out over the period if Brazil complies with the rigorous conditionalities set for it. From the statements of Secretary of State George Shultz, hailing the signing of the Brazilian and Mexican negotiation packages as "the beginning of world recovery," one might conclude that Brazil has been handed \$15.2 billion.

On the contrary, Brazil remains on the edge of bankruptcy. The cash flow situation is so tenuous that it took Brazilian Finance Minister Ernane Galveas almost half-an-hour to map out at the Plaza how Brazil would meet its complex pile-up of arrears, overnight loans, and "bridge loans" from the trickle of disbursements of IMF and bank credits.

One of those loans is \$1.2 billion owed to the Basel-based Bank for International Settlements (BIS). When BIS managing director Fritz Leutwiler rebuffed a Brazilian diplomatic campaign and consented to extend the due date on \$400 million only from March 6 to March 15, it upset the Brazilian plans so severely that Delfim Netto had to implore U.S. Treasury Secretary Donald Regan for another \$400 million bridge to pay off the BIS.

The fragile debt-pyramid holding up Brazil's \$88 billion debt could crash down again at almost any moment. It is vulnerable to a political decision by the banks or by Brazil, and to Brazil's inability to export \$500 million more than it imports each month. Morgan Guaranty's diminutive vice-president Tony Gebauer admitted to *EIR*, "there is no guarantee" of the Brazilian program if there is no economic recovery in the United States. But he professed to be "more optimistic, since there will be very strong limiting of imports by Brazil to compensate for any problems meeting export goals."

IMF straitjacket

When the smoke clears, it will be seen that Brazil has gained little by choosing the path of bilateral debt renegotiation with the IMF and the banks rather than forming a debtors' cartel to force joint debt renegotiation—except for an increasingly rigid IMF straitjacket on its economy. As in the case of Mexico, disbursements of the \$4.4 billion "jumbo" loan from the banks have been made conditional on IMF quarterly inspection approval.

From what *EIR* has learned to date, the IMF has ordered Brazil to: 1) implement large "shock" devaluations; 2) reduce imports by 17.5 percent from 1982 levels and 40 percent from 1980; 3) destroy the Brazilian labor force through changes in the wage indexing system and outright fraudulent indexing; 4) reduce population growth; 5) impose "the end of heavy industrial projects," in the words of the IMF Brazil-

desk officer; 6) eliminate \$10 billion in subsidized credit to agriculture and industry; and 7) encourage "foreign investors" and asset-strippers to buy up control over capital-starved public and private enterprises.

For decades, far-sighted military and civilian planners in Brazil have taken great pains to build up and protect the kind of industrial base which would make Brazil one of the most prosperous and powerful nations on earth during the 21st century. It is precisely Brazil's capability for becoming a world leader, for becoming "the United States of the Southern hemisphere," which the forces behind the IMF want to eliminate. The feudalist mentality behind the IMF thinks of itself as a neutron bomb, a weapon which eliminates the population and the flag from the target area, leaving the natural resources for the invading force.

The IMF makes no bones about its intention of causing revolutionary changes in Brazil: "The strategy of growth with continuously increasing indebtedness must be changed," states a confidential memorandum written for IMF directors by the staff on Feb. 11. An IMF economist stated in an early March discussion that the program for Brazil is meant to induce "a deliberate recession." He added that 1983 Gross National Product will be brought down by 3.5 percent, and industrial production by much more. In 1981, when a similar GNP reduction was effected, industrial production fell by 14 percent.

"There will be an end to heavy industrial development projects," the economist declared. The Feb. 11 confidential IMF staff memo states, "The volume of investments by state companies will decline almost 13 percent this year due to the advanced state of some big works, such as Itaipu Dam, and the deliberate slow-down of some projects. The main reductions were programmed for investments in steel (- 57 percent), roads (- 28 percent), hydroelectricity (- 23 percent), and nuclear energy (- 22 percent). In addition, no new big investment projects will begin in 1983, except parts of the Carajás project which are totally financed abroad." The IMF economist added, "There is no such thing as 'Greater Carajás;' it is just some mines, a railroad, and the hydroelectric power needed to operate them."

Denationalizing industry

When Delfim Netto signed Brazil's letter of intent with the IMF on Jan. 7, one of the only examples he found to refute widespread accusations that the IMF program had been "imposed" on Brazil was that fact that the IMF yielded on its insistence on a "shock maxi-devaluation," and instead tentatively accepted Brazil's long-time practice of devaluing frequently by small percentages, so long as they were 1 percent per month ahead of inflation. On Feb. 18, when the Banco do Brasil was heading toward \$1 billion in arrears and Brazil was desperate to get the long-delayed IMF and banker signatures on its loan package, the central bank issued an unsigned note reporting the cruzeiro had been devalued by "30.0002 percent."

The bi-daily economics intelligence newsletter *BC* reached the correct conclusion: "The fact that European bankers were happy with the maxi-devaluation shows it was the fruit, not of policies which could be easily explained, but of pressures we are suffering as debtors, to conclude agreements. . . . It is no secret that the maxi will permit the sale of national businesses in vital sectors under better terms for the foreign purchaser." First the maxi forces a company to come up with 30 percent more cruzeiros to pay each dollar in foreign debt; then it permits the foreign purchaser to pay 23 percent fewer dollars for properties in Brazil.

Never since 1964 has the capitalist sector been so angry at the government. Antonio Ermirio de Moraes, head of Votorantin, Brazil's largest industrial conglomerate and a prime target for such takeover, called the maxi "an act of treason by the government."

For the IMF, Brazil has not yet thrown its doors open wide enough to foreign buy-ups. The IMF economist source complained, "Until now, Brazil has not allowed foreigners

The Brazilian government has made itself increasingly captive to Brazil's foreign creditors as it has alienated one internal sector after another. Business, labor, and the nationalist bureaucrats are in open revolt.

to own much of its industry. The country is too nationalistic. This is a political problem. If they want to grow at 8 percent a year and can't generate the funds domestically, they will have to allow in foreign investors. They will have to modify their laws against direct foreign investment. They have to decide whether they want to be owned by foreigners."

The IMF, he said, is now enforcing what they can of what is, under Article 29 of Brazil's letter of intent to the IMF, "the end of all restrictions on dividend and royalty payments and profit remittances abroad [out of Brazil—ed.] by foreign investors." he added, "We'll have to see if foreign investors have confidence in Brazil."

Killing by the index

If the IMF cared about inflation, it would not force devaluations and high interest rates. In reality, it is more concerned with reducing imports and, ultimately, with reducing population. Thus, all recent IMF reports have demanded that Brazil slash real wages.

On Jan. 26, President João Figueiredo put his name on a decree ordering a 10 percent reduction in the wages of lower paid workers and most others. The IMF's Feb. 11 confidential staff report says, "The new wages policy is superior to the old one, but [private sector wages] still are an inflationary factor."

After the maxi-devaluation, however, a new confidential IMF report observed that "the average real wage in the private sector and state enterprises will decline by 2.5 percent in 1983" and those of central government employees by 7.5 percent. The IMF mandates, "The National Index of Consumer Prices, which is used for wage adjustment, will be modified to exclude the affects of acceleration of devaluation and of corrective price increases, so as to facilitate changes in internal relative prices and in international transactions."

Sure enough, on Feb. 28, the technical director of the government statistical agency, IBGE, resigned in protest over orders from Delfim Netto that the cost of living index be distorted by "purging" those items which show rapid price increases; this would be a rerun of Delfim's cheating workers of 33 percent of their income by similar statistical lies in 1973-74.

IMF officials refuse to speak on the sensitive question of population control. Demands for population reduction as a condition for bank lending, were, however, made sickeningly explicit by David Rockefeller's aides Russel Marks and Robert Hormats in connection with the launching of Rockefeller's Commission on Western Hemisphere Debt at the Plaza Hotel the day before the Brazil loan ceremony.

Population control has been taboo in Brazil not only due to the great love shown the Pope in the world's largest Roman Catholic nation, but also due to a belief by the military that a large population is a vital factor in national strength. Yet, suddenly, President Figueiredo delivered a polemic against population growth and the growth of cities in his March 1 State of the Union address to Congress. That, and Figueiredo's public flirtation with Transcendental Meditation guru Maharishi Yogi, point to the degree of demoralization inside the Brazilian regime.

The Brazilian government has made itself increasingly captive to Brazil's foreign creditors as it has alienated one internal sector after another. Business, labor, and the nationalist segments of the bureaucracy are in open revolt. So far the military, the final arbiters, have been very quiet. Bankers, such as Bob Lorenz of Security Pacific, have warned the productive sectors that "a military reaction is a perfectly justifiable fear in the later part of this year" if producers fail to fully cooperate with the IMF program. Yet there are also signs that, at some point, the military could dump the debt and the IMF dictatorship.

To prepare for the worst, Figueiredo has given one of his brothers command over the Rio military region and another command over the perennial launching pad for coups, Rio's Vila Militar.

Will Venezuela join the rest of the continent under IMF dictates?

by Gretchen Small

I returned on Feb. 28 from a five-week visit to Caracas. The day I arrived in Caracas, the afternoon daily El Mundo had run a front-page editorial by editor Miguel Angel Capriles calling upon the Venezuelan government to organize an Ibero-American heads of state summit to discuss the possibility of declaring a joint debt moratorium against the "usurers" of the North. I left the day Finance Minister Arturo Sosa announced the government's emergency economic package, after numerous discussions with Venezuelan leaders on EIR's evaluation of the situation, and EIR founder Lyndon H. LaRouche's proposed solutions.

Venezuela, the only Latin American country not yet under direct International Monetary Fund rule, is now within weeks of knocking, or kneeling, at the door of that institution in an appeal for aid—whatever the conditions. If the government continues its present defensive strategies in the face of the economic warfare to which the country is being subjected by its international creditors, Venezuela will find itself with no other alternative in a far shorter time than perhaps any of its leaders presently acknowledge.

A month ago, *EIR* warned that Venezuela had only a short time to confront the choice of organizing a debtors' cartel in the continent, or turning its economic sovereignty over to the IMF. The speed at which that warning has been brought home to Venezuela has been astonishing, and it is escalating:

At one a.m. on Feb. 28, Finance Minister Arturo Sosa went on national television to announce the final details of an emergency economic package for the country which had been hammered out during a marathon, 10-hour cabinet meeting that had just ended. The main features of the emergency package—a partial devaluation, the establishment of a three-tier exchange rate system, and two-month freeze on all prices—are dramatic for Venezuela; the bolivar had been freely convertible for two decades and its value had held

steady for that time.

Some 20 hours later, Sosa announced that Venezuela was also declaring a 90-day moratorium on principal payments on its foreign debt—a measure he described as a minor "technicality" to allow the overall refinancing package to be worked out with the banks. The next morning, Sosa was on the early flight to New York to begin another round of negotiations with the country's international creditors.

Venpress, the government's news agency, had quietly issued a wire a few days before reporting that an IMF team of experts was soon expected to arrive.

The government's decision to accept the political costs of exchange controls was taken in urgent economic self-defense. Capital flight was officially recognized to have reached the record of an estimated \$1.2 billion leaving the country in January 1983—surpassing the levels of 1982 which had already bled the country of an (unofficial) estimated \$14 to \$16 billion! The week of Carnival, Feb. 14-18, was celebrated by sending January's figures higher. At the close of the week, Finance Minister Sosa abruptly cut short an international mission in search of refinancing to return to Caracas with a message from the international bankers for President Herrera Campins, and to participate in the preparations for the emergency measures.

The following Monday, Feb. 21, a two-day freeze on all trading of the bolivar was announced to give the government time to put together a new package. Those two days stretched out over the week, as Venezuela's equivalent of Paul Volcker, Swiss-trained central banker Leopoldo Díaz Bruzual, refused to accept the imposition of exchange controls, and argued for a 50 percent across-the-board devaluation of the bolivar instead. With the central bank nominally "independent" of government controls, in similar fashion to the Federal Reserve system in the United States, Díaz Bruzual's veto held the country paralyzed for the week—despite an unprecedented unity of national opposition to his plans.

Sales of almost all products stopped for the week, as storeowners waiting for the new value of the bolivar claimed their products were "in inventory" for the week. Traffic out of the country slowed to a fraction and banking transactions dropped dramatically. Private businessmen, bankers, and others began non-stop lobbying efforts to defend "their" interests.

In the middle of the week, television viewers were startled by an interruption of their evening television broadcasts with a short message from Finance Minister Sosa urging the population to maintain confidence about the stability of the domestic banking system. Sosa denounced a systematic campaign of rumors that the government was about to take over several banks in the country, which had led to a dangerous run on several of those banks.

According to Sosa, numerous people were receiving phone calls from anonymous individuals who asked for them by name, identified accurately the amount they held at a specified bank, usually in Certificates of Deposit, and the date they came due, and then warned the listeners to pull their money out now, before the bank collapsed. The callers were operating with stolen lists of bank depositors, Sosa charged, and a full-scale national investigation into the situation was under way.

The Mexico treatment

The events of that week, and most particularly the degree of sophistication involved in the latter attempt to create a banking panic in the country, led many Venezuelan government officials to finally recognize that the country is on the receiving end of the "Mexico treatment"—a coordinated campaign of internal and external pressures to bleed the nation of resources, wreck its creditworthiness in the eyes of the government banks, and leave the country with no defense of its economic sovereignty.

Opposition figures and government officials alike have refused until recently to even consider the Mexico parallel, echoing the line of the other big debtors of the continent as each faced the same international economic warfare: "Venezuela is different;" its basic financial situation is solvent and its productive apparatus intact, and debt payments will be met without problem. Many argued, with hysterical amnesia regarding the "friendship" Ibero-America encountered during the recent Malvinas War, that Venezuela's friends in the United States—George Shultz? David Rockefeller?—would ensure a smooth and problem-free refinancing of Venezuela's debt.

For months, Venezuelan financial officials have been trying to refinance some \$8.5 billion in short-term debts coming due over this year, hoping to negotiate a credit package which would stretch out payments over the next three years *before* Venezuela ran down its reserves completely and thus landed in the same day-to-day financing crisis as Mexico and Brazil. But what they ignored is that, as *EIR* has reported,

international financiers in the Ditchley Group's creditors' cartel have picked Venezuela as the test case for a new principle in world lending: no country is to get refinancing without an explicit IMF surveillance program, even though that country may still be far from the kind of collapse conditions in which the IMF usually takes over.

To force Venezuela to recognize that principle, the country has faced for the past few months a campaign of financial warfare in the international credit markets; coordinated, massive capital flight; and insulting "bad press" in the world's financial papers.

Capital flight operations provided another example of the coordination against Venezuela. The proverbial "lack of confidence" was not the primary motor of the hemorrhage; it was organized. An Ibero-American diplomat in Caracas provided the following anecdote about one primary mechanism through which the capital flight was fomented in Venezuela, and other countries:

An international banker, say from Morgan Guaranty, contacts a Venezuelan businessman with a dollar debt maturing in 1985. A devaluation is imminent, the banker warns the businessman. If you wait until the debt comes due to pay it off, it will cost you double, possibly triple, with your devalued bolivars; it is to your advantage to pay off the debt now. The Venezuelan businessman protests he has no way to come up with the money now. No problem, replies the banker from Morgan: Go see Sr. Fulano in Banco X in Caracas; mention my name, and he will take care of you. Sure enough, Sr. Fulano approves a new credit line with which Sr. Businessman pays his debts—sending money once again out of the country.

The next phase

International creditors have no intention of easing the economic warfare against the country, despite the adoption of exchange controls.

The British Broadcasting Corporation has been broadcasting nightly that Venezuela will have to enact a full-scale devaluation—New York's *Journal of Commerce* greeted Finance Minister Sosa in New York March 3 with a summary of bankers' responses to his 90-day "technical" halt in payments: "When principal payments are stopped, one in fact is in a state of moratorium. . . . Many foreign bankers predicted negative consequences for Venezuela over the medium term." As one banker stated, "There is no guarantee at this point that we will refinance." On March 4, the *Journal* followed with an even more vicious warning, reporting that many bankers foresee a "disruption" in international trade with Venezuela, as bankers refuse to issue international trade credits, and the consequent bankrupting of many Venezuelan firms. The *Journal* article issued a *de facto* argument for capital flight to continue, with its report that "many bankers" will also be calling in their debts, demanding payment now rather than later, when the bolivar will be further devalued.

Debt issue inflames Argentine politics

by Cynthia Rush

The announcement by the Argentine Air Force of a new lower figure for the country's foreign debt—\$37.8 billion rather than the \$43 billion previously specified by Finance Minister Jorge Wehbe—was characterized by some observers as “dropping a political Exocet,” the missile Argentina employed so effectively in the Malvinas war. The report's release on Feb. 16 did not produce any sense of relief about the debt burden; on the contrary, it focused the country's attention on former Finance Minister José Martínez de Hoz and the monetarist policies that led to the quadrupling of Argentina's foreign debt and the destruction of its national economy during his 1976-81 term in office.

The political storm began on Feb. 20, when Finance Minister Wehbe and central bank president Julio González del Solar responded to the Air Force announcement.

Speaking from the United States, where he was attending the IMF Interim Committee meeting, Wehbe admitted that due to a “poor interpretation in the reading of the numbers” from the central bank, he had indeed “committed an error” in calculating the amount of the foreign debt by double-counting an amount of insurance issued against devaluation for certain foreign currency transactions.

González del Solar chimed in that “it's possible that there was an error or some discrepancy between one and another figure,” but added, “the central bank is not a laboratory for medical studies, where a millimeter one way or the other can cause problems.”

Back in Buenos Aires a few days later, Wehbe attempted a feeble defense by reporting on his discussions with U.S. Federal Reserve Chairman Paul Volcker, who Wehbe said was “pleased with the progress of the Argentine economy” and considers the government's management of its debt crisis “an example for the West.”

These explanations were hardly satisfactory, especially since the IMF had used the higher debt level to demand additional austerity. Political leaders drew the correct conclusion that Wehbe and González del Solar were simply covering up for Martínez de Hoz, whose policies had caused the increase in the debt. Agricultural producers attacked

Wehbe as a “liar,” and the Argentine Industrial Union (UIA) sent him a harsh ultimatum demanding an immediate lowering of interest rates and re-industrialization of the economy. Wehbe's resignation was expected at any moment.

‘Jail the monetarists’

The Air Force had undoubtedly intended to use its report on the debt to unleash this debate. And it had bigger fish in mind than Jorge Wehbe.

On Feb. 17, the Buenos Aires daily *Tiempo Argentino* reported that the Air Force would request that José Martínez de Hoz and members of his former economics team be placed at “the disposition of the executive power while presumed illegal actions that could constitute crimes of economic subversion are investigated.”

Spokesmen for the Air Force explain that the investigation and punishment of the Martínez de Hoz group and other individuals who managed the country's finances during the 1976-81 period is required to “definitively re-establish the reign of justice and truth, and return to the people the necessary moral force required to rescue the country from the profound crisis in which it finds itself. . . .” Of 33 cases dealing with illegalities committed during the 1976-81 period, a half-dozen directly involve Martínez de Hoz and his former staff members.

For the moment, Jorge Wehbe remains at his post, although his political future hinges on compliance with the military junta's dictates for controlling inflation and prices and for making available full information on the status of the foreign debt. There has been no official junta response to the Air Force call for the jailing of Martínez de Hoz, probably because the junta is not prepared to take action that would involve removing the current president, Reynaldo Bignone, whose career is closely linked to Martínez de Hoz and the latter's military associates.

The courts

But even if the national executive remains passive, the courts are moving ahead with several investigations that could land the former minister in jail.

Four former members of the de Hoz team have already been fined and sentenced to “preventive prison” for “non-fulfillment of the duties of public officials” while in office. De Hoz's name also figures prominently in the court investigation of the inordinate growth of Argentina's foreign debt, the indebtedness of the state oil company YPF, and the activities of the Argentine members of the Propaganda-2 Freemasonic lodge—particularly their involvement in financial sabotage and capital flight operations during the 1976-81 period. As seen in court testimony at the end of February, when Chase Manhattan Bank was cited in connection with “irregular” financial operations inside the country, these investigations could extend considerably beyond Argentina's borders.

U.S. indicators: less than meets the eye

by Leif Johnson

What index of U.S. economic activity has risen steadily for the past year despite the headlong plunge of the real economy in the opposite direction?

Which index constantly changes its composition so that it can prove its conclusions regardless of the conditions of the economy?

And which one grew by 3.9 percent in January, despite a collapse of capital spending, rising unemployment, and washed-out exports?

It is the Index of Leading Economic Indicators, constructed and managed by a nest of Mont Pelerinians in the Bureau of Economic Analysis (BEA) at the Department of Commerce.

The Mont Pelerinians have produced a burst of euphoria, including the *Wall Street Journal's* announcement that the indicators' rise is "Confirming That Recession Is Over" and Commerce Secretary Malcolm Baldrige's statement that, "There has never been a gain in the leading index this large without an economic recovery." The President himself succumbed, exulting that the indicators "flashed a bright green light for recovery."

The index in question consists of 10 "indicators" or components which are then weighted and multiplied by a "trend factor." The components of the index have undergone drastic changes, particularly over the past eight years, so that today's index bears little resemblance to the one existing in 1975. Each time there is a major overhaul of the index, precipitated by a failure to predict recession or recovery, the Bureau of Economic Analysis recalculates the entire index back to its 1948 inception date.

The 1975 revision, for example, eliminated or significantly changed 7 of the 10 indicators, making the indices incompatible and forcing a revision of the entire index historically. The revisions made in 1979 and again at the end of 1982 have yielded the same result, a complete revision of all previous figures.

Alterations

For example, in December 1982 the BEA realized the "sensitive crude material" indicator, which included crude petroleum and natural gas, would not have produced a posi-

tive number because those prices were declining. Since it is expected that such crude materials prices increase during a recovery, those prices were eliminated, and lumber, a semi-manufactured product, not previously included, was added to this indicator.

The thesis of "recovery" is thus made *a priori*, and the index is altered to prove that conclusion.

Some manipulations of the leading index have been so gross that even the press has raised its eyebrows. Earlier this year the BEA decided to throw out the index of business failures, while keeping the index of new business formations. *Business Week* and the *Wall Street Journal* felt compelled to take notice, since last spring's business failures were 48 percent ahead of those in 1981. In the first six weeks of 1983, business failures are running another 41 percent higher than in the same period of 1982, but fortunately for the leading index's "recovery thesis," business failures are not among the measured indices.

Index components

The first two indicators concern labor: average work week of production workers in manufacturing and average weekly initial unemployment claims. They do not include actual employment.

Together, these two components accounted for a quarter of the 3.6 percent December-January rise in the index. The larger factor was the lengthened work week from 38.9 hours in December to 39.7 hours in January.

It is assumed that the greater the work week increase, the stronger the recovery. Why is this necessarily so? Perhaps, as appears to be the case, employers are granting remaining employees overtime to fill increased orders, but refusing to take on new workers—hardly a sign of recovery or confidence in one.

The statistic of a nearly one-hour increase in the work week is itself suspect. Except in times of national emergency, such a large month-to-month fluctuation is unlikely. It is much more probable that this is a statistical fluke, similar to that which produced the reported large drop in unemployment in January.

The average new unemployment claims indicator bears the same sort of problem. It could indicate a reduction in unemployment or a reduction in unemployment claims eligibility. Currently less than half the unemployed Americans are eligible for compensation, and that percentage drops as workers take "any job they can get."

The largest segment of the index deals with output, orders, delivery time, building permits, and new business formation. Here we have indices that are bona fide, although subject to large problems of interpretation, problems the BEA implicitly settles in favor of the recovery thesis.

The large increase in new manufacturing orders, a legitimate index in itself, cannot be measured separately from inventory buildup and sales—as it is in the index. Thus, in the January Index figure, new orders add .61 percent to the

total 3.6 percent rise, but inventory change is stated as "not available," so there is no immediate way to judge whether the new orders are reflected in sales or are going into inventory. But from available auto production and sales figures through the first three weeks of February, we see that a very large inventory accumulation is occurring in that industry, which represents a substantial portion of the new orders index, and whose saleability is in doubt (see *EIR*, March 8).

The next indicator is amusing. Measuring the length of freight delivery time to companies, it assumes that the longer the delay, the stronger the economy. Disregarded is the fact that, because of trucking deregulation, delivery time has been lengthened by the bankruptcy of hundreds of freight carriers. Strikes, storms, extended winter cold, and railway abandonments or accidents will also make this indicator rise.

The indicator estimating contracts and orders for plant and equipment is indeed a useful measure of economic activity. This was the only measure that fell in January's index, declining by 0.26 percent. But there was a huge real decline from \$13.82 billion in December orders to \$11.75 billion in January. How could this 15.0 percent plummet have only a -0.26 percent impact on the overall index while a 2.1 percent increase in the work week produced a 0.76 percent increase in the index?

The reason, according to Mr. Tamm of the BEA, is that all indicators are weighted for seven different factors among which are "economic significance," "timing," "conformity to business cycles," "smoothness," "currency," and "other statistical properties." Each indicator is "scored" using whole and fractional points and calculated to the thousandth place.

After this alchemy is complete, the resultant percentage values are added and then multiplied by a "trend factor," which increases the final index figure.

The index also includes the Standard & Poor's 500 stocks and money supply (M-2) among its indicators. But while all other price or output indicators are legitimately deflated to 1972 dollars, stock prices are listed in current dollar values. What would the magic S&P number look like in 1972 dollars and what would that do to the value of the index?

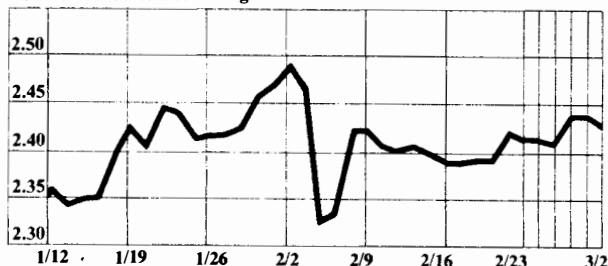
Under procedures for the index, a sizeable increase in the money supply (M-2) would create a recovery. One-quarter (0.86 percent) of the January index jump came from a 2.2 percent increase in the money supply, an increase that was produced by revising the December M-2 figure downward from \$853.4 billion to \$836.8 billion. Had that figure not been revised, the increase in M-2 would have been 0.3 percent.

The last indicator, building permits issued, showed a very healthy jump in the basic data, resulting in a big 0.44 percent contribution to the index. Building permits are issued for all new construction from \$2 billion power plants to \$2,000 swimming pools, and in most major cities, for any alterations made where doors or walls are to be moved. Thus this index, reflecting construction activity whose cost range is very large, cannot legitimately be used without some cost factor being included.

Currency Rates

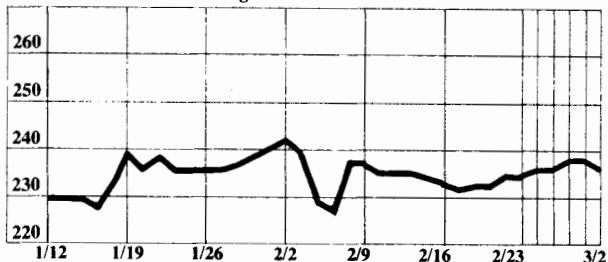
The dollar in deutschemarks

New York late afternoon fixing



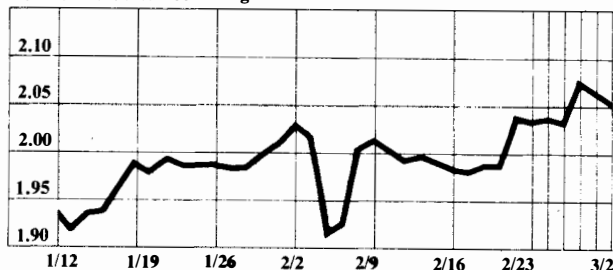
The dollar in yen

New York late afternoon fixing



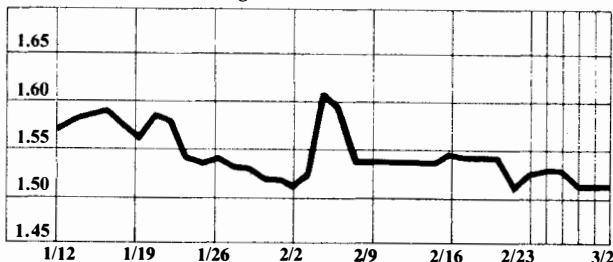
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The 'New Right' feints on IMF quota bill

by Kathy Burdman

In true British parliamentary fashion, the Anglo-KGB-run Heritage Foundation has now positioned itself as the loyal opposition to the International Monetary Fund in Washington.

The Heritage Foundation and the Swiss-based Mont Pelerin Society held a conference on International Lending and the International Monetary Fund on March 3 in Washington at which half a dozen spokesmen for the European oligarchy harshly attacked the currently proposed cash expansion of the IMF's quotas. Each outdid the other in attacking the IMF from an extreme "free market" standpoint, in terms guaranteed in advance to discredit attacks on the IMF as totally irresponsible.

Speakers at the conference included Undersecretary of State William Allen Wallis, the founding treasurer of Mont Pelerin; Undersecretary of the Treasury Beryl Sprinkel; Britain's Lord Peter Bauer; leading Mont Pelerin economists Allen Meltzer of Carnegie-Mellon University, David Meiselman of Virginia Polytech, and Dr. Karl Brunner of the University of Rochester, who was Wallis's collaborator there; and neo-conservative Rep. Jerry Lewis (R-Calif.).

The attack was lead by Lord Peter Bauer of the London School of Economics and the Adam Smith Society, who gave an impassioned declaration that there should be no government lending, including IMF and other multilateral institutional lending to the Third World whatever. If that leads to an international banking collapse, so be it, Lord Bauer implied.

Dr. Karl Brunner and Professor Roland Vaubel of West Germany's University of Kiel then addressed the conference on "The Moral Hazard of IMF Lending." The very existence of the IMF, they said, leads banks to make too many loans to the Third World, loans which they know well may go bad but which they assume the IMF will eventually bail out.

"I'm totally opposed to enlarging the U.S. quota contribution to the IMF," Karl Brunner told a journalist. "Much of the Third World debt is bankrupt, it is true, but we must have a free market solution. We cannot allow governments and the IMF to bail it out."

Swiss moles in Washington

The Swiss-based Bank for International Settlements, which runs the IMF along with the British oligarchy, not only plans to enforce a global \$50 billion expansion of the IMF

through the Eighth Quota review, but plans it as merely the first step in establishing the IMF as a full-fledged world central bank.

The BIS would not want the debate for and against the IMF to be uncontrolled. In fact, Dr. Brunner said he had just discussed the issue with Fritz Leutwiler, head of the BIS and Swiss National Bank, in Switzerland. Representative Lewis' aide admitted in an interview that "while there is absolutely no sentiment in constituencies for the IMF, and our mail is running heavily against it, and we are receiving thousands of letters endorsing our articles against the IMF bailout, and while if we moved today we would have the votes in the House to kill the IMF quota bill, Congressman Lewis doesn't really want to kill the bill. We just want to air our issues and make sure our points on the side of the free market are made."

Lewis, Brunner, and other Mont Pelerinites including Milton Friedman's assistant Anna Schwartz have formed a new "Ad Hoc Committee on International Debt and U.S. Financial Policy" to attack the IMF quota increase. But Lewis himself told the conference that "if we're going to put money into the multilateral institutions, and I think we will, we have to impose serious conditions," seeing to it that Third World borrowers "organize themselves on the model of Adam Smith."

Lewis's aides say he won't really try to stop the IMF bill in the House, but instead will append a number of riders to it, to try to reduce the amount contributed to the quota or make the increase into a "temporary" increase.

