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Executive Intelligence Review

August 30, 1983

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EIR

From the Managing Editor

The World Council of Churches deserves the reputation it has in some conservative American circles as a tool of Soviet conspiracies, but not in the manner those critics believe. As *EIR* noted in an exposé in our July 19 issue, the World Council was initiated by the Russian Orthodox Church in 1919, to insinuate into the West the irrationalism, anti-industrialism, and mysticism which the Orthodox, as social controllers of the Russian Empire, inherited from the Phoenecian-Persian tradition of suborning the masses and subverting their enemies. In the post-Lenin U.S.S.R., the Orthodox patriarchs gained sway in matters of policy and culture. They not only work with the KGB—as some of them concede—but propel forward the current leadership's dreams of a "Third Roman Empire" based in Moscow. Vivian Freyre Zoakos, our European editor and specialist in religious affairs, presents a Special Report in this issue after her attendance at the August international conference of the World Council in Vancouver. You will find that it was not a religious gathering, but a political strategy session. It promoted the kind of "post-industrial society" that would leave the Western nations no in-depth military and economic strength, and no morality. Under the influence of such an outlook, the West is already relinquishing the Third World to predators like Qaddafi, the International Monetary Fund, and the Soviet Union. As *EIR* is wont to ask, *cui bono?*

In this issue, you will also find extensive coverage of the debate in Ibero-America over debtors' strategy. Coming up in *EIR* is an analysis of what antiballistic beam weapons development would mean for Western Europe, and a report on the electoral battle in the Mexican state of Baja California, a battle that could determine whether the governing PRI party disintegrates.

Susan Johnson

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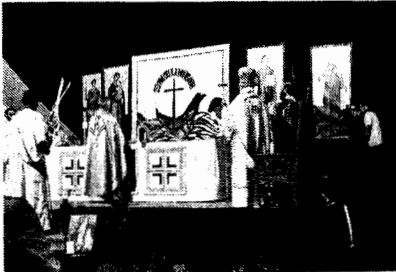
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'An ominous meeting to discuss the debt'

by Dennis Small

This was the apprehensive headline on a short article appearing in the Aug. 8 issue of *Newsweek*, the magazine owned by the Meyer banking family of Lazard Frères and Rothschild fame. It was referring to the upcoming Sept. 5-9 meeting of the Organization of American States (OAS), whose Inter-American Economic and Social Commission (CIES) will be meeting in special session in Caracas, Venezuela to review the international financial crisis and what to do about it.

What has the Meyers and other international bankers worried sick is, in *Newsweek's* own words, "the prospect of the world's debtor nations jointly repudiating part of their \$600 billion in foreign I.O.U.'s in a kind of debtors' cartel."

Despite subsequent public disclaimers from various media outlets and unconvincing assurances from Wall Street bankers ("The cocktail party theory of a debtors' cartel is not the real world"), the fact of the matter is that the international financial community indeed fears that in Caracas, the debtors might decide to jointly sink the IMF, and use their collective indebtedness as a weapon to restructure the international financial system in a way that would permit the resumption of industrial growth in both North and South—policies long advocated by this magazine and its founding editor, Lyndon H. LaRouche.

What triggered the bankers' latest public ringing of alarm bells were developments in Brazil over the past two weeks. Despite growing indications that the entire continent is moving steadily towards an alliance of debtors—as seen in the recent Andean Pact summit in Caracas, and the subsequent meeting of the continent's special presidential representatives in the Dominican Republic (see *EIR*, Aug. 16)—the

banking community preferred to ignore these unpleasant matters, insofar as they didn't directly involve either Mexico or Brazil, the world's two largest debtor nations by far, and the keys to any eventual debtors' club.

But then on Aug. 9 a high-level spokesman for the Brazilian foreign ministry told the press that, although the Caracas meeting should not properly be termed a "debtors' conference," since the United States and Canada would have representatives present, Brazil by all means *did* favor "coordination among the negotiation processes between various debtor countries and their creditors." Word was subsequently leaked to the press that the Brazilians thought the meeting so significant that they planned to send a high-level delegation, possibly headed by Finance Minister Galveas or Foreign Minister Saraiva Guerreiro. "The potential of this meeting is awesome," intoned one frightened Reagan administration official.

Two days later, a majority of the members of Brazil's House of Representatives (241 out of 479) signed a message to president Figueiredo urging "an immediate break with the International Monetary Fund [and a] declaration of moratoria on the foreign debt." The congressional statement, although not binding on the government, reflects the fact that the vast majority of Brazilians are outraged at the levels of austerity which the IMF has been trying to impose on Brazil, and are ready for radical action.

A well-informed Wall Street banker confided to *EIR*: "Brazil is at the breaking point. Unless Volcker eases up on interest rates, they will declare a moratorium of one sort or another by October."

Brazil is by no means alone in reaching the end of the rope. "Don't just watch Brazil," a London merchant banker advised *EIR*, "Venezuela is playing hardball too." Venezuela has been ordered by its creditor banks and by U.S. Treasury Secretary Donald Regan to

Fund conditionalities before its debt will be refinanced, but the Venezuelan government has refused. Finance Minister Arturo Sosa, asked whether his country would be able to refinance its debt despite its refusal to swallow the International Monetary Fund, replied caustically the third week in August: "It is a problem of the ability or the in-banks, because if it is refinanced, they have a possibility of collecting it; if it is not refinanced, perhaps they do not."

This continental hostility towards the IMF, and the growing commitment to some form of a debtors' alliance, will be debated fully at the OAS meeting. Although the U.S. delegation will reportedly insist that the IMF is the only answer to the crisis, conference draft documents made available to *EIR* indicate that the Ibero-Americans believe otherwise: "[IMF measures] in some cases tend to reinforce drops in output levels and high levels of unemployment. . . . Such measures can affect the political stability of the debtor countries and their autonomy to design their own economic policy." To confront this, the draft document recommends that the Ibero-American nations "agree on general principles. . . and monitor the debt agreements and see that debt repayment is compatible with the economic reactivation and productive employment needs of debtor countries." (See further excerpts below.)

The 'financial Malvinas'

What is fueling the renewed round of Ibero-American motion towards a debtors' club are two developments which occurred during July, and which convinced many leading Ibero-American policy makers that they have no other viable options but to form a cartel, since what is in store for them for this fall is the equivalent of a "financial Malvinas."

The first of these was the return to office in Washington of Dr. Henry Kissinger, a notorious enemy of Third World development. To Ibero-Americans, the naming of Kissinger is itself a virtual act of war, especially in light of the fact that he will reportedly play a dominant role in all U.S.-Ibero-American relations, including debt renegotiations.

The second factor provoking the renaming of Paul Volcker to head the U.S. Federal Reserve. Volcker is viewed throughout Ibero-America as the man with the single greatest responsibility for their current debt woes, since it was under his term of office that skyrocketing interest rates were capitalized into today's largely fictitious foreign debt.

Foreboding did not long await actual developments. The rise of dollar interest rates since mid-May will cost Ibero-America an additional \$5 billion on an annual basis—*more*

money than the IMF will disburse to the continent this year.

EIR has learned that, as a result of these developments, excessive interest rates and usurious commissions and charges will be a central topic of concern at the upcoming Caracas OAS conference.

Recognizing that the political temperature is rising around the Caracas conference, the creditors have gone to great pains to try to defuse the motion towards the debtors' cartel. A long-awaited "jumbo" loan package of \$1.5 billion for Argentina was finally approved by a consortium of 300 commercial banks the third week in August, after they had extracted an important concession from the Argentine government permitting British companies to freely repatriate profits from the country (which they had been prohibited from doing ever since the Malvinas War). And the U.S. Eximbank announced that it had approved credit guarantees for U.S. exports to Brazil totaling \$1.5 billion, and to Mexico totaling \$500 million.

A major publicity campaign was mounted to present the EximBank decision as a concession to Ibero-America, as part of a broader policy of "stretching out" loan packages based on government-to-government negotiations. But the small print makes the EximBank loans conditional on both Mexico and Brazil complying fully with IMF conditionalities—i.e., that they totally dismantle their domestic industrial apparatus.

It was the vice-president of the World Bank, Ernest Stern, who showed the proverbial mailed fist inside the velvet glove. After meeting with Mexican president Miguel de la Madrid, Stern told the press menacingly that Mexico should not even consider a debt moratorium, because "it would affect the future development of the country. . . . despite the psychological satisfaction it could represent. . . . [Such a move] would without a doubt eliminate a country for many years from receiving credit."