On the other hand, should the BIS crowd decide to pull a blowout on the world debt markets at some point, in order to force a rapid creation of the New Bretton Woods, it would certainly be sufficient to make a real move to blow up the IMF quota agreement. Lewis and Jack Kemp (R-N. Y.) may be ready to do just that, Capitol Hill sources report.

Since President Reagan has begun to study plans for remonetizing U.S. gold reserves, the BIS moles in Washington have been working overtime attempting to discredit gold, too.

In a late-February meeting with the President, aides report, Kemp insisted that the President adopt a British-style 19th-century gold policy immediately, while Lewis demurred from the standpoint of monetarist Milton Friedman that gold creates "instability" in the money supply. President Reagan is said to have thrown up his hands and told them that gold will have to be on the back burner for now.

At the Heritage conference, some conference participants called for an increased role for gold in the monetary system. Lewis again demurred, but said that if the IMF wants more money, the IMF should sell its gold or issue gold-backed bonds.

His aides explained that the congressman proposes that the IMF sell gold or swap it to debtor countries to sell. This would collapse the gold price if done at all significantly, so Lewis also proposes to let the IMF issue bonds against the gold and let the IMF borrow on the private capital markets.

The anatomy of a corporate murder

by Jeffrey Steinberg

With virtually no publicity, the U.S. Fifth Circuit Court of Appeals several weeks ago rejected a petition by Shearn Moody, an insurance magnate from Galveston, Texas, for a hearing to reverse an Alabama court's 1972 ruling removing Moody from control over an Alabama-incorporated insurance company, Empire Life. With that two-word ruling, "Petition Denied," Fifth Circuit Appeals Justice Thomas Reavley relegated to the Supreme Court the last opportunity to reverse the looting and burning of one of the oldest entrepreneurial family fortunes of the United States, the Moody estate.

As *EIR* will document in future issues, during one six-month period in the winter and spring of 1972, a number of officials in the Nixon cabinet, working in tandem with corrupt officials of the state governments of Texas and Alabama and prominent organized crime figures inhabiting the precincts of Las Vegas and Hollywood, conspired to bankrupt Shearn Moody and remove him from shared control over a Galveston-based insurance empire.

Despite four separate *amicus curiae* briefs filed in support of the Moody petition, Fifth Circuit Court Justice Reavley rejected out of hand the Moody arguments that the Alabama state court had erred in its interpretation of the law in ordering the receivership-bankruptcy of the Empire Life Insurance Company and the reassigning of all its policy contracts to a state-named company, Protective Life. Reavley's behavior, including his personal "suggestions" to Texas State Attorney General Jim Mattox that the attorney general remove his own *amicus* brief from the Moody matter, has raised eyebrows among the legal beagles of the South, particularly given Reavley's former status as secretary of state under then-Texas Governor John Connally. It was Connally, as secretary of the Treasury under the Nixon administration, who was the prime player in the power grab against the Moody estate. The instrument was a little-publicized component of the Nixon administration's "enemies' list" called Project Southwest.

According to a Bureau of National Affairs report dated Dec. 7, 1977, Project Southwest was a Nixon Treasury Department "hit list" operation that additionally utilized the Securities and Exchange Commission, then headed by William Casey and dominated by Stanley Sporkin. "The Internal Revenue Service, assisted in at least one instance by the SEC, embarked in 1972 on a secret intelligence gathering program aimed at politically influential Texans. IRS's election year Project Southwest focused on 164 Texans with political con-

nections in the state, although the only IRS target identified so far is Shearn Moody, Jr., a wealthy Galveston banker with strong Democratic ties. At its height, the covert operation—designed, in IRS's words, 'to learn as much as we can about Texas political relationships, influence, and payoffs'—utilized 27 revenue agents from Treasury and IRS. An SEC decision to conduct its own stock fraud investigation of Moody was reached just as Project Southwest was getting under way, although there is no evidence that anyone at the SEC was aware of the IRS political project. Because of the SEC's probe, however, IRS was able to obtain private information it otherwise wouldn't have been entitled to."

Between February and July 1972, through the combined efforts of the SEC, the Texas attorney general's office, and the offices of the state insurance commissioners of Alabama, Texas, and Arkansas, Shearn Moody was:

- removed from his position on the board of directors of the Moody Foundation, the repository of the family's banking and insurance estate and the majority shareholders in American National Insurance Company (ANICO) of Galveston, one of the 10 largest insurance companies in the United States;

- removed from control over Empire Life Insurance Company, an Alabama corporation formed by Shearn Moody in the early 1960s which was placed in receivership through documented coordinated efforts of the state attorney generals and state insurance commissioners of Texas, Alabama, and Arkansas, all political protégés of John Connally;

- removed by the SEC from control over W. L. Moody and Company Bank, a private bank owned by the family since 1866, on the preposterous grounds that, as a private holding, it was subject to SEC regulations, and that reporting requirements had been violated.

As the result of these combined efforts, Shearn Moody was in effect robbed of an eight-digit family fortune and thrust in the position of conducting a more than decade-long fight against the combined legal might of the federal government and the governments of three states. Project Southwest, which Moody investigator Norman Revie has amply documented through Freedom of Information Act suits to have been the initiating hand behind the financial blitzkrieg of 1972, soon dropped its investigation of Moody. The only tax irregularity discovered by the IRS team was a \$170,000 discrepancy—in Moody's favor.

The initial assault against the Moody Foundation was activated when Connally orchestrated the appointment of three outside directors, controllers of the ANICO insurance operation. It has been documented by Revie, among others, that under the sway of the hand-picked Connally directors, tens of millions of dollars in foundation funds were diverted into investment in a dozen Las Vegas casinos, principally run through financial cutouts to the recently deceased Meyer Lansky. At the time the walls closed in on Shearn Moody, he was initiating a civil action to remove those mob-linked directors from the foundation.

Gold and world liquidity

Ironies in the market price of gold, including its important and puzzling relationship to international oil prices

Suppose that you had your savings and paid your creditors in blue chips, but that at an undisclosed time in the future, blue chips would be made valueless in favor of red chips; red chips could be had now at the market price, but if you ran out of blue chips in the meantime, you would be bankrupt, and would lose your hoard of red chips in any case. What would then be the market price of red chips?

This inane little example describes a paradox in the recent gold price movements, of which I warned most recently in this column on Feb. 22. Does the drop of the gold price from the \$500 range of January and February to barely over \$400 in recent trading days indicate less motivation to purchase gold? On the contrary, the same hoarders who have liquidated physical metal during the past two weeks, such as large Kuwaiti and other Middle Eastern investors, are less confident about the future than almost anyone else.

Simply speaking, the house of cards known as the Eurodollar market has drawn sustenance from the deposits made by the OPEC nations, whose total foreign assets are estimated at about \$340 billion; of those, perhaps \$100 billion or more is deposits in the international banks. A reduction in the price of oil, welcome as it be in some quarters, is not good news to the inhabitants of the house of cards. The prospects for its total demolition are increased.

As for the major private gold investors—the old *fondi* [family fortunes—ed.] in Zürich, Munich, Paris,

and London—the conviction is growing in such circles that the monetary situation is insoluble: This opinion my friends at the Swiss National Bank will trumpet to any stray listener.

Why, then, should the gold price fall? Apart from the apparent technical (or manipulative) factors in the New York futures, as opposed to the European physical market, the simplest answer is the one most subscribed to among informed circles: there is a world liquidity crisis which forces some major holders, starting with some Arabs, to sell off their holdings. No matter that Eurodollar bank deposits might, indeed, become worthless at some point in the near future; bank deposits pay one's current obligations, and without liquidity, one may not survive to enjoy the benefits of having hoarded gold.

The paradox is that the same factors which impel the price of gold, oil, and other commodities downward, argue for investment in gold. That is why short-term investment in gold is such a grim trap for the unwary. Investors can make money by holding gold only if they do not need the money they have invested in the metal.

Where can the price reasonably be expected to stabilize? Although the \$400 level is held during the present round, it is easy to conceive of circumstances under which the price might decline much further. A mere oil price decline to \$27 has been taken into consideration by the markets; the price might fall further. A sharp rise in interest rates might have the same effect. Perversely, the first effect of a

major national default, might be to tighten the availability of credit and compel distress liquidations of gold holdings, among other assets.

For a variety of reasons it is difficult to see a price lower than \$300, if only because the central banks would have an enormous incentive to convert dollar assets into gold at that price. Central bankers, commented one economist of my acquaintance possessing a long association with the Bank for International Settlements, hate to lose money; they will not buy at \$400, but might well buy at \$300.

More is at work here than simple asset preference or expectations of price appreciation. Since the former central banker of the Netherlands, Jelle Zijlstra, told an International Monetary Fund group in September 1981 that gold must be part of the reformulation of the world monetary system, it has become more or less received wisdom in central banking circles that gold reserves have a special importance. It is ironic to see Prof. Robert Triffin, long one of the most egregious and vocal proponents of international paper against the use of gold, admitting that gold must anchor his international monetary devices.

At what price could this occur? There is now \$5 trillion of debt in the U.S. economy and \$1.5 billion of dollar-denominated debt in the international markets. At what price of gold would the United States have sufficient reserves to make gold a credible factor in international transactions, covering, among other things, all or a portion of the American current account balance? Arbitrary calculations are often used to claim that the price must be \$2,000 per ounce or higher. It would be simpler to say that gold at less than \$500 an ounce is a sensible investment, under present conditions, over the long term.

Trade Review

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$125 mn.	Indonesia from West Germany/Japan	Coal mining and carrying equipment have been ordered by Indonesian state-owned mining co. Tambang Batubara Bukit Assam for Air Laya lignite pit in South Sumatra. O. K. Orenstein is supplying five compact bucket wheel dredgers; Marubeni is making a 27-km. mine-port conveyor belt system.	Delivery and assembly.
\$97 mn.	Saudi Arabia from U.S.A.	Saudis have ordered 160 high-density microwave relay stations from Rockwell Intl. for its internal system to be completed by Dec. 1985.	Deal is for engineering, producing, installation, and testing.
	Saudi Arabia/Hungary	Saudis and Hungary have set up jointly owned trading company, Skala-Arab Trade Promotion Ltd., which will run bilateral trade. Equally owned by Saudi Caravan Transport Establishment, Skala Cooperative (Hungary's largest department store chain), and Hungarian International Bank. First sale is \$4 mn.	Hungarian lighting equipment, but potential runs in hundreds of millions of dollars.
\$405 mn.	Indonesia from U.S./Japan	Plant to produce 180,000 tpy kraft paper in Northern Sumatra contracted by Indonesian govt., which will own 50%. Georgia Pacific will hold 25% and provide management. P. T. Alas Helau, a local private lumber company, will own remaining 25%.	Plant will be built by Hitachi Zosen and Nichimen of Japan, with \$214 mn. Japanese Ex-Im Bank financing. Will replace imported paper.
\$13 mn.	Egypt from U.S.A.	Egyptian Ministry of Industry and Mineral Wealth has contracted RCA Service Co. for 4 yrs. of job training for Egyptian industry.	Funded by U.S. AID grant.
\$5 mn.	U.S.S.R. from Japan	Two highly automated marine container repair systems were bought for the Soviet docks in Nakhodka and Odessa regions from Kawasaki Heavy Industries.	Each will repair 8,000 containers/yr.
	U.S.A. from Venezuela	Petroleos de Venezuela will supply Union Carbide's Ponce, P.R., petrochemicals complex with petroleum gas and naphtha through the 1980s under recently signed contract.	
\$100 mn.	Iran/Pakistan	Iran will import 130,000 tons of wheat from Pakistan at 20% discount from world price and 50,000 tons of sugar, as well as rice and fertilizers under new barter agreement.	Pakistan will get oil and "Afghan freedom fighters" from Iran.
\$120 mn.	Bahrain from Japan	Gulf Aluminum Rolling Mill Company, sponsored by the govts. of Saudi Arabia, Iraq, Bahrain, Kuwait, Qatar, and Oman, has sent a letter of intent for an integrated aluminum rolling plant to Ishikawajima-Harima Heavy Industries, which will do everything from start to finish on the 40,000-tpy plant, except for employee training, which will come from Nippon Light Metal Company.	The Gulf region is going for energy-intensive materials processing.

Business Briefs

U.S. Economy

Construction contracts decline by 3 percent

Despite a very strong increase in new housing starts, and a jump in office building contracts let, the overall value of construction contracts awarded in January declined 3 percent from December and remained equal to the value in January 1982, not adjusted for inflation.

The reason for the decline was a precipitous drop of 53 percent in non-building construction from December and 56 percent from the prior year. Non-building construction consists of roads, power plants, dams, and various types of industrial facilities and installations.

Presidential construction contracts let totalled \$4.97 billion, up a very healthy 66 percent from last January's \$2.99 billion while non-residential building rose 15 percent from \$3.87 billion in January 1982 to \$4.46 billion this January. According to George A. Christie, Dodge's chief economist, "January's burst of office building was probably just a temporary interruption of a generally downward trend."

The big loser, non-building construction, dropped from \$4.48 billion in January 1982 to \$1.9 billion this January. A large drop from December 1982 reflected the \$2 billion construction award for a power plant in Utah.

Labor

BLS fails to retrieve missing workers

The Department of Labor's release of February unemployment figures March 4 reported that the number of unemployed rose by 44,000 from 11.446 million in January to 11.490 million in February. The number of employed fell. The unemployment rate actually rose from 10.20 percent in January to 10.24 percent in February, and will reach 10.3 percent, with rounding off, if the pres-

ent trend of unemployment continues in March.

The most interesting part of the story has to do with "lost workers." Between December 1982 and January 1983, the DOL dumped 736,000 out of the labor force. Even the DOL's Bureau of Labor Statistics had expected to "find" some of them in February. But the March 4 report dumped another 146,000 from the labor force. In both cases, these workers, mostly unemployed, were dropped from the unemployment rolls. That means that in two months, 882,000 workers have been deleted from the labor force. Were they added back in and counted as unemployed, the unemployment level would have reached 12.372 million in February, eclipsing the level of 12.036 million in December by more than a quarter-of-a-million workers.

Since the employment level has been declining, this would mean that the unemployment rate in February would really be 11.3 percent.

Agriculture

USDA withholding disaster loans to farmers

Senator Tom Eagleton (D-Mo.) released a study by the General Accounting Office the last week of February, confirming that the U.S. Department of Agriculture Farm Home Administration has illegally denied farmers access to the emergency disaster loan program.

The GAO study declared that the Reagan administration is running the disaster loan program in a manner "inconsistent with congressional intent and in violation of the Act." The current disaster loan guidelines were set up in 1978.

The intent of the law, according to Eagleton, is that disaster loans are to be made available under the FmHA if more than 25 farmers in one county, or if more than 30 percent of a crop statewide is damaged by any kind of natural disaster. The only official stipulation is that the farmer is not at fault in the crop loss.

The administration is making disaster

loans available only under the condition that 30 percent of a crop in a given state is affected. However, according to Eagleton, there are more than 500 counties in the United States in which more than 25 farmers have been hit by drought or flood in the past year, and have not been able to get FmHA loans.

Senator Eagleton is requesting that Agriculture Secretary John Block and Attorney General William French Smith review the GAO report. Eagleton's aide told *EIR* that French Smith has agreed to the altered regulations, which are to be released in mid-March.

Research and Development

Pentagon forces Japanese to sell U.S. subsidiary

For the first time ever, the U.S. Department of Defense has invoked a national security clause to force a foreign firm to sell its American subsidiary. According to the March 1 *Nihon Keizai Shimbun*, Japan's Kyocera Corporation sold Dexcel, Inc., a California-based producer of chemical compound semiconductors, to a U.S. firm, Gould, Inc., after being asked to do so by the Pentagon.

Kyocera had created Dexcel in 1975 as a producer of primarily civilian products. Over the years, however, sales of products such as transistors for F-16 fighters took up an increasing portion of its business. In 1982, military-oriented sales amounted to \$14 million.

The Pentagon recently invoked a never-before-used law stipulating that, for the protection of U.S. national security, the management of U.S.-based firms engaging in military research and development must consist entirely of American citizens. However, since its inception, Dexcel's president had been Japanese. Kyocera agreed to end Japanese management of Dexcel and, at the same time, decided to sell the company to Gould.

Nihon Keizai Shimbun commented that the case runs counter to U.S. requests for military R&D cooperation with Japan, ad-

ding that "there is danger of it causing Japanese enterprises concerned to now hold back from offering cooperation to the U.S." Japan's Ministry of International Trade and Industry said it is carefully examining the case.

International Finance

Skorzeny's widow runs flight capital operations

A key figure involved with Swiss bankers in capital flight operations against Third World nations is the widow of Adolf Hitler's "favorite Commando," Otto Skorzeny. Madame Skorzeny, a former resident of Zürich, now conducts financial operations out of Madrid and the Spanish island of Majorca.

Sources describe Madame Skorzeny as having "good connections, particularly in Mexico, the United States, and Liechtenstein," and, as one London insider described it, "All the Swiss bankers troop to her door."

Otto Skorzeny was smuggled into Spain at the end of World War II to avoid being hanged at Nuremberg. He ran the Die Spinne networks that reached from southern Europe into South Africa and Ibero-America, responsible for smuggling many Nazis out of Europe after World War II.

Madame Skorzeny is the niece of Hjalmar Schacht, Hitler's finance minister. In an early March interview made available to *EIR*, Madame Skorzeny acknowledged her relationship to Schacht, but cautioned her caller that "I have to be very careful; there are many things going on. . . ."

Asked advice about financial affairs in Mexico, Madame Skorzeny commented that that nation was "a very easy place to invest" since former President López Portillo's nationalizations of the Mexican banks was beaten down. "You can get things dirt cheap in Mexico," she said. "I am more worried about things here in Spain. What if they repeat what the Mexican government recently did?"

She also assured her caller not to be "concerned" about exchange controls in Mexico. "We can exchange pesos for you. I have people who are interested in buying

pesos; we can arrange a pure exchange of pesos out of Miami; there is a bank involved there." When questioned about operations in Africa, Madame Skorzeny replied that she had "a lot, particularly Morocco. I have a great interest there."

Skorzeny acknowledged that she knows Swiss banker François Genoud, the current head of the neo-Nazi International, "very well."

International Trade

Sino-Japanese industrial cooperation

The second phase of the Baoshan integrated steel works near Shanghai, which had been cancelled in 1981 at the height of China's anti-heavy industry campaign, will be revived, according to Chinese Minister of Economic Relations and Foreign Trade Chen Muhua. Chen wound up a high-level economic mission to Japan the last week in February.

Chen told the Japanese, who hold a majority of the foreign contracts dealing with the Baoshan project, that the first stage would be brought on line by 1985, and China would then proceed with the second.

Chen's visit to Japan underscores the important role Peking hopes Japan will assume in its modernization effort. Japanese firms are also expected to play a major role in plans to modernize port and railway infrastructure, as well as offshore oil exploitation, areas which have been assigned top priority.

Chen said China intends to quadruple foreign trade by the year 2000, with Japan's share of that increase commensurate with its current level of one-quarter of China's total trade volume. The two countries also agreed to set up working-level meetings to discuss the extension of low interest Japanese government loans to China.

On April 23, former Japanese Foreign Minister Sakurauchi will visit Japan at the invitation of Chen to inspect projects involving Sino-Japanese cooperation and discuss the loan prospects.

Briefly

● **MACHINE TOOL** orders in January were \$91.5 million in the United States as compared to \$120.95 million in December and \$205.5 million in January 1982, the National Association of Machine Tool-Builders reported Feb. 27.

● **DOUGLAS HURD**, representing the British Foreign Office at the negotiations of the Polish government debt, told the Paris Club of private creditors March 3 that "Poland has de facto declared a debt moratorium. The West should make clear statements that they are going to take action."

● **THE UNITED NATIONS** Food and Agricultural Organization (FAO) warns of the danger of a repetition of the 1973-75 drought which killed 10 million people in Africa. "The food situation is becoming more critical from day to day, especially in the Sahel regions," stated the group. Agricultural production in Chad has dropped 40 percent in one year, says FAO. While reports of famine have come only from Chad, the category of "serious shortages" is being applied to Mali, Senegal, Mauritania, and the Cape Verde Islands. About 500,000 tons of grain may be needed in the current emergency.

● **TRADE WAR** has begun due to International Monetary Fund demands that its client states devalue their currencies. Brazil's 30 percent devaluation Feb. 18 not only brought down world coffee prices, but also brought demands from shoe importers abroad that Brazil give extra price discounts. Lower prices may wipe out all income gains from the devaluation, Brazilian exporters fear. Colombian businessmen are demanding their peso be devalued to catch up with Brazilian, Venezuelan, Mexican, and Ecuadoran devaluations.

Can the U.S. catch up with the Soviets in beam weapons?

by Steven Bardwell

Technological developments of the past five years assure that within the next few years the traditional theories of deterrence will be destroyed. Two technological trends define what will replace these theories of deterrence: one overturns the MAD (Mutually Assured Destruction) doctrine and replaces it with a new, essentially defensive strategic doctrine, and the other leads toward "launch-on-warning" policies for both major nuclear powers, the consequent increase in the probability of accidental or inadvertent nuclear exchange, and a reliance on expanded, hair-trigger conventional forces deployments.

The immediate events ushering in the destruction of MAD are the deployment of the Pershing II missiles by the United States and the SS-20 by the Soviet Union. The deployment of a weapon with exceedingly accurate guidance, maneuverable reentry vehicle (MARV) capabilities, and short trajectories eliminates the possibility of *passive* defense for land-based missiles, and hence their role as a deterrent. In this situation, the only "rational" policy is one of launch-on-warning for land-based missiles. As the deployment of new weapons proceeds over the next several years, the threshold for war decreases dramatically, and the dangers of accidental nuclear exchange become larger and larger.

The alternative technological direction, pointing toward an assured defense posture, is exemplified by the recently reported success of a nuclear-driven X-ray laser, the latest in a series of recent advances in laser and particle beam physics and technology. The technologies necessary to neutralize, in a definitive way, the offensive supremacy of the ICBM are now in hand. Called by its proponents "assured survival," a military policy based on the ability to destroy nuclear-armed ballistic missiles in flight not only puts the defense many years ahead of the offense, but, more importantly, provides the technological tools in energy and industrial areas for addressing the causes of war, rather than only the means of conducting war.

This dramatic shift in world strategic military doctrine is *not* a question of political intent: The technologies that make MAD obsolete are already in deployment (the SS-20 and Pershing missile) or in advanced stages of development (the

Soviet directed-energy beam weapon). The only remaining question available for political decision is the response of the United States to this situation.

The technological possibility

In the same way that the United States made a leap in commitment that had no immediate connection to preceding research efforts when it resolved, "We must build the fission bomb," or when it said, "We must send a man to the moon in eight years," today Americans are in a position to revolve: "We must build a directed-energy beam weapon for ballistic missile defense within this decade."

To accomplish this goal would require a program with the national priority of the Manhattan Project or the Apollo Program, conducted under the administration either of a new agency (like NASA) or as part of an existing agency or group of agencies. The mandate given to that program must be based on linking all existing relevant laboratories, research groups, industrial concerns, and university programs for consultation. Next, a national laboratory dedicated to the beam weapon problem must be established (similar to the one proposed in Alabama Sen. Howell Heflin's bill for laser research).

Under this administrative mandate, a "technology limited" program should be initiated. The test for a crash program like this one should be whether the rate of the project is in fact limited by funds or by current technological knowledge. Such a program implies, of necessity, a corollary education and training program, much like the National Defense Education Act, if the required manpower is to be trained. Experts in the area of beam weapon research believe that scientific developments over the past two years make it possible to broaden the present *research* program in the direction of engineering development with the option for near-term (five-year time scale) deployment.

This research would require a two-step program:

1) Ground-based laser/orbiting optics system. A hybrid system, in which the laser (with its large fuel supply, delicate optics, and bulky optical components) is based on a suitable mountain top (above 14,000 feet, many windows exist for laser propagation into space, even at 10.4 microns), and whose focusing mirror (in the 10-meter diameter range) is in near-earth orbit, is a realistic first-generation goal, as it minimizes the physics and engineering problems involved in a beam weapon.

Summary of Objections to Beam Weapon Feasibility

Objection	Reply to Objection	
	First Generation	Second Generation
1) Laser beams cannot propagate through the atmosphere.	There exists chemical laser light of frequencies that lose less than 10% of their intensity in propagation above 14,000 feet.	Completely space based.
2) Lasers cannot melt or destroy real weapons.	Chemical lasers exist capable of delivering 100 joules per sq. cm.	X-ray lasers are many times brighter than any material is capable of withstanding.
3) Passive defenses (reflective coatings, etc.) render a laser ineffective.	Such retooling of missiles would take 5 to 10 years, by which time a brighter chemical laser or an X-ray laser would be available.	X-ray lasers are so efficiently coupled to matter that no passive defense is possible.
4) The countermeasures against beam weapons are cheap and easy to implement.	A first-generation system is not an interesting target since it is capable of destroying only a handful of missiles.	X-ray lasers are cheap and compact compared to the offensive weapons that they destroy. The offense is saturated, not the defense.
5) The sensing technologies do not exist to prevent saturation by decoys.	Long-wavelength infrared sensing devices have been demonstrated that can distinguish decoys by mass .	Same.
6) The tracking technologies do not exist with the required stability.	Next-generation gyroscopes meeting the required specifications have been demonstrated in the laboratory.	Same.
7) The pointing technologies do not exist with the required precision.	Satellite telescopes now routinely sight stars with sub-microradian tolerances and thus extremely high accuracy in civilian applications.	Same.
8) Beam weapons are too heavy and inefficient to put into orbit.	Irrelevant, since only the mirror needs to be orbited.	Fewer than 20 trips of the space shuttle would be required to launch the X-ray satellites for a complete area defense.

Such a hybrid system has the important advantage of requiring only technologies that have been demonstrated in the laboratory: Specifications for all the guidance, tracking, laser, computer, and optical technologies have been met in laboratory experiments (although, of course, no sort of weapons integration has been performed), and so the scaling up of these to a weapons system is entirely conceivable. Such a system could begin to be deployed five years after the commencement of an aggressive development program.

A beam weapon at this stage of development is *not* destabilizing and is a uniquely benign weapon. It does not threaten the Soviet Union at all (and hence the problems of ASAT, etc. are nonexistent); and, it protects all nations from the danger of accidental launchings. As a first-generation system, its mission is the same as the limited mission proposed for past ABM systems—defense against an accidental launch or launch by a third power like China. In either an area or point-defense mode, this stage of an accelerated beam weapon program would also serve as a test bed for a more advanced, second- or third-generation system capable of complete protection of the United States from ICBM bombardment.

2) Completely space-based, short-wavelength system. With the demonstration of a host of promising approaches to very-short wavelength lasers in the past two years, the advantages of the short wavelength laser can be confidently projected for a second- or third-generation laser system. The compactness, light weight, and lack of optics that characterize the nuclear-pumped X-ray laser, for example, make it the natural choice for the second stage of a development program. This beam weapon, in sufficient numbers, would make possible the area defense of the United States, a feat that could begin to be accomplished with the deployment of the first X-ray laser satellite in the early 1990s.

This phased approach provides a realistic way of getting “from here to there” based on known engineering considerations in the first stage, and does so in such a way that the knowledge gained in the first stage leads naturally to the solution of the similar problems posed in a more difficult context in the second phase.

The opponents of nuclear survival

A serious attack on the problem of nuclear war requires addressing three inter-related problems:

- 1) The amelioration of the causes of nuclear confrontation, specifically, a way of reducing the perception of the superpowers that their security is available only at the expense of the other superpower;
- 2) Mechanisms for prevention of nuclear confrontation proceeding to actual exchange of weapons;
- 3) A means for preventing the launching of a nuclear weapon, whether by design or accident, from being an irrevocable disaster and the initiation of all-out war.

The opponents of assured survival, most specifically the

nuclear freeze movement, have proposed policies which would exacerbate the first problem by legislating away both the military and civilian development of the technologies which are necessary to world development; on the second question, they are silent; and on the third, positively hysterical. It is to the third that the military application of beam weapons is most relevant.

The attacks the opponents of assured survival have made on the proposal for beam weapons have taken two distinct tracks: the first, an attempt to question the scientific possibility or engineering feasibility of these weapons applied to ballistic missile defense, and the second, the question of their political advisability. As the most astute scientific observers have noted, the technical objections to beam weapons are based on either out-of-date information or on shoddy physics (or a pernicious combination of the two by people who should know better). The accompanying table summarizes the main technical objections and their relevance to the proposal described above.

The political issue

More revealing than the incompetent technical objections to beam weapons is the political motivation for those opinions. In a particularly ironic way, beam weapons exemplify the great fear of the neo-Malthusian policymakers opposing their deployment. As Lord Solly Zuckerman describes in his book attacking nuclear defense, *Nuclear Illusion and Reality*, “uncontrolled” scientific research has been the greatest source of “destabilization” since World War II. It is the fault, he says, of these scientists that the politicians have not been able to carry out disarmament, that the arms race continues, and that the world has been plagued with technologies like nuclear energy. If only there were a way of managing the seemingly unstoppable momentum of scientific and technological progress, he muses.

This is the real issue in the debate over beam weapons. At stake is the nation’s commitment to scientific and technological progress, not only in the arms race but also in the civilian economy. The real parameters of the debate are that the U.S. economy could not survive a technology freeze, and that politically the United States would be forced to yield to a Soviet Union armed with anti-missile beam weapons.

The weapons of the future are now being developed in the Soviet Union, and will have an even more revolutionary impact on the civilian economy in the form of a “plasma revolution.” A nuclear freeze in the United States will not stop this development.

But the outcome of the beam-weapons/freeze debate *will* determine both the immediate and the long-term future course of world politics and economics. If the United States goes ahead with a crash beam-weapons program, it will have the technological capacity to lead an expanding world economy; if the technology freeze is imposed, the United States will have relinquished power to the Soviet Union.

How far ahead is the U.S.S.R. in developing strategic ABM defense?

by Uwe Parpart-Henke, Steven Bardwell, and Charles B. Stevens

One of America's leading defense scientists, Dr. Lowell Wood of Lawrence Livermore National Laboratory, noted in an interview in the January issue of *Defense Science and Electronics* that the Soviet Union is spending an "order of magnitude" more on beam weapons research and development than the United States. Other leading U.S. weapons scientists, whose work is focused on advanced X-ray and nuclear lasers, have privately revealed that this disparity in funding levels is even larger in specific, crucial basic plasma and atomic physics research areas that are key to realizing the most advanced forms of beam weapons.

In terms of applied military beam weapons research, the following Soviet developments have been reported from publicly available sources, primarily *Aviation Week*:

- The U.S.S.R. is currently operating a large, multi-megawatt, prototype laser beam weapon experiment.
- The Soviets have been perfecting for a number of years a large, multi-terawatt particle beam weapon system.
- A large variety of systems has been tested by the U.S.S.R. in a full range of beam weapon military applications which include: a) laser imaging and radar, b) laser anti-satellite systems, c) laser anti-ballistic missile (ABM) systems, d) laser anti-tactical missile systems, e) particle-beam terminal ABM weapons, f) plasma beam weapons, g) microwave beam weapons, h) macroparticle beam weapons, including electromagnetic rail guns and plasma accelerated macroparticles, i) laser underwater detection of submarines, and j) laser dispersal of fog and cloud cover.
- Reported successful Soviet tests include: a) a laser beam interception of a ballistic missile, and b) deployment of operational laser weapon systems on Kirov-class battle cruisers for tactical missile interception, remote sensing, and weather modification.

Fusion Energy Foundation scientists have determined that besides the outstanding quantitative disparity between the United States and the U.S.S.R. beam weapon programs that

there exists a more significant qualitative disparity in favor of the Soviet Union. The three causes of this qualitative U.S. deficit are:

- 1) A stronger Soviet commitment to traditional concepts of war-fighting, one which recognizes the necessity of developing effective ballistic missile and civil defense capabilities. This has resulted in a higher Soviet priority for directing scarce scientific resources into these areas.
- 2) A larger, more diverse base of fundamental scientific research relating to beam generation, beam propagation, and theoretical plasma physics. A key element in this broad-based program is the Soviet controlled thermonuclear fusion (CTR) research and development program.
- 3) A methodological approach to mathematical physics which emphasizes the Riemannian continuum mechanics and analytical methods as opposed to the numerical, kinetic, statistical approach which dominates in the West.

Soviet plasma physics program

As early as 1960, U.S. observers remarked on the astounding emphasis accorded plasma physics and controlled fusion research in the Soviet Union. Don Kerr, one of the most respected American plasma physicists, summarized his assessment of the future of the Soviet effort (and implicitly replied to some American skeptics):

We find that the recent rate of progress [in the Soviet plasma physics program] has been little short of amazing. This rapid growth suggests that if they considered it important enough, in the next few years the Soviets could outstrip the West in a field such as controlled thermonuclear fusion.

From the beginning of the renaissance of Soviet intellectual effort in the early 1930's, the problems of plasma physics have challenged some of the best Soviet physicists, particularly theorists. As a consequence, a number of the very best Soviet physi-

cists now have considerable experience with plasma problems, are in positions of importance, and are highly respected in the scientific community. The position of plasma physics in the West is not as favorable, but is improving rapidly as more people enter the field.

There are many top-grade Soviet scientists working in plasma physics who are also contributing actively to other frontier fields such as field theory, high-energy physics, solid-state physics, nonlinear theory, and the many-body problem. The West has no more, if even as many, top-flight people of such versatility actively working in plasma physics; but this situation is also improving, as indicated above. . . .

There is exceptional Soviet strength in the fields of mathematical statistics and nonlinear differential equations, and their application to physics and technology. The strength rests upon Soviet leadership in these fields of mathematics, extending back over a period of many years.

The Soviet work, of which the beginnings were studied by Kerr, grew into the world's largest research effort in plasma physics over the next decade. Almost without exception, every significant advance in plasma physics and engineering has originated as a result of that research. The tremendous success in engineering terms of the U.S. plasma physics work, especially in controlled thermonuclear fusion, should not be confused with the origins of most of the ideas that were only successfully developed here: They almost all bear a "Made in U.S.S.R." trademark.

The most outstanding of these ideas are:

1) **The tokamak:** The mainline plasma confinement device for research in CTR is the donut-shaped magnetic configuration invented by the Soviets in the late 1960s. This device is the primary line of fusion research in every country of the world pursuing that research today.

2) **The tandem mirror machine:** The backup device for nuclear fusion research—an open, linear machine called the tandem mirror—was also the product of a Soviet laboratory. This machine is being actively researched in the United States, the Soviet Union, and Japan.

3) **The radiofrequency quadrupole accelerator:** The most successful device for the generation of high-energy, large-current particle beams is based on a series of Soviet experiments conducted in the early 1970s.

4) **Pulsed power MHD generators:** The concept of using explosive energy for the compression of magnetic fields to produce inductive electricity (one of the few known ways of producing the intense pulses of electricity needed for beam weapons) was arrived at independently in both the Soviet Union and the United States. However, in the 25 years since then, the vastly larger Soviet program has produced almost

all the scientific and technological developments required for both civilian and military applications.

5) **Theory of strong plasma turbulence:** Almost all the problems of beam generation, stability, propagation, and kill-effectiveness fall into the area of plasma physics called strong plasma turbulence. The Soviets have pioneered almost all the important ideas and techniques in this field, under such scientists as B. Kadomtsev, Yu. Klimontovich, N. Tsytovich, and S. Zacharov.

Of course, the Soviet co-invention of the laser (by N. Basov), their leadership in ionospheric physics, their work in advanced accelerator techniques (proton cooling by G. Budker, for example), their massive program of experimental work in the propagation of beams through non-ionized gases, their innovative work in plasmoid physics (plasmoids are self-confined blobs of plasma) are all evidence of a very large, broadly based effort in plasma physics research. There is simply no corresponding comparable body of work in the United States.

Soviet methodology in plasma physics

Contrary to accepted opinion, a host of fundamental scientific problems is raised by physical phenomena occurring in the energy-dense regimes necessary for beam weapons. To solve these problems demands more than the engineering and industrial skills for which the United States is justly famous; it requires a group of scientists and an educational establishment capable of generating new knowledge.

For more than 100 years, it has been the case that all important scientific discoveries have come from a relatively small base of work in the classical German school of mathematical physics. Science has been working from the ideas of the German classical school of mathematical physics—Leibniz, Gauss, Weber, Riemann, and their successors. The major discoveries of the past period all derive from the results and method of these scientists. While this method remains the dominant school of research and education in the Soviet Union, this method has been attacked in the West with increasing success over this period by the British or Newtonian school, with the result that the most essential tools of continuum mechanics and Riemannian global geometry are used in the West in only the only the most rudimentary way.

Newtonian versus Riemannian method

The divergences between these two approaches are central to the question of the science of the beam weapon:

1) The question of energy. Conventional Newtonian or Maxwellian physics defines energy as an internally measurable, conserved, scalar quantity. The role of energy in the evolutionary properties of various beam weapons systems makes this assumption of scalar energy measure untenable. Newton's original opponent on the question of the

nature of energy, Gottfried Leibniz, defines a dynamic, directed concept of energy much more adequate to deal with the nature of energy than the Newtonian atomic one, but the mainstream of Western science has rejected the Leibnizian formulation. The experimental evidence already gathered from high energy plasma physics poses a fundamental challenge to this Newtonian idea.

2) The direction of evolution in physical systems. The most fundamental assumptions of modern physics insist that changes with time in a physical system are the result of the summation of microscopic dynamics; particle-by-particle interactions "add up" to the global behavior of a physical system. As a consequence, the quality of this global evolution is statistical and random in a systematic way. Even the most avant-garde of the proponents of a so-called nonreductionist formulation of physics, like Ilya Prigogine, begin with this Newtonian fact. The behavior of high energy plasmas (like those in a beam weapon) overthrows this premise in a rigorous way. Beam weapon experiments present striking evidence of an inherently global kind of causality that directs the microscopic evolution of a physical system but is not reducible to microscopic interactions. This invariant quality is a negentropic, developmental direction to physical evolution that appears in a dramatic form in high energy beam weapons.

On the one hand, failure to recognize the fundamental scientific challenge posed by the new physical phenomena characteristic of beam weapons leads supporters of beam weapon development to underestimate the long-term economic and technological impact of beam weapon development. They fail to see the qualitative changes implied by the perfection of a technology based on a physical theory as different from conventional physics as the quantum mechanical revolution (and its technological descendants like lasers and transistors) was from the Maxwellian physics before it (with its technologies of electric motors, resistance lighting, and so on).

On the other hand, failure to recognize this fundamental challenge by opponents of beam weapons leads them to try to assess the scientific and technological feasibility of beam weapons on the basis of totally inadequate physical considerations. The attempt by a physicist who does not understand the implications of these new experimental results in plasma physics to project the behavior of a beam weapon is ludicrous—and disproved as imperiously by the existence of these new phenomena as were the theories of the impossibility of ballistic missiles 30 years ago.

The debate implicit in an examination of the scientific basis adequate to describe beam weapons has been at the

center of an intellectual and policy fight up through and immediately following World War I. This debate pitted the followers of the Newtonian atomistic tradition against the followers of the Leibnizian hydrodynamics school. The final round of that fight in the West was concluded when Bertrand Russell conducted a successful attack on the two most important modern representatives of the Leibnizian school, Georg Cantor and Bernhard Riemann. Russell identified the central nature of the Leibnizian school as its commitment to the "Platonic" idea of nested manifolds connected by a negentropic invariant, and against this he defended the radical Newtonian idea, later formulated in his *Principia Mathematica*, that all phenomena are reducible to fixed, atomistic (and logical) structure.

This debate, now largely unknown among Western physicists, is not an academic question.

On the one side, the information most subject to immediate classification are those results of Riemannian physics that threaten the intellectual hegemony of the Newtonian idea. In case after case, the methodological and mathematical tools of the Riemannian school have been kept hidden by the supporters of the Newtonian school (we review the most egregious case below). On the other side, the Soviet Union has based large parts of its physical research on beam weapons on an at least implicit understanding of the hydrodynamic method. The education given Soviet physicists, the design of experiments, and the originality of Soviet theoretical work in continuum mechanics are all evidence of a generally recognized methodological divergence between Western and Soviet science. What is not generally understood is that this methodological difference derives from the fact that the mainstream of Soviet science is in the Riemann-Leibniz tradition, while the mainstream of Western science is in the Newtonian one.

The defense of the Newtonian position in this fight reached absurd proportions in 1976, when British military intelligence classified the experimental work of a Soviet physicist! Leonid Rudakov, the director of the Soviet electron beam fusion research program (and a leading contributor to the Soviet military beam weapon program and inventor of several critical technologies in electron beam production), visited several U.S. weapons laboratories in summer 1976. His lectures at Los Alamos National Laboratory and Lawrence Livermore National Laboratory created great interest among American scientists, because he addressed one of the several central problems in the interaction of high energy beams with matter—the production of soft X-rays. This topic, although at a lower level of elaboration, was studied in the United States and the results were classified. Rudakov presented new results, not previously known to the American researchers. At the instigation of the British military intelligence, Rudakov's lectures were immediately classified in the United States by the Department of Energy, and they remain classified today.

High-energy beam weapons and French military policy options

by Uwe Parpart-Henke

In December 1982 and again in February 1983, the author had the opportunity for extensive discussions on beam weapons technology and the strategic and tactical consequences of the development of such technologies, with scientists and military personnel in France and, to a more limited extent, in West Germany. This article, to appear shortly in the French edition of Fusion magazine, the journal of the Fusion Energy Foundation, is an attempt to answer some of the questions posed to him on the military-strategic consequences for Western Europe, and France in particular, of the development and deployment of beam weapons for Ballistic Missile Defense (BMD). The article is printed here by permission of Fusion.

According to U.S. intelligence officials, the Soviet Union two years ago tested a high-energy laser which successfully downed a ballistic missile. In 1981, reports—now amply confirmed—appeared in the United States open (unclassified) literature that an X-ray lasing device developed by Lawrence Livermore Laboratory in California had been tested successfully, providing proof of principle of this potentially most important Ballistic Missile Defense (BMD) technology. To some observers these may be distant and insignificant signals of a future weapons technology that may never become reality. However, at a time when the United States is spending \$300 million and possibly up to \$500 million on high-technology laser, particle-beam, and related technologies necessary for BMD applications, and when by conservative estimates Soviet spending in this area is 3 to 5 times as high (some U.S. weapon scientists have indicated as much as 10), it would be foolish, to say the least, not to take into account in one's medium- and long-term strategic planning the impact of new directed energy-based BMD systems.

The first, limited, ground-based such systems, bouncing a laser pulse off of an orbiting mirror several hundred kilometers high onto a target several thousand kilometers away, could become deployable as early as five to seven years from now. Their mission would be to defend against accidental launch of a small number of ICBMs, or "third country" launch—a missile attack by someone other than the United States or the U.S.S.R. Space-based systems capable of providing a reliable area defense of the United States or the Soviet Union against full-scale ballistic missile attack with thousands of launches could become reality in the middle to

late 1990s.

How does the advent of the type of BMD systems just sketched affect the French military-strategic posture and what would be an adequate French/European response? The following considerations are intended to outline a mode of attack on these questions and some preliminary answers. They should also serve to open the necessary public debate on BMD.

I. Effects on French strategy

As reaffirmed to this writer in recent discussions with high-ranking present and former French military officials, French deterrence strategy against attack by the Soviet Union is based on two fundamental premises:

1) The deterrence value of the independent French nuclear forces against a limited Soviet conventional/nuclear attack in Europe. Clearly this depends on the assured capability of the French "dissuasion force" to penetrate Soviet defenses.

2) The reliability of the U.S. nuclear umbrella as deterrence against full-scale nuclear strategic attack, that is, the premise that, while the United States may or may not respond to a limited Soviet attack on Western Europe, in the case of a full-scale nuclear attack, the U.S. second-strike potential will be sufficient to inflict unacceptable damage on the U.S.S.R. and thus suffice to deter such an attack in the first place.

In this context, it should be pointed out that the present French nuclear strategic posture was designed by General de Gaulle at a time—in the early 1960s—when Soviet ability to respond to U.S. attacks with a devastating second strike on the United States did not exist, and the Soviet Union took Western Europe "nuclear hostage" as the second best thing.

The *force de frappe* was developed in response to this circumstance and in order to escape from the dilemma of complete French subservience to Soviet or U.S. policy goals. The patent asymmetry of the U.S. response to the Soviet threat to Berlin in 1961, when Washington backed down, and in Cuba in 1962, when the Soviet threat to the continental United States was repulsed, will have confirmed for de Gaulle the need for an independent French nuclear capability. However, contrary to frequently published U.S. as well as some French opinion, de Gaulle at no point regarded the French nuclear force as a substitute for the U.S. strategic nuclear umbrella, only as an indispensable complement.

The historical strategic context of the development of the *force de frappe* is stressed here because there exists the acute danger that rather than being viewed as an instrument of strategic policy, subject to changes in its makeup, mission, and overall significance, the *force de frappe* takes on the status of a sacred and venerated institution of the republic whose quintessential nature must not be disturbed at any cost. De Gaulle would have been the first to discern and warn against such a development. To put it bluntly: The development and likely relative near-term (five to seven years) deployment by the United States and the U.S.S.R. of directed energy beam BMD systems will undermine the two main pillars of French strategy and cast the present French nuclear force's in the role of a "nuclear Maginot Line," outflanked by a revolutionary new technology, and as pathetically irrelevant to the defense of France as its famous predecessor.

Reviewing the fate of the two principal premises of present French strategy listed above, successful Soviet deployment of even a limited laser or particle beam BMD capability would severely reduce the ability of the French dissuasion force to penetrate Soviet defenses and thus all but eliminate its deterrence value. A serious asymmetry in Soviet-French deterrence capability would ensue, leaving France with no option but falling back on total dependence on the U.S. strategic arsenal. Successful U.S. and Soviet deployment of full-scope BMD systems covering their territories, of course, would leave France totally vulnerable and with no retaliatory capability. In addition, under these circumstances, or even assuming that U.S. BMD could be extended to Western Europe, we would—in case of a Soviet attack—be "back to the cavalry", that is, a situation in which the relative strengths of conventional forces would be decisive.

II. French strategic options

This writer has found that, at present, only a small minority among the French military and military-scientific establishment are willing to admit or face the possibility of, in the case of a limited system, the strong relative near-term probability of the development and deployment of anti-ballistic missile defenses by both superpowers. The suspicion here is that this is a case of denying that something is possible because it is considered highly undesirable. Other only marginally more astute responses met with included pointing to the 1972 ABM treaty as outlawing ballistic missile defense or a proposed rush into conventional buildup. Such responses are as inadequate as they are unimaginative.

The desirability of replacing the doctrine of Mutually Assured Destruction (MAD), which ever more clearly converges on actual assured destruction of Europe, the U.S.S.R., and the United States, by assured defense, shall not be reargued here (see page 18). In any case, real French strategic options exist which will make France a partner and beneficiary in the development of BMD systems and make the future of the country more secure than under present arrangements. These options shall now be put forward in the form of these

which are not intended to be the last word, but the opening round in the necessary strategy debate.

1) France now possesses the production facilities, technology, and qualified scientific manpower to make significant contribution to the development of directed energy beam weapon systems, including BMD applications. French capabilities in this area are broadly defined by the intersection of capabilities in the nuclear energy, aerospace, high-technology arms production, and controlled thermonuclear fusion sectors.

2) Significantly stepped-up French research and development efforts in the field of directed energy beam applications, including BMD, are justified and necessary as a minimal precondition for a) informed intelligence estimates, and b) a strategic say in future weapons development and deployment discussions. France must promptly enter into negotiations with West Germany on the one hand for a coordinated European effort, and with the United States on the other to map out most promising and mutually advantageous areas of collaboration.

3) Initial scaled-up R&D efforts should be directed toward a) participation in the development of a first generation, limited (point defense) high-energy ground-based laser BMD system; first missions of such a system would include defense against accidental ballistic missile launch and point defense of land-based ICBMs and IRBMs; and b) development of directed energy weapons for tactical applications, including anti-aircraft, ship defense, and anti-tank uses. Tactical defensive applications will acquire added significance as the move toward full-scope BMD simultaneously refocuses attention on the conventional battlefield.

4) A second-generation limited ground-based BMD system could not only secure missile silos against disarming first strike attack, but begin to defend a limited number (possibly hundreds) of additional high-value targets. Such development would begin to secure Western Europe—including West Germany—against Soviet attack and define a highly desirable alternative to Pershing II-type missiles as a counter to the Soviet SS-20 threat.

5) Along with participation in short- to medium-term efforts for limited BMD, France must enter into negotiations with the United States to define collaboration in the development of full-scope BMD. French scientific capabilities in the nuclear weapons and laser applications fields can usefully complement U.S. capabilities.

6) French-German collaboration in tactical battlefield applications as well as BMD applications of directed energy systems will have profound positive economic and political consequences. The economic benefits must be detailed elsewhere. Politically, providing West Germany with the opportunity to participate and have an active say in the development and deployment of a strategic weapons system crucial to its defense will go a long way toward undercutting present growing pacifist sentiment. A politically dependable and militarily defendable Germany is a crucial element of French security.

Civilian benefits of X-ray laser programs

by Charles B. Stevens

At the U.S. national laboratories today, scientists are perfecting a technology—the X-ray laser—that will revolutionize our lives. First, as the basis for a second-generation defensive beam-weapon system, the X-ray laser will provide America with near invulnerability against an all-out nuclear attack, thus ending the threat of nuclear holocaust.

Second, and perhaps even more momentous, X-ray lasers will give scientists the ability to see what goes on within living cells on the subatomic level, without killing the tissues, thus bringing biology and medicine a quantum leap forward. With X-ray lasers, researchers can make 3-D motion pictures of important biological processes such as the replication of DNA or the synthesis of proteins.

In addition, the same technology has broad-based potential applications for technology and industry, from the diagnosis of fusion shock waves as they propagate, to new methods of mining and processing, as well as the generation of entirely new materials.

Some of these important applications, discussed below, include X-ray lithography for the fabrication of microelectronic components, electron spectroscopy for chemical analysis, surface and radiographic nondestructive testing of metals, microradiography, radiochemistry, X-ray crystallography, and photonuclear processes.

How lasers work

Light amplification through the stimulated emission of radiation—or the *laser*, as the process is abbreviated—has existed only since 1960. However, the scientific principles upon which it is based emerged in the early part of this century as specific applications of the fundamental advances made possible by Bernhard Riemann's relativistic physics, set forth in a series of groundbreaking papers in the mid-19th century.

Specifically, there was the work of Max Planck, the early work of Albert Einstein on the interaction of matter with electromagnetic radiation or light, and the wave mechanics of Erwin Schrödinger, which he noted was inspired by Riemann's concept of the shock wave. Schrödinger's work permitted scientists for the first time to begin to comprehend the coherent structures found on a subatomic scale.

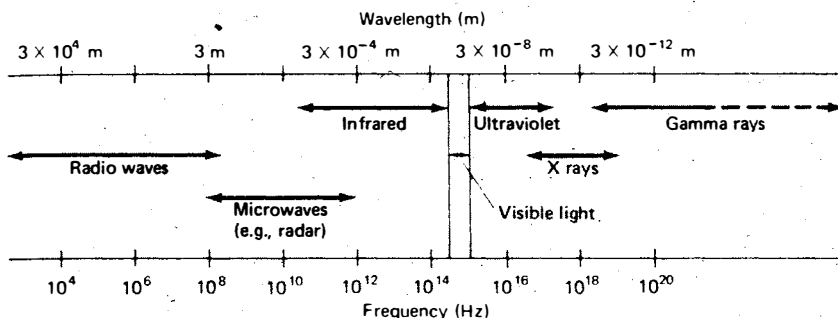
In the simplest terms, the laser is a machine that converts *incoherent energy* (light or heat or other electromagnetic radiation) into *coherent energy*, where the wavelengths are the same and the wave patterns are all traveling in step (in phase). The spectrum giving the range of electromagnetic energy by wavelength and wave frequency is shown in Figure 1.

The first systems to generate coherent electromagnetic radiation (see Figure 2), consisted of alternating current generators and electronic devices like vacuum tubes, which produced radiation at very long wavelengths. To generate the shorter-wave-length, high-frequency electromagnetic radiation, scientists have to manipulate electron motions on an atomic scale. In other words, they have to be able to access electron energy transitions within the atom itself.

Since 1960, when the first laser was created using a ruby rod, there have been many advances in laser technology. The next step, which is under way today in the national laboratories, generating X-ray radiation, involves extremely high-energy electron atomic transitions. And the next region of radiation frequencies, gamma rays, will involve energy tran-

Figure 1

Electromagnetic spectrum and the speed of electromagnetic waves



Electromagnetic waves are usually categorized as shown here, with the wavelength given at the top of the diagram in meters and the frequency along the bottom in hertz. Wavelengths at the low frequency, long wavelength end of the spectrum are the more familiar ones, such as those used to transmit radio and television signals or the wavelengths in the infrared range, which are mainly responsible for

the heating effects of the sun. High frequency, short wavelengths—the X-ray and gamma ray range of the spectrum—are more difficult to produce but will revolutionize industrial processing, chemistry, and biology, and provide us with a defensive beam weapon system that will assure invulnerability from an all-out nuclear attack.

sitions on a nuclear scale.

All lasers consist of three elements: an *energy pump*, a *lasing medium* that the energy pump excites into activity, and a *host* material that maintains the lasing medium in a desired configuration during the lasing process.

Energy pumps can be flash lamps, electron beams, neutron beams, or even a laser beam itself—that are all external to the lasing medium. Or the energy pump can be a chemical or nuclear reaction that takes place within the medium itself. These pumps direct their energy into the lasing medium, which can be a gas, a liquid, or a solid, such as a special kind of glass.

In a gas laser, the host can simply be a bottle to hold the lasing gas, and in a solid laser, the host can be a slab of glass in which the atoms or ions (charged particles) of the lasing medium are embedded.

Once a significant portion of the atoms or electrons in the lasing medium are excited by the energy pump, they will begin spontaneously to emit electromagnetic radiation of a specific frequency. When this initial emission of light is continuously reflected back through the lasing medium using mirrors, it stimulates the remaining excited atoms to emit radiation coherently at the same frequency. This reflecting chamber is called the resonant cavity.

The initial laser beam can be extracted from the resonant cavity and amplified by passing the beam once through other excited lasing mediums.

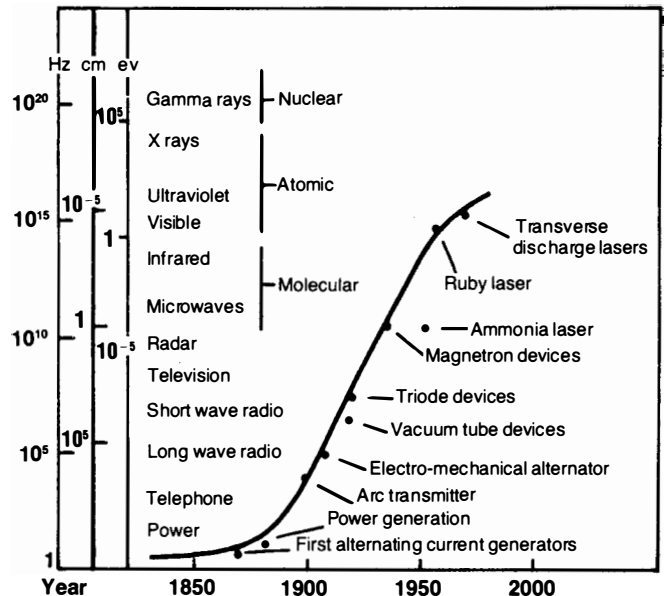
The next stage in the generation of coherent electromagnetic radiation is the X-ray laser, which will require a qualitatively new science and engineering. The shorter wavelength, higher-energy radiation of X-rays is harder to generate in a coherent form, but it provides much more penetrating power and better resolution.

The X-ray laser, in fact, makes possible the complete mastery of atomic and molecular processes. This is not only because X-rays have wavelengths comparable to the dimensions of the atom—any wavelengths larger than the atom is not capable of “seeing” it—it is also because X-rays have a high microscopic energy density that gives them an inherent capability of penetrating matter. As a result, biological specimens can be viewed *in situ* and *in vivo* without disrupting the ongoing life processes, which is not the case in ordinary optical and electrical beam microscopy. The X-ray laser will also revolutionize chemistry, allowing chemists to observe the interaction of atoms directly.

To provide a sense of how miniscule these X-rays are: conventional lasers operate in wavelengths ranging from 100,000 angstroms down to several thousand angstroms, while X-ray lasers operate in the range of hundreds of angstroms, down to 1 angstrom. An angstrom is one ten-billionth of a meter.

The next stage after the X-ray laser, the *gamma ray laser*, or *graser*, will extend this capability to the subatomic or nuclear scale, providing the key for unlocking the secrets of

Figure 2
Chronology of development of sources of coherent electromagnetic radiation



The points on the graph show the date of the first development of devices for generating coherent radiation in the range described in the list to the left of the graph line. The vertical axis, in three columns, shows the frequency (in hertz), the wavelength (in centimeters), and the photon energy (in electron volts). The development of infrared, visible light, and ultraviolet lasers increased the range of available frequencies of coherent radiation exponentially, a trend that will be continued with the development of X-ray and gamma-ray lasers. Adapted from Baldwin, et. al, *Review of Modern Physics*, Oct. 1981.

nuclear structure and its interactions with atomic and electronic structures. The graser will also provide the unique means for directly or indirectly catalyzing nuclear energy transitions, which could lead to the creation of entirely new forms of generating nuclear energy. Theoretically, at least, the graser is projected as a direct energy source, because the nuclear transitions produced in the graser can generate more energy than the input pump energy used to catalyze them.

The full details of the status of X-ray laser development are being kept top secret at this time because of the military applications. However, it is possible from references made in the open scientific literature and published news stories in *Aviation Week* and *Laser Focus* magazines to establish the essential outlines of what is going on, as follows:

In December 1980, scientists from Lawrence Livermore National Laboratory in California used the intense incoherent X-ray output of a small nuclear explosion to demonstrate the scientific principles of an X-ray laser design. Although this highly expensive method of using a small nuclear explosion as the energy pump for an X-ray laser precludes its widespread application as a scientific diagnostic and industrial tool in the near term, many significant scientific investiga-

tions for civilian applications can be carried out as secondary experiments along with the military development tests.

Furthermore, advances in inertial confinement fusion, high-power lasers, particle beams, and magnetic fusion can provide alternative X-ray energy pump sources for the X-ray laser within the next five years, and these alternatives could make the X-ray laser sufficiently accessible and economical for general laboratory and factory use.

In fact, Livermore scientists are now carrying out experiments with the recently constructed Novette laser to generate a laboratory-scale X-ray laser, using experiments based on the concepts of Dr. Peter L. Hagelstein. The high power Novette laser is focused on a target and generates an intense burst of incoherent X-rays. This X-ray burst then hits a second target material that undergoes X-ray lasing.

The most immediate and far-ranging impact of X-ray laser diagnostics will probably occur in the microholography of living organisms. At present, the physical limitations of both optical and electron microscopy prevent observation of the most significant details of biochemical processes. Lasers permit recording of three-dimensional pictures of objects, which are called holograms. The resolution of these pictures is determined by the wavelength of the laser used. Since X-ray lasers operate with wavelengths down to one angstrom, the typical dimension of an atom, theoretically X-ray lasers will be able to make atomic-scale holograms.

X-ray microholograms will provide biological and medical researchers with their first atomic-scale pictures of what goes on within living cells. For the first time, man will be able to directly observe the structures and chemistry responsible for life itself. In order of magnitude, one can compare the potential of this to the development of the eye in biological evolution. Cancer and aging research, together with all aspects of disease and health care, will be revolutionized overnight. Genetic bioengineering will be catapulted from a hit-and-miss empirical field of research into a fully elaborated science.

These developments could emerge in the very near future, for, as noted above, many crucial experiments could be carried out in conjunction with existing weapons tests.

X-ray microholography will also revolutionize ordinary chemistry, both directly through the observation for the first time on an atomic scale of the phenomena involved, and indirectly through the application of the chemical principles learned by such minute observation of living processes.

Unleashing fusion energy

The X-ray laser can provide scientists working on the problem of fusion energy development with a crucial diagnostic tool. One of the principal avenues of experiment in fusion energy research is the method known as inertial confinement fusion. In this process, a small pellet of fusion fuel is subjected to heating and compression by bombardment from laser or particle beams, until the temperature and pressure is reached at which the atomic nuclei of the fuel pellet fuse together. This creates a new element, and an enormous

release of energy.

Inertial confinement fusion is what occurs, in an uncontrolled fashion, in a hydrogen bomb. In that case, a small atomic explosion is used to set off the fusion process. The problem scientists have been grappling with is how to release this enormous energy in a controlled way, so it can be used to generate electricity and heat for industrial processes and residential users. The hope is that the X-ray laser will allow them to look inside the fuel pellet to see what is going on.

It is known that in the H-bomb, the fusion process is driven by a shock-wave compression of the fusion fuel. A portion of the radiation output of the trigger fission explosion is absorbed within a solid or plasma (superhot gas). At the same time, another portion of the radiation output irradiates the surface of this substance and generates a shock compression of the substance. As a result, the initial trapped radiation is compressed to an extremely high energy density.

This compressed radiation then irradiates an assembly of fusion fuel, resulting in high-intensity, ablation-driven compression of the fusion fuel. The shock wave acts to both increase the density of the fusion fuel, and generate a thermal spike in the center of the fusion fuel at the final stages of compression. This shock-created thermal spike is of sufficient intensity to ignite thermonuclear fusion.

Most of these phenomena can be observed indirectly, or, at best, seen with a resolution far short of that needed to capture the actual dynamics. The discrimination and penetrating capabilities of X-ray lasers will radically change this.

A revolution in mining

The use of the X-ray laser to study shock-wave propagation could have an immediate revolutionary impact on raw materials gathering, processing, and finishing. This potential application of X-ray laser diagnostics, however, is among the most highly classified ones.

As weapons scientists in particular have come to appreciate, the propagation of shock waves is not theoretically understood. As one senior researcher has described the situation: "We know what's going on in front of the shock and what's going on behind it. We don't know what's going on within the shock front itself. If you take the simple-minded Newtonian billiard ball model of molecules bouncing around in the shock front, you can't begin to explain the observed dynamics and effects of the shocks."

One example these researchers point to is the ability of a shock to generate entirely new materials. For example, when carbon is exposed to a shock wave generated by an H-bomb, a new substance, never before seen, is created. The substance has the crystalline structure of carbide tools in one direction and that of diamond in another. Because of the hardness of diamond and the thermal dissipation properties of carbide, these new materials could be extremely useful for micro-machining metals and other materials.

X-ray laser diagnostics will permit researchers to observe shock-wave propagation on an atomic scale and with sufficient time resolution to capture all of the important dynamics.

There are currently indications that new types of coherent matter-energy interactions are taking place within shock fronts, particularly those of high amplitude and frequency.

With X-ray laser diagnostics, scientists could, for the first time, understand how to tailor shock waves to generate specific chemical transformations. A subsidiary aspect would be the forming and shaping of finished materials such as metals and metal shock welding.