Stern was obliged to confess, however, that there remained "important policy differences" between the World Bank/IMF and Mexico—a fact which holds for the rest of Ibero-America as well, and which will no doubt be driven home forcefully at the upcoming Caracas OAS conference.

'The IMF could drive us and our debt bankrupt'

Excerpts from the OAS draft documents:

On debt

The issue of foreign debt and its adequate solution lies at the heart of actions that will have to be devised. The levels and characteristics of the external debt of the majority of the countries of the region have become particularly untenable. . . . In the absence of clear, continuous, and permanent signs of economic recovery in the industrialized world, and to the extent that this phenomenon does not result in a substantial resumption of growth in the countries of the region,

the solution to the external debt problem becomes the first priority."

On the IMF

The conditions imposed in such exercises . . . can conceivably result in unexpected social and political developments in debtor countries [and] in some cases tend to reinforce drops in output levels, high levels of unemployment and worsen the regressive distribution of income. . . . Such measures can affect the political stability of the debtor countries and their autonomy to design their own economic policy. It ought to be pointed out that the nature of these adjustments can also affect creditor nations through . . . a significant effect on the level of exports of industrialized nations. . . .

[IMF measures] could transform the current situation of shortage of liquidity [of debtor nations] into a situation of insolvency. This would result in an inability to service the foreign debt, followed by various forms of unilateral moratorium on the part of debtor countries, together with the inevitable repercussions this would have on the international financial markets and creditor banks."

On joint debt renegotiation

Everything points to the existence of a degree of imbalance between the negotiating parties. On the one hand there seems to have been certain concerted attitudes between the creditor banks, the governments of creditor nations, and the IMF. On the other side of the bargaining table the debtor country has had to find comfort in its own endowment of resources. . . .

A joint renegotiation of foreign debt is not feasible, as each country has its own problems, its own internal working mechanisms, and different levels and characteristics of their respective foreign debts. However, an effort should be made to agree upon general principles, minimum platforms. . . .

An institution or group of institutions could monitor the debt agreements and see that debt repayment is compatible with the economic reactivation and productive employment needs of debtor countries. Each country would conduct its own debt contracting, but would make use of the general criteria agreed upon by all parties involved in the debt issue. A series of common criteria and requests from debtor countries have emerged from the Santo Domingo accord which manifests . . . the "solidarity of Latin American states against any compelling action taken against any of them as a consequence of the imposition of criteria that differs from that stated earlier."

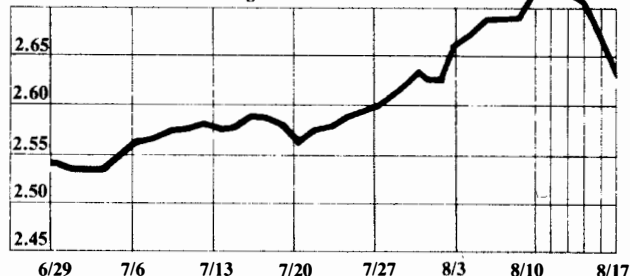
On the common market

Intraregional integration and cooperation, especially mutual trade, is acquiring great importance. . . . The most urgent measures include the need to make use of the region's idle capacity in a shared and, insofar as possible, complementary manner . . . to obtain greater collective economic security.

Currency Rates

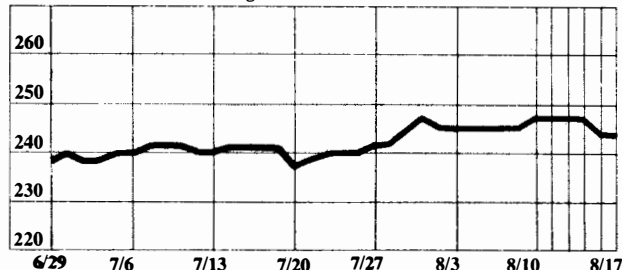
The dollar in deutschemarks

New York late afternoon fixing



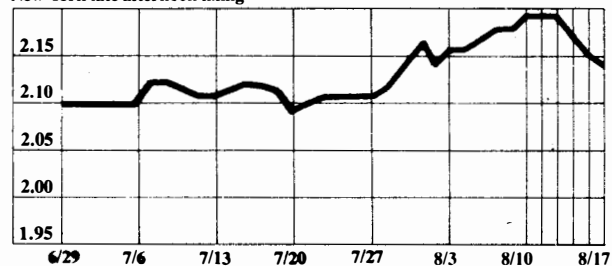
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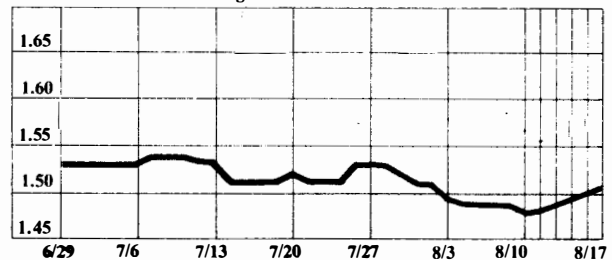
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The Brazilian Chamber of Deputies repudiates the IMF's program

by Mark Sonnenblick

Yet another International Monetary Fund (IMF) mission left Brasilia Aug. 12, and for the credulous, the *Wall Street Journal* reported that "a new agreement" had been reached. As with phantom agreements the weekend of July 15, when Monday morning arrived, Brazil had not signed a new letter of intent. Brazil's debt remains in limbo, with arrears growing to over \$3.6 billion on Aug. 31.

The IMF may have made a "tough austerity" agreement with the "economic triumvirate" headed by Planning Minister Antonio Delfim Netto, but Delfim's technocrats no longer dictate economic policy in Brazil. Brazil has not signed the new deal with the IMF, because interim President Aureliano Chaves has kept Delfim's team in a sort of "internal exile."

Chaves is responsive to the reasoning of two insurgent policy centers which seek to replace Delfim's discredited IMF-mandated austerity policies with approaches which subordinate servicing Brazil's nearly \$100 billion debt to protecting human, industrial, and natural resources:

- *Civil society*, with the overt encouragement of Chaves, is beginning to negotiate a new "consensus," including not only business, but groups such as labor which have been marginalized since 1964;

- *The military* is preparing precise contingency plans for whatever economic warfare may be unleashed by myopic creditors when Brazil takes sovereign action on its debt.

"There is national unity for substantial changes in economic direction," Olávo Setúbal, São Paulo banker and rumored replacement for Delfim, truthfully said August 15. It could almost be called a "revolution" of labor and business, politically reflected in the Chamber of Deputies' repudiation of the IMF.

The same day the three-man IMF mission came to see eye-to-eye with Delfim's triumvirate, the IMF policy was repudiated by the majority of the Brazilian Chamber of Deputies and by the Brazilian business community.

In the lower house of Brazil's Congress, 241 out of 479

deputies signed a resolution to Chaves, Delfim, and Brazil's IMF director Alexandre Kafka demanding "an immediate break with the International Monetary Fund, a declaration of moratoria on the foreign debt, and the resulting reformulation of the economic model."

Among the signers were not only the expected members of the opposition, but also the swing Brazilian Labor Party (PTB), which had been forced by the draconian wage cut decree of July 13 to break its formal agreement to give the government party the majority needed to pass the regime's legislation in the lower house. The PTB, an artifice created three years ago by the Machiavellian political strategist Gen. Golbery do Couto e Silva to fragment the opposition, is now fragmenting the government. At least eight deputies from the once-solid government party (Democratic Social Party—PDS) also signed the resolution, also reflecting the split among the country's ruling elite.

Even if Brazil were to submit a new letter of intent to the IMF, the Fund's directors would not approve it until the Brazilian Congress puts through the center-piece of Delfim's latest capitulation to IMF austerity pressures, Decree Law 2045. This measure, decreed July 13 on the eve of President João Figueiredo's medical leave for a successful triple-bypass operation in Cleveland, slashes indexed inflation compensation by 20 per cent. São Paulo industrial and labor economists agree in their calculations that by the middle of 1985 it will reduce real wages by 25 percent—assuming that inflation drops from the record 13.2 percent monthly growth in July.

The way things work in Brazil's presidential system, the decree is law until and unless it is rejected by both houses of congress within 60 sessions. That puts Brazil-IMF relations on ice until Oct. 28. The fact that the government's PDS party, which has an ample majority in the Senate, is split by growing public remonstrations against Delfim's policy directions and by the Byzantine intrigues of presidential succession means there is a growing chance it will fail. In recognition of that, Chaves and PDS legislative leaders are

offering to water down the keystone of Delfim's IMF accord.

The political resistance to IMF conditionalities reflects real fears afflicting every walk of life. Sérgio Corrêa da Costa, Brazil's new ambassador in Washington and probable negotiator in any state-to-state debt renegotiation, warned a Brazil-American Chamber of Commerce luncheon on Aug. 4: "The social fabric can be stretched so far and no further. Immediate measures are needed to lighten the burden of economic adjustments." São Paulo's press reports people boarding trains in the famine-struck Northeast of Brazil and arriving at their destinations dead of malnutrition. Working and middle class families have lost their traditional optimism and live in fear that they, too, will lose their jobs and face starvation. And Labor Minister Murillo Macedo calculates Brazil is losing \$27 billion this year from its 3 million officially unemployed and that, under the IMF figure, both figures will be 50 per cent higher in 1984.

The same day of the IMF "agreement" and the Chamber call for a "break," the dozen most representative Brazilian business leaders proclaimed the private sector's alternative economic and political program for Brazil. Publisher and PDS deputy Herbert Levy presented the program hammered out in 12 hours of discussion to interim president Chaves. The entrepreneurs declare, "We are at the start of a process of economic regression with grave social consequences. This complex country . . . with an enormous contingent of absolute misery will not be able to cope with the tensions coming from unemployment and the fall in real wages. This scenario is intolerable for the Brazilians and undesirable for the Western World."

They ascribe Brazil's crisis to "the unprecedented rise in interest rates," "the intense deterioration of terms of trade," and the incompetence of Delfim Netto's response. They demand "a new attitude towards the renegotiation of the foreign debt" so that Brazil would pay neither interest nor principal until it was able to pay, and then only at lower interest rates. While not naming the IMF, the consensus document protests that the indebted nations are "prisoners of the moribund system born at Bretton Woods."

Pending the return to reason of the international system, the businessmen initiate debate on "an austerity program which is understood and accepted and capable of uniting the Brazilians and distributing sacrifices equitably." They throw their substantial weight behind the "democratic opening" started by president Ernesto Geisel and pushed forward by Figueiredo, in sharp opposition to financier calls for renewed repression.

They find it "intolerable that profits from financial speculation remain immune from the sacrifices now demanded. . . . Economic policy must preserve the productive capacity of strategic sectors whose efficient performance is requisite for the expansion of Brazil's industrial plant." They call for state assumption of all private foreign debt, and strict control over the state sector industries. Investments should focus on labor-intensive activities to reduce

unemployment.

Only the fragment of business leadership most tied to speculation and foreign banks refused to adhere to the manifesto. Some Brazilian analysts believe the program expounds what Aureliano Chaves would like to do were he not limited by General Figueiredo's return to the presidency, scheduled for Aug. 29.

Figueiredo cannot hold on to economic team

It will not be as easy for Figueiredo to resume the presidency as it was for him to leave it July 14. "Chaves reminded us what it was like to have a real president," a Brazilian told *EIR*. Instead of jailing the metalworkers leaders who led the illegal July 21 strike against the IMF policies, Chaves invited them into the presidential palace to listen to labor's policy program and to have a friendly exchange about how to assure the oil supplies from Latin America needed to back up the debt moratorium also sought by labor. In a few weeks, Chaves has given delegations from every region and sector of Brazilian society at least some confidence that the political process is open enough for them to get fair treatment.

Brazil is rife with rumors—preemptorily denied—that the Army chief Walter Pires and Air Force chief Delio Jardim sent Figueiredo messages before he returned from Cleveland intimating that he should clean out his cabinet immediately on resuming the presidency. There is generalized concern that an ailing and dispirited Figueiredo would serve as a figurehead for the self-serving intrigues of Delfim and such corruption-tainted holdovers from the 1969-74 Medici dictatorship as Interior Minister Mario Andreazza. As Delfim never listens to advice, Figueiredo is responding with clichés about "not changing horses in midstream."

General Golbery, the controversial *éminence grise* of three presidencies, went so far as to give a provocative interview with the daily *Corrieo Brasiliense* claiming that Figueiredo was "unable and unwilling" to return to the presidency. Many officers interpreted Golbery to be calling for a coup. Some believe the military would be happy were Figueiredo to relinquish the presidency to the competent civilian Chaves, which would ease the traumas of firing Delfim and getting the military out of the presidential hotseat before the armed forces become "Argentinized."

Renegotiating the debt: relief or receivership

Brazilian business, labor, and political leaders want debt relief to put people back to work developing the immense potential of a landmass larger than the continental United States. The "debt renegotiation," they are being offered, however, runs contrary to that objective.

It is getting hard even to find a banker who won't admit that Brazil cannot service its \$100 billion foreign debt. The bankers' advisory committee is reportedly willing to accept a 90-day moratorium, while Brazil negotiates terms. The bankers, however, have frozen themselves into inaction until Brazil knuckles under to fierce IMF austerity. Their terms

are far closer to those defined in *EIR*'s widely-reprinted March 15 article than the debt relief sought by most Brazilians.

Creditors see no major problem with long-term postponement of amortization. Even interest rates, which the weekly *Relatorio Reservado* claims are now running at a scandalous 3.75 percent spread over LIBOR on re-negotiated debt, could be lowered—provided Brazil puts its several trillion dollars of national assets into a creditor's receivership. The part of the deal that is not written into the contract is the most important.

The plan was dramatically confirmed by the president of one of the six most-exposed New York banks, as he conversed with a travelmate who happened to be an *EIR* editor. "We will give Brazil the solution just accepted by Poland," he proclaimed with satisfaction. "That means a moratorium accepted by all sides, the resumption of bank lending on a very modest basis, while stretching out interest and principal over a conveniently long term. The key to the agreement, the part which has not come out, is that it is secured by exportable commodities, which in the Polish case is coal. Brazil has enormous mineral resources in the process of being developed, as well as other things." He refused to confirm whether he meant the Carajás project, with ores worth \$300 billion.

The creditors' strategy is to crush the state sector with iron-clad budgetary constraint and to crush national business with scarce and expensive credit. With the black market price replacing a controlled exchange rate now over 60 percent below it, foreign capital would snatch the pieces at bargain prices. To drain the proceeds, the banks want an end to all nationalist restrictions on foreign bank operations in the domestic market and on profit remittances. It is the Chilean model and the Brazilian experience, a re-run of what Finance Minister Roberto Campos started after the '64 coup until the military booted him and his military sponsors out of the government in 1967. As Chase Manhattan's senior vice-president Francis Mason told *EIR*, his preference is still the program of now-Senator Campos.

The bankers have gotten vociferous support from Washington and multinational companies in demanding Brazil open up its computer market to foreign products. At stake is not a few bucks for IBM, but control over information. Brazilian banks contracted for the SWIFT software package. The Army officers who run the agency in charge of computer policy (SEI) vetoed the deal. A banker told *EIR*, "They are playing hardball now. What if outside vendors had access to central bank figures and other security-related data? No, they're not going to budge on that."

Delfim Netto likes to echo the bankers' threats that Brazil will face even deeper cuts in vital imports in retaliation for sovereign action on the debt. With Henry Kissinger back on the scene, Washington may be stupid enough to try such an attack. He may be surprised if his "special relations" in Brazil refuse to surrender sovereignty.

During the Great Depression, Brazil saw the price of coffee drop by a full two-thirds, and with it, Brazil's ability

to import. During the Second World War, Brazil couldn't obtain the products it needed from abroad for all the dollars accumulating in foreign accounts. Most educated Brazilians accept the thesis of Celso Furtado, now the top economic adviser to the biggest opposition party, the PMDB, that these import constraints were fortunate in that they forced Brazil to develop its own industry and become more than a sleepy coffee plantation.

As ably documented by Louisiana State University historian Stanley Hilton, the dramatic import-substitution achieved during the war was directed by the military. Even more important, Hilton observes, "the official consensus was that effective military strength required an industrial base that was as independent as possible."

This "security and development" concept was brought near fruition during the 1974-79 presidency of Gen. Ernesto Geisel, who sought—with considerable success—to build up a capital goods, petrochemical, and electronics base to give Brazil today most of the self-sufficiency needed to defend itself from the kind of economic warfare now threatened against it. It is thus hardly surprising for *EIR* to discern Geisel and the substantial military faction which shares his perspective of Brazilian greatness protecting the more visible civilian political enemies of the IMF program. Geisel imposed Aureliano Chaves as Figueiredo's vice-president.

Military mobilizes for economic warfare

The Brazilian Armed Forces Chiefs of Staff (EMFA) is preparing for "a war economy," reports *Relatorio Reservado*. EMFA officials are going to every major manufacturing plant in the country to prepare detailed production flow charts, bills of materials, and descriptions of the capabilities of the plant, according to industrialists. They are "preparing to integrate in planned form strategic sectors of production in case the asphyxiation of foreign exchange becomes overpowering," *Relatorio* notes.