The overall effect could be the rapid realization of entirely new, extremely efficient and cheap industrial processes; a sort of near-term *fusion shock torch*. First of all, such a shock torch with its high energy density will make possible the generation of entirely new families of materials. Second, raw materials could be directly processed with the minimum number of stages and facilities needed to obtain the finished material. For example, one could develop shock techniques for processing raw ores *in situ* right in the ground. Or one could mix the raw ore ingredients needed for some finished material and "shock process" them *in situ*. Alternatively, one could envision shock processing *in situ* to make desired elements more readily accessible to other processing technologies such as chemical leaching of ores.

Because shock processing does not appear to have any limits of scale, interplanetary mining and processing on a gigantic level would also be quite practical.

Although the full projection of the new miracle materials that could be generated with shock processing must await further analysis and declassification of existing capabilities, the projections made for metallic hydrogen give us some indications. It is currently projected that stable hydrogen metal can be formed only at extremely high pressures. Once understood, shock-wave processing could provide the unique means of generating metallic hydrogen. Current theory predicts that hydrogen metal will have stupendous physical properties, compared to existing metals: Hydrogen metal could be a superconductor at room temperatures, and it could provide an extremely lightweight, strong metal capable of withstanding both high and low temperatures.

Applied to chemistry, the X-ray laser will permit highly accurate electron spectroscopy, a technique used for chemical analysis. It will revolutionize research on chemical catalysis, metallurgy, and organic compounds. A further advantage of great potential significance is the possibility of exploiting the X-ray laser beam's small diameter in microprobe analysis. Such selected area electron spectroscopy could be applied to the analysis of fracture surfaces of high-strength alloys as two-phase composite materials.

Electron spectroscopy with X-ray lasers will affect all areas of materials research and production, including microelectronics, composite materials, ceramics, and alloys.

One of the most promising applications of the X-ray laser is in the production of printed circuits, a component of all modern electronic devices. Applied to the technique known as laser lithography, the X-ray laser would improve production rates and miniaturization by orders of magnitude.

X-ray laser lithography will permit the scale of microcir-

cuit elements to be reduced from 1 micron to 0.1 microns. This closer element spacing—reduced line widths—allows for the incorporation of new physical processes, such as the Josephson junction. In the Josephson junction, self-organized quantum effects are utilized to mimic the function of transistors, vastly increasing the speed and the number of operations per unit energy used. The incorporation of other, new microprocesses along with the Josephson junction means that the 10-fold decrease in scale made possible by X-ray laser lithography can actually generate an exponential increase in the power of modern microchips.

In terms of production rates and quality assurance, the coherent and monochromatic nature of the X-ray laser radiation vastly improves microlithography as well. The general method of microlithography is to have a mask that incorporates the microcircuit design placed over a photosensitive material that is activated when a light source is shined on it. Using long wavelength and incoherent "light" sources causes penumbral blurring that makes it necessary to keep the mask in close contact with the photosensitive resist material. This means that the functional lifetime of the mask for multi-chip production is limited. Also, physical contact between the mask and resist leads to the introduction of defects in the finished printed circuit due to mask-resist sticking.

X-ray laser lithography would permit the use of a physical gap between the resist and mask, and would significantly increase the production lifetimes of masks and vastly decrease the introduction of defects.

In combination, these effects will add up to a new computer revolution over the course of the next decade, producing computer chips thousands of times more powerful and cheaper than existing units.

The graser

The gamma-ray laser, or graser, the next generation of laser after the X-ray, presents even greater possibilities for a defensive weapons system as well as for industrial processing.

The X-ray laser could provide the unique means of pumping such a gamma-ray laser, as pointed out by both U.S. and Soviet scientists.

If realized in a practical form, the graser would be an ideal directed-energy weapon. Its short wavelength and extremely high penetrating capabilities would make it an efficient disabler of nuclear warheads over million-mile ranges.

Scientifically, the graser will provide man with the unique means to observe the structure of the nucleus. As a result, entirely new forms of nuclear energy could be discovered, such as the possibility of catalyzing latent nuclear processes, or speeding up radiation decay.

To quote a leading U.S. laser scientist, Dr. John Rether: "While serving as major deterrents to total war . . . such lasers can also provide mankind with major nonfossil energy options, a quantum leap ahead in opening space for massive human endeavors, and enormous new defense and commercial opportunities in remote sensing, communications, and photochemistry."

The advocates of an anti-missile defense

Lieutenant General Daniel Graham, as director of High Frontier, an advocacy organization, was until recently a vocal supporter of space-based weapons systems. During a subsequent association with the Heritage Foundation, Graham made space-based *conventional* weapons, rather than directed energy beam weapons, the thrust of High Frontier's policy recommendations. Heritage then discontinued its funding of Graham's High Frontier. The pseudo-conservative Heritage Foundation, a front for British and Soviet intelligence, recently held secret meetings with leading peacenik Adm. Eugene LaRouche to coordinate its campaign for a conventional buildup and against beam weapons.

In his lengthy military intelligence career, Graham has been: chief of intelligence and estimates for the Military Command in Vietnam, 1967-68; director of collections, Defense Intelligence Agency (DIA), 1970-71; director of estimates, DIA, 1971-72; deputy director for intelligence community, CIA, 1973-74; director, DIA, 1974-76. After his retirement, Graham served as adviser to Ronald Reagan in the presidential campaigns of 1976 and 1980, on the staff of the American Security Council, and as co-chairman of the Coalition for Peace Through Strength, 1978-81.

Major General George Keegan was the first American military intelligence figure to identify the Soviet lead in the development of beam weapons. Keegan, who had just resigned as commander of U.S. Air Force Intelligence, began his campaign for the laser beam weapon with a highly publicized article in *Aviation Week*, May 2, 1977, which brought the defensive beam weapon issue to national attention. Warning of the shift in the world strategic balance in favor of the Soviet Union, Keegan emphasized that the U.S. failure to develop directed energy beam weapons would ensure Soviet superiority and U.S. defeat or surrender by the 1990s. Keegan's most recent discussion of beam weapons appeared in an interview in the *Baltimore Sun*, Feb. 20, 1983.

For the past seven years, *EIR* founder **Lyndon H. LaRouche, Jr.**, who has identified economics as "the science of technology," has publicly advocated the development of beam weapons and thermonuclear fusion. Beginning in January 1976, LaRouche's associates at the Fusion Energy Foundation published the results of Soviet research on self-organizing plasma structures, arguing that such developments had revolutionary implications for fusion power and weapons applications. After LaRouche and his associates publicized the work of Soviet scientist L. I. Rudakov, the U.S. government slapped a security classification on concepts that Rudakov had elaborated to U.S. scientists on a

1976 visit to the U.S.A. In May 1977, in a report entitled "Sputnik of the Seventies—The Science Behind the Soviets' Beam Weapon," LaRouche and his associates described the Soviet potential for developing directed energy weapons that could shoot down incoming missiles in flight.

In March 1982, after Los Alamos National Scientific Laboratory studies showed that ABM defensive systems were both technologically and economically feasible, LaRouche authored a white paper for the National Democratic Policy Committee urging a crash effort to develop beam weapons. NDPC candidates won 20 to 40 percent of the vote in the 1982 Democratic primary elections, and so far during 1983 more than 200 NDPC-backed candidates have announced for office in 1983.

Dr. John Rather, currently vice-president of DESE Research and Engineering, has worked at Oak Ridge (1958-63) and Lawrence Livermore (1963-70) laboratories as an experimental plasma physicist and at the National Radio Astronomy Observatory. In 1980, Rather inspired hearings by the U.S. Senate Subcommittee on Science, Technology, and Space on the importance of high energy lasers for future civilian and defense applications. In March 1982, he testified as an expert witness on directed energy technology before the U.S. Senate Armed Services Committee Subcommittee on Strategic and Theater Nuclear War.

Dr. Rather's activities have led to the creation of a new experimental research initiative at NASA Marshall Space Flight Center to develop capabilities for laser rocket propulsion and laser powered beaming. He has also inspired highly innovative studies on alternative space laser technology and policy options, designed to facilitate high energy laser development and exploitation of space for civilian and defense purposes.

As a private consultant, as principal scientist for the BDM Corporation, and as principal investigator at W. J. Schafter Associates, Dr. Rather participated in many aspects of NASA's laser research program.

His most recent articles on the need for beam weapons are "The U.S. High Energy Laser Program: Is There a Ray of Hope?" in the December 1982 issue of *Defense Science 2000+*, and "Space Laser Weapons: Problems and Promise" in the January 1983 issue of *Defense Science and Electronics*.

Dr. Edward Teller's public campaign for beam weapon anti-missile defense for the United States is only the most recent example of a long career marked by both major scientific contributions and a willingness to take independent stands on science-related public issues. Teller was one of the original developers of the concept of thermonuclear fusion in the 1930s and had a hand in the famous letter of Albert Einstein to President Franklin Roosevelt in 1939, which resulted in the launching of the World War II Manhattan Project for the development of an atomic bomb. Teller achieved key scientific breakthroughs in the early 1950s that made possible the development of the hydrogen bomb.

Dr. Teller has also been a long-standing advocate of the

peaceful uses of nuclear energy, as evidenced in his 1958 book, *Our Nuclear Future*, and in his calls for the development of nuclear power in the Third World. On Oct. 26, 1982 Dr. Teller gave a press conference at the National Press Club in Washington, D.C. during which he reiterated his opposition to the nuclear freeze movement and expressed his support for defensive beam weapons development.

The advocates of a nuclear freeze

Harold Brown, as the Carter administration's defense secretary, was responsible for dismantling the modest U.S. beam weapon effort in progress at that time.

Brown transferred the Navy and Army particle beam weapon programs from the services to the Defense Advanced Research Projects Agency (DARPA); an agency known to oppose beam technologies. He also slashed the budgets of the military's high energy laser programs, degraded them to mere tactical battlefield applications, and transferred the cut funds to the hostile DARPA. Under the DARPA program, the Defense Department will make no decision on the feasibility of beam weapons until 1987. Before Brown's sabotage actions, the services were projecting deployment of ground and space-based beam weapon anti-satellite (ASAT) and anti-ballistic missile (ABM) systems for the mid-1980s.

In 1977, the day after General Keegan revealed the Soviet lead in beam technologies, Brown issued the following statement: "Senior officials of the Defense Department do not believe that the Soviet Union has achieved a breakthrough in research which could soon provide a directed-energy beam weapon capable of neutralizing ballistic missile weapons." Brown later declared it impossible to solve the high-energy physics problems required for beam weapon development. Brown was immediately compared to Vannover Bush, who told a Senate committee in 1945 that development of an intercontinental ballistic missile was "impossible."

Sen. Alan Cranston, who has announced that the nuclear freeze will be "the issue" in his 1984 presidential campaign, has long been a leading front man for the one-world, neo-Malthusian policies which are the goals of the freeze movement's controllers. A founding member of the World Federalists, Cranston served as their national president from 1949 to 1952. Following his election in 1969, Cranston became the leading spokesman for arms control in the U.S. Senate.

Richard Falk, Princeton University professor and spokesman for the anti-nuclear movement, is the chief architect of the merger between the disarmament and environmentalist camps. Falk established the Institute for World Order in New York City as a joint command center for the two movements. In 1977, the IWO founded the anti-nuclear umbrella group, Mobilization for Survival. MFS claims deploy-

ment of nearly one thousand local action groups in cooperation with the American Friends Service Committee and the Institute for Policy Studies. An apologist for Iran's Ayatollah Khomeini and an influential figure in the "Islamic Revolution" that brought him to power, Falk has argued that it was the "ideology of nuclear power" that made the Shah's regime oppressive. Falk is also a member of the New York Council on Foreign Relations, along with Robert McNamara.

The nuclear freeze resolution is the brainchild of **Randall Forsberg**, who heads the Institute for Defense and Disarmament Studies. Forsberg spent seven years as a top analyst of the Stockholm International Peace Research Institute (SIPRI), a group formed by circles around Bertrand Russell which is regarded as the top think tank of the European peace movement. SIPRI operatives have recently been promoting schemes for a European build-up of conventional military hardware as an alternative to further nuclear weapons deployment. These proposals parallel those of a NATO-linked "European Security Study" set up by Club of Rome executive member and Massachusetts Institute of Technology professor Carroll Wilson.

Robert Strange McNamara, known for his spectacularly unsuccessful "body count" approach to military strategy during the Vietnam war, has now joined forces with the freeze movement in his support for a conventional military buildup to fight similar wars of attrition in the Third World. As Secretary of Defense in 1961-68, McNamara redesigned U.S. military policy on the basis of the doctrine of Mutually Assured Destruction. In 1968, McNamara resigned to become president of the World Bank, where he geared policy ever more sharply toward small-scale "appropriate technologies" and population control. Since he retired from the bank in mid-1981, he has devoted himself to campaigning for an official U.S. policy of "no first use" of nuclear weapons.

Less well known is his affiliation with the Temple of Understanding and the Potomac Institute, both offshoots of the Lucifer Trust founded in 1922 by Alice Bailey, the head of the Lucifer-worshipping Theosophy Society, and her husband, Forster Bailey, a leader of the Scottish Rite Freemasons. Cults associated with the Lucifer Trust (recently renamed the Lucius Trust) espouse various occult doctrines and perform bizarre nocturnal rituals, including moon worship.

Dr. Kosta Tsipis has recently emerged as the pet scientific "plasma physics authority" for the nuclear freeze movement, largely on the basis of his December 1981 *Scientific American* article declaring the design of an anti-ballistic missile system using space-based lasers "impossible."

Tsipis, who came to the United States from Greece in 1954, joined the Physics Department at the Massachusetts Institute of Technology in 1966. He is a member of the board of editorial advisers of the *Bulletin of the Atomic Scientist*, a director of the Council for a Liveable World, and SANE. He is co-director of the Program in Science and Technology for International Security.

Witchhunt against López Portillo: the Barbie connection

by Hector Apolinar in Mexico City

A U.S. businessman back from Mexico the last week of February reported that he had been told that "there will be a civil war if López Portillo is not tried for corruption."

The truth is the opposite. There will be civil war if former President José López Portillo *is* tried for corruption. But the statement reflects an important reality: a well-funded and well-orchestrated campaign to scapegoat López Portillo for Mexico's economic collapse has grown to striking proportions, and poses a grave threat to the government of President Miguel de la Madrid.

Prominent in the campaign are a constitutional lawyer named Ignacio Burgoa Orihuela, the National Action Party (PAN) and the Social Democratic Party (PSD), and a pot-pourri of strange groups springing up with no other visible existence than in expensive full-page advertisements in the leading national press.

EIR's investigation shows the reins being securely wielded by Mexico's oldest oligarchic families, acting in league with their European cousins, and giving orders through a conspiratorial group of unreconstructed Nazis and neo-Nazis who pride themselves on their connections to Klaus Barbie.

The plan is to "Bhuttoize" López Portillo. Just as Pakistan's president Zulfikar Ali Bhutto attempted to industrialize his nation and develop such advanced technologies as nuclear power, so López Portillo dared dream that with its oil, Mexico could become an industrialized power. Henry Kissinger, according to reliable testimony, personally arranged for Bhutto's overthrow, Bhutto's subsequent trumped-up trial on "corruption" charges by the drug-pushing dictator Zia ul-Haq, and Bhutto's execution. Now Henry Kissinger has his hand in the vendetta against López Portillo.

The campaign, the most important protection racket the International Monetary Fund has in the country, is serious

indeed. When, at the end of January, an evening tabloid ran the front-page headline "F. López Portillo Assassinated," large, agitated crowds immediately formed around the newsstands. It was a tested principle of psychological warfare: the murdered man was in fact an obscure lawyer for drug traffickers who bore no relation to the former President. But the seeds were planted for acceptance of a "hit" on López Portillo.

Economic background

In a Nov. 2, 1982 exposé, *EIR* named the names of a group of core neo-Nazi conspirators who began meeting secretly immediately after the banking nationalization of Sept. 1. They stated that their goal was to build a fascist movement of mass proportions by early in 1983, and they predicted that a dramatic further worsening of the economy in the first quarter of 1983 would provide the impetus for this upsurge, particularly among the middle class.

Those conditions are now at hand. In the first month of the current IMF accord, which began at the end of December, store prices soared between 25 and 30 percent (an official inflation figure of 10.9 percent was the laughingstock of the country). Imports under the IMF regime are running one-third below last year's catastrophic levels; the 70 percent of Mexican industry dependent on foreign-produced parts is on the verge of shutdown, about to unleash a new wave of unemployment. The peso, one of the world's most undervalued currencies at 150 to the dollar, is coming under new flight-capital pressure. IMF-coached operatives are attempting to drive it down another 25 percent, to 200 to the dollar, business sources report.

Talk of civil war is spreading, and some businessmen are reportedly stocking arms in their homes. Speculation is rife that the army may intervene by the end of the year, given the

current rate of dissolution of Mexico's republican institutions.

One of the chief neo-Nazi conspirators, Mauricio Gómez Mayorga, wrote in the magazine *Impacto* at the end of January that President de la Madrid had lost his great opportunity to establish confidence in his regime, by refusing to immediately "put all those officials who looted the country on trial . . . starting with the Great Dog [i.e., López Portillo]."

In a Feb. 3 column, Gómez Mayorga laid his insurrectionist cards on the table. "I heard the other day," he wrote, "a very interesting statement: 'Either de la Madrid breaks with the system, or the population breaks with de la Madrid.' De la Madrid is not going to break with the system; a rupture thus becomes inevitable."

De la Madrid's refusal to lay the blame for Mexico's problems on the usurious policies of the IMF and its international financier backers, opens the political ground for the anti-López Portillo campaign to take off. If de la Madrid acceded to the demands to scapegoat his predecessor, it would be his own political demise—he is too closely identified with the previous regime, in which he served as Planning and Budget Minister. The President's only chance for political survival is to make a break with the IMF now.

How the campaign is run

Mexico's "home-grown" movement to indict its former President is being guided every step of the way by the outside. The manual for the effort was written by Russell Ackoff of Britain's Tavistock Institute and the Wharton School of Philadelphia. His 300-page 1980 study on "Corruption: its Causes and Cures" is dedicated to "my Mexican friends." The most lurid "revelations" have been on the pages of *Der Spiegel* and *Stern* magazines in Europe, and in television documentaries in the United States.

The paid newspaper advertisements which are the hallmark of the campaign within Mexico began at the end of October, when a half-page ad appeared in *Excelsior* signed by the previously unheard-of "Republican Democratic Action of Electrical Workers." On November 18 and 23, an equally peculiar front group called the "National Women's Civic Association" took out expensive ads charging that the surge in Mexico's foreign debt to \$80 billion was the result of López Portillo's personal incompetence and corruption.

Early in January, a new phase began as lawyer Ignacio Burgoa and the PSD party filed separate, but coordinated suits with the federal courts demanding that the Attorney General begin an investigation of López Portillo's finances and his role in "illegally" running up Mexico's foreign debts. The PAN party vociferously joined the cause.

Burgoa hardly has a record which backs his claims to being a "disinterested ordinary citizen." In 1975-76, the well-heeled attorney defended the latifundists and drug runners whose illegal properties were expropriated by Echeverría in the states of Sinaloa and Sonora. In the fall of 1982, he stepped into court as the lawyer for the Mexican banking elite which was dispossessed by López Portillo on Sept. 1.

But a media blitz created a following for Burgoa in short order. Throughout late January and February, Burgoa and associates spent millions of dollars on paid advertisements—up to two full pages at a time in *Excelsior*—and circulated tens of thousands of well-printed handbills on the streets, calling for popular support for Burgoa's "crusade."

When, on Feb. 26, the attorney general's office ruled there were no grounds for an investigation, Burgoa immediately charged that a cover-up was underway. The PSD party announced the formation of a "Mexican League Against Corruption" (LIMEC), to serve as a "national registry of corruption," take "citizens' complaints," and force investigation by the attorney general's office. The leader of the "left-wing" PSD, Luis Sánchez Aguilar, had met regularly with "arch-reactionary" Burgoa during the preceding months, helping arrange the placing of anti-López Portillo material in the left weekly, *Proceso*. The "right-wing" PAN called the Attorney General's decision a "farce" and pledged a series of mass meetings of the women and youth the first weekend of March, to "adopt a new strategy against corruption."

A trail of evidence leads to the U.S. State Department as a controlling force behind the anti-López Portillo witchhunt. The PAN party, which has recently taken to using *squadristi* tactics against its enemies (see box), is notorious for its dependent relationship on U.S. consular officials, and received under-the-table encouragement from the U.S. embassy itself during last July's national elections. The PSD, a political shell which was stripped of legal registration last August, is the joint creation of Education Minister Jesús Reyes Heróles, U.S. oil interests centering on Armand Hammer, and State Department operative Charles Henry Lee.

Aristocrats and monarchists

But the State Department is only one hand stirring the pot. In an uncharacteristic lapse, the "upper crust" of Mexico's aristocracy, which traces its lineage back to the great latifundist baronies of the colonial period and of the dictatorship of Porfirio Díaz at the end of the 19th century, showed its guiding hand with paid advertisements on Jan. 5-7 supporting the phantom "Republican Democratic Action of Electrical Workers" and the "National Civic Association" of Gómez Mayorga for previous attacks on López Portillo. The new ad called for "an exhaustive investigation of all ex-officials, in the management of the monies of the nation as well as illegitimate enrichment." Its signers included:

Luis Pablo Martínez del Río: Direct descendant of Pablo Martínez del Río, the representative and theoretician of the hacienda owners who lost their estates in the Mexican Revolution. The Martínez del Río family owned at the time almost the entire state of Durango. Through marriage, the family is closely connected to two other great landowning families, Redo and the Sánchez Navarro.

Teresa Creel: Descendant of the Creel family which, during the Porfirio Díaz years, controlled vast portions of the state of Chihuahua. The Creels are also intermarried with the

Sánchez Navarros.

Carlota Escandón: Descendant of the family which owned one of the most lavish haciendas on the outskirts of Mexico City, as well as vast sugar plantations in Morelos state to the south. Earlier members of the family were intimates of Porfirio Díaz.

Octavio Coulolenc: Member of the family which controls RCA of Mexico; interlocked business interests with the Legorreta family of the Banco Nacional de Mexico (Banamex).

Justo Fernández del Valle y Rincón Gallardo: Descendant of Count Pablo Rincón Gallardo and the initiator of the ad; a pillar of Porfirian society who owned large tracts of land in Morelos and the famous Real del Monte silver mine in Pachuca.

The signers are all intimates of the banking elite, centered in the Espinoza Yglesias and Legorreta interests, which so wrecked Mexico with capital flight operations during 1981-1982. Using their wealth and prestige, over the years these neo-Porfirians have corrupted vast sections of Mexico's political leadership—which they are now hanging out to dry.

The social pages of the Mexican newspapers are crowded with the doings of this monarchist-leaning "inner circle," which commutes between mansions in Mexico City, modern-day haciendas in the country; Acapulco; the Cuernavaca of Princess Beatrice of Savoy; Houston; New York; and Europe.

The links to the old dynasties of Europe have been renewed generation by generation. On Feb. 18, 1983, the latest such match was celebrated: the marriage of Jaime Corcuera Acheson and the Archduchess Myriam of Hapsburg, Princess of Bar. The groom's mother is Lady Mary Acheson, a relative of the Queen of England. The bride's uncle is Otto von Hapsburg, the pretender to the Austrian throne and the guiding force of the Pan-European Union restorationist movement. Myriam is a direct descendant of the Emperor Maximilian of Hapsburg, placed by the British on the "Mexican throne" in the 1860s to obliterate the republican government of Benito Juárez and open a second front against Abraham Lincoln in the United States.

Jaime Corcuera's close relative, Pablo Corcuera, is Henry Kissinger's chief Mexican liaison. When Kissinger arrives in Acapulco for his traditional month-long February "vac-

The PAN goes on a rampage against PLM in Sonora

In an incident reminiscent of the "squadristi" attacks of the Nazi era in Germany and Italy, 150 goons from the Partido de Acción Nacional (PAN) surrounded a Mexican Labor Party (PLM) street theater group in Ciudad Obregón, Sonora on Feb. 24, and attempted to provoke a violent confrontation. The fascists were armed with stones, eggs, and tomatoes. The PLM group was performing a satire of the PAN's gubernatorial candidate in Sonora, Adalberto Rosas, before a crowd of 300 people.

Rosas was personally involved in directing the attack on the PLM. At the time of the incident, he and an entourage of supporters were on the outskirts of Ciudad Obregón, preparing to enter the city for a political event. Rosas's lieutenants, including the terrorist-linked Leonardo Reichel Urroz and former PAN congressional candidate Fermin Andrade, were on the scene as "observers." When the PLM dispersed the crowd to avoid violence, the PAN goons destroyed PLM signs and literature.

The real flavor of the PAN comes out in Reichel Urroz's *A Child of the Yaqui Valley*, where he confesses to having been a guerrilla, a drug addict, and a homosexual—in prolific detail. During last year's electoral campaign in Mexico, the PLM exposed the PAN's links to the oligarchie networks in Europe that coordinate international terrorism and narcotics trafficking, and denounced its plans to reduce Mexico to a "free-enterprise" paradise

where casino gambling, tourism, and labor-intensive industry are the predominant economic activities.

On Feb. 5 the PAN suffered an important political defeat when the governor of Sonora, Samuel Ocaña, expropriated the island of Huivulai, owned by the PAN's leading financier Javier Castello Parada, a Rosas intimate. Castello Parada had intended to build a tourist and casino-gambling center on the island and had built a road from the mainland to facilitate access.

According to U.S. law-enforcement sources, for several weeks before the PAN "had been spoiling to provoke violence" in the northern tier of border states where the party is strong and has traditionally been able to count on U.S. consulates for help. As documented by the Mexican Labor Party, the U.S. consulate in Hermosillo, capital of Sonora, has worked closely with the PAN in planning physical attacks on PLM members.

The PLM spokesman warned that the PAN may well be collaborating with such terrorist groups as the Cuban exile "Alpha-66," in its current turn toward violence. Mexican newspaper accounts in fall 1982 reported that the terrorist Cuban exile group, Alpha-66, had set up training camps in California to train Mexicans for missions in Mexico to combat the alleged threat of a "Communist takeover." In mid-February the Miami-based newspaper *Diario Las Américas*, closely tied to backers of Alpha-66 and other terrorist Cuban exile formations, pinpointed Sonora as the place where the "Communist menace" was strongest and had to be extirpated as a "first priority."

tion,” Pablo Corcuera arranges the meetings with the oligarchic elite to coordinate action. During this past February’s “vacation,” according to reliable sources, Kissinger helped coordinate the Bhuttoization of López Portillo, along with members of British intelligence; the British Royal Family was also on the scene as Queen Elizabeth made a Feb. 17-23 Mexican visit.

The Nazis

If the PAN party is being lined up to provide the shock-troops, and this monarchist elite is overseeing the operation from the top, it is a group of hardcore Nazis who are doing the day-to-day conspiratorial work.

Secret monthly meetings began in September and continue today, according to participants, involving the following individuals:

Mauricio Gómez Mayorga, a “race science” ideologue who says the Cristero rebellion of the 1920s “should have won” and promotes a Pinochet-style military coup today (see box with quotes). Propagandist in *Impacto*.

José Angel Conchello, former president and political candidate of the PAN party; self-professed admirer of Nazi finance minister Hjalmar Schacht.

Salvador Borrego, agent of the Nazi secret services in World War II, a founder of the Tecos stormtrooper apparatus based in Guadalajara, collaborator of the “Iron Guard” of Romania (the Romanian branch of the Nazi SS). A confidential 1972 memorandum circulated by European branches of the World Anti-Communist League (WACL), after the Tecos hosted a WACL conference in that year, noted that Borrego “bemoans the many treasonable acts to which, according to his reconstruction, Hitler fell victim.”

Agustín Navarro Vázquez, director of the Mexican branch of the Mont Pelerin “free enterprise” cult.

Luis Reed Torres, director of the magazine “Negocios y bancos.”

Felipe Lascurain, Mexican representative of Blas Piñar’s *Nueva Fuerza* of Spain.

Guadalupe Santa Cruz, writer for *Impacto* and *El Heraldo*.

According to Gómez Mayorga, the ringleader of the group is **Enrique Farlie Fuentes**. Born in Bolivia, Farlie Fuentes early hitched up to the Nazi networks transferred to the region after World War II under auspices of Henry Kissinger, the Dulles brothers, and Rockefeller’s Office of Coordinator of Inter-American Affairs (OCIAA). In 1971, under Peruvian diplomatic passport, he hosted Klaus Barbie in his home in Lima (see below). Today, a naturalized Mexican, he writes in *El Heraldo* under his own name, in *La Prensa* as “Sansón Radical,” in *Rotativo* as “Alejandro Bandera,” and in *El Universal* as “Raul Caballero Esparza.” He served as the press conduit for U.S. embassy attacks on *EIR* founder Lyndon LaRouche after LaRouche’s May 1982 meeting with López Portillo.

From the first, this conspiratorial network has shaped the

anti-López Portillo crusade. Its initial front group for this purpose was established in early November 1982, under the name *Desarrollo Integral Humano, A.C. (DIHAC)*. Founding members include Gómez Mayorga, Salvador Borrego, Agustín Navarro Vázquez, José Luis Pérez Stuart (anti-Semitic financial columnist for *Excelsior*), and Luis Pazos (Veracruz oligarch, ideologue for British liberal economic doctrine). In a Nov. 14 article, DIHAC president Ramón Hernández declared that the group’s purpose was to denounce cases of government corruption. DIHAC’s first national meeting in November drew 2,000 participants. On Feb. 1, it celebrated its first national regional assembly for the states of Tlaxcala and Puebla. Speeches there demanded a return to the Mexican empire attempted by Iturbide in the early 1820s.

Once Henry Kissinger had arrived in Acapulco and the general climate for the witchhunt had been prepared by the Burgoa and PAN campaigns, a new, broader front group was launched: the Frente Amplio de Defensa de la Libertades y Derechos Humanos (Broad Front for the Defense of Liberties and Human Rights). The Frente Amplio’s leading figures were the standard group: Salvador Borrego, Agustín Navarro Vázquez, Mauricio Gómez Mayorga, and Luis Reed Torres; plus Manuel Sánchez Steinpreis (member of the “Secret Organization” of the MURO paramilitary gang), José Castellanos (press director for the National Chambers of Commerce), Gustavo de Anda (columnist for *El Heraldo*), Cosme Ases (editor of the *El Heraldo* editorial page), José Antonio Llamasa (columnist for *El Heraldo*, head of the “Academy of Sciences” of the “Guillermo Prieto Civic Cultural Institute”), and Eva Velázquez (Llamasa’s wife, a writer for *El Heraldo* and member of the Institute).

According to one of the leaders of the Frente, the group “has been coordinating the campaign against López Portillo with Burgoa,” and Burgoa “could be the man to guide the masses that we want.” The group’s planning meetings take place in a quiet corner of the cafeteria of the Del Prado hotel.

The Frente is now planning the next stage: turn the apparatus built up for the attack on López Portillo on the organized labor movement, using the pretext of defending the “labor rights” of workers who can be pulled out of the Mexican Workers Confederation (CTM) of Fidel Velásquez. Frente spokesman Gustavo de Anda, declared Feb. 9 in *El Heraldo* that the “Frente Amplio must, in a short time, direct its attention to the situation of violation of rights and suppression of liberties of unionized workers. The coercive unionism which we now face must be put to an end.”