The military has set up EMFA as its own economic planning center to sidetrack Delfim's Planning Ministry until it can be cleaned out. It is highly significant that Brazil sent EMFA commander Gen. Waldyr de Vasconcelos to represent it at the July 24 Caracas meetings where Latin American countries decided to take joint action on their debts and move to integrate their economies.

On Aug. 5, when Brazil announced it would join in the Sept. 5-9 hemispheric meeting on debt in Caracas, bankers really began to sweat. Mexican columnist Adrián Lajous, with some exaggeration, cited it as "a 180 degree turn to Brazil leading a Latin American debtor's cartel." Likewise, Federal Reserve chairman Paul Volcker, in a desperate move to reduce Brazil's mission to a junior level, has persuaded Brazil's Finance Minister Ernane Galvêas not to attend, Brazilian government sources claim. The move could backfire and end up with Brazil's nationalist foreign ministry winning control over the debt policies. If that happens, the Mexican may prove correct.

Global 2000 team has blocked Guyanan aid

by Franklin Bell

In rump court, the International Monetary Fund's and Henry Kissinger's inquisitors in the U.S. State Department have found Guyana guilty and sentenced its population to death by starvation.

Guyana, the Caribbean nation bordering Venezuela which once may have had 800,000 people, is the most public target of Agency for International Development head Peter McPherson's policy of forcing the Third World into starvation for the sake of exports to the advanced sector. But AID officials recently implied that other nations will soon be sentenced. "Bolivia has come very close to the limit," they said; "Egypt has gone over it, but now they're back in line, for the present anyway."

The limit the inquisitors have decreed is "ideological," the term they use to describe commitments to oppose the State Department sanctioned Global 2000 policies for eliminating 2 billion people by the end of the century. "Like it or not, we will use everything short of bombs to bring other nations around to our point of view," an official said. "No nation that opposes us ideologically is going to get U.S. aid."

The ideology Third World nations are trying to oppose is Malthusianism, the very ideology the United States fought in its revolution against colonialism. Yet the Global 2000 inquisitors who have dominated State Department policy since Kissinger set up the Office of Population Affairs during his tenure as Secretary of State now use that ideology to measure allegiance to U.S.-IMF policy.

To enforce this strategy, McPherson's AID has blocked all U.S. aid to Guyana. The rationale given is that Guyana is more than six months in default on debt payments to the United States, a not uncommon status. But AID officials said they knew of no other nation which has yet been dealt with this way. AID has also "re-programmed" about \$16.5 million credit called "Rice Modernization II" which had been approved for Guyana. And the Global 2000 faction has announced its intent to have the administration vote against a

\$40 million loan package called Abary II, which the Inter-American Development Bank had planned for improving Guyana's rice industry.

On Aug. 18 the IADB voted down a \$10 million Funds for Special Operations (FSO) portion of the loan package, with less than the required two-thirds of the bank's stockholders voting in favor. The United States owns more than one-third of the stock, but a spokesman said he was not allowed to reveal the obvious—that the U.S. Global 2000 faction carried through on its threat. The loan, as originally envisaged, would have been extended under the FSO at an interest rate of 1 percent for the first 10 years and 2 percent for the remaining 30-year life of the loan. After the defeat, according to the spokesman, Guyana requested that the vote on a \$28 million Ordinary Capital loan be postponed. Unlike FSO loans, Ordinary Capital loans can be approved by a majority of the IADB member states, but these loans are made at Volckerized commercial interest rates.

An AID official responsible for recommending the decisions said the Guyanan rice industry is "too highly subsidized." When asked if AID had considered its decision's impact on Guyanans' nutrition levels, an AID official said, "It is very difficult to draw a direct link between this action and nutrition. . . . It will certainly lower their ability to be self sufficient in rice production. . . . We have had many problems with the [Guyanan Prime Minister Forbes] Burnham regime for the last ten years. . . . He is a very obstreperous individual as far as trying to deal with with him. He has ideas about food security, food sufficiency and that stuff."

For this "obstreperousness," earlier this summer the State Department refused a visa to Guyanan Minister of Economic Development Hoyt, who had intended to go to Washington for further negotiations on the loan conditions. For this unheard-of event no reasons were given.

The Guyanan foreign minister described the U.S. action as "stupid and contemptible," and characterized it as "economic aggression by the U.S. against Guyana." Guyanan ambassador to the United States Grant characterized the demands announced by the State Department as "unacceptable interference in the internal affairs of another government."

If anything the diplomats understate the case. Unless the U.S. population and others kick the Kissinger-Harriman Global 2000 crowd out of the Nancy Spannaus, U.S. coordinator of the Club of Life, "Guyana is finished—and soon so are we all."

Spannaus said, "It is even questionable whether the Shultz-Kissinger genocidalists want Guyana to submit, or would rather use her starvation as an example to other countries who buck the IMF or the U.S. policy in Ibero-America."

In the accompanying interview with Frederick Wills conducted Aug. 11, the Club of Life international executive committee member and former foreign minister of Guyana explained the effects the loan cutoffs will have on Guyana and, by implication, on other Third World nations—and what those determined to stop the Global 2000 policy must do.

‘Under the IMF, we produce less and earn less; how can we pay the debt?’

The following interview with former Guyanan Foreign Minister Frederick Wills was conducted Aug. 11 by Franklin Bell.

EIR: Fifty-nine million dollars is far less than what is used to put up a high-rise building in Manhattan. What does the loss of that money mean to Guyana?

Wills: One of the objectives pronounced by the government was to feed, clothe, and house the population with domestically produced resources by 1976. For various reasons not relevant now, none of those objectives has been met. In respect to food, the objective was to rationalize the rice industry—rice is a staple—so that Guyana would have enough production for domestic consumption, and surplus for export, primarily to Caribbean areas.

The loss of this means that you have domestic shortages, that you have less to export, and that the development process which you started in respect to agriculture has been arrested, with all that that entails—unemployment, lost hopes, shattered ambitions. It means that where people are already living below subsistence in respect to food, you remove the opportunity to come above subsistence in the future. Then take the IMF conditionalities and the general strategic doctrine that your acquisition of food from overseas depends on your ability to pay. The IMF makes sure by its conditionalities that you don't have the ability to pay.

America has the largest share of exportable food in the world, much larger than the share the Middle East has of exportable oil. Mind you, there are things happening in the U.S. economy which will tend to cut down that availability of exportable food. But taking the whole strategic context, this denial of the loans means hunger, malnutrition. It is a shortsighted gambit. It is aimed at punishing leaders for certain superficial strategic policies in non-alignment, pro-socialism, and all that. But the ultimate victim, of course, will be the people.

EIR: According to reports published by international agencies, seventy percent of the people of Guyana are currently living in sub-standard conditions and are already suffering from malnutrition. . . .

Wills: And there is an increasing infant mortality rate over the last few years since we have been under this iron grip of the IMF. Since 1979, there has been a decline in literacy, a decline in life expectancy, higher infant mortality rate, and higher incidence of malnutrition and disease. And to compound the thing, since you have to use foreign exchange to import drugs, hospital facilities have deteriorated badly. You either buy fewer drugs or you go on the [black] market and get the drugs which have many times been condemned by the FDA here and dumped by irregular sources into Third World countries like Guyana.

EIR: At the same time that these loans have been denied, Guyana has been forced to devalue its currency. What will be the effect?

Wills: The currency of Guyana has been devalued from the time I left office, Feb. 14, 1978. They went to the IMF in March. I opposed going to the IMF. There has been progressive devaluation of the currency. Sometimes it is called realignment—you know all the euphemisms used. The devaluation makes your imports dearer, and your debt increase automatically. So it is a vicious circle: you can't pay your debts, you can't pay interest on your debts, you have to pay more for necessary imports. Wheat flour, milk, eggs—all this is imported by Guyana. There is not sufficient domestic production. And these devaluations under IMF conditionalities have worsened the conditions.

EIR: It is not lost on a number of people that this decision has been mooted at the very time that Henry Kissinger is formally returning to the political scene.

Wills: It is very ominous that several things have happened:

the return of Kissinger to favor with this political gimmick of a commission to report in February of an election year; at the same time the hardening of attitudes and stances generally toward the policy in the Caribbean and Latin America, the desire to give sort of a synthetic attitude of not being soft on socialism. It means grief.

EIR: What role, if any, do you see the Soviet KGB playing in this?

Wills: The KGB naturally comes into Latin American and the Caribbean to exploit what is there. You have endemic problems based on a kind of East India Company, Malthusian economics that preceded independence. Independence comes along and this vertical connection under the Metropolis in Britain, under the same kind of East India Company economics, continues. All that happens is that you exchange indirect rule for direct rule. Right now you want to make a change—broaden development and bring your people forward. There is stress. The KGB comes to try to exploit the stress. The Americas will retaliate. And the whole issue of development is suddenly redirected to the questions of “Who is hard or soft on communism?”, “Who is hard or soft on capitalism?”

EIR: What do you propose that the United States do that would be both beneficial to itself and beneficial to Guyana?

Wills: Go back to the real meaning of America. The meaning of America is—as I understand it, and I have studied American history since I was a boy—that the condition of mankind and the planet can be changed for the better by mankind. And the message of America to the world is that by an insistence on a generalized technological progress, you can elevate mankind from below subsistence, to surplus, and to development.

Go back to that. Forget all the nominalism, forget all the semantics about who is supposed to be Marxist or Leninist—I don’t know if it is Groucho or Karl. Go back to the idea of [19th-century American System economist] Mathew Carey: if the price of your labor in the Caribbean is low, people migrate to where it is high. Therefore, you have to do something locally to improve the price of labor; therefore, you have to give a viable alternative to mere migration. That is the way of bettering America. After all, the first great anti-colonial revolution in modern times was the American revolution. It was the same basic problems of the accumulation of capital, the rationalization of agriculture, being frustrated. As Thomas Paine said, Britain ran America in British interests. Forget all the ideological niceties.

EIR: Do you have specific proposals?

Wills: Yes. Export technology. Go down, rationalize agriculture, export technology. The best strategic guarantee is if the people are grateful to you for helping them with their aspirations. If you frustrate their aspirations, then you don’t make a friend. Identify with their aspirations and use the fact of your abundance of technology to assist with the process of

development, putting in infrastructure, diversifying agriculture, not cutting it off.

If you associate yourself with their frustrations, if you associate yourself with leaving them imprisoned in history, and not even in the 20th century, but the 14th century, then you alienate them entirely. If it is true that you seek to make allies and friends around the world, you don’t make them that way. But it may not be necessary: they may not exist to be allies or friends, because you depopulate them. I am not talking about spectacular depopulation as is happening in Chad, but the kind of depopulation that comes from lowering life expectancy, increasing infant mortality rates. When America goes on a diet, plenty of people in Guyana and the Third World are wondering where the next meal will come from; and the next meal is often a below standard meal, a mere conspiracy of carbohydrates.

EIR: What is the present life expectancy in Guyana?

Wills: There are two figures. One is official: 59. The unofficial figure is 48. As you know, statistics are gathered not only by Guyana, but by world organizations with a very tendentious view. We all know in politics, especially in the Third World, that places like Nigeria, Guyana for that matter, India, always have a problem with tendentious statistics. The life expectancy, I have been told, is 59. I will cite one statistic, not to destroy what has been said, but just to prove. I am 54. Of the more than 40 guys who were in my class at school, there are three of us alive today.

That is normal. My son died last year.

EIR: What effect do you think this U.S. decision is going to have on the current administration in Guyana?

Wills: The problem with Guyana is that the U.S. administration does not want a socialist who is pro-Russian to take over. Now this guy [Prime Minister Forbes Burnham] is not pro-Russian. At the same time, they don’t want Guyana to succeed because they interpret that as meaning the success of socialism. So they need the guy to survive but to do badly. And worst of all, it has given ammunition for some of the irrational thinkers we have in Guyana who are saying—I put it in their case, because I don’t accept their case, but I am telling you what they say—“Guyana is 96 percent black and Indian. They refuse loans to Guyana and give them to Peru and Bolivia and Chile. Their action is racist. The world is therefore racist. We have all this racism.”

It seems to me that for the administration in Guyana, the first order of business is to survive, and they identify their survival with the existence of Guyana, and it will survive. But it will degenerate—economically, politically, and above all, morally. The moral equations are all haywire now.

EIR: And with the continued degeneration you think the irrational forces will be enhanced.

Wills: I haven’t heard rationality come out of Guyana for the last five years, from the opposition or anywhere else.



NSIPS/Smart Lewis

Fred Wills at a U.S. conference of the Club of Life, February 1983.

They are living in a closed psychological climate where they think *their* struggle defines the issues—their struggle against the administration, and so on. But those are the pseudo-issues. Those are merely corollary to the whole depopulation problem in Guyana. There are bigger issues, bigger strategic issues. Involved in all this is “Does mankind have a future? If so, what future? Where are we going?”. Guyana is a microcosm of that.

EIR: You mentioned that the United States should be expanding its exports of technology to Guyana. What role do you think the U.S. ambassador to the United Nations could be playing in this issue?

Wills: First of all, the export of technology is always done bilaterally. At the U.N., it is multilateral diplomacy where you get into groups of Third World countries, non-aligned countries, and take decisions, recommendations on a general level. Mrs. Kirkpatrick has not done that. I think she ought to. There ought to be discussions, there ought to be negotiations on a New World Economic Order. But she has not done that. The general attitude you pick up from those who oppose the New World Economic Order is that “the Third World is ungrateful that we give them relief checks,” and that kind of shortsighted, narrow attitude.

EIR: You are familiar with the proposals Lyndon LaRouche has laid out in Operation Juárez. If they were carried out, how would that affect the relations of Guyana and the United States?

Wills: If there is some sensible treatment of the debt problem (which is the crushing problem—you can’t have develop-

ment because you can’t pay, and you can’t pay because you are underdeveloped, as in all Third World countries), if Operation Juárez is implemented, it will free monies for internal development, survival of the population, development of the population, and it will also increase the ability to pay the very debts that are owed. That is what it will do.

EIR: One of Guyana’s major exports is bauxite. What has happened with those exports?

Wills: First of all, there are two kinds of bauxite in Guyana. They have calcide bauxite, a very rare kind of bauxite which is very good, and then they have ordinary bauxite. In the 1970s Guyana nationalized its bauxite from Alcoa and Reynolds. But, of course, they had no control over marketing and shipping, and Phibro, which has Swiss connections, has control over marketing.

The first problem was entirely the manipulations of strikes that caused production losses. Did you know also that before they left, the bauxite companies ran down the machinery? While you were negotiating for nationalization, they ran it down. They also attracted away your expertise; youngsters who could run the industry got attracted away to the fleshpots of Toronto, New York, London, and where have you. Then, the kind of weather you never had before—rains that hurt the [surface] mining production. Then, strategic stockpiles had been built up by the companies—and suddenly released; the prices fell. Also, you must understand that there are alternative supplies of bauxite—Indonesia, Haiti, Australia. So they merely took the loss in supply and production and went elsewhere. And in that condition, Guyana found itself earning less and less from bauxite.

We had two good years. We were blind to what the problems would be. We suddenly found we weren't making as much from bauxite as we should. Others were. By the empirical rule of thumb—which I always protested—the price of bauxite follows the price of steel because certain steelmaking processes require bauxite. Somehow that rule of thumb proved ridiculous because the price of steel went up at a certain time and bauxite came down.

So the net result of it is that when we had to go to the IMF, the IMF said, "You earn money from bauxite, you need to rationalize it, you need management, you need to return it to private hands, you need to produce less, cut overhead, cut production costs"—that nice phrase that often means misery.

Under the IMF regime, less bauxite is produced, you earn less money, and you still have the same number of strikes because they are striking over the other conditions—food, clothing, shelter. The last was that the government recommended a three-day week to satisfy the IMF conditionalities and they struck, saying they wanted a five-day week. Then the suggestion was to have five days but to compress the day. All of which means that you do not produce.

EIR: There is a population of 800,000 people in Guyana. . . .

Wills: That is the official population, as opposed to 560,000. There are a lot of Guyanese living in America.

EIR: Of that population, as you mentioned, all but 4 percent are black or Indian. Some people have likened the policies the IMF has taken toward Guyana to the one that is being imposed on U.S. inner cities by politicians who are dealing with municipal debt problems. Do you see a similarity of motive?

Wills: If you have a racially mixed population, whether in a country or a city, and you have a race problem, it is very useful to have a black chap there, because then the race riots that accrue from austerity and Schachtian economics are not as bad as if it were otherwise. There is less likelihood, say, in a place like Guyana, to overblame the administration, than if it were, say, British. So in that sense I see a parallel. But I am afraid it is much bigger than that. The kind of genocide we are talking about is such that regardless of who is in local control, you are reducing man to satisfy Bertrand Russell's equations that man is a mere bundle of passions and instincts. He has no reason or rationality to speak of. And when you reduce him to that, he doesn't give a damn who is running things. He's dying. What he calls survival and hustle requires he crawl on the backs of men, women, and children.