Gómez Mayorga: ‘race science is correct’

Mauricio Gómez Mayorga, a ringleader of the neo-Nazi movement on the upsurge in Mexico, and an intimate friend of Barbie-protector Enrique Farlie Fuentes, explained key

points of his thinking in a 1982 book, *Rescuing Mexico. In the manifesto, he combines a eugenicist's reading of Mexican history with unabashed praise for the Cristero Movement of the 1920s (which 10 years later became the pro-Nazi Sinarquista Movement) and for the 1876-1910 dictatorship of Porfirio Díaz. The means he points out to implement neo-Nazi policies today: a Pinochet-style military coup. Below are excerpts from the book, translated from the Spanish.*

On "Race and Class": . . . It happens that our society, from viceregal times up to the present, is a society of castes, no matter how much this may seem simply scandalous to some possible readers. It is not a question, of course, of turning our eyes back to those subtle but ridiculous classifications of different types of mestizos, including Negroes, which existed in New Spain. . . . Today the possible classifications would be very different: two centuries have passed. But the castes subsist, because the bio-typological and characterological differences remain operational.

The Revolutionary phenomenon [the Mexico Revolution of 1910-1917—ed.] had the virtue—if that's what one wants to call it—of inverting the social pyramid, putting those from the bottom on top, and those from the top on the bottom; all in the name of a highly disputable democracy, of demagoguery and populism whose high social cost we are paying for.

On "Church and Politics": Those of us who are not Roman Catholics—but who are also not Marxists or Masons or Jews or anything like that, and who think of ourselves culturally as Christians—would like to believe in a Catholic Church like that in which the Cristeros, without a doubt, believed—[the Cristeros] who were entirely correct in the struggle which they waged . . . and who were betrayed by their own ecclesiastical hierarchy. . . . The [Mexican] government, Ambassador [Dwight] Morrow [of the United States], and the ecclesiastical hierarchy agreed in 1929 to liquidate a genuinely popular and nationalist movement.

On "the Army": . . . the army also (supposing it to be Mexican, and not revolutionary) could have the opportunity to clear its name, [and] could, without great bloodshed, free the country, should it come to that, of something much worse than any army: communist militias, Cuban or Nicaraguan style. . . . the youngest, best-prepared, and most honorable people in the current army would have to put a definitive stop to Communist penetration, taking advantage of the conjuncture of the upcoming presidential succession (we are writing in the middle of February, 1982), so that those forces and individuals who think they can use the PRI candidate to cede key positions to the left lose their illusions. It is a beautiful opportunity, and it must not be lost. We Mexicans are standing by.

On "the Counterrevolution": The unsustainable current situation will shortly lead to outbreaks of violence, because the national temperature is rising dangerously.

What we need, in the form of a mutation, is a *counterre-*

volution [emphasis in original]: an accelerated evolutionary movement which radically pushes to the side all these revolutionary aspects which have been blocking our natural development, and which have brought us to the grave current situation.

Farlie Fuentes: 'the day I hosted Klaus Barbie'

Excerpts from a column by Enrique Farlie Fuentes which appeared in El Herald de Mexico on Nov. 8, 1982, under the headline "Klaus Altmann: Snapshots of the Life of an Historic Personality":

I knew—personally—Klaus Altmann, who was designated by Hitler as the head of the Gestapo in the city of Lyons, France.

I traditionally carried out certain diplomatic functions (a few months only) and I was visited by Altmann and his wife in the city of Lima.

I gave him asylum because he showed me an official passport, granted by the Bolivian government—almost from the time in which he arrived in Peru—[he was] fleeing from the uncontrolled butchery that was being carried out against all the National Socialists.

In reality—as Altmann explained to me—his battle name was Klaus Barbie; above all, when he held the job of chief of the Gestapo in Lyons.

But to the essential part. I got official and police protection—in Peru—for Klaus Altmann and his wife. He had obtained Bolivian citizenship almost twenty years before (these events occurred in Lima during 1970 and 1971—now he is a resident of 30 years in Bolivia).

I put Altmann up in my house. We shook off Wiesenthal and a woman Jewish Nazi-hunter, whose name was Eva (I don't remember her last name), and escorted him back to the Bolivian border.

They wanted to "hunt him down," like the infamous act which was committed against Adolf Eichmann—in Buenos Aires—in the midst of the passivity and cowardice of the Argentine government.

Altmann was accused of having had a French lawyer of the French Resistance (the Maquis) named Jules Moulin killed, because the body of the professional (who was a guerrilla, and rightly so, in favor of the liberty of his country), had been found in the basement of a street in Lyons.

Now Altmann—Barbie—naturalized Bolivian, faces (after 30 years) an accusation against him invented by the Red-inspired government [not clear whether Fuentes means Bolivia or France—ed.] They want to liquidate his life, his property, and his liberty.

China's depopulation policy: the true story

by Gregory F. Buhyoff

Some time back, I received a letter from a reader protesting *EIR*'s coverage of China's population reduction program.

Since early 1981, this journal has reported on the horrifying consequences of China's one-child-only policy.

EIR also pointed out that such neo-Malthusian institutions as the International Monetary Fund and the World Bank have enthusiastically endorsed Peking's methods, shrugging off the atrocities spawned by one of the most extreme population-control programs in human history.

Citing the official Chinese media as well as other reliable sources, among them the pro-Peking Hong Kong press, *EIR* revealed that Chinese women pregnant two or more times "without permission" were being rounded up and forced to undergo violently administered abortions, even into the third trimester of pregnancy. Mass sterilizations (over 100,000 in one county alone over a 50-day period) have occurred, while a program of "disincentives" has denied "excess" children educational rights, medical treatment, and even food rations. So strict is the one-child-only mandate that couples have resorted to murdering first-born female infants. Reports from Hong Kong have described hospital doctors injecting newborn babies with lethal injections.

Yet our reader, who had just returned from a guided tour of the People's Republic, insisted that we were wrong to characterize Peking's policy as coercive. Not having seen such reports in other publications and emphasizing the "educational" thrust of the campaign, she demanded documentation of our charges.

At the end of February, Steven W. Mosher, an American graduate student who had done anthropological research in China, was dismissed from Stanford University's doctoral program for publishing data on China's population program. Mosher, who was deported from China, said in a statement to the faculty, "I found that abortions were regularly carried out on women seven, eight, and even nine months pregnant, often against their will, and there were even occasional cases of officially instigated infanticide.

"It is happening all over China. I had a right and a personal obligation to tell about it."

Stanford, however, was concerned only about Mosher's "unprofessional conduct." Academics, whose chief reaction was fear that Mosher's revelations would curtail their own ability to carry out research in China, "complained that what I did was rocking the boat," said Mosher.

Only recently have any of the "newspapers of record" in the United States found the issue worthy of coverage. Several months ago, the *New York Times* and *Baltimore Sun*, both leading advocates of depopulation, admitted that some "abuses" have occurred. Since then, other "authoritative" sources have borne out *EIR*'s charges of two years ago.

At the end of February, the *London Times*, citing the official Chinese newspaper *Nanfang Ribao*, reported that between January and October of last year, at least 210 female infants were murdered in two counties of Guangdong Province alone. The south China daily quoted local officials as saying, "In some villages they keep a bucket of water by the mother's bed as she is giving birth, and if the screaming child turns out to be a girl, she is immediately drowned in it. . . . Some village officials sympathize with and even support such activities, saying that since we're supporting 'one couple, one child,' of course everyone wants a boy and not a girl."

China's official English-language weekly, *Beijing Review*, addressed this point in its Jan. 31 issue. It admitted, "in their keen desire to have sons, some men torment their wives after they give birth to daughters, and worse still, kill the baby girls through neglect or outright murder."

Yet the regime has done nothing to relax its policies. Peking has merely decried the feudal practice of treating males and females differently, while warning that the murder of girl infants will lead to a surplus of males in the next generation. In February, the government extended the law to minorities previously exempted from this law.

The *EIR* reader expressed her agreement with Peking's goals, putting forth the argument that it is better than "bringing children into the world, then allowing them to starve to death." Such a statement accepts the discredited "limits to growth" argument that the choice is between cutting the population or watching people die.

China is less densely populated than many European countries. The "crisis" stems from a commitment on the part of China's leaders to keep the population within the confines of an "optimum population level" defined by the productive capabilities of a predominantly backward, rural economy.

Official sources cited in *Beijing Review* have declared that the "optimum population level" for China is between 650 and 700 million, and that this goal should be reached by 2080. Given that Chinese authorities project a population of at least 1.2 billion by the end of the century, even under current population-control policies, Peking seems to have plans to somehow reduce its population by over 500 million over an 80-year period. A one-child-only policy, as repressive as it is, will not achieve such a goal by itself.

With such advisers as *Global 2000 Report* author Gerald Barney, Peking will not be at a loss for ideas. Barney was asked during a recent visit to China to write a report applicable to the "specific conditions" of China, and is reportedly working on a "China 2000" paper. If successful, one-quarter of the 2 billion human souls whose elimination *Global 2000* calls for could be Chinese.

Was Adolf Hitler a Scottish Freemason?

by Lyndon H. LaRouche, Jr.

Holy Blood, Holy Grail

by Michael Baigent, Richard Leigh,
and Henry Lincoln

New York: Delacorte Press 1982 (hard cover)

New York: Dell Press 1983 (paperback)

Paperback (revised edition) \$3.95, 489 pages.

Was Adolf Hitler an agent for the Scottish Rite of speculative freemasonry? Three scurrilous British authors devote much of a current non-fiction best-seller to presenting evidence in support of that conclusion.¹ Outwardly, *Holy Blood, Holy Grail* is a hateful, blasphemous piece among the many books, articles, and televised items devoted to rehabilitating memories of Adolf Hitler and the composer Richard Wagner during 1983. Unfortunately, this particular best-seller is dangerous as well as evil. Amid the welter of blasphemous and other lies in the book, there is a dangerous element of truth in the indicated connection between today's Nazi International and leading elements within Scottish Rite Freemasonry.

The broad purpose of the book, as the authors insist on this point, is to destroy Christianity, on behalf of a "fundamentalist" pseudo-Christianity, which is a predominantly Arian version of the Gnostic Isis doctrine. The center of their doctrine of the Anti-Christ is that allegedly "incontrovertible proof" still exists, showing that Jesus Christ had at least one offspring by Mary Magdalene, and that this blood line runs through the Merovingian kings into the Sinclairs, Hapsburgs, and other descendants of today.² They argue that Richard Wagner's *Parsifal*, *Lohengrin* and Niebelungen (*Ring* cycle) myths are interconnected echoes of a historical truth, the Mary Magdalene hoax which they defend. They also argue that leading Nazis were insiders to this Grail-cult mythology. They assert that this secret has been defended over the centuries by a secret order, the Priory of Sion, which today presides above the 33rd-degree of Scottish Rite Freemasonry.

Some key excerpts from the several concluding paragraphs of the book are notable at this point.

"... history by now should have taught us not to underestimate the potential of the collective psyche and power to be obtained by harnessing it. A few years ago it would have seemed inconceivable that a religious zealot—without an army of his own, without a political party behind him, and without anything at his disposal save charisma and the religious hunger of a people—could singlehandedly topple the modern and superbly equipped edifice of the Shah's regime. And yet that is precisely what the Ayatollah Khomeini managed to do. . . .

"In a very real sense the time is ripe for the Priore [Priory of Sion] to show its hand. . . . There is a longing for a renewed sense of the sacred that amounts, in effect, to a full-scale religious revival—exemplified by the proliferation of sects and cults, for example, and the swelling tide of fundamentalism in the United States. . . .

"Such an atmosphere would seem eminently conducive to the Priore de Sion's objectives. It places Sion in the position of being able to offer an alternative to existing social and political systems" [emphasis added].³

Holy Blood, Holy Grail is not merely sympathetic to leading features of the Nazi cult; it is a book which begs comparison with Hitler's *Mein Kampf*, in respect of quality of scholarship, in respect of moral refinement of opinions offered, and in respect to the political insurrections it shamelessly admits to be the authors' motive for publishing this item. Let us now examine key facets of the argument provided by the cited excerpts, before proceeding to show the connection between the cult-doctrine promoted in the book and two attempts at public assassination of Pope John Paul II. We examine first, summarily, the Khomeini case, and then some contemporary links between the Scottish Rite and the very-much-alive-and-powerful Nazi International based in Lausanne, Switzerland.⁴

The Khomeini case

There are important similarities between the cases of

Adolf Hitler and Ayatollah Khomeini. Although Hitler was placed in power chiefly from outside Germany, by Anglo-Swiss financier interests and their Harriman-Morgan allies in Manhattan, the postwar Wilton Park authorities discreetly covered up such facts, arguing that Hitler's charisma had won over the culturally flawed German population, and that that was the beginning and end of the story. Khomeini, like his father before him, was an agent of the British Secret Intelligence Service's India Office, who was placed in power through a plan devised by another office of British SIS, the Arab Bureau.

The putative author of the British plan to bring Khomeini into power was an official of the Arab Bureau, Bernard Lewis. Lewis was seconded to the Princeton center of Arabist intelligence-operations in the United States, and composed the U.S. version of the British plan under sponsorship of Henry A. Kissinger, the Aspen Institute, and the Georgetown CSIS. The result, bequeathed to the incoming Carter administration, was known as the "Bernard Lewis Plan" for destruction of the entire region, from Bangladesh, India, and Pakistan, through Afghanistan, Iran, and Turkey, and down through the Arab world of the Middle East, Egypt, Sudan, and the Mahgreb, into the black nations of the Horn of Africa. Carter's National Security adviser, Zbigniew Brzezinski, renamed the "Bernard Lewis Plan" the "Arc of Crisis" doctrine. The plan was sold to restive but credulous patriotic types among the U.S. military and intelligence communities as the "Muslim Fundamentalism Card," a scheme for spilling Islamic Fundamentalist insurrections into the heartland of Soviet Central Asia.⁵

The plan was put into effect chiefly through London, but was assisted in major degrees by both the Carter administration and Soviet intelligence. The regular broadcasts into Iran by the BBC were the chief means by which Khomeini's orders were transmitted to the insurrectionary forces. Soviet Farsi-language broadcasts played a comparable role. It was, in effect, a joint operation of U.S.A., British, and Soviet agencies.⁶

The same combination of British-centered forces behind the Khomeini operation is also key to British SIS's overlap with operations of the Nazi International today. Consider the exemplary cases of four coordinated but separate operations presently aimed at the early internal destruction of India: the Khalistan secessionist movement operation, the Naga and other tribal operations in Assam province, the operations run through the SIS India-office creation, the "Islamic Fundamentalist" Jamaat-i-Islami, and the fascist Hindu fanatics, the RSS. All four are British-created and British-directed operations, of which the first three are coordinated with the Lausanne-based Nazi International. The fourth, the RSS, is backed by circles including U.S. Sen. D. P. Moynihan, a former U.S. ambassador to India and a protégé of former New York State Gov. W. Averell Harriman. Elements of Israeli intelligence services have been active with the RSS.

The principal agency behind these separatist movements

deployed against India is a fusion of the relics of the old SIS India Office combined with elements of the old British Colonial Office now operating chiefly under the cover of the World Bank and Commonwealth Secretariat.⁸ However, the British-centered network is much broader than British intelligence as such. The network begins in Venice and Trieste, centered on the Island of St. George Major in Venice. It includes networks of the Venetian-Genoese "Lombard" family funds in Italy and Switzerland, runs through Geneva and Lausanne, into the former Dutch East India Company financier interests of The Netherlands, touches in passing on the existing Danish East India Company, and runs through London (e.g., Chatham House, Sussex) into Edinburgh, passing through the Grand Lodge Suisse Alpine of Lausanne, Switzerland, into Scottish Rite leading circles to the north. For Middle East, North Africa, and Pakistan-Iran operations, the most prominent agencies are the Sufi freemasonic lodges of Europe and an associated organization, Islam in the West. This network also operates through London's CAABU, London's penetration of the Euro-Arab Dialogue, through Islam in the West subsidiaries such as the Islamic Council of Europe, through the publication *New Scientist*, and a Club of Rome subsidiary, the Arab Thought Forum.⁹

The Nazi International

The Nazi International, sometimes misnamed the Malmö International, was constituted as an above-ground organization in 1950. It continues to be headed by a Swiss banker of Lausanne, François Genoud, formerly an official of the Swiss Nazi Party, a man so protected that even Israeli Nazi hunters fear Swiss governmental and banker reprisals should they attack Genoud openly.¹⁰

Two elements of the former Nazi organizations under Hitler are most significant for the Nazi International today. The first is the Nazi honorary society, the Allgemeine SS, formerly based at the Thurn und Taxis center in Regensburg, Germany, of which Prince Bernhard of The Netherlands and World Wildlife Fund was a member.¹¹ The second is a division of the Waffen SS headed by Walter Schellenberg at the close of the war, Amt VI, the foreign-nationalities section, which had then absorbed control over the remains of the Abwehr's Second Division.¹² These latter elements, assembled around the Nazi Party of Switzerland, are the core of the Nazi International today.

There is a third element.

During the period beginning 1938, the British SIS created a special sub-section called the Special Operations Executive (SOE), created to take control over U.S.A. intelligence functions, but without permitting U.S. officials to penetrate directly into SIS itself. This was created by Churchill and Lord Beaverbrook as U.S. intelligence-control over the U.S.A., run by financier interests associated with the ruling circles of Canada. Col. William Stephenson was assigned to direct U.S. intelligence and also Anglo-Canadian-U.S. operations in the Western Hemisphere.

In this connection, SOE created two notable U.S. institutions, the OCIAA (Office for the Coordination of Inter-American Affairs) directed from Washington, D.C., by Nelson Rockefeller, and Division V of the Federal Bureau of Investigation (FBI). The latter, Division V, became interfaced with private organizations representing British political-intelligence interests inside the United States; the most notable were the Fabian Society's League for Industrial Democracy (LID), the leadership of the ILGWU around Jay Lovestone et al., and the so-called "Fact-Finding Division" of the Anti-Defamation League (ADL). The deployment of this FBI Division V capability against Latin America bore the ironical name of "SIS." By approximately 1943, this British-directed SIS operation had captured control of most of the Nazi networks in Latin America, forming the kernel of coup d'état capabilities, death-squad operations, and international drug-running in that region of the world today.¹³

One of the best known of these Nazi International operations today is the scandal-ridden Propaganda Due (P-2) Scottish Rite lodge of Italy. This was created by British intelligence at the close of the war, and includes a number of former Nazi officials of the Salò republic, the Hitler puppet-state in northern Italy created after the rescue of Benito Mussolini by Hjalmar Schacht's son-in-law, Col. Otto Skorzeny. Through Skorzeny in Madrid, and through Lausanne, Genoa, and other points, the Nazi International in Latin America has been coordinated by British SIS through Nazi International cut-outs over the postwar period to date.

The Nazi International created the German environmentalist movement during the 1950s, and directs large chunks of the "greenie" movements in Europe today.¹⁴ The same Nazi International is the hard-core of both the international-terrorist movement and the various separatist movements associated with terrorist capabilities. This includes old-Nazi networks in Arab countries, includes the Basque, Breton, Alsatian, Corsican, Sardinian, Sicilian, and Tryrolean separatist-terrorist groups, as well as the Armenian Liberation Army, and the India cases cited earlier. These Nazis deploy in witting collaboration with networks of missionaries, anthropologists, and sociologists, run through putatively respectable universities in the United States and Europe.¹⁵

The kind of "fundamentalist" which *Holy Blood, Holy Grail* purports to admire in the U.S.A. is typified by the case of the Rev. Jim Jones's Peoples Temple, a cult created with cosponsorship of Rabbi Maurice Davis and the present head of the New York Anglican archdiocese, Bishop Paul Moore. It is typified by the case of the butcher of Guatemala, Rios Montt. It is also typified by a nasty variety of professed "Protestant fundamentalist" cults run from the state of Oregon and California in the U.S.A., the Temple Mount Foundation/Tav Evangelical Ministries complex funded by one Terry Reisenhuver.

The latter, Oregon and California-based cult first came to investigators' attention in compiling a dossier on Henry A. Kissinger's key role in a West Bank land swindle, also in-



An illustration from Holy Blood, Holy Grail: the skull of the seventh-century Merovingian king Dagobert II.

volving Lord Harlech and others in Britain, and also Israel's Ariel Sharon, Meir Kahane, and such U.S. and Canadian figures as Meshulam Riklis, the Bronfman interests, and Harry Bloomfield, brother of the former SOE coordinator of the FBI's Division V. The cult came under close scrutiny, drawing attention to acts of complicity by one Joel Lisker, a former FBI agent now occupying a key position on a U.S. Senate committee.

Investigators caught the cult red-handed in efforts to trigger a multi-faceted religious war in the Middle East. That operation was reported to relevant Israeli investigators, who confirmed the information received and broke up the plot—at least temporarily.¹⁶ The operation is notable for purposes of this review, since the cult-ideology of the plot is identical with the cult-doctrine of *Holy Blood, Holy Grail*.

The Oregon-California cult was caught recruiting funds to dig under the second most-holy place of all Islam, a site formerly occupied by the Templars, the Dome on the Rock. The ultimate purpose was to reconstruct the Temple of Solomon in the place of this Islamic mosque. The means chosen to promote this project was to dig into the hill to discover tombs of Jewish figures there, possibly including that of Abraham. This would represent a violent offense against Jewish religious law. Israelis were justly furious.

The cult-purpose of the project is based on the Gnostic doctrine that Jesus Christ, as blood-descendant of David, is

King of the Jews, and that the descendants of Christ, through the Merovingian line, are the kings of Christendom as well as of the Jews. Once "incontrovertible proof" of this is revealed by the Priory of Sion, the Jews are supposed to convert immediately to the Gnostic counterfeit-version of Christianity.

Neo-Nazis of the Scottish Rite

Holy Blood, Holy Grail is a neo-Nazi propaganda-work. The standard reference book on Nazi and neo-Nazi doctrines is *The Conservative Revolution*, by Dr. Armin Möhler of Germany's Siemens Foundation. Möhler was a Swiss Nazi who served in Hitler's Waffen-SS, and is the leading figure of the neo-Nazi New Right of today. His book, produced in 1949 as a doctoral dissertation in existentialism, has been published in successive editions since 1950. Not overlooking the fact that Möhler explains Nazism from the inside, his book is brilliantly accurate historically and psychologically. By this standard of comparison, authors Baigen et al. are full-fledged neo-Nazis of the Scottish Rite.¹⁷

Nazism is traced from the Lausanne boudoir of Jacques Necker's daughter, Madame de Staël, the founder of the Romantic movement of the 19th century. This same circle of French-speaking Swiss financier families from the Geneva-Lausanne region gave the world Jean-Jacques Rousseau, Jean Paul Marat, Robespierre, and the Jacobin Terror. They also figured prominently in unleashing the left-radicalism of Giuseppe Mazzini's Young Europe. They were, together with Lord Shelburne and Adam Smith (of *Wealth of Nations* fame), the principal enemies of the United States' cause over the period from 1776 to well beyond the War of 1812. By way of Schopenhauer, Wagner, and Nietzsche, among many others, they were the authors of the rise of Nazism within Germany, and the spread of fascism into other nations. Today, in the shameless fusion of the left-wing "environmentalist" movements with the neo-Nazi organizations in Europe, the underlying common origins of the left-wing and right-wing varieties of radicalism are being displayed in an undeniable fashion.¹⁸

As Möhler documents, the term "conservative" as used by fascists does not mean industrial-capitalist reaction against socialism. "Conservative" means a hatred of the modern industrial nation-state, and a commitment to return to something like the feudal forms of society existing in Europe prior to the 15th-century Golden Renaissance. Such conceptions have been fostered in Europe chiefly from the oligarchical family funds of Venice, and from allied Lombard interests since the time of the somewhat misnamed Counter-Reformation. Since the turn of the present century, Britain has been governed chiefly by the political heirs of Oxford University's John Ruskin, whose homosexual cult, the Pre-Raphaelite Brotherhood, demanded a return to feudalistic institutions modeled on those of the early 14th century. Ruskin's ideas were consistent with those of upper degrees of Scottish Rite Freemasonry. The Isis-cult of hermetic freemasonry, including the notorious Templar oath of the Scottish Rite,

has always harbored a dream of killing Popes and kings, to "restore" the Anti-Christ of the Merovingian line to world-power.

The difference between Hitler's Nazism and that of today's New Right is that the latter rejects "the German-nationalistic fascism" of Hitler and Mussolini, in favor of "universal fascism."¹⁹ Herein lies the significance of the Nazi Amt VI for building the postwar neo-Nazi form of the Nazi International. By pulling together Arab and other non-German sections of the SS's and Abwehr's "foreign nationalities" organization together as a global network, the Lausanne-centered postwar Nazi International became the seed-crystal for international networks of both "separatist movements" and "international terrorism," an operation funded richly by proceeds of both international drug-running and weapons-smuggling.²⁰

Holy Blood, Holy Grail is not only a proposal for bringing these neo-Nazis together for a world power-grab; it is also a report on the methods being used for that purpose, such as the case of Ayatollah Khomeini. The distinguishing feature of *Holy Blood, Holy Grail*, among the proliferation of New Right obscenities in print today, is that it proposes that the Gnostic dogma of the Scottish Rite provide the unifying doctrine for a worldwide fascist insurge in religious-cult guises.

A few summary references to the history of the Scottish Rite are needed at this point.

Shortly after the crucifixion of Christ, a member of the Phoenician cult known as the Mobeds or Magi, Simon Magus ("Simon the Magician"), formed a pseudo-Christian cult in the Middle East which he transported to Rome. At Rome, St. Peter, collaborating with his friend Philo of Alexandria, stopped Magus's efforts to recruit among Christians and Jews of Rome, an effort which brought prompt reprisals from the Emperor Nero. This was the beginning of Gnosis, or Gnosticism, which later flourished in such forms as Manicheanism and Donatism.²¹

A new attempt to destroy Christianity was launched by the Emperor Constantine. Constantine attempted to assimilate Christianity within the Roman Imperial mystery religions, imposed his own interventions into the hierarchy of Christianity as a price for "legalizing" it. The case of Constantine's appointment, Bishop Arius, is most notable. What *Holy Blood, Holy Grail* proposes as its own version of Scottish Rite Gnosticism is predominantly the same Arian version of Anti-Christ doctrine otherwise smuggled into the ranks of the Roman Catholic Confession as "Christology." Although the Church fathers nominally defeated Arius at the Council of Nicea, the victory was more technical than substantial. To the present date, a battle between Christians and Gnostics has raged within the Eastern Rite. The principal defense of Christianity against Gnosticism shifted to the West, centered around the influence of the Iona church in the north, and the influence of St. Jerome and St. Augustine to the south.

The Eastern Gnostics' missionaries developed a control-

ling influence over the barbarian tribes of northern Europe, whose beliefs were either Hesiodic pagan cults or the Arian version of Gnosticism. Many of these Germanic and other barbarians, including the Normans, were not converted to Christianity, from Arianism, until relatively modern times—and some, in fact, not to the present day. These tribes were deployed against Christianity in the West from the time of Charlemagne onwards, with Byzantium orchestrating matters such as the Norman invasion of France. The coronation of Charlemagne, ending the rule by the Ar an Merovingians, established Christianity's relative hegemony in the West—a fact for which the authors of *Holy Blood, Holy Grail* have not forgiven Charlemagne or the Pope to the present day.

Gnosticism gained a fresh foothold in the West during the lifetime of Mathilde of Tuscany; she was founder of the Welf (*Guelph*) faction. It was her circles which temporarily seized control of the papacy (with aid of a wave of assassinations of successive popes), and organized that hideous blow to Christianity known as the Norman Conquest of England. This Welf power grew with the establishment of powerful crusader orders, such as the Gnostic Hospitallers and Templars, and took power in most of Europe over the period of approximately a hundred years, from 1250-1268 into the third quarter of the 14th century.²²

During this period, a mercenary employed by the Lombard interests of Genoa, Robert Bruce, led the Templars in a war which established his own dynasty in Scotland. From then to the present day, the House of Bruce and its partners has been the financier and landlord interest ruling Scotland. During the revival of Lombard power, especially during the post-1453 period, Genoese-Lombard interests took control of Burgundy and the Iberian peninsula. By 1603, the Genoese interest had taken control of England, a control over England and the House of Orange consolidated during the post-1660 period.

During the 17th century, two figures emerged who were to have crucial importance for the later founding of Scottish Rite Freemasonry. The first was the murderer and embezzler Francis Bacon, a nephew of the powerful, Genoese-controlled Cecils. The second was Robert Fludd, the putative author of the Rosicrucian cult and the fanatical adversary of the founder of modern mathematical physics, Johannes Kepler. With the 1660 Stuart Restoration, this hermeticist (Rosicrucian) cult took over the Scottish element of the Restoration, under leadership of a Jesuit, William Petty, founder of the Royal Society of Locke, Newton, and Boyle. Under Petty's direction, Elias Ashmole codified the Scottish Rite of speculative (hermeticist, Gnostic) freemasonry. The Templar cult was incorporated as the higher degrees of freemasonry responsible for assassinations.

Gottfried Leibniz devoted much of his life to attempting to penetrate and destroy this Gnostic cult. During the 17th century, Dr. Benjamin Franklin attempted to head a counterforce of freemasonry against the Scottish Rite, as did Wolfgang Mozart in such enterprises as his devastating satire on

Isis in his opera, *The Magic Flute*, where Isis is the infantile, irrationalist Queen of the Night. Scottish Rite Freemasons have never forgiven Franklin or Mozart on these accounts. Franklin's efforts to create a counterforce to Scottish Rite Freemasonry were continued by the Marquis de Lafayette, who chartered the black freemasons in the U.S.A. and the republican freemasons of Mexico.

Holy Blood, Holy Grail is not merely sympathetic to the leading features of the Nazi cult; it is a book which begs comparison with Hitler's Mein Kampf, in respect of quality of scholarship, in respect of moral refinement of opinions offered, and in respect to the political insurrections it shamelessly admits to be the authors' motive for publishing this item.

"G" means "Gnosis," "Gnosticism," the worship of the Isis-cult of the Anti-christ. The fascist scheme proposed in *Holy Blood, Holy Grail* is nothing but a fair representation of the "secret beliefs" of the higher degrees of the Scottish Rite.

The killing of the Pope

What evidence is there, that the Scottish Rite might be behind the attempted assassinations of Pope John Paul II, apart from the notorious, evil path of the Templars? Two prominent Anglicans volunteered to undercover investigators their wish that the Pope be killed, arguing that the Pope must be removed as an obstacle to implementation of policies of the Club of Rome. The same philosophical outlook was expressed by officials of the Anglican church as high as Archbishop Robert Runcie.²³ What other evidence is there, that the wish was father to the deed?

The two attempted public assassinations of Pope John Paul II were the first attempted killings of a Pope by means other than quiet poisoning since St. Peter. Why the choice of public assassinations, and why on occasions associated with the Cult of Fatima? Was this simply a matter of the Templars'

oath, or something more substantial?

The first assassin, Mehmet Ali Agca, was deployed by the Nazi International. The network involved included the Nazi International's Colonel Qaddafi and the same network of combined international drug-and-weapons smuggling associated with the Scottish Rite's P-2 Lodge and the Turkish-Syrian-Armenian gangster Arsan's Stipam International. Sympathetic agencies in the Federal Republic of Germany were complicit, according to Turkish intelligence's reports, in safe-housing and financing Agca's attempt.²⁴

The second assassin, Krohn, was also a fascist, run through extreme right-wing (fascist) networks in Bavaria, Rome, and France linked to Monsignor LeFebvre.

The nominally Catholic and Nazi networks behind these operations identify the motive as supplied by the third, unconsecrated prophecy of Fatima, that the killing of the Pope will unleash the forces of the Eastern Rite within Russia, to bring Russia back into the fold of Christianity. It is the same species of Gnostic argument we meet in *Holy Blood, Holy Grail*, and in the antics of the Oregon and California-based cult in Jerusalem.