You must understand something: when you have adverse conditions like those existing in Guyana and some parts of the Third World, your wants and needs do not become Keynesian as Keynes would have it, economic demands. You're hustling for survival. Americans who have never lived below subsistence in a large way have to understand the psychologically conditioned climate of malnutrition, hunger, disease, and death, where you live with death, where you

celebrate death. One has to see that to believe it. And it wouldn't matter who is in charge, whether it is a black mayor or a black prime minister.

EIR: What would you suggest to the Americans who understand to some degree what is being done to Guyana?

Wills: Your question needs to be improved. They really don't know. They live in a private world—my television set, my car, my credit rating. And they are manipulated to live in this private world. So the first task is to educate them that these conditions exist and the existence of these conditions are relevant to their life.

After you have that done, and that is a monumental task, then it is obvious what you have to do, you have to do Operation Juárez. You have to get the debt problem under control. Moratoria, exchange of bonds, long-term loans. At the moment, immediately, you transfer the kind of generalized technology that will bring mankind back from the abyss. There are two kinds of holocaust going on. One is the North-South threat. The other is the East-West threat. The trouble with the North-South holocaust is that it is actually happening; the East-West is a potential. We are beginning with the actual. The energy levels in the Third World countries like Guyana in all aspects of the existence of man have been cut down by about one-tenth since the IMF regime began.

People have to think, first of all, beyond the boundaries of cultural relativism and separate religions, to the problem of why mankind is around. Are we here for survival and development based on generalized scientific progress? Then look at the globe. See where some people are trying to enter the 21st century, others are in the 14th. Therefore, you get together at international levels and look at the problems, and you push Operation Juárez. And after you get a commitment to scientific advance of mankind, diversification of agriculture, the introduction of infrastructure, the use of new methods of energy—not the Jurassic methods of solar power, windmills—you promote the divinity of man. But you have to do it globally. It is impossible in the modern world to do it in a specific location in an isolated way. That is the sense in which the world is interdependent.

And then we can satisfy the cultural optimism that man should have. And then we can look forward to the challenges of the future, knowing that our children and our children's children will inherit from us not a future mortgaged at the altar of Malthus, but rather a future infused with the bright vision of those like Plato, Jesus Christ, St. Augustine, and Kepler, who saw ahead and saw what the divinity of man can mean. Then we can satisfy the Biblical injunction to go forth, multiply, fill the earth, and subdue it. Then we can take the challenge of not only our own solar system, but the colonization of space, from the discovery and interaction of other solar systems which await us. That is where the future lies. If we moor ourselves in antedeluvian commune-style living, and let mankind be reduced in those terms, then we not only resurrect the past, but we lose the future.

Moscow's energy strategy

William Engdahl describes how the Soviets are making Europe dependent on their supplies, after helping knock out nuclear power there.

The fact that the Soviet Union has completed its section of the controversial 2,765-mile pipeline that will supply natural gas from Siberia to Western Europe in 14 months is only one of the more significant parts of an overall Russian strategy to lock the future industrial economies of Western Europe into dependence for vital energy on Mother Russia.

The pipeline, stretching from Urengoi down to the Czech border and crossing hundreds of miles of permafrost, swamp, and mountainous terrain of the Carpathian range, is now set to begin delivery of Soviet natural gas to Western Europe by next January. On the advice of State Secretary George Shultz, the Reagan administration lifted an earlier embargo aimed at delaying completion of the pipeline. President Reagan's argument was right on the mark, even if his mode of response was stupidly self-defeating. The Soviet-European natural gas project is one part of a series of integrated moves by which Moscow is moving in the months ahead to break Europe from NATO into a growing dependence on Soviet raw materials and energy.

The Urengoi gas project is only one part of a long-term Russian strategy which includes export of crude oil, petroleum product, coal, and other raw materials to select European NATO countries. A second, as-yet-unpublicized project involves a natural gas pipeline from the huge Russian Astrakhan field in southeastern Russia. Additionally, in the past 18 months, Russia has emerged as a major exporter of crude oil to European markets. It is at an advanced stage of negotiations with Occidental Petroleum's Armand Hammer for construction of a 2,500-mile coal slurry pipeline to carry coal initially from Siberia to Moscow, potentially one of the world's largest industrial projects. When the totality of these Western energy linkages is in place, Moscow will exert an enormously important economic lever over the economies of Western Europe, most emphatically over West Germany, Italy and, to a less extent, France. What follows is a project-by-project summary of the major components of this "Energy Finlandization."

Yamal natural gas pipeline project

Described by Soviet *Pravda* as an "energy bridge" which will make Europe less dependent on Washington, the 2,780-mile Siberian Urengoi-Yamburg natural gas pipeline project,

this massive \$11 billion project, the cause of severe strain over the past 24 months between the Reagan administration and Western Europe, is clearly a political coup and a potential economic coup for Yuri Andropov and Henry Kissinger. Because of the administration's waffling, American firms such as Caterpillar Tractor lost billions of dollars in orders to European companies eager to sell to Moscow. The major current orders for the huge German steel firm, Mannesmann AG, the AEG-Telefunken electrical firm, and Saltzgitter are tied to the Urengoi gas project. The German consortium is led by Ruhrgas AG and the bank financing has been organized by Deutsche Bank, the leading German bank. This has created a very strong political beach-head inside West Germany for support of other Soviet initiatives, including the anti-NATO "peace" movement. While details are not documented, a high-level West German security official released a report at the beginning of August, blacked out in German media, which detailed a substantial covert funneling of tens of millions of dollars from the Soviet KGB into West Germany to support anti-NATO demonstrations and activities. German business channels tied to the pipeline project are a large source of KGB influence and money-conducting into that NATO country.

By the end of this decade, the pipeline will make Germany dependent on Russian natural gas for up to 30 percent of its total gas supply. Much of this will go to homes and industry, which are not readily able to convert to other fuels. The French share of the Siberian gas delivery, although it represents a slightly smaller proportion of France's total energy than Germany's, will bring French dependence on Russian gas up to 30-35 percent of its total gas requirements. And the new Bettino Craxi government of Italy is expected to approve its share of the Siberian gas offtake shortly. The large state petrochemical giant, ENI-Snam, is the prime contractor. ENI is a major affiliate of Armand Hammer's Occidental Petroleum Company, one of the Soviet Union's most important commercial capabilities in the West. ENI-Snam's president has just returned from negotiations in Moscow on the deal. If it is completed, Italy will depend on Moscow for 35 percent of its natural gas requirements.

Austria, which since the late 1940s has been one of the principal bases of Soviet-*Mittleuropa* collaboration for op-

erations in the West, will depend on Russia for 80 percent of its natural gas. Finland, which is economically a de facto satrap of Comecon, will depend on Moscow for 100 percent of its natural gas. Its two currently operating nuclear plants were also made in Russia.

Existing Soviet contracts with European purchasers of the gas start out at below-market prices, but escalator clauses will push these prices sharply higher by 1990. Russian hard currency earnings are calculated to reach between \$4-\$8 billion per year from this project alone. In addition, Moscow is currently negotiating creation of a gas pipeline system in Greece, another NATO member. Greek Energy Minister Evangelos Kouloumbis met last month with his Russian counterpart on this matter.

Crude and refined oil exports

All talk of imminent Soviet depletion of oil reserves is deliberately misleading. Russia's present energy strategy is premised on the economic collapse of the United States into irreversible decline as a countervailing strategic power.

The U.S.S.R. in 1982, contrary to 1977 CIA estimates, was the world's largest producer of oil, averaging a total output of almost 12.3 million barrels per day. Plans call for this to rise to 12.4 this year. What is of enormous and little-appreciated significance, however, is the process by which Russian exports of crude and refined oil products to the West for 1982 and continuing into 1983 made Moscow the world's second-largest exporter of oil as well, second only to Saudi Arabia. During 1982, Soviet oil exports to the West increased an astonishing 50 percent over 1981. And, according to OPEC estimates to date this year, Moscow's exports to primarily Western Europe are up a further 53.8 percent over 1982. This brings Soviet export of oil and oil refined product to an estimated 1.9-2 million barrels per day (bpd). If we include their exports to Eastern Europe, Russia exported more than 3.3 million bpd last year.

What is most notable is the fact that at a time when every other major exporter of oil is collapsing its market share because of depressed economies, Russia is expanding its share enormously. While Saudi, Nigerian, and Iraqi exports to Italy dropped by some 50 percent, Italian imports from the Soviet Union, Iran, and Mexico almost doubled, to make Moscow today Italy's third-largest supplier. A similar shift occurred in West Germany and other European countries.