There are forces within and outside the ranks of the Roman Catholic Confession which desire the assassination of this Pope. Broadly, their motive is that of Bundy and Canon Edward West, to remove the Pope as an obstacle to the policies of the World Wildlife Fund, Aspen Institute, Ford Foundation, Rockefeller Foundation, and Club of Rome. This includes eugenicists within the Right to Life movement, who oppose abortion, while demanding a sharp reduction in the non-white populations of the world, circles often linked to such institutions as Latin American "death squads" and otherwise linked to the Nazi International of Lausanne's François Genoud.²⁵ Behind the Malthusianism of these strata, there is Gnostic feudalism. These forces pervert St. Francis of Assisi, to argue that man is equal, not superior, to rocks, plants, and beasts; this is purely and simply the notorious Gnostic parody of the Bible.

These are exemplary of the forces which the blasphemous, neo-Nazi *Holy Blood, Holy Grail* proposes to unleash.

Notes:

¹ Page references supplied are to the hardcover edition.

² We do not presume that Otto von Hapsburg endorses this particular piece of Gnostic blasphemy.

³ pp. 386-387.

⁴ The organization, established in 1950, is headed by Lausanne banker François Genoud, a former official of the Swiss Nazi Party. Genoud's role came to public light in connection with investigations of the Hyperion language-school in Paris and the case of Bruno Breguet. Genoud is particularly important in connection with Arab terrorism, including the case of the organization of the Nazi Grand Mufti of Jerusalem and the case of Ben Bella.

⁵ Cf. Iran coverage by the *Executive Intelligence Review* during the years 1978 to 1980.

⁶ One current of Soviet policy argues that since the U.S.A. is the capable strategic adversary, Britain must be supported by Moscow in enterprises which weaken the relative power of the U.S.A. Moscow welcomed the destruction of a U.S. military ally, the Shah of Iran, and exerted itself to build Soviet assets within the ranks of Khomeini's forces.

⁷ Much of this is in the public domain, including published reports by

Executive Intelligence Review over the period beginning 1977 to date. Most of the information remains in dossiers representing both under-cover investigations and verified information received from highly reliable sources.

⁸ Ramphal's Commonwealth Secretariat is purely and simply a present-day disguise for a continuation of the old British Colonial Office. When the World Bank was established, it was staffed in large part by British civil servants from the Colonial Office.

⁹ This is documented in dossiers compiled by the *Executive Intelligence Review*.

¹⁰ This is from direct discussions with prominent Israelis, and from Swiss sources.

¹¹ Bernhard is also documented as having been a member of the Totenkopf organization.

¹² The Second Division of the Abwehr was chewed up badly by Tito's forces in Yugoslavia. After July 20, 1944, the SS took over directly these elements of the Abwehr.

¹³ The case of Klaus Barbie et al. in Bolivia illustrates these connections on all points.

¹⁴ The fascist character of the West German Greenies has been noted publicly during 1982, by much of the trade-union leadership of that country, as well as SPD Minister-President of the State of Hessen, Holger Börner. The direct Greenie-Nazi link was first uncovered by investigators for the *Executive Intelligence Review*, by matching Greenie candidates' lists with lists of the defunct NDP! During the recent months, the leading role of Libya's Qaddafi and Nazi organizations in the Greenie efforts has been documented in various locations.

¹⁵ This was uncovered by *Executive Intelligence Review*, as an outgrowth of the Genoud investigation during 1982. Documentation has been supplied to appropriate official agencies.

¹⁶ On Jan. 18, 1983, *Executive Intelligence Review* published an exposé on the Holy Land real estate scam. The story had an explosive effect inside Israel. Israel's leading dailies *Yediot Aharonot* Jan. 20, 1983, *Ma'ariv*, and *Davar* Jan. 21, 1983 carried coverage based on the *EIR* exposé. Jerusalem's largest weekly *Kol Ha'it* ran a two page spread on Jan. 28. Israeli radio and television picked up the story. In the United States, the Yiddish weekly *Algemeiner Journal* (Feb. 4) and the Hebrew-language weekly *Israel Shelanu* published articles on the scandal.

¹⁷ Cf. Helga Zepp-LaRouche, "The Historical Roots of Green Fascism," *New Solidarity* Jan. 25, 28, and Feb. 4, 1982.

¹⁸ For in-depth treatment of this Swiss connection, consult a text now in process of publication, *A Veteran of the War, Dr. Karl Marx Refuted*, with Introduction and Appendix by L. LaRouche, Jr., Campaigner Publications, 1983.

¹⁹ For a defense of "universal fascism" see also Michael Ledeen, "Universal Fascism." Ledeen has been a protégé of Henry A. Kissinger, Alexander Haig, and the Paris-based AFL-CIO representative, Irving Brown.

²⁰ The Stipam International and Barbie cases, for example.

²¹ Cf. St. Augustine, *Confessions* and *City of God*, most emphatically on this point.

²² The complexities of the period as a whole are irrelevant to the point being made here.

²³ Undercover interviews with McGeorge Bundy, and Canon Edward West of the New York Anglican diocese are referred to here. Similar philosophical outlooks were expressed by Anglicans and others allied to the U.S. Club of Rome organization. McGeorge Bundy told an independent journalist October of 1981: "This Pope is a disaster. His views constitute the major obstacle to world population control. . . . But Popes, luckily, change." Bundy's implicitly threatening remarks were given wide circulation within Italy by the Repubblica Press Agency Nov. 2. In an article pointing to the outlines of a broad conspiracy behind the attempted assassination of Pope John Paul II last May, the Italian news agency said that Bundy's remarks hinted at the motive and at the international policy circles that would benefit from a change in Popes.

²⁴ Dossiers on this matter and the so-called Bulgarian connection were presented at press conferences in New York City (January 20, 1983), and Washington, D.C. (January 20, 1983).

²⁵ The Christianity College network in the U.S.A. is only one among many associations under investigation in this matter, together with the Tradition, Family, and Property organization of nominally Christian Gnostics. Much of the Right to Life movement in the U.S.A. and Europe opposes abortion, but actively defends Malthusian policies otherwise. The links to the Nazi international or the Nazi International's "New Right front-organizations" is a commonly occurring feature of such miserable hypocrites.

Why the world is laughing today at the great parties of the Federal Republic

The following news dispatch by EIR's publisher, the international news service NSIPS, dated Feb. 25, has been distributed in the United States, Latin America, Asia, Africa, Italy, France, and Sweden. During the week before the German federal elections, it was circulated to voters of the Federal Republic as a mass leaflet, "so that they may stop what they are doing, and see themselves as others are seeing them" in the words of the European Labor Party (EAP) presidium. The section following the dispatch describes the EAP's policy of military strategy.

As the March 6 date for general elections comes close, all of the major political parties of the Federal Republic of Germany appear to be campaigning not against one another, but against a single slogan by the small European Labor Party. That slogan is "Patentrezept."

From former Social Democratic Chancellor Helmut Schmidt, writing in the weekly *Die Zeit* of Feb. 25, through many spokesmen for the Christian Democratic Union, and Hans-Dietrich Genscher's Free Democrats, as well as the SPD (Social Democratic Party), each party appears dedicated to one common policy. They all insist, loudly and often, that there is no *Patentrezept*—no "prescription" for the ailing economy.

The chief target of this strange commotion among the major parties is the chancellor candidate for the European Labor Party (EAP), Frau Helga Zepp-LaRouche, wife of the world-renowned economist Lyndon H. LaRouche, Jr. To make the political spectacle in Germany all the more ludicrous, the orders have gone out to the press of the nation: "Helga Zepp-LaRouche is not newsworthy."

If Helmut Schmidt's explanation in *Die Zeit* is authoritative, the leaders of the major German parties appear to be rallying to the defense of U.S. Secretary of State George Shultz and Shultz's adviser, Henry A. Kissinger. It is Shultz's and Kissinger's policies which Schmidt argues that he is defending against Frau Zepp-LaRouche's terrifying word "*Patentrezept*."

What those parties' spokesmen appear to fear the most is the professional authority of Frau Zepp-LaRouche's husband. The big fear is the success of the LaRouche-Riemann quarterly forecast for the U.S. economy. Since this was first published, in November 1979, the LaRouche-Riemann fore-

cast has accurately forecast every trend in the U.S. economy, during a period in which the forecasts of all competing economists, the U.S. government included, have been consistently absurd. When Secretary Shultz shouts to the world that a U.S. economic recovery is beginning for 1983, and Lyndon H. LaRouche, Jr. says Shultz is showing his typical incompetence in economic forecasting, the record says LaRouche is probably right and Shultz is probably absurdly wrong, as usual.

So, when Frau Zepp-LaRouche and her party say that there is a direct solution to the current world depression, and the big German parties' economists, with their usual incompetence, say that no solution exists, one understands why the EAP's "*Patentrezept*" slogan might cause that panic among Shultz, Kissinger, and the leading German parties which we have seen in the past several weeks.

Herr Schmidt is probably correct. Since August of 1982, Secretary Shultz's close collaborator, AFL-CIO President Lane Kirkland, has been interfering zealously in the internal affairs of Germany, demanding that German trade unions have no discussions with Frau Zepp-LaRouche. The U.S. embassies in Rome, Bonn, Madrid, Mexico, Colombia, and other countries have gone to the point of repeatedly, flagrantly violating U.S. federal laws by issuing false, defamatory statements against Lyndon H. LaRouche, Jr., and his wife, Frau Zepp-LaRouche. The labor attachés of U.S. embassies, coordinated directly by Lane Kirkland and Paris-based Irving Brown, have been the worst offenders in circulating these wild lies, and even threats. Shultz, Kissinger, Kirkland, Brown, Helmut Sonnenfeldt, Michael Ledeen, and others of that crew are all one team. Kissinger has been personally involved in "dirty operations" against the LaRouches since 1974. In publicly defending Shultz and Kissinger against Frau Zepp-LaRouche's *Patentrezept*, Herr Schmidt is most probably pointing to the real source of the panic among Germany's politicians.

Herr Schmidt is somewhat more exact in describing the issue. In a book published in 1978, George Schultz claimed credit for the results of the international monetary conferences of 1972 and 1975. The first conference, in 1972, was a successful defeat of European efforts, then led by President Pompidou of France, to force the United States to halt the dangerous "floating exchange-rate" system which President

Nixon had set into operation, on advice of John Connally, Paul Volcker, and Henry Reuss, in August 1971. In 1975, at Rambouillet, Shultz and Kissinger dragooned Europe into crushing demands of developing nations for urgent monetary reforms. Now, the "floating-rate" system which Shultz and Kissinger "successfully defended" led most of the world into a new, general economic depression. Worse, leading bankers are now predicting a world financial collapse of between \$1 to \$2 trillion, probably to occur as early as March or April of 1983. Secretary Shultz is talking loudly of "economic recovery"—as U.S. President Herbert Hoover did under similar conditions, in 1931 and 1932.

Herr Schmidt argues: stay with the proven 1972 and 1975 experts of George Shultz and Henry Kissinger! That is what Herr Schmidt is saying, and what the CDU and FDP are doing. (The greenies are not concerned with such matters; they are rushing into the primeval forest, hoping that industrial society disappears altogether.) If the world economic depression were stopped, that would show a lack of confidence in Herr Schmidt's companions in that famous 1982 automobile journey to the Bohemian Grove in California—Messers. Shultz and Kissinger. A *Patentrezept* is an insult to the reputations of Messers. Shultz and Kissinger. Better the entire world should suffer, than Shultz and Kissinger be annoyed.

What do the voters of the Federal Republic think of all this? Pensions have been cut cruelly. The basic steel industry is being cut by approximately half. There is talk of reviving Hitler's "labor service" as a "solution" to growing unemployment, from spokesmen of both the liberal FDP and socialist SPD. Unemployment may well reach 6 million during 1983, the same level as at the moment of Adolf Hitler's rise to power. Every sign so far is that 99 percent of the voters will do as they are told to do. They will vote the party line, no matter what their party's line may be.

If the voters of the Federal Republic vote SPD, CDU, or FDP under these conditions, then the next thing to eliminate from German budgets is incomes of professionally trained physicians. Any out-of-work politician can practice medicine acceptable to such voters. No matter what the patient's complaint, this "physician" will look solemnly down his nose, and say: "There is no *Patentrezept*. You must learn to enjoy suffering."

The EAP program mandates the replacement of NATO's MAD military doctrine (Mutually Assured Destruction) with a strategic defense based on high-energy beam weapons capable of destroying intercontinental nuclear missiles. The second element of the program is a policy of world economic development which would eliminate the fundamental causes of war between the superpowers.

It is time, Frau Zepp-LaRouche argues, that the Germans rid themselves of the mentality of an occupied and divided nation, and act to shift the suicidal policies of the United States and the alliance as a whole.

NATO doctrines of "forward nuclear defense" have made

it clear to many Germans that a dominant faction of planners is assigning "all Germany between the Rhine and the Oder-Neisse borders the strategic destiny of a nuclear rubble-field in a theatre-limited conflict in central Europe." This fear has driven some West German politicians to fantasies. "Some dream of a neutralized, semi-unified Germany, hopefully to become a demilitarized buffer zone between the forces of the two super-power alliances. Like frightened and confused German tribal leaders of the time of the Roman Caesars, some Social Democratic Party and other leaders propose to flee from modern industrial civilization, into the barbarism of the Wagnerian *Urwald* [primeval forest]!"

In military policy, the Germans either submit to foolish Americans or grovel before the might of the East.

The fact is, Frau Zepp-LaRouche stresses, that current U.S. military policies are more or less as insane for the United States as they are for the Federal Republic.

The rottenness of current U.S. military policy, she says, can be traced to the expanded influence of the British in the United States after World War II. Henry Kissinger, in a speech in the spring of 1982, admitted that he and other U.S. Secretaries of State had effectively served as British agents, consulting with British officials in preference to the U.S. President.

British policy for Germany in the postwar period was originally the "Morgenthau Plan" to shut down the country's industry and mining and slash its population. When the growth of Soviet power and nuclear weapons made this plan unfeasible, the Western occupying powers allowed a reconstruction to begin in West Germany.

Until MAD, Anglo-American policy toward Germany had been designed to maintain, but not expand, the scientific and industrial capabilities of the Federal Republic. But, Frau Zepp-LaRouche states, once the 1969-72 process of engaging the Soviet leadership in arms-control negotiations to prevent the military breakthroughs that would challenge the MAD "balance of terror began," "Anglo-American policy toward Germany shifted markedly. Turning the Federal Republic into 'post-industrial society' became the dominant policy-trend of the 1970s."

"If we might blame the Anglo-Americans for imposing this MAD doctrine upon us," states Frau Zepp-LaRouche, "we must blame ourselves for accepting this policy with such submissiveness."

If the economic depression in the West, caused by the same advocates of "post-industrial society" who are responsible for MAD, is continued, an accelerating shift in the military balance of forces to Soviet advantage will occur.

The solution is two-fold: "We must force such drastic changes in international monetary policies as are needed to relaunch expanding world trade in high-technology capital goods, focussing on massive flows of credit for this purpose into the developing sector. *Second, Washington and Moscow must agree on the development and deployment of strategic defensive systems.*"

The real scandal on Spain's economic scene

by Katherine Kanter in Paris

When Spanish Finance Minister Miguel Boyer announced Feb. 23, that due to non-cooperation on the part of the country's largest private enterprise Rumasa S.A. (1.5 percent of the GNP, 400 companies, 350,000 employees, 18 banks), the government would probably have to send in auditors from the central bank, the Bank of Spain, he provoked an immediate run on the Rumasa group's banks and a stir in the international financial press demanding that Spain should be blacklisted on the credit markets. Two days later, after a six-hour debate in the cabinet, Boyer announced the expropriation of the group. What went on behind the scenes?

José Maria Ruiz Mateus, ex-president of the nationalized group, quite publicly owns to being a member of the Opus Dei, though to which faction of this highly factionalized secret society is not yet clear. It does, however, seem likely that parts of the group were involved in the attempt to bail out the Vatican-linked Banco Ambrosiano of Milan, which was victimized by the Propaganda 2 Freemasonic lodge, and which may account for the black holes Miguel Boyer referred to in the books, black holes for which no reliable figures are available and on which estimates vary between 100 and 300 billion pesetas.

The ostensible reason for the nationalization, according to Boyer, was the risk of the group collapsing and throwing almost half-a-million people onto the street in a country with over 17 percent unemployment, taking down with it most of the national banking sector. Unfortunately, there is no overall report on the Rumasa group as a whole, and the minister did not present figures conclusive either way, though some of the truth may come out in the March 1 parliamentary debate.

Curiously, no one has alleged that the banks of the group were at risk, particularly not the Banco Atlantico, nor were there signs of impending suspension of payments in any sector of the group. The minister said that he had decided to act preventively, provoked by the fact that when, in 1982, the Bank of Spain ordered Rumasa to present an audit of its banks, within the impossibly short time of four months, the Chicago firm of Arthur Anderson naturally proved unable to complete the task on schedule. To jump from there to an act as spectacular as nationalization in the highly charged polit-

ical environment of Spain today would appear to have other motivations than economic ones.

A key to the apparent mystery may be the unusual serenity of the private banks. Indeed, it is now suspected that the entire operation against Rumasa was cooked up between the top private banks, in particular Banesto, Bilbao, Central, and Hispanoamericano, and Mariano Rubio, deputy governor of the Bank of Spain since 1965 and architect of the monetarist takeover of the country's finances. The profile of these top banks is highly interesting.

Investments abroad—otherwise known as capital flight—doubled in 1982 relative to 1981. Ninety-five percent of all overseas investment by banks was carried out by the top 10, and after the United States—Miami, to be precise—Chile, Portugal, and Puerto Rico were the major recipients of Spanish bankers' money. Investments increased most into Chile, Puerto Rico, and Uruguay, and decreased in those countries struggling to industrialize in spite of their debt burden: Argentina, Mexico, Brazil, and Peru.

Now, whatever one may think of the "ride 'em cowboy" entrepreneurial approach of Ruiz Mateus, the unescapable fact is that the Rumasa empire he controlled was the only major economic and financial power in the country with some independence from the monetarists running the Bank of Spain, and the landed oligarchy running the top private banks. The last significant obstacle to the Friedmanite nexus encrusted into the economics and finance ministries and most of the private financial institutions has just been smashed.

If the Spanish government is serious about preventing a Pinochet-style fascist-austerity coup, it had better wake up to the fact that the Bank of Spain is totally out of control and must be renationalized. Since the reign of Mariano Rubio Ximenez began in 1965, spearheading a war against the industrial growth policies of Juan Antonio Suances and their pursuit by the co-thinkers of the late Prime Minister Carrero Blanco, a group of people has been trained in the Servicio de Estudios of the Bank of Spain, and launched on careers by the trilateraloid propaganda machines like the Cambio 16 press group, which has virtually destroyed economic thinking in Spain.

Those who have passed through the Bank of Spain's monetarist hotbed include Socialist Finance Minister Miguel Boyer, who told the French newspaper *Le Monde* that he had been elected to impose austerity. In this interview, dated Feb. 28, Boyer lays out an entire Friedmanite plan for the destruction of the Spanish economy: slashing steel and shipbuilding and investing in the technetronic post-industrial society—all premised on the mythical U.S. upswing of 1984.

More dangerous still, working under direct IMF orders—neither Boyer nor the governor of the Bank of Spain, who demanded a 100 percent increase in International Monetary Fund quotas at the recent Washington meeting, hides his admiration for the fund—Boyer is carefully running up the presently manageable foreign debt of Spain from about \$27 million to a planned \$30 billion by the end of 1983.

Justice minister tied to P-2?

The arrested mobster Carboni, a longtime associate of Roberto Calvi, has been implicated in Calvi's murder.

The Commission of Inquiry of the Italian parliament (made up of senators and deputies) received on Feb. 23 a communication from the attorney general of Milan, Dr. Antonio Corrias, urging it to open an investigation on possible relations between Justice Minister Clelio Darida and the well-known mafia figure Flavio Carboni, who is also the factotum of the outlawed Propaganda 2 (P-2) Masonic lodge, directed by Licio Gelli and Umberto Ortolani.

Carboni is suspected of having ordered the assassination of Calvi.

Carboni was arrested in Switzerland on July 30, 1982. Among his papers was found a note in his handwriting which read: "Darida has given advance notice of messages. Watch out for the Milan judges." At the time the Commission of Inquiry avoided an investigation because it was maintained, incredibly, that the name was not Darida but a non-existent "Durida."

This time, however, suspicions have been reinforced by a police report made by the former secretary of Carboni, Emilio Pellicani, revealing many details on the relations between Darida and Carboni. Darida was in close touch with Carboni since the 1970s, when Darida was mayor of Rome, and in that capacity accepted an envelope with 600 million lire in it in exchange for certain changes in the city's zoning regulations. Darida also received money during and after the 1976 electoral campaign. When he was named justice minister, he pocketed 1

billion lire from Carboni to corrupt the judges who were supposed to look into the affairs of Banco Ambrosiano chief Roberto Calvi.

In Italy, the justice minister oversees the activities of the magistrates, who nonetheless enjoy a great deal of autonomy and investigative powers. It should be added that Darida has been for 20 years a close collaborator of the Italian premier, Amintore Fanfani, and that Pellicani testified to close relations between Darida and Fanfani's son, Giorgio Fanfani. Flavio Carboni, in turn, is a very dirty figure: according to the charges of Rome Judge Ferdinando Imposimato, the brothers Flavio and Andrea Carboni were the mafia's financiers. Through an endless series of finance companies, most of them in Trieste, the Carboni recycled the Sicilian mafia's dirty revenues from drugs, kidnappings, and holdups by "black" (fascist) terrorists into Swiss banks. The Banco Ambrosiano and its affiliated Banco di San Gottardo were used, for a time, for the same purpose.

The P-2 Investigative Commission of the Chamber of Deputies recently opened a probe of the ties between P-2 and the United Grand Lodge of London, headed by the Queen's cousin, the Duke of Kent. It seems it was the British Masonry that gave the marching orders to Gelli, Ortolani, and Carboni.

Calvi had become more and more linked to the mafia and to P-2, which supplied him with "laundered" money. When he manifested his intention

of breaking ties with the British Masonry, he was killed, allegedly under the direction of Flavio Carboni.

Carboni's and Darida's denials leave room for many doubts. How the parliamentary Commission of Inquiry will act remains to be seen, but politically speaking, Darida's resignation can no longer be put off. It was already demanded by the magistrates of Genoa when Darida said publicly that the mafia cannot be defeated.

Premier Fanfani must explain how it is possible that his personal secretary, Gian Paolo Cresci, was a card-carrying member of P-2 and how it is that his son Giorgio, his friend Darida, and practically all of his clan were linked to Licio Gelli. Given that both Gelli and Fanfani hail from the same city, Arezzo, and that Fanfani, in contrast to his predecessor Giovanni Spadolini, has never uttered a word of condemnation against P-2, doubts are more than legitimate. Fanfani is also a member of the Sovereign Military Order of Malta, which provided ex-King Umberto of Italy with his passport—significant in light of the fact that the P-2 lodge attempted repeatedly in the 1970s to bring the House of Savoy back to power through a coup. The head of the Fanfanians in Sicily, former Palermo Mayor Vito Ciancimino, is a notorious Mafia asset.

If the investigation into Darida and the Fanfani clan is blocked, the judges investigating Carboni, the mafia, and the P-2 lodge will be in grave danger: on Feb. 26, the tax police announced that it had foiled a mafia plan to assassinate Judge Imposimato.

Judge Imposimato has led the way in the Italian magistracy's campaign against figures "above suspicion." In November, Imposimato issued arrest warrants for two leading members of parliament from the Italian Socialist Party, allied to Fanfani.

The Queen's visit

The British Empire is on a campaign to make Mexico a royal base for the "reconquest" of Ibero-America.

The Queen's leisurely sunshine cruise up the Pacific Coast of Mexico is smoothly and gently helping to renew British influence in Latin America in the wake of the Falklands war." Thus reported the London *Daily Telegraph* Feb. 21 from Queen Elizabeth II's yacht in cruise from Acapulco to Puerto Vallarta. The cruise was part of the visit by the Queen and her consort Philip to Mexico Feb. 17-22.

Although the de la Madrid government tried to downplay the royal tour as a non-official visit, British propaganda has put out a different word. "The trip is having the effect of putting the conflict [between Argentina and England over the Malvinas Islands] in perspective as an aberration caused by Argentina," said the *Telegraph*.

The Empire's organs have also recently boasted that an economically bludgeoned Mexico has agreed to submit its oil price policy to British manipulations of the market.

The Mexican government has nonetheless given no signs it is ready to help Britain clean up its colonial reputation on this continent. In welcoming the royal couple Feb. 17, President de la Madrid made one of his strongest calls for reversing the present world depression through reform of the Bretton Woods economic structure championed by England.

While censoring this speech, the British press made a big fuss over Foreign Minister Bernardo Sepulveda's prolonged discussions with Foreign Office chief Frances Pym aboard the royal yacht. Central America and oil

were the main topics on the agenda.

While Sepulveda did not give the press many details of his discussions, later during a meeting of Latin American foreign ministers in Colombia Feb. 25, he reaffirmed Mexico's support for Argentina in the Malvinas conflict. "Latin America will know how to respond in the face of common problems such as the Malvinas question, which is an unfinished chapter of the cohesion and solidarity effort in which the sub-continent is now immersed." Furthermore, Sepulveda added, the world economic crisis is "forcing Latin American countries to take concerted actions to achieve economic recovery."

As for the much heralded Mexico-Britain "oil alliance," the de la Madrid government has shown that, while willing to consult all oil producing countries including England, Ibero-American unity also has priority here. Before flying to Europe for discussions with British and OPEC officials, Venezuela's Energy Minister Humberto Calderón Berti visited Mexico in late February to consult both de la Madrid and the Energy Secretary Francisco Labastida. Calderón and Labastida are known to be consulting with the Ecuadoran government.

There is good reason to distrust the British on the oil question. On Feb. 14, the British ambassador Crispin Tickell called the press in Mexico City to publicize the Queen's visit, and he promised that England would not lower its oil prices. Two days later the British did just that.

As *Novedades* columnist Joaquin López Doriga, a source of information on government circles, said Feb. 27, the ambassador's doubletalk had only "confirmed the distrust which everybody should hold against the British. History has proven it."

More than a government representative, Tickell is known here as the International Monetary Fund's ambassador. Since early last year he has been the most outspoken foreign proponent of Mexico dismantling its industrial infrastructure and submitting to the IMF's "conditionalities." Political groups here demanded his expulsion after a press conference Dec. 20 where he said the deal with the IMF was not enough. Now, Tickell said in his Feb. 14 press conference, "Mexico has to join GATT," the British-led "free trade" system.

Britain and Mexico, Tickell said, "have a lot in common. Both are the most important oil-producing countries outside of OPEC and both know the International Monetary Fund very well."

Tickell leads a gang of colonial officials here who do not disguise their views. In a meeting Aug. 4, 1982 of the British-Mexican Chamber of Commerce, the chamber's president, a certain Mr. King, astonished the press by saying that Mexico's economic ills came from the fact that it "got drunk" on development. Now "the party is over and Mexico has a hangover." The only remedy, he said, is harsh austerity. As for the problems which this will create, such as massive unemployment, King advised, don't worry. "There is in Mexico a culture of unemployment. . . . It is known that some peasants work just for three days, and this is not because they are lazy. They are intelligent, they know that they just need to work three days a week in order to survive."

Rebellion in Colombia

President Betancur and the military are in a dangerous tug-of-war for control of the country.

The government of Colombia is under blackmail threat to voluntarily relinquish its constitutional order, or face a coup from fascist, drug-running elements of the military and political elite.

As of the first week in March, the Betancur government has seen the core of its economic emergency program overturned and top-ranking members of the armed forces as well as right-wing business sectors have demanded the firing of Betancur's attorney general. Simultaneously, pressures have been applied to force Betancur to change the composition of his cabinet.

In addition, Betancur has been compelled to cancel his planned trip to the Non-Aligned meeting in New Delhi, and his organizing for a continental debtors' cartel has thus been curtailed.

The developments leading to the present confrontation are as follows.

In early February, Colombian Attorney General Carlos Jiménez released a study commissioned by the President on the nature and organization of the MAS death squads, which has been an obstacle to the government's successful negotiation of an amnesty with the country's widespread guerrilla movements. That study confirmed what labor, university, leftist, and some government circles had been claiming: that military personnel were implicated in the MAS's terrorist activities. The report further confirms what *EIR* has asserted, that the MAS represents a nexus between terrorism, drug-running, and elements in the military who run pro-

tection for the drug mafias that formed and finance the MAS.

The military high command responded with angry denials of its complicity, and dared the attorney general to "name the names." To their shock, he did so, indicting nearly 170 individuals for membership in the MAS—including 60 active military personnel, ranging from colonel to private.

The backlash was swift and furious. A letter was delivered to Betancur by Defense Minister Landazábal—a fierce opponent of the president's amnesty initiative—demanding the dumping of the attorney general. The demand was repeated by representatives of some of the country's leading producer associations—the agricultural growers, the cattle raisers, the construction companies, metallurgical industries, and others.

An emergency meeting of the military high command decreed the "donation" of one day's pay from all servicemen for the defense of the accused. The highest-ranking generals and admirals were assigned as defense lawyers.

Finally, on March 2, Landazábal gave an exclusive interview to the leading Bogotá daily *El Tiempo* in which he announced that the accused death-squad members would be tried in military courts—a blatant challenge to the constitution.

Betancur's response has yet to be made public.

Observers have noted the coincidence of the military challenge with the Feb. 23 Supreme Court decision

to overturn the core of Betancur's economic emergency decrees, leaving the country without a taxation policy.

The Supreme Court decision followed several weeks of protests orchestrated by the networks of former President López Michelsen against alleged "presidential abuse of powers." The target of their outrage? The economic emergency decrees, which threatened to shut down the speculative activities and drug-money laundering with which López's powerful banking family is associated.

Betancur must now take his emergency program to the Congress for approval, a Congress dominated by *lopista* and allied forces.

The blackmail note has already been delivered to Betancur in the form of an editorial by the *lopista* daily *El Tiempo*. If Betancur is to survive the challenge from the military and the oligarchic opposition, insinuates *El Tiempo*, he's going to have to make "a few advised changes."

Among those suggested changes are restructuring of his cabinet to bring in López allies who had been put on the sidelines, and the formation of a new "national unity" movement to include his enemy, López Michelsen. López went on television at the beginning of March to magnanimously declare his preparedness to help Betancur "in any way I can."

There is no question that this is the severest test the Betancur government has had to face in its seven months of rule. Betancur's highly popular mandate drew its support precisely from the anti-López sentiment which the former President's subservience to the U.S. State Department and the drug mafias had stirred. If Betancur yields to the blackmail of the *lopistas* and their allies in the military, the remainder of his presidential term could be considerably foreshortened.

International Intelligence

London, Moscow target Saudi regime

Pravda ran a dispatch Feb. 24 datelined Damascus, quoting the so-called Central Committee of the Saudi Arabian Communist Party, which protested "a broad campaign of repression unleashed against national democratic forces" in Saudi Arabia, and calling on the "international public" to come to the defense of "prisoners in Saudi Arabia." The Soviet Communist Party's official organ went on to cite a statement by "communist and workers' parties" across the Arab world calling on the Saudis to "stop repression and liberate prisoners."

The timing of this statement is significant. On Feb. 25, the *Daily Telegraph* of London reported that the Saudis had just crushed a nest of Iranian agents who were involved in subversive efforts against the regime—a report corroborated by other sources. At the end of February, the *Times* of London ran an extraordinary editorial endorsing Ayatollah Khomeini's plans to overthrow regimes in the Arab Gulf oil-producing areas, declaring that the "political condition, in the shape of the moral and political bankruptcy of the Arab regimes, would seem to be already present" for the success of Khomeini's efforts. The *Times* speculated that Arab regimes in the Gulf, faced with declining oil revenues, would follow the recent case of Nigeria and carry out "forced repatriation" of immigrant workers, from South Asia, Southeast Asia, and Egypt.