Moscow has ruthlessly shifted its exports away from its own Warsaw Pact satellites in Eastern Europe to the hard currency Western European markets. It did this partly through a substitution of Libyan oil—in primarily arms-for-oil arrangements to fuel Qaddafi's imperial designs—into Eastern Europe while Moscow sold directly to the West. Qaddafi's present genocidal rampage through Africa is substantially financed by this larger Soviet oil strategy.

This increased export of Soviet oil exceeded \$34 billion in hard dollars last year, the lion's share of total export earnings for Moscow. And all energy exports combined brought

in some \$45 billion to the Soviet economy in 1982, according to oil industry estimates. The biggest target for this increased Soviet oil export has been West Germany, with much of it also indirectly funneled into Germany via Rotterdam.

The strong, sudden entry of Moscow as a major force in Western petroleum markets has been achieved by a shrewd combination of political and economic armtwisting, facilitated by the Henry Kissinger-Lord Peter Carrington "New Yalta" efforts to force weakening of U.S. ties to Europe and the Mideast. As a result, today Moscow is the single most influential force influencing OPEC price and production in a weakening market. Moscow has grabbed market share by dumping massive quantities of crude onto the Rotterdam and other spot markets of Europe. This has made Moscow a major swing factor in the fragile global oil price stability. Given the precarious relation of oil revenues to current world finance flows, this is a potent weapon. Just last month, six months after Moscow had led the pack down, the Soviet Union, as the first major producer to do so, announced a 50-cent per barrel increase in its spot selling price.

If viewed in the context of the considerable Andropov political and subversion initiatives throughout the Mideast, Moscow today could fairly be said to be the single most influential force in world oil markets. The failure of the Saudis last spring to break this stranglehold by increasing production and pumping full-tilt at whatever price was brought about, in part, by pressure from KGB-tied networks, via Lord Carrington and others, into certain branches of the Saudi royal family.

Coal

By the second half of this decade, Soviet long-term plans call for spending more on coal than it presently is spending on gas and oil combined. If those targets are met, this will make Russia the world's largest producer of coal as well as oil and natural gas. The ongoing negotiations with Armand Hammer of Occidental Petroleum, Bechtel Corp (Secretary of State George Shultz's old employer), ENI of Italy, and Yuri Andropov for construction of a multi-billion coal slurry pipeline from the vast Siberian coal deposits into Moscow should be viewed as a probable first stage of a larger future pipeline project or rail line for expanded export of coal to the West as well.

Overall, Russian inroads into the vital energy lifeline of Western Europe are properly viewed as an integral long-term component of Moscow's Third and Final Rome strategy to take control of a world empire. Moscow's current policies will lock what is now a major prop of the West, Europe, into its grip. It is noteworthy in this context that dependence on relatively inefficient raw material fossil fuel combustion rather than the far more efficient nuclear energy alternative has been facilitated by an environmentalist movement especially in West Germany, whose controlling oligarchs are working hand-in-glove today with Yuri Andropov to deliver Germany into the waiting arms of Mother Russia.

Ignore the supply and demand data

Much more gold is coming to market internationally than has been reported.

In a world in which \$100 billion of world payments are lost in the accounting procedures of national governments, why should it be assumed that the supply and demand projections for gold are accurate?

Quite the contrary, both supply and demand in the gold market are much higher than the usual estimates, e.g., the annual tally published by Consolidated Gold Fields, would otherwise suggest. Including such new mechanisms as gold lending, encouraged by the London and Swiss gold pool operators, as well as gold swaps, the turnover of world gold stockpiles is even larger.

The principal element of disingenuity in this affair is the underreporting of central bank gold transactions. It is, for example, well known that France has relinquished \$3 or \$4 billion of its gold reserves in return for foreign exchange to defend the franc, and that without such pledges of gold, France's external credit would have collapsed.

It is also known that Portugal sold off 30 tons, or most of its gold reserve, last month in order to repay a \$300 million loan to the Bank for International Settlements, and that Brazil, bankrupt since late last year, has sold off almost its entire \$1.1 billion stock of gold.

However, many more cases are not officially reported, partly through absolute fraud, partly through the semi-fraudulent practice of "gold lending."

In this case, gold is physically transferred from a central bank's vaults to the vaults of a private bank, and a loan is made to the central bank at something resembling market rates.

Even apart from central bank gold sales, much more gold is coming onto the private market than official numbers would suggest.

Brazil is a case in point. Although the country's central bank maintains reasonably efficient exchange controls, the open border with Paraguay offers smugglers a convenient means to obtain dollars through other than official channels. In the case of coffee, smuggling of Brazilian coffee has made Paraguay the world's fourth-largest coffee exporter, with close to \$250 million annual sales, although Paraguay does not grow any coffee itself. Gold leaves Brazil in approximately the same fashion. Brazil's statistics on internal gold production are problematic, since so much of the metal is garnered through primitive panning methods by thousands of prospectors spread along the Amazon. Currency speculators buy gold dust with cruzeiros and smuggle the metal out of the country, to be sold on the world market free from exchange controls.

Another major provider of unofficial gold to the world market is the Soviet Union. Gold is the basic medium exchange in the vast Soviet black market, the largest black market in the

world. The late Dr. Giovanni Leone of the Monte dei Paschi Bank estimated the size of the gold-based black market ten years ago at 20 billion rubles, and other sources suggest that it has doubled since then.

Because the black market pervades the entire official establishment, and, indeed, provides the KGB with an efficient method of maintaining its state-within-the-state, the permeability of the Soviet Union's borders to gold traffic is much greater than most Western observers might suspect. Some gold leaves through emigrants, who make deposits in Austrian or Italian banks on behalf of Soviet citizens; some is exported directly to finance illegal Soviet political operations through the untraceable, fungible metal; some is exported in excess of the reported figures for economic reasons.

In all, central bank forced sales and black market sources of supply bring between 400 and 600 tons of gold to market this year in excess of the standard projections (in the range of 1,200 tons or so).

Why has the gold market not collapsed? Because a significant portion of the market believes that gold is cheap at the price, and will buy whatever comes to market at the \$400-\$450 range. We speak here of old money that invests not for next year's profit, but for the succeeding generation's benefit, and is capable of sitting on a large hoard in dragon fashion for an indefinite period of time.

Of course, a change in world monetary conditions will change the price at which the old *fondi* will buy whatever comes to market. Under conditions of threatened default in South America, the price will rise. The dissolution of the spurious American recovery will tend to depress the price. But the principle remains the same.

Business Briefs

Energy

Deregulation will up coal rates 71 percent

Coal transport rail rates will rise 71 percent and exports will fall 21 percent by 1990 if the Interstate Commerce Commission (ICC) proceeds with its decision to deregulate coal traffic, according to a study by the Energy Information Administration of the Department of Energy.

The report finds that if the ICC carries out another of its current proposals, coal rates could climb by as much as 15 percent over inflation, while domestic production of coal would drop by 5 percent. But EIA also says that if the railroads hold the rates on export coal traffic, they may compensate by additionally raising domestic rates on coal or other commodities.

Much higher rail coal rates will boost the world price of coal and shift more of the U.S. world market share to such countries as South Africa and Australia, the EIA predicts.

Economic Policy

Wall Street Journal seeks drop in population

The collapse in the number of young people entering the American workforce is the basis for real economic optimism, according to the Aug. 15 *Wall Street Journal*. Fewer workers means, simply, less unemployment, the *Journal* quotes Prof. Michael Wachter of the University of Pennsylvania.

"Whereas the labor force grew at slightly over 2.2 percent per year between 1970 and 1982, it will grow at only 1.5 percent between 1983 and 1990," according to Wachter.

The *Journal* adds: "The young workers lacked training and thus found it hard to get jobs. In 1981, when the unemployment rate averaged 7.6 percent for all workers, it was nearly 15 percent for workers aged 16 to 24. . . .

"The rise in the supply of young, unskilled workers in the past two decades has tended to reduce their relative wages. . . . Declining relative wages went right along with rising unemployment and welfare benefits. So the cost of remaining unemployed tended to decline; this has been one factor helping to keep the jobless rate high for the young."

EIR founder Lyndon LaRouche has demonstrated conclusively that the only measure for real economic growth is the increase in relative potential population density—the ability to support an ever-increasing population with increased density of energy supply, and industrial and agricultural production. The American System of Alexander Hamilton and Matthew Carey built the United States into the world's strongest economy on just this principle.

The loss of young workers—and the disastrous implications for the future of the U.S. economy—is what the *Journal* calls reason for "optimism."

"Such optimism admittedly is based in part on an assumption that the federal government in the next few years will get its budget deficits under control, that the Federal Reserve System will pursue a reasonably stable monetary policy, that the world will escape new trade turbulence or war. But the optimism also stems partly from something already known: Major changes are taking place in the work force."

Unemployment

One quarter of workers hit in 1982

More than 26 million American workers were forced into periods of unemployment during 1982, according to the yearly work-experience survey published by the Bureau of Labor Statistics.

Adult men were hardest hit, with 23 percent of all men and 36.5 percent of black males jobless at some time during the year. Only 78.2 percent of all adult men worked during the year, the lowest ratio of employed men since records were first kept in 1948. Of those employed, fewer than two-

thirds (62 percent) worked steadily all year. Thus, only 48.4 percent of all adult males held a job throughout the year.

Ibero-American Debt

Bankers nervous about Argentine loan agreement

Argentine Finance Minister Jorge Wehbe signed the final agreement for a \$1.5 billion jumbo loan from 300 banks in New York Aug. 16, but bankers reacted with apprehension about whether Argentina either can or will comply with the terms of the loan. A number of bankers told *EIR* that they are concerned that Argentina may declare a debt moratorium very soon.

Several of the conditions originally demanded for the loan—such as alteration of the national bankruptcy law and payment of large commissions and interest rates—have still not been met. And, according to New York banking circles, there is no real confirmation whether the one concession Argentina reportedly made—the lifting of all restrictions on repatriation of profits from British banks and companies located in Argentina—is permanent.

The Argentine central bank issued a communiqué Aug. 15 confirming that the government had finally lifted these restrictions, a major demand of the IMF. However the action was *not* accompanied by the customary presidential decree overturning the freeze, which was first imposed during the 1982 Malvinas War.

Because there is stiff opposition to lifting of the restrictions among factions of the armed forces, bankers are worried that the government may have retained the law instituting the freeze on the books, to be enacted under compelling political conditions.

The statements by nationalist leader and prominent historian Jorge Abelardo Ramos demonstrate the opposition to the repatriation of British assets. Ramos accused both Wehbe and central bank president González del Solar of "treason against the fatherland" for authorizing the lifting of the restrictions. Abelardo Ramos called on judge Martin Anzoategui, who is currently directing an in-

vestigation into the growth of Argentina's foreign debt, to haul both government officials into court and interrogate them on what kind of deal they made with the British.

Banking

Regional pulls out of Citibank consortium

Michigan National of Detroit, one of the United States's 50 largest banks, announced Aug. 11 that it had taken the unheard-of step of bringing a lawsuit against Citibank of New York, in order to pull out of a \$5 million participation in a \$45 million syndicated loan to Mexico's national oil company Pemex.

A worried *Wall Street Journal* reported Aug. 12, "Although the credit is a small one, the Michigan National suit could have wide repercussions. The syndicated loans through which billions of dollars have been extended to Mexico, depend, in effect, on the unanimous consent of many large and small lenders. If any one lender in a syndicated loan refuses to accept major provisions, such as postponement, the entire credit structure could unravel."

Numerous cases in which regional banks have opted not to join loan refinancings have never been reported in the press. On Aug. 18, New York's *Journal of Commerce* stated editorially that the Detroit suit must not become a precedent for other disgruntled regional banks, adding, "The major money center banks will feel more comfortable if it is resolved, as is generally expected, in Citibank's favor."

In its suit, Michigan National reported it had joined a Citibank-led \$45 million loan syndicate to Mexico's state oil company, Petroleos Mexicanos (Pemex) on May 3, 1982. The loan was to run 90 days. Pemex was unable to pay the loan back, and Michigan National extended the loan three times. But after July 26, Michigan National refused to refinance, and when Citibank refused to let Michigan National out of the loan syndication, Michigan National launched its suit.

ation to Pemex have indicated that they may use the Michigan National suit to get out of the syndication.

A frightened U.S. government official admitted Aug. 11 that the Michigan National suit opens "a small but potentially deep crack" in the "coordination and cooperation that has developed over the past year in dealing with illiquidity in some countries."

International Trade

EXIM bank opens credit lines for Brazil and Mexico

The Export-Import Bank's opening of \$1.5 billion in credit guarantees for Brazil and \$500 million for Mexico is a belated attempt to ward off a Brazilian declaration of debt moratorium. Exim will assume the risk for banks financing U.S. non-agricultural exports.

In effect, this is an offer to restore the ability of Brazil to import vital industrial components and materials from the United States. That trade channel was closed following the Brazilian central bank's July 29 decision to make let the trade bills go into arrears along with interest owed to banks.

The inability to import vital goods has left Brazil with little to lose by declaring a debt moratorium and either substituting imports or bartering with countries in similar straits.

This is the first of an expected series of state-to-state agreements to encourage sticking to IMF rules. Other government export agencies may provide similar import relief for Brazil. In addition, Brazilian Planning Minister Delfim Netto began trying to get a Paris Club renegotiation of \$2 billion in debt service due public sources this year and next.

All this, however, may be too little and too late. Neither the Exim's import guarantees nor the Paris Club rescheduling will go into effect until after the IMF provides formal approval of Brazil's performance. That means October at the earliest—if Brazil accepts tough IMF conditionalities. Meanwhile, Brazil will find other ways to trade.

Briefly

● **SOUTH KOREA** wants to expand the Pohang Iron and Steel facility from its present 9.5 million ton annual capacity to a 12 million ton capacity. The Japanese have made what is being called a "political decision" to participate in the project, according to *Kyodo News*. The United States and European steel producers are strongly opposed to the construction of the new Korean facility. EC members think the project violates the spirit of the Davignon plan.

● **ECLA**, the Economic Commission on Latin America, released information Aug. 15 showing that a half-point increase in U.S. interest rates this year will force Ibero-American nations to pay an additional \$1.5 billion in debt service. Total foreign debt for the continent at the end of 1983 is estimated at \$320 billion. ECLA Secretary-General Enrique Iglesias reported that every one-point increase in interest rates will increase Ibero-America's debt-servicing costs by \$3 billion.

● **IBERO-AMERICAN** debt increases by millions with rise in the London Interbank Offered Rate (Libor) which, according to the *London Times*, has risen to 11.3 percent compared with 8.8 percent at the beginning of May, and 10.3 percent a month ago. In the case of Brazil, every 1 percent increase in Libor adds \$510 million to the cost of servicing its debt. Chile pays an additional \$70 million for every 1 percent rise in rates; Argentina pays an additional \$210 million for every 1 percent rise; and Mexico pays \$620 million for every 1 percent rise.

● **LASER** technologies offer yet another scientific capability, according to the following United News of India dispatch from Rome: "Holding out fresh hope for the bald, researchers here have found a method of making hair grow with the help of medium laser beams."

World Council of Churches conclave: a first-hand report

by Vivian Freyre Zoakos

Anyone who reads the appended documentation of the speeches and proceedings of the World Council of Churches' Sixth Assembly will be forced to conclude that the policies of that institution converge in all crucial respects with the strategic aims of Soviet General Secretary Yuri Andropov. The assembly, which was held in Vancouver, British Columbia, is the highest policy-making body of the WCC, held every seven years. The Sixth Assembly took place between July 24 and Aug. 10, and included about three thousand participants.

To summarize the positions forwarded by the Council at the assembly:

- It endorsed a resolution calling for unilateral disarmament on the part of the West, and branded the production or use of nuclear weapons a "crime against humanity" and a mortal sin for any Christian;
- It demanded a ban on the development and deployment of space-based energy beam anti-ballistic missile systems by the United States—Andropov's frequently stated and most urgent foreign policy goal;
- It repeatedly featured speakers who labeled President Reagan a "warmonger" while terming Andropov a "lover of peace";
- It attacked the stationing of U. S.-manufactured nuclear missiles in Europe;
- It vehemently attacked American policy in Central America, while passing a resolution on Afghanistan which barely mentions the U.S.S.R.;
- It heralded the end of "urban industrial culture" and called for the replacement of capitalism by a new economic order of "international democratic socialism";
- It opposed high technology transfers to the developing sector;
- It endorsed the Jesuitical (but Eastern Orthodox-derived) Theology of Liberation, the channel for aid to guerrilla movements in the advanced and developing sectors fighting (exclusively *Western*) oppressors.

Most fundamentally, the WCC executive at the assembly targeted for extinction the core of values which underlies Western culture, the tradition of Judaeo-Christian morality. These are the values which can be traced to the injunction of the Book of Genesis: that man should be fruitful and multiply and subdue the earth, exercising dominion over Nature