The Club of Life comes to Panama

Carlos Wesley, *EIR* correspondent and Club of Life organizer, gave a speech before businessmen in Panama City, Panama, March 1 explaining the Club of Life's founding ideas and its campaign for a New World Economic Order through the creation of a debtors' cartel. The speech, given at the Kiwanis Club of Panama, provoked the protests of Joaquin Angarino, a member of the Club of Rome, who stood up from the floor in the question period defending the Club of Rome

and attacking the debtors' cartel idea.

That meeting was preceded by several interviews with Wesley on two popular radio shows for an hour each and on television. In addition, the newspaper *La Estrella de Panama*, in an interview with Wesley, reported on the Club of Life and its founder, Helga Zepp-LaRouche, and emphasized the importance of Club of Life meetings in both North and South, showing that the political will necessary to implement the New World Economic Order is present in both the developing and industrial world. Club of Life activities are having an effect on the Panamanian leadership. The labor minister is reported to have said about Wesley's interviews: "This provides weapons to demonstrate that the crisis was not simply caused by domestic corruption as the bankers are saying," but principally by U.S. Federal Reserve policy and IMF conditionalities.

Umberto of Savoy returning to Italy

No party in Italy is opposing the change of the Italian constitution allowing the former king, Umberto of Savoy, and his descendants to come back to Italy. An unprecedented campaign has been launched in every media outlet and political party to brainwash the Italians into accepting the necessity for "old and sick" Umberto to return to Italy.

The Italian constitution explicitly forbids the return to Italy of Umberto and his male descendants. This crucial part of the constitution was voted after a popular referendum that decided to end the monarchy—a monarchy responsible for having created fascism, bringing Italy into the Second World War, and perpetuating the feudal domination of the black oligarchical families.

Both the Permindex assassination bureau and the Propaganda-2 Masonic lodge are ventures run by the Savoy in conjunction with the British royal family. Late in World War II, Umberto of Savoy created a lodge similar to the P-2, financed by the British and including several important "republican" figures and a group of black oligarchists protected by James Jesus Angleton of Allen Dulles's OSS. The lodge also included the mother and the stepfather of an initiator of the Red Brigades, Giangiacomo Fel-

trinelli. The lodge was caught financing "communist" terrorist gangs to create an atmosphere of chaos and prepare a monarchist takeover. At the same time, through the Sicilian Mafia, Umberto of Savoy tried to create a separatist monarchist rebellion in Sicily.

The committee on constitutional affairs of Italy's Chamber of Deputies decided by a large majority that the constitutional decree preventing Umberto's return could be eliminated. On Feb. 25 Umberto left the London clinic, where, according to press accounts, he was "dying," and arrived in Geneva, where "miraculously" he immediately felt better. National radio has been continuously interviewing members of the Savoy family, in particular Prince Victor Emmanuel, a card-carrying P-2 member and suspected international weapons smuggler. The prince has yet to be tried for the murder in 1979 of a German boy on the prince's private island of Cavallo near Corsica.

The Italian political world was bought off en bloc. President Sandro Pertini wrote a letter to Maria Beatrice, the daughter of Umberto residing in Florida, stressing that "I personally wish that Umberto will be able to live his last days in Italy." The secretary of the Social Democratic Party, P-2 member Pietro Longo, officially demanded that the constitution be sidestepped to allow Umberto's return "within one week." The head of the PSI parliamentary group, P-2 member Silvano Labriola, proposed that Umberto be hosted in the meantime in some extraterritorial building, such as an embassy of the Maltese order. The Republican and Liberal parties are pushing to accelerate the decision of the parliament. The Italian Communist Party is taking the "humanitarian" stand that this is just the case of an old man.

Prostitutes welcomed by Italian leftists

The first international congress of prostitutes took place on Feb. 19 in Pordenone, Italy, near Venice. Delegations arrived from England and other countries. The congress enjoyed the participation of the Italian minister for civil protection, Socialist Loris Fortuna, one of the promoters of *Global 2000* Malthusian doctrine and pornography in Italy. Fortuna is the protector of one of the

most powerful drug mafiosi, Pier Luigi Torri, who for years has been running a London-based dirty-money-laundering operations.

The story has a logic: what was run before by criminals must be now controlled by the "post-industrial" state. Fortuna delivered a speech saying in effect that he is going to reopen public bordellos, and that prostitution will be taken away from mafia elements and run by the state.

The Radicals, the Socialists, and the Communists all sent delegations. The secretary of the UIL labor federation, Giorgio Benvenuto, was also present along with the father of Red Brigades, sociologist Francesco Alberoni.

Abdus Salam says beam weapons are crazy

One of the most outspoken opponents of developing beam-weapon anti-ballistic missile systems is Abdus Salam, Pakistani member of the Club of Rome and head of the Trieste-based Center for Theoretical Physics, according to a member of Great Britain's House of Lords.

"I saw Salam last year at a conference in Morocco," the lord stated. "Suddenly he turned to me at lunch and said, 'What do you make of all this nonsense about charged particles and energy beams?' He thinks the whole idea is nonsense, crazy. He insists that nobody possibly can be near the state of the art for developing this technology, and that it is not possible to produce a viable laser or charged particle defense system. He pooh-poohs the whole thing, including all the talk about Soviet developments in this respect."

Henry Kissinger, the lord noted, was an attendee at the same conference.

Salam's Trieste center was established in 1964, and has been funded by the Trieste-Venetian Prince Raimondo Torre e Tasso, cousin of the Regensburg, West Germany-based Thurn und Taxis family. One of Salam's protégés is Israeli Minister of Science and Technology Yuval Neeman, father of the Israeli atomic bomb.

In May-June, Salam—who was trained at London's Royal College of Physicians—is coordinating a large international collo-

quium in Trieste on recent developments in advanced physics research applicable to laser technologies.

Soviets discuss NATO war plans

Soviet Defense Minister Dmitrii Ustinov authored an article in the Soviet party daily *Pravda* on the occasion of Soviet Armed Forces Day, in which he made mention of the Pentagon document outlining a first strike policy for the United States, leaked in January by major U.S. papers.

Regarding the world situation, Ustinov wrote: "The United States and other NATO countries are carrying out intensive war preparations against the socialist community countries. Militarization is increasingly embracing all spheres of the capitalist system. . . . The main aim of U.S. policy is to smash the strategic military alliance prevailing in the world and to subordinate the course of world events to its will.

"The practical preparation under way in Europe for the deployment of American medium-range nuclear missiles in the NATO countries represents a special danger to the cause of peace. Monstrous plans hatched by the Washington administration for nuclear war against the U.S.S.R., in the hope of winning such a war, are constantly becoming known. The American press recently published a Pentagon and NSC plan entitled 'Defense Directive for FY1984-86.' This gears the U.S. Armed Forces toward being the first to deliver a nuclear strike against targets on the territory of the U.S.S.R. and other Warsaw Pact countries and envisages using medium-range nuclear weapons in Western Europe. The directive also reveals the White House's dangerous intentions to militarize space."

On the prospects of arms control talks, Ustinov asserts that the United States and its allies are "clinging stubbornly to one-sided proposals that are advantageous to the U.S. and unacceptable to us . . . deliberately deadlocking the talks under way in Geneva and Vienna in order to wreck them on the pretext of the Soviet Union's 'intractability' and to begin deploying the American medium-range nuclear missiles in Western Europe at the end of this year. . . ."

Briefly

● **YITZHAK NAVON** warned in an interview with the French weekly *Le Nouvel Observateur* Feb. 25 of "the danger of civil war in Israel" following the Feb. 10 murder of a Peace Now demonstrator. Navon's term as president of Israel expires in May, but he said that he has not necessarily withdrawn permanently from Israel's political life.

● **DR. CHUBA OKAKIGBO**, special adviser to Nigerian President Shehu Shagari, sent a telegram to U.S. Club of Life coordinator Nancy Spannaus on March 1, congratulating her on the Club's late-February round of international conferences. He said, "We fully share in the Club of Life's basic ideas on humanism and the inviolability of man's dignity. . . ." An African conference of the Club of Life is planned to take place in Nigeria later this year.

● **AL-ARAB**, an Arabic-language daily published in London with a circulation of about 20,000, had approving words for the speech of former Indian foreign minister M. K. Bhagat on Feb. 18 at the Club of Life's Paris conference. The economics-page editorial praised Bhagat's call for a new world economic order "to rescue the developing countries from the debt crisis [caused by] the corruption inside the present international economic system."

● **MADELEINE CHEVALLAZ**, the sister of Swiss Defense Minister Georges-André Chevallaz, told a European journalist that because she wants "people everywhere to have the same rights of democracy enjoyed by Swiss citizens," she is working with tribal-secessionist movements in Ethiopia, Somalia, and Sudan. Mme. Chevallaz was turned up by investigators of the Nazi International (she's a friend of François Genoud), who were looking into the Sikh separatist disturbances in India, and the security threat to Indian Prime Minister Indira Gandhi.

What Shultz has up his Williamsburg sleeve

by Richard Cohen in Washington, D.C.

In a statement which Capitol Hill sources reported sent shock waves through Congress, Secretary of State George Shultz told the Senate Budget Committee on Feb. 22 that an imminent collapse of world oil prices was "the biggest story of the year."

Shultz's Feb. 22 performance was followed by a well-orchestrated congressional and media blitz spearheaded by International Monetary Fund (IMF) and Bank for International Settlements (BIS) operatives including Treasury Secretary Donald Regan, Council of Economic Advisers Chairman Martin Feldstein, and Federal Reserve Chairman Paul Adolph Volcker. Their message to the Congress, to the American people, and to other world capitals: the projected drop in world oil prices could well sustain a U.S. economic recovery stronger than the one previously projected by administration officials on the basis of January's minuscule growth in auto, home building, and home appliance sales. Indeed, BIS-connected administration and Federal Reserve spokesmen were busy passing out the word that the strength of the projected recovery would lean more toward Shultz's earlier extraordinary claim that U.S. GNP growth in 1983 would reach an astounding 4 percent.

Shultz fueled the recovery fantasy in his Feb. 23 testimony, arguing that if oil prices were to fall to \$20 a barrel, the net effect would be "a stimulation of expansion," boosting the real growth rate of the industrialized countries, cutting their oil import bill by \$90 billion, and turning the current account balance of the OECD countries from an \$18 billion deficit to a \$17 billion surplus over the next two years. On Feb. 24, Donald Regan, speaking before the U.S. Chamber of Commerce, added to the list of benefits of an oil price collapse, asserting that it would improve the overall quality

of banks' international loan portfolios due to the improved position of oil-importing LDCs.

By Feb. 25, Feldstein and Volcker chimed in, testifying before the Senate Budget Committee, both arguing that the projected oil price drop should accelerate the drop in interest rates. Then on Sunday, Feb. 27, Volcker, Regan, and Feldstein dominated national television, trumpeting the advent of a U.S. recovery. Spellbound by his advisers, the President was prompted to assert that the imminent drop in world oil prices could trigger a robust U.S. recovery, freeing up billions of dollars currently spent on oil imports.

A Williamsburg package

According to reliable Washington sources, the Shultz-triggered brainwashing blitz was concocted in coordination with the inner circle of the IMF and BIS, and was timed to sedate the sense of urgency at three upcoming international meetings: the early March Non-Aligned meeting in New Delhi, the late March meeting of the Group of 77 in Buenos Aires, and the late May Williamsburg economic summit. These sources emphasize that Shultz et al. are already asking a disastrous price from President Reagan and other world leaders in order to secure the fabled recovery. This demand, various sources report, comprises Shultz's main agenda item for the economic summit. It has five elements, all of which represent serious infringements against national sovereignty:

- 1) Establishing the principle of linking IMF debt programs to Third World population control.
- 2) Escalating the pressure on President Reagan to hand over the U.S. Treasury lock, stock, and barrel to the IMF to fund bank bailout operations.

3) Forcing Japan, France, and others to dismantle government subsidy programs essential to those economies.

4) Continued intensified budget austerity worldwide, but particularly focusing on the United States.

5) And finally, the dismantling of Reagan's program to strengthen U.S. defense.

White House sources have cautioned me that the late-May Williamsburg summit is now considered by the White House the most crucial gathering of 1983, a gathering at which hard decisions will be made, particularly on monetary reform. On Feb. 23, President Reagan told reporters at a White House breakfast that participants at the summit could decide to convene a new international monetary conference to deal with exchange rates. While my White House sources say that relationships between the Shultz State Department and the White House are at an all-time low, and Shultz's personal credibility is for the first time beginning to be questioned within the President's inner circle, Shultz is reportedly consolidating his position not only as the control point over the Williamsburg summit, but also as the leading voice on monetary and economic matters within the administration. Shultz's position on these matters is reported to have been recently strengthened by the private endorsement of his old friend and collaborator Defense Secretary Caspar Weinberger.

Under advice from Morgan Guaranty Bank, of which he is a former director, Shultz intends to propose at Williamsburg the following strengthening of the IMF to "get the IMF much more involved in managing and directing the world economy," according to Washington sources.

- A new exchange-rate regime for both the Third World and the OECD. Shultz wants to extend Article IV of the IMF Jamaica Agreement, and "get IMF surveillance of currency rates really moving." That would be enforced by the IMF giving and publicizing advice on currency parities.

"First is the question of the Third World currencies. There are already currency crises all over the Third World. Mexico, Brazil, now Venezuela, Chile, soon Indonesia, and the Philippines will have crises. These countries are already imposing unilateral exchange controls, like Venezuela. This cannot go on. If they must have exchange controls, Shultz believes, then the IMF must run these regimes," said a source.

- Shultz believes that for the OECD countries, currency zones are needed. "Right now there is tremendous pressure within Europe to get the pound into the EMS (European Monetary System) and to then connect the dollar with the EMS," this source said. "The first step is sterling. Helmut Schmidt is pushing this, because people in Europe are rapidly getting furious at sterling being outside the EMS snake. U.S. Ambassador to Germany Arthur Burns and Shultz are open to this."

- Shultz will propose an expansion of the IMF's "Supplementary Finance Facility,"—which subsidizes countries who lose revenue because their commodity prices collapse—to help the poorer oil producing nations and divide the Third

LaRouche: 'Shultz is on an insane ego trip'

According to internationally known economist Lyndon H. LaRouche, U.S. Secretary of State George Shultz is "on an ego-trip" to prove he was right in his restructuring of the world monetary system after the United States took the dollar off gold on Aug. 15, 1971. "Shultz is doing what he's doing," LaRouche says, "because, as he [Shultz] documents in his 1977 book, *Economic Policy Behind the Headlines*, Shultz and Henry Kissinger were responsible for taking the dollar off the gold standard, and the subsequent reorganization of the Bretton Woods monetary system."

"Now that the whole structure is falling down like a house of cards, Shultz is out to prove to the world he was right," LaRouche said. Shultz is being backed up in his activities by AFL-CIO president Lane Kirkland, "a puppet of the British Fabian Society, and by Henry Kissinger, who has bragged of his service to the British over the entire postwar era," LaRouche charged.

"Any ambassadors throughout Ibero-America who are operating under the delusions of Shultz's ego-trip are also lunatics," LaRouche said. "Vernon Walters," the U.S. State Department's special ambassador for Latin America, "is another madman who should be kept out of Ibero-America," LaRouche said. "Walters is linked to the controllers of death squads and to the controllers of the psychopathic mass murderer Rios Montt. This is through his relationship to the Buckleyite Christendom College in Virginia, home of the Tradition, Family, and Property cultists who have targeted Pope John Paul II for assassination."

"The whole cabal of State Department anglophiles is acting in direct violation of U.S. law," LaRouche said. "The so-called Ditchley group of bankers has formed a creditors' cartel, in violation of U.S. Anti-Trust law, and the State Department, instead of seeking prosecution, is acting as Ditchley's collection agency in Ibero-America and the developing sector generally. They have ripped up the Monroe Doctrine and are collaborating with the British and Swiss banking interests in trampling on the sovereign republics of Ibero-America," LaRouche concluded.

World. Shultz intends to propose that Mexico, Indonesia, etc. will be put in the "fourth world," classed as hopeless regarding commercial bank loans, forced into bankruptcy and their debt reorganized, then given the IMF's new Supplementary Facility dribble of loans. Brazil and other non-oil producers are in the third, more favored, category.

● Last, Shultz proposes to make stepped-up IMF surveillance in the Third World into a main agenda topic at Williamsburg. "The IMF should not wait until a country is already bankrupt, but should go in before hand and exercise surveillance," the source said. This idea of "preventive surveillance" was discussed as part of the secret agenda at the IMF Interim Meeting recently.

On Feb. 17, Shultz requested that the White House invite him to give an advance briefing on the Williamsburg summit, and the White House agreed. Sources report that the motivation behind this maneuver by Shultz was to make it clear to the media and to others within the administration that he was in solid control of the Williamsburg process. Then, on Feb. 23, Shultz moved to bolster control over monetary policy and the upcoming summit by giving his mentor, Undersecretary of State for Economic Affairs W. Allen Wallis, direct control over the summit planning process and creating a new adjunct institution for him. Shultz announced the formation of a new "Policy Planning Council." According to its new chairman, Stephen Bosworth, a State Department official who had served under Henry Kissinger as deputy assistant secretary for resources and food policy, the council will concentrate "on the concern about the problems that many countries have been encountering in paying their international debt—economic issues with political implications."

Other members of the council include Paul Boeker, whom Shultz described as "a career minister in the Foreign Service," and who was Kissinger's assistant secretary for economics and business affairs in the Ford administration; Robert Osgood, a former dean at Johns Hopkins University's School for Advanced International Studies and a former National Security Council (NSC) staffer under Kissinger in the Nixon administration; Peter Rodman, most recently a fellow at Georgetown University's Center for Strategic and International Studies and an NSC staff member under Kissinger in 1969-77. Shultz described Rodman to the press as "a close associate of Henry Kissinger"; Rodman is rumored to have ghostwritten Kissinger's autobiography.

While Shultz has moved aggressively to guarantee top-down control over Williamsburg, his scheme largely remains shrouded in tight State Department secrecy. Yet, over the course of the past weeks, State and Treasury sources euphorically hinted at a list of high-priced items Shultz and his cohorts will be demanding of President Reagan, the Japanese, the French, and others at Williamsburg in exchange for the appearance of a recovery.

Depopulation policy

For the first time since taking office some eight months

ago, in a speech delivered on Feb. 24 to the Southern Center for International Studies in Atlanta, Shultz specifically cited population reduction, particularly in the "overpopulated" urban centers of the Third World, as vital to a recovery. Shultz, who was about to join the board of the Club of Rome-sponsored "Global Tomorrow" (an elitist group advocating genocidal levels of population cutbacks in the developing sector) immediately before becoming secretary of state, identified as a model situation in this regard Mexico, whose 62 million people would be well advised, according to the secretary, to lower their birth rate to two children per family. Shultz re-emphasized the alleged relationship between Third World population control and economic recovery in testimony on Capitol Hill on Feb. 28.

Shultz may surface a model plan at the Williamsburg meeting which would make population control a condition of IMF-approved loans. Speculation was fueled on this matter when Donald Regan, appearing on national television on Feb. 27, reported that both Mexico and Venezuela would be two of the immediate "big losers" when oil prices drop. Regan projected that the tenuous IMF-engineered Mexico debt package may soon have to be renegotiated. The population question could come up within the context. Nevertheless, at Williamsburg, the deteriorating situations of Mexico, Venezuela, and other weaker oil producers will be on the agenda, and if Regan's early signals hold true, the attendees will be discussing more than the publicly acknowledged agenda item of increasing the IMF quota despite parliamentary or congressional resistance. This effort would require larger direct U.S. Treasury and Fed emergency funding operations, and Shultz would be dragging a resistant President one step further into handing over a U.S. Treasury blank check for a futile bailout of the major international banks. They also suggest that Shultz, walking into the Williamsburg conference from a "position of strength" if signs of recovery continue and interest rates drop, will demand "free trade" policies, particularly in the case of government-subsidized European and Japanese farm products.

Feldstein and Volcker, along with the Democratic leadership on Capitol Hill, meanwhile insist that interest rates will only continue to go down if budget deficits are reduced. Shultz will bring that message to the Williamsburg table. Some in Washington are now suggesting that a sizable proportion of alleged oil price savings will go toward reducing budget deficits, that is, austerity.

Shultz and the rest of the bankers' crowd in the administration are taking specific aim at the U.S. defense budget. As initially demanded by the Bank for International Settlements a year and a half ago, and again by the IMF Interim Committee meeting in Washington in early February, the administration's program for rebuilding the nation's strategic defenses must be abandoned for "budgetary" reasons, according to the policy privately supported by a majority of the Reagan administration grouped around Shultz, Regan, and White House Chief of Staff James Baker.

Vance and McNamara send message to Soviets

by Lonnie Wolfe

Cyrus Vance, the former secretary of state who ordered the production of the Carter administration's *Global 2000* blueprint for genocidal population reduction, and Robert Strange McNamara, the former defense secretary who ran the no-win meatgrinder war in Vietnam, held a press conference in Washington, D.C. on Feb. 28 to propose \$135 billion in defense budget cuts over five years, lying that such cuts could be made without threatening U.S. national security.

Vance, McNamara, and company have no concern for U.S. national security, nor are they concerned with "balancing the budget," but they plan to use the budget-cutting hysteria to create momentum in Congress in favor of defense cuts.

Vance identified the real target of his attack on defense spending when he interrupted McNamara at the press conference to warn that the United States must never deploy an antiballistic missile defense system, which he claimed would threaten the "delicate balance of world peace."

On March 1, a spokesman for the National Democratic Policy Committee, whose advisory committee is chaired by *EIR* founder Lyndon LaRouche, announced a stepped-up national mobilization to secure passage of legislation mandating a crash program to develop beam weapons. "The Vance-McNamara proposals are a plan for the strategic disarmament of the United States," said the NDPC spokesman. "They are the flip side of the nuclear freeze proposal now before Congress, a proposal supported by both Vance and McNamara."

The Vance-McNamara proposal was contained in letters dispatched Feb. 28 to the respective chairmen of the Senate and House budget committees. The plan amounts to a gutting of any kind of weapons system that smacks of high technology, with particular emphasis placed on eliminating programs for the development of U.S. strategic nuclear forces. Among those items they would slash are the B-1 bomber, the plane which is to replace the outdated B-52 bomber; the entire MX missile program, which would replace already obsolete U.S. ICBMs; the purchase of new fighter aircraft, to defend the U.S. from manned bomber attack; and the purchase of three new nuclear-powered aircraft carriers, to expand U.S. naval capabilities.

Such cuts would force a further collapse of the U.S. defense industrial base and scientific research capacities. Vance and McNamara, both rabid ideologues of the "post-industrial" world order, would like nothing better.

Vance and McNamara admitted that such cuts would place U.S. defense spending at levels far below even those of the last year of the Carter administration. Vance used the "economic crisis" to justify these cuts, stating that U.S. defense spending was the major economic threat to the nation.

Such arguments are tailored to Capitol Hill, but there is a larger aspect. McNamara and Vance are governed by the delusion that nuclear war is impossible under the insane doctrine of Mutually Assured Destruction because the destruction of both sides is "assured" by the size of their nuclear arsenals. The United States, in their view, must now devote its greatly reduced resources preparing to police wars in the developing sector, as recommended by former chairman of the Joint Chiefs of Staff Gen. Maxwell Taylor. Conventional wars are planned there to eliminate "excess" billions of population as specified in the *Global 2000* documents, developed by Vance's State Department and supported by former World Bank president McNamara.

Sources in the defense intelligence community identify the Vance-McNamara proposal as a signal to the Soviet leadership regarding the military posture of a "peace government" led by the Harrimanite wing of the Democratic Party of Eastern Establishment "liberals," which is directed by Averell Harriman and Democratic national chairman Charles Manatt and would take power in the 1984 presidential elections.

One source stated that Vance and McNamara believe that they must "send Andropov" a message soon by forcing Congress to cut the Reagan defense budget and blocking any push for beam weapons development. This, said the source, would prove that the Harrimanites are the people who wield power in the United States and hence the people with which Soviet leader Andropov should "cut a deal." Passage of the freeze resolution by Congress would have a similar effect.

The freeze question

The Harrimanites are thus in mobilization to ram the nuclear freeze resolution, House Joint Resolution 2, through the House by the middle of this month. As things stand now, the House Foreign Affairs Committee is expected to send the resolution to the floor the week of March 15. Last year, the freeze lost in the House by only two votes. The Harrimanites are counting on the new Democratic members of Congress to turn the tide in their direction. They are busying a horde of freeze backers into Washington to lobby before the vote.

Should the freeze pass, its backers will use it to push for a stampede cut in strategic weapons programs à la the Vance-McNamara proposal. Most important, they will try to stampede Congress against beam weapons development, using proposals sponsored by Sen. Larry Pressler (R-S.D.) to ban "space weapons."

How free elections were abolished in Chicago: an eyewitness account

by Warren Hamerman

On the eve of the municipal election, the local representative of the national justice ministry called a dramatic press conference to announce that the national police and other federal agencies were taking jurisdiction for supervising the election to enforce the “integrity” of the ballot. Standing behind the justice ministry official were the heads of the national police force, the federal border and immigration police, and the national tax enforcement police. For several weeks leading up to this extraordinary press conference, the self-same head of the justice ministry had repeatedly been in the news for having initiated one federal grand jury after another which threatened to indict three-quarters of the politicians in the city.

Then, on election day itself, in the early afternoon, hours before the polls closed, and with radio reports proclaiming that thousands of federal agents and attorneys were deployed throughout the city, the same justice ministry official appeared with the emergency message that the national police had decided to “confiscate in advance” all election materials and ballots.

In fact, the local justice ministry official in the city was formerly the prize student of the governor of the state—himself previously the local justice ministry official in that same city before his “unexpected success” in politics.

Later that evening when the ballots were counted, the unexpected victor—the candidate who rose from the ranks of an oppressed minority to become the most militant advocate of austerity programs and of breaking up the existing political machines, was declared the winner in the first federally supervised local election in the nation’s history.

Was this Nazi Germany in the 1930s? Fascist Italy? Khomeini’s Iran in the early 1980s?

In fact, these events occurred in the Democratic mayoral primary in Chicago on Feb. 22, 1983, as the Federal Bureau of Investigation (FBI) under Judge William Webster and the U.S. Justice Department installed black congressman Harold Washington as the Democratic mayoral candidate. Washington

was nominated over Richard Daley (the son of the former mayor, he had gone to his father’s sworn enemies at the *Chicago Sun Times* to cut a deal, and predictably was cut up himself in the process) and incumbent Jayne Byrne (the political puppet of the notoriously corrupt Burke family, who was publicly ridiculed for her repeated facelifts, unsavory underworld connections, and high daily dosage of the drug Valium).

International and national media attention has focused on the election results as a trend-setting racial confrontation in which black candidate Washington (with the proverbial 200 percent of the black vote) defeated the two white candidates, who split the white vote about 52 percent to 48 percent.

What happened is that the FBI and Justice Department have established a full-scale unconstitutional precedent by running the first police state election in America.

The candidate who won the primary, Harold Washington, benefited from a full-scale Orwellian deployment by the media, counterinsurgent operatives, and the national Republican Party, as well as the police-state apparatus of the FBI and Department of Justice. Washington is a special type of “new breed” politician, created to be an instrument of post-industrial society austerity programs disguised in “civil rights” rhetoric. Harold Washington was best known for ending his campaign rallies with the extraordinary militant call: “Brothers and sisters, let’s get about the business of raising taxes now.”

As a U.S. congressman, Washington was one of the leading advocates of the nuclear freeze; his campaign endorsement by Sen. Alan Cranston represented an attempt by the post-industrial society social-control planners to fuse the radical environmentalist freeze movement with that segment of the black political apparatus which Harold Washington represents—a domestic version of “militant third-worldist” Brandt Commission policies for “sharing” a drastically shrinking economic pie in a time of world depression.

Washington’s campaign manager, Al Raby, was trained

at the Chicago Theological Seminary, and then became an expert in implementing sterilization and depopulation programs as director of the Peace Corps in the Horn of Africa. Raby was long the Chicago head of the Chicago Combined Civic Organization (CCCO), a coordinating apparatus for neo-fascist "community control" operations. Raby has been a long-time associate of professional incendiary University of Chicago-controlled Jesse Jackson, who has been reliably reported to have been a Justice Department/FBI operative for at least a dozen years. Raby and Jackson were on the balcony with Martin Luther King in 1968, and disappeared just before the shots were fired which killed King. Speculation persists among private investigators concerning their possible complicity, but nothing has ever been proven.

A few days before the Chicago election, Jackson was in Washington meeting with officials of the Justice Department Civil Rights Division to coordinate the final phase of the Chicago scenario. Washington's press coordinator Chris Chandler is an expert on studying the hunting practices of ancient tribes; he is also a protégé of top operative Don Rose, the son of the one-time UPI bureau chief in Chicago who controls the local media manipulation apparatus. Other operatives in the Washington inner core include: Playboy Foundation head and ecologist Rebecca Sive-Tomasheffsky, reporter Chip Berlett of the pro-drug NORML (National Organization for Reform of Marijuana Laws), Haki Mahabuti of the Institute for Positive Education, Lou Palmer of the Chicago Black United Communities, which is connected to Yuri Andropov's assets in the Democratic Party, Louis Farakhan, head of the Nation of Islam, and others.

The key FBI/Department of Justice instrument for controlling the election was U.S. Attorney Dan K. Webb. At Northwestern Law School, Webb studied under Jim Thompson, the current governor of Illinois. Thompson, the Department of Justice glamour boy in Chicago when he was U.S. Attorney, was selected as the special prosecutor in the Spiro Agnew case. Thompson's other two protégés were Tyrone Fahner (formerly in the state attorney's office and now in the Meyer, Brown and Platt law firm) and Peter Vaira, who worked closely with Abscam prosecutor Thomas Puccio and currently is deployed into Philadelphia. In the final weeks of the campaign, Webb, together with the local heads of the FBI and IRS, were calling more press conferences and getting more prominent press coverage than were any of the candidates.

The Justice Department and FBI obviously had useful connections in the Illinois Republican apparatus through Governor Thompson. Justice and the FBI moved in hard into Richard Daley's camp when former Attorney General Edward Levi endorsed him; they had their hooks into the Byrne camp through the auspices of Ted Kennedy (her endorser), among others. The national police state apparatus proceeded to play all ends against the middle. A few key brushstrokes can paint the entire picture.

Fact #1: The local and national Republicans as well as some political idiots in and around the White House were up to their necks in approving an "anything goes" policy, carried away by their hope of installing a Republican as mayor of Chicago, or at least trying to ensure that the Republicans would win Illinois in the 1984 elections.

Evidence: One of the highest officials of the state Republican Party told me: "The national Republicans, and Percy and Thompson here, feel that if the nigger Washington wins the primary, then Epton has a chance of unifying all the whites behind him for mayor. There will be a huge Republican crossover—not to Byrne . . . but to Washington." (According to local election laws, members of the Republican party or independents can vote in the Democratic Primary by merely requesting such a ballot on election day; this type of vote is called a "crossover.") Such a crossover vote in fact occurred, and since the primary at least two white aldermen have defected from the Democratic ticket to back Republican candidate Bernard Epton for mayor on the self-stated grounds of "racial pride." Sources in Washington, D.C. report that several cabinet officials avidly followed the elections with the expectation that the Republicans could easily carry Illinois in the 1984 presidential race if anyone but Daley won. Before the elections, on-the-scene investigations in Chicago procured details of the specific mechanisms of the Republican deployment, which in fact conformed precisely with voting patterns on election day.

Fact #2: Cook County Democratic chairman Ed Vrdolyak, who was supposedly the unstoppable "fixer" for Jayne Byrne, was working for a Washington victory in order to plea-bargain his way out of federal charges.

Evidence: The day after the election, Vrdolyak negotiated a settlement with the IRS for the payment of \$100,000 in back taxes without penalty or indictment. Vrdolyak was known in Chicago as the leader of the East European mafia; he was also the alderman of the heavily white ethnic 10th Ward. Several days before the election *EIR* learned directly from sources around Vrdolyak that there would be a large GOP crossover to Washington, and Washington would do surprisingly well even in the 10th Ward. The overall evaluation we were given was that Vrdolyak was simply working primarily to avoid a federal indictment against himself.

Fact #3: Certain political advisers to Richard Daley were "turned" by the Justice Department under threat of indictment.

Evidence: One of Daley's key advisers predicted several weeks before the election that U.S. Attorney Dan Webb was about to open several new grand juries which could blow up against both Byrne and Daley people. Several of these people from both camps told me, "My first priority is to avoid an indictment mess; my second priority is getting my candidate elected." After the election, one of them sheepishly insisted that his candidate lost because "the Washington happening became a phenomenon, and the phenomenon was unstoppable."

Fact #4: The population was exposed to selected sensational stories of how elections are fixed, so that they accepted the presence of the FBI, IRS, Justice Department, and Immigration and Naturalization Service operatives as a necessary "intrusion" in the local election.

Evidence: Several days before the election a group of machine Democrats was indicted for over 200 instances of vote fraud during the previous fall's scandal-ridden gubernatorial race. On the morning of the mayoral election, city workers who had just been given the traditional "street money" to fix the results in their precincts were told that, with all the federal lawyers around, they would have to be careful. Said one: "I'm not about to get indicted; there's nothing wrong with voting phony 10 or 20 times the right way, but those other guys pulled the lever over 200 times and that's illegal!"

In fact, under the pretext of preventing vote fraud, the Department of Justice and FBI engaged in covering for one of the most criminal disenfranchisements in U.S. history.

The Jones vote

LaRouche Democrat Sheila Jones, who campaigned for a New World Economic Order and the development of beam weapons as the "science driver" for getting the U.S. economy out of a depression, received a base-line minimum of 75,000 votes, yet she was officially awarded less than 1 percent of the vote. Why?

Jones's vote represented a mandate, on the eve of the Non-Aligned nations' summit in New Delhi, for *EIR* founder LaRouche's policy of a debtors' cartel and a New World Economic Order based on development. Had Jones received her official vote total, she would have emerged as the leader of the only stable constituency among Chicago citizens for directing the city out of the depression through exports to the Third World and infrastructural investment. While the Harold Washington campaign was programmed to ignite Civil War divisiveness at a time of crisis, Sheila Jones put forward the programs of Abraham Lincoln against colonialism.

Members of the Byrne, Daley, and Washington camps bragged that while the Justice Department was controlling the precincts closely, everyone was prepared to neutralize the Jones vote. That vote was greater than the margin that determined the spread between the first and third candidate. In Washington strongholds, Washington workers massively stole or destroyed Jones vote. In Daley areas and Byrne strongholds, they did likewise. In all three areas, the working assumption was that the FBI and Justice Department attorney would not be interested in what happened to the Jones vote.

The Jones campaign has presented to U.S. Attorney Webb and other officials detailed documentation of how her vote was stolen. Should the Justice Department and FBI refuse to act on the evidence, the police-state apparatus itself would be brought to light as guarantors of the vote fix.

For example, in the 16th Ward, in Chicago's South Side,

a black working-class district, Harold Washington rolled up huge margins over all candidates. In a telephone canvass of only a few hours, investigators identified 30 documentable Jones votes; while in the entire 16th Ward Jones was only given 14 votes! Sixteen affidavits have been collected in that ward from precincts where no Jones votes were even recorded. Scores of voters from other areas of the city have contacted the Jones campaign to report that their votes were not counted.

The voter surveys are substantiated by prima facie evidence of vote fraud found on official certificates of return filled out by election judges in the 16th Ward on election day. In Chicago's computer voting system, information submitted on the certificates of return is used to track what happens to ballots. This is supposed to prevent ballot substitution and other common methods of vote fraud. In 49 of the 54 precincts in this 16th Ward alone (Chicago has 50 wards in all), the number of votes cast for mayor was less than the total ballots issued, by factors as great as 20 percent per precinct. In the exit polls in these precincts, a 10 percent-plus vote for Jones was tallied. If the official returns are to be believed, 1 out of every 10 voters in the 16th Ward, for example, asked for a Democratic ballot but then did not vote in the hotly contested mayoral race. This extraordinary and unprecedented level of 10 to 20 percent unused and "spoiled" ballots corresponds to what would have been expected to be the Jones vote.

In a press statement issued on March 2, Sheila Jones challenged U.S. Attorney Webb to investigate information received by his office which proved that the Chicago mayoral primary was "permeated" with fraud. "If Webb refuses to investigate information turned over to his office by my campaign representatives," Jones stated, "that only proves that he was part of a very dirty scenario which has the whole city whispering. Every politician in this city knows that Harold Washington's alleged victory margin came from a mobilization of a heavy Republican crossover vote for Washington; this was part of a filthy scenario to bring this city to the brink of complete racial polarization and potential violence while Republicans capitalize on white emotions for their own purposes in 1984. If Webb refuses to investigate, this only proves what everyone has said—the whole hoopla about vote fraud control and prosecution was part and parcel of this scenario aimed at terrifying and intimidating traditional Chicago machine politics."

Jones stated, finally: "On the national level, the foes of Lyndon LaRouche in banker Manatt and Lane Kirkland's Democratic Party have sent out the word to keep the votes down for LaRouche candidates. They and their masters fear that a strong 'LaRouche Democrat' vote will give courage to Third World leaders for them to explode the debt bomb and renegotiate the present international payments crisis, on a basis which will ensure the survival and development of the Third World and the recovery of the U.S. economy through an export boom."

Governors' conference demands more austerity

by Kathleen Klenetsky from Washington

In a demonstration of how easily U.S. elected officials can be made to embrace policies completely at odds with national interests, the National Governors' Association (NGA) on March 1 endorsed a budget-slashing resolution concocted by Harrimanite Democrats and Wall Street Republicans, backed by Paul Volcker and pro-British bankers.

NGA spokesmen stressed that this "bipartisan" effort was the first time that the group—which comprises the governors of the 50 states—has taken a position on issues not immediately related to the states. That in itself could be a welcome development, but the stance in question was an inauspicious beginning.

The resolution, which passed 30 to 10 at the final session of the NGA's winter conference in Washington, D.C., puts the governors in the camp of those elements who claim that economic recovery can only be achieved through extreme austerity.

In that blood-letting spirit, the document calls on the President and Congress to enact sharp reductions in social spending, especially in entitlement programs (programs to which the recipients have contributed through tax payments) such as Social Security and Medicare; to impose limits on defense spending (similar, proponents said, to those proposed Feb. 28 by former Defense Secretaries Cyrus Vance and Robert McNamara); and to raise taxes.

As one of the resolution's sponsors, Gov. Jim Thompson (R-Ill.), told his colleagues during the plenary session: "It takes a special kind of courage to face down old people and tell them they can't have everything they want in the way of medical care and Social Security."

Despite all the rhetoric about the governors taking responsibility for the national economy, when *EIR* asked a number of governors where they stood on the issue of increasing Treasury contributions to the International Monetary Fund, almost all of them refused to comment on the grounds that it "did not directly affect them." Yet many governors complained that their states' export trade was painfully shrinking because developing countries can no longer afford to import. The only governor who ventured a comment on the IMF, Republican Bud Janklow of South Dakota, said that while he realized that the policy of IMF conditionalities has definitely

interfered with U.S. exports, "people [in the developing sector] have to learn that they can't throw their money away on luxuries."

Harrimanite offspring

According to NGA staffer Jed Kee, the budget resolution was the brainchild of a three-man task force consisting of Governor Thompson; Gov. Richard Lamm of Colorado, one of the leading "Atari Democrats" and a defender of cannibalism; and NGA chairman Scott Matheson, a Utah Democrat who until recently worked as a lawyer for the Harriman family's Union Pacific railroad. Matheson was a guest speaker at the Feb. 28 dinner co-sponsored by the Democratic National Committee and Pamela Harriman's political action committee, Democrats for the '80s.

Helping the task force draft the resolution were several of the most vocal pro-austerity organizations in the country, including the Congressional Budget Office (whose deputy director, Richard Scheppach, recently joined the NGA as executive director) and the Bipartisan Committee to Resolve Inflation, a group of 500 banking and business spokesmen recently pulled together by Lehman Brothers, Kuhn Loeb partner Peter Peterson to lobby for radical cuts in consumption and for big tax hikes.

Peterson was one of several big names the resolution sponsors brandished to pull the governors into endorsing their document. In a speech delivered just before the final vote was taken, Peterson hailed the resolution as a "very helpful" step, and went on to exhort the governors to "keep on focusing on the real problem areas—pensions, Social Security and Medicare." Peterson noted that his group, which has taken out full-page ads in newspapers all across the country, is proposing that by 1985, entitlement programs be cut by \$60 billion; defense by \$25 billion; and that taxes be increased by \$65 billion. He was applauded vigorously.

Others who endorsed the resolution included Rep. Jim Jones (D-Okla.), chairman of the House Budget Committee; his Senate counterpart, Peter Domenici (R-N.M.); and, reportedly, Paul Volcker, who met with the governors behind closed doors on Feb. 28.

The counterpart to the outright austerity drive was a drumbeat for the "post-industrial society," under the impetus of Gov. James Hunt (D-N.C.), an ally of DNC chairman Charles Manatt and the Harrimans. Governors of states in which the destruction of the industrial base by Paul Volcker's interest rates have thrown millions of people out of work and turned formerly prosperous cities into ghost towns were told by Hunt and his collaborators that, by encouraging a shift away from basic industries to communication and information-processing, economic growth in their states would be ensured. Hunt specifically pushed a new education scheme which, under the guise of improving mathematical and scientific literacy, would turn out a generation of *idiots-savants* capable only of operating (but not developing) computers and calculators.

Moynihan leads charge for slave-labor bill

By an overwhelming 301-87 vote, the House passed a bill March 2 to create an American Conservation Corps (ACC), authorizing some \$300 million a year for the next six years to create approximately 100,000 jobs per year. The bill, sponsored by Rep. John Seiberling (D-Ohio), was defended on the House floor because it calls for labor-intensive jobs. "The ACC is not a slickly packaged version of a pork-barrel boondoggle," said Rep. Douglas Bereuter (R-Neb.). "It is based on a proven concept." Men and women, ranging in age from 15 to 25, would perform "backbreaking, unglamorous tasks."

"Unlike pork-barrel programs lurking in other so-called jobs programs," said Rep. Thomas Petri (R-Wisc.), another supporter of the bill, "the jobs created in this bill would be labor intensive, inexpensive, and cost-effective."

The real godfather of this hideous legislation is Sen. Daniel Patrick Moynihan (D-N.Y.).

An aide pointed out that since the program would be targeted to the disadvantaged, "you'll have mostly inner city blacks breaking their ass under real strict discipline. We'll grind them into shape digging ditches and in hard labor. This is hard labor for the most part and for real low wages—the minimum wage."

The aide stated that the entire environmental movement will mobilize behind the bill. "The Sierra Club is just wonderful," he said. "They understand the meaning of hard work for a good cause, like the environment. Moynihan has always stood by the en-

vironmentalists on important matters. They want the bill expanded. They say that we should have 250,000 people doing this work."

The AFL-CIO will also back the bill and has been supportive of Moynihan from the beginning, the aide reported.

"These are not union jobs," said the aide. "These are jobs for black kids, mostly at hard labor. It is important that the labor movement is showing a community of interest here with minorities and the environmentalists."

Many black groups have endorsed the plan, including the Urban League, the aide boasted. They expect "new black political leaders" like would-be Chicago mayor Harold Washington to endorse the plan. Washington supported it as a congressman.

At this moment, the administration officially opposes the bill on purely budgetary grounds. Should the bill pass the Senate, they would not, however, veto it.

Moynihan's people are exploring the possibility of a compromise with the White House which would involve payment of a stipend instead of wages, at a level lower than the federal minimum wages; they would manage this by saying that room and board are an included part of the total wage-stipend.

Moynihan's current strategy calls for an effort to bring the bill for a vote before the Senate Energy and Interior Committee, following hearings within the next few weeks (the bill is in this committee because the program is administered by the Interior Department). If that should fail, Moynihan will try to tack it onto some other legislation.

The bill has solid support from the Democratic leadership, including

Senate Minority Leader Bobby Byrd (D-W. Va.). Moynihan is reported to be cautiously optimistic about passage.

Defense subcommittee ignores real defense

In their first opportunity to question Defense Undersecretary for Research and Engineering Richard D. DeLauer on administration programs for such advanced weapons systems as directed-energy beam research, the Senate Appropriations Subcommittee on Defense instead focused on anti-defense articles in the press and purported Soviet theft on U.S. technology. While DeLauer's extensive written report to the subcommittee on research and development and acquisitions contained several brief paragraphs on directed-energy systems, sandwiched between material on software and cruise missile technology, the undersecretary did not mention such research in his remarks to the committee and made only passing reference to administration efforts in basic physics.

Senator Jake Garn (R-Utah) spent ten minutes attacking a recent *Time* magazine article on defense and then left to chair a Senate Banking Committee hearing. Senator William Proxmire (D-Wis.) then took the discussion into the area of Soviet thefts of U.S. technology, with the concurrence of DeLauer and the subcommittee.

Proxmire asserted that the Soviets spend an enormous amount of resources in trying to "close the technology gap," and that half of their success in doing so comes from stealing or gaining access to U.S. advances in technology.

DeLauer enthusiastically agreed and offered the subcommittee a classified briefing on Soviet espionage activities in the technology area.

After the hearing, an observer suggested that perhaps the decision to keep the U.S. directed-energy beam program at an order of magnitude smaller than the Soviets' is to prevent their theft of this important technology.

Senator opposes IMF increase for wrong reasons

Citing grassroots opposition, Sen. Gordon Humphrey (R-N.H.) announced in a statement on the Senate floor March 1 that he will oppose the administration's request to increase the IMF quota by \$8.4 billion dollars.

Humphrey stated that, "the fact of the matter is that the United States is being pressured by the IMF, the banks, and other harbingers of doomsday scenarios to push ourselves more deeply into the black hole of international debt."

But in typically conservative ideological fashion, Humphrey blamed the "mismanagers of struggling LDC economies" for the crisis and urged the United States to stop giving money to "ideological adversaries."

Showing the real source of his opposition to the quota increases, Humphrey suggested that his colleagues "take the time to poll their constituents on this question," asserting that "they will find very little support for this proposal at the grassroots level." Last month, Humphrey engaged in a lively exchange at a New Hampshire town meeting with representatives of the National Democratic Policy Committee.

NonSENSE solar bill introduced in Senate

Senators from across the political spectrum introduced the Solar Energy National Security and Employment Act (SENSE) on Feb. 28, in an effort to put solar energy and conservation in the forefront of U.S. energy efforts. Senators ranging from Pete Domenici (R-N.M.) and Barry Goldwater (R-Ariz.) to Paul Tsongas (D-Mass.), Dale Bumpers (D-Ark.), and Claiborne Pell (D-R.I.) have put forward a package of legislation which will foster use of solar energy and energy conservation by means of tax credits, loans, mandating utilization in U.S. defense facilities, and small business incentives.

The ludicrous invocation of the national security benefits to be gained by reducing dependence on imported oil through renewable resources and conservation, coupled with the so-called employment benefits to be found in the solar and conservation "industries," led *EIR* to question whether the legislation was being introduced as a conscious foil to efforts to make a directed energy beam program a center of national attention.

In motivating his support for SENSE, Sen. Dale Bumpers cites the infamous *Global 2000 Report*, issued during the Carter administration, on the need for renewable energy sources: "If this gap [between worldwide oil supply and demand] is not filled with energy from renewables, at least in part, *Global 2000* concludes that it will require far higher prices and slower economic growth." Bumpers adds the *Global 2000 Report's* argument against using nuclear energy to fill this gap.

House passes science education bill

The House of Representatives passed by an overwhelming margin a bill to improve science and mathematics education in the United States March 2. The legislation, sponsored by Education and Labor Committee chairman Carl Perkins (D-Ky.), would provide \$425 million for retraining teachers, for scholarships, and for more research. Some of the funding can be spent on new equipment, such as computers.

The vote of 348 to 54 in favor of the bill underscores the fact that Congress has discovered the enormous national shortfall in qualified science, math, and engineering teachers in the country. The Perkins bill, one of dozens of similar bills, appears to be a good-faith effort to address the problem at its lowest level.

However, the lack of an effective approach to rejuvenating the industrial base of the United States, which would define the need for basic science and mathematics education, means that the congressional debate is likely to soon stray into the direction of "computer learning for a post-industrial society."

There is a multiplicity of bills on the Senate side on science, mathematics, and education, sponsored by the "Atari" Democrats (and Republicans) who hope to retool education for a post-industrial society.

Exemplary of the senators who have sponsored education legislation in the Senate are Gary Hart (D-Colo.), Paul Tsongas (D-Mass.), Club of Rome member Claiborne Pell (D-R.I.), Bill Bradley (D-N.J.), and Chris Dodd (D-Conn.).

National News

Infrared satellite makes new discoveries

The National Aeronautics and Space Administration announced Feb. 21 that it had received the first set of images from its orbiting Infrared Astronomical Satellite (IRAS), revealing highly organized and structured sources of infrared radiation within the Large Magellanic Cloud of a type never before observed.

Focusing on the nebula 30 Doradus within the Large Magellanic Cloud, 155,000 light years from earth, IRAS revealed the fine-grained structure of the "Tarantula" region as composed of long thin filaments of ionized hydrogen plasma. Within this region, IRAS also detected numerous centers of infrared radiation, which may be embryonic stars in the process of coalescing.

Such observations of the self-organizing process of astronomical plasmas is giving scientists new insight into the high-energy plasma dynamics necessary for the construction of controlled thermonuclear fusion reactors.

IRAS will continue to operate for the next eight months, in the course of which it will map the entire sky with its infrared telescopic images. Such an all-sky map, says NASA, will "revolutionize astronomical knowledge."

FALN terrorists freed in New York City

Five terrorist suspects were released without bail on Feb. 16 after a secret New York grand jury investigating the criminal activities of the Puerto Rican terrorist group FALN found them guilty of "criminal contempt." Judge Charles P. Softon ordered Maria Cueto, Ricardo Romero, Steven Guerra, and Julio and Andres Rosado freed, pending probable sentences of up to 10 years.

The FALN planted anti-personnel bombs in five locations in New York City last New Year's Eve. Three policemen were seriously injured by the bombs.

To protest "state repression of freedom fighters," the FALN has mobilized its sup-

port networks—including the elite of the Anglican church, in addition to the usual radical lawyers, criminologists, and terrorist sympathizers. On Feb. 9, Bishop Paul Moore of New York City's Cathedral of St. John the Divine, the Right Reverend Roger Blanchard of the Massachusetts diocese, and the Right Reverend Coleman McGehee took the stand as character witnesses for FALN member Maria Cueto. Cueto, Rosado, and Romero were all members of the National Council of Churches Hispanic Affairs Commission, headed by Bishop Moore.

Evidence, including fingerprints found at a FALN bomb factory in Queens, N.Y. which blew up in November 1978, led to the five suspects. According to FBI sources, the five are without doubt "the remaining incarcerated leadership of the FALN."

AFL-CIO executive hears austerity lobby

The AFL-CIO Executive Council, meeting in Bal Harbour, Florida the week of Feb. 21, heard pleas for support from union-buster Sen. Ernest Hollings (D-S.C.) and from backers of *Global 2000* population-reduction policies Sen. Alan Cranston (D-Calif.) and Secretary of State George Shultz.

AFL-CIO President Lane Kirkland refused to allow Democratic Party figure Lyndon H. LaRouche, Jr. to present his program for ending the world depression to the council. Spokesmen for Kirkland refused to acknowledge that they had received a telegram for LaRouche requesting to address the council meeting, in accordance with stated AFL-CIO policy to hear from potential 1984 Democratic presidential candidates.

A leader of the nuclear freeze movement, Cranston is said to be the favorite of the Club of Rome faction in the labor movement, led by Club of Rome members Howard Samuel, the head of the AFL-CIO Industrial Union Department, and Executive Council member Glenn Watts, the president of the Communication Workers of America.

Hollings's credentials to speak before the Executive Council consist of being an outspoken proponent of union-busting state right-to-work legislation and an opponent of labor-backed labor-law-reform legislation. Like Cranston, Hollings is a member of the

pro-population control Draper Fund and was a supporter of the *Global 2000 Report*.

Sources say that Hollings's good standing with the Kirkland leadership comes through his frequenting the salon of Mrs. Pamela Harriman in Washington. With Ted Kennedy out of the Democratic race, Kirkland is expected to ram an endorsement of former Vice-President Walter Mondale through the Executive Council when it meets next fall and then to push the endorsement through a special AFL-CIO convention in December. Mondale did not even bother to come to the Executive Council meeting, angering some AFL-CIO officials.

Secretary of State Shultz, fresh from making a speech in Atlanta affirming the U.S. commitment to International Monetary Fund-backed policies of population reduction, spent all of Feb. 28 with the Executive Council.

Steelworkers ratify Kirkland's giveback

By a vote of 169 to 63, local presidents of the United Steelworkers union ratified the largest giveaway of wages and benefits in trade union history on March 1. Since the union constitution provides for no direct membership ratification of contracts, the pact will now immediately go into effect.

Preliminary calculations put the loss of wages and benefits at a minimum of \$2.8 billion, including an immediate 9 percent cut in basic pay for all workers and an end to all cost-of-living adjustments through July 1984. One week's paid vacation will also be given up.

Sources report that AFL-CIO President Lane Kirkland ordered the Steelworkers to accept this contract to feed George Shultz's claim of a recovery. The union was offered the consoling lie that what it was doing would help get the whole economy back on its feet. Instead, the agreement will set the stage for a new round of looting of the domestic wage bill.

In exchange for this contract, the Steelworkers got a non-binding piece of paper from the steel companies claiming that they would reinvest savings from wages and benefits in modernizing plant and equipment or to preserve working capital. At present, U.S.

steel production is hovering at around 50 percent of capacity, with some 140,000 workers on layoff. According to steel industry analysts, there is no chance of a recovery of the U.S. steel industry, even under the rosiest of economic forecasts, that would put any significant number of these workers back to work. In fact, some analysts say that there is plenty of room for further shrinkage—even if modernization on a small scale takes place.

New York Times leak aimed at U.S. military

In the wake of Robert McNamara's and Cyrus Vance's call for \$168 billion in defense spending cuts, the *New York Times* leaked March 3 a supposed evaluation by CIA and State Department officials that Soviet military spending has been much less than official CIA estimates. Leslie Gelb, an official in the Vance State Department, and Richard Halloran report that the figures used by the Reagan administration to demonstrate a Soviet military buildup have exaggerated Soviet defense spending levels by several billion dollars per year for the last six years.

While the Pentagon's Defense Intelligence Agency disputes the figures being leaked by CIA and State Department officials, the *Times* crows that the debate "could be politically explosive since the Reagan administration has been talking about growing Soviet expenditures to help justify increases in American arms outlays. The military budget is already under criticism from both parties in Congress, from business groups, and prominent former officials."

A spokesman for Rep. Richard Ottinger's Congress for Peace Through Law group (which has been renamed the Arms Control and Disarmament Caucus—ACDC) enthusiastically greeted the news of the *Times* leak in an interview March 3. He predicted that it would have "a devastating impact" on upcoming defense budget hearings and read it as the opening of an all-out war against the defense budget and Secretary Caspar Weinberger. ACDC is also pressing for closed hearings on the "secret" defense budget, to go after any programs the Defense Department may have funded outside

of publicly documented expenditures.

Governors honor Harrimans old and new

The real purpose of the "evening of celebration with our Democratic governors," sponsored by Pamela Churchill Harriman's "Democrats for the 80s" and the Democratic National Committee, held at Washington, D.C.'s elegant Mansion House Hotel March 1, was apparently to pay homage to the party's *éminence grise*, eugenicist Averell Harriman. The speakers touched on the real factional situation in the Democratic Party only once, when DNC chairman Charles T. Manatt made the following announcement to the 32 Democratic governors, a dozen or more senators, and dozens of top Democratic Party contributors packed into a tiny conference room for the \$1,000-a-plate fundraiser:

"Each dinner like this . . . will draw the Lyndon LaRouche crowd. It's important for people from out of town [to know that] if someone starts creating a disruption, a fracas, it's the Lyndon LaRouche crowd that's doing it from back there in the press—not all of the press, but only one or two. If it happens, we want you to know it's a great disrespect to the Harrimans, to our party, and to all of us."

Former DNC chairman Robert Strauss, a favorite of Pamela Harriman, reassured the crowd that Manatt would remain in office. Rumors had been circulating during the cocktail hour that Manatt, a favorite of Averell Harriman, was about to be fired from the DNC chairmanship for incompetence. "I just want to say what a fine chairman we have," Strauss stated, "and how lucky we are to have chairman Charles Manatt."

Democratic governor of Utah and chairman of the National Governors Association Scott Matheson, who had built his career as an attorney for the Harrimans' Union Pacific Railroad, produced a loud round of applause by telling the dinner guests that what the Democratic Party really needed in the 1984 election campaign was a "50-year-old Averell Harriman." The 90-year-old Harriman sat very still in response to this suggestion, but his wife turned noticeably paler than usual.

Briefly

● **KAI ERIKSON**, the "expert consultant" hired by Suffolk County, New York Executive Peter Cohalan to prove that no viable evacuation plan is possible for the Shoreham nuclear plant, and that therefore the plant should not open, turns out to be a supporter of the terrorist-linked American Indian Movement.

● **JOHN GLENN**'s presidential bid suffered some bad publicity in New England when his chief Massachusetts fund raiser, Paul Porter, was arrested in connection with a drug deal involving two tons of marijuana. In 1980 Porter was a fund raiser for Jimmy Carter, whose campaign was also plagued by numerous drug scandals.

● **ALAN CRANSTON** formally endorsed the Wharton School's candidate for mayor of Philadelphia, Wilson Goode, on Feb. 26. Goode represents in Philadelphia the same local-control, terrorist-connected apparatus that Democratic primary winner Harold Washington represents in Chicago. Presidential aspirant Cranston, who endorsed Washington, is setting into motion a rerun of the Chicago election farce in Philadelphia.

● **CHERI PRESTON**, Republican candidate for city commissioner of Wichita, Kansas, placed in the top 6 out of a field of 20 in the March 1 elections, thereby qualifying for the April run-off election which will select 3 of the 6 for City Commissioner. Mrs. Preston, who is backed by the National Democratic Policy Committee, will emphasize a beam weapons defense program as the basis for a real jobs program, for national security, and for a science-driver approach to reviving the U.S. economy.

● **PAT MOYNIHAN** is boycotting the New York City St. Patrick's Day parade because the official parade marshal supports the Provisional wing of the Irish Republican Army. Irish nationalists are quoted in the press as calling the senator "a voice of the British Foreign Office."

Editorial

The debt crisis and the heruspicators

"Unless we do something bold and statesmanlike, the entire international community is heading for a major cataclysm, a catastrophe without parallel." The words are those of Farooq Sobhan, Ambassador from Bangladesh to the U.N., addressing the foreign ministers' meeting at the Non-Aligned conference March 3, in his capacity as chairman of the Group of 77 developing nations that belong to the International Monetary Fund. In a letter addressed to the heads of state of the Non-Aligned, Bolivian President Siles Zuazo said, "Joint renegotiation of the foreign debt is a question of life and death for countries of the Third World."

Only the dupes of those willful liars who are spreading "recovery" euphoria in the U.S. capital and other superstitious quarters now deny the reality of which these statements spoke. By reliable calculations, some \$90 billion in debt comes due at the end of the first quarter of 1983—by April 1—and the London and Swiss bankers, rabid enemies of the *scientific* solution to this crisis advocated by Siles Zuazo, have stopped pretending to have any formula at all. Most of their recent statements reveal an outbreak of the art of haruspication so beloved of the Futurist movement—the reading of the future in the entrails of birds.

Here follows a sampling of the economic views of the international bankers, eyeing each other like cannibals:

- In a speech at a secret conference in Saint-Paul-de-Vence (France) on Jan. 24, Fritz Leutwiler, governor of the Bank for International Settlements and head of the Swiss National Bank: ". . . The most obvious solution would be to do nothing at all. That would be the zero option, the Hayek option. Without going to such extremes, many bankers and central bankers would not be wholly unhappy to let a few debtors or a major bank go bankrupt, a sharp, brutal shock. . . ."

- In *Die Welt* newspaper March 3, Sir Walter Salomon, the head of the merchant bank Rea Brothers in London: "The present crisis is often compared with the events

of 1929, when people jumped out of their windows because they could no longer pay their debts. But that crisis was nothing compared to the one we are headed for now." Sir Walter specified his proposal in an interview: "a private central bank. . . ." "We must force the hands of politicians, we must impose a loss of power of the politicians." But Switzerland's Leutwiler would not be included in this small gang: "He's tarnished with the brush of no return."

- A senior spokesman of the Swiss Bank Corporation: "Nobody has a solution and no one knows whether it will work. The end of the quarter is going to be explosive. No one knows. You have to learn the lessons of Poland and apply them to Latin America: come the end of the month and there is not going to be an agreement with Poland. Nothing, and then the way is free for some banks to declare a default on Poland, or all these other countries. But that need not be the ultimate catastrophe. The strong banks will call a default, the weaker ones won't activate the cross-default clauses—they do not want their own loans to be declared irrecoverable."

- The assistant to Sir Jeremy Morse of Lloyds Bank: "Why, everybody is looking at such contingencies, of course," when asked to comment on reports that Deutsche Bank and the Swiss banks have broadly provisioned their dubious assets, while (especially) American banks, and also British banks would be hit by large loan-losses.

- A French-speaking director of Swiss National Bank: "Between us and the British, the difference is not underlying ideas, rather a matter of style."

But there is a different underlying idea. Some, like French Finance Minister Jacques Delors, apparently do not look forward to a Darwinian nightmare this spring. The day the Non-Aligned meeting opened—March 3—Delors said publicly in a meeting in Paris, "When there will be a debtors' cartel, I will support it." Any leader of the industrialized sector who wants his nation to survive must (at minimum) say the same—soon.

EIR

U.S., Canada and Mexico only

3 months **\$125**
6 months **\$225**
1 year **\$396**

Foreign Rates

Central America, West Indies, Venezuela and Colombia:
3 mo. \$135, 6 mo. \$245, 1 yr. \$450

Western Europe, South America, Mediterranean, and
North Africa: 3 mo. \$140, 6 mo. \$255, 1 yr. \$470

All other countries: 3 mo. \$145, 6 mo. \$265, 1 yr. \$490

I would like to subscribe to the *Executive Intelligence Review* for

3 months 6 months 1 year

Please charge my

Master Charge No. _____ Visa No. _____

Interbank No. _____ Signature _____

Expiration date _____

I enclose \$ _____ check or money order

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Make checks payable to *Executive Intelligence Review* and mail to *EIR*, 304 W. 58th Street, 5th Floor, New York, NY 10019. For more information call (212) 247-8820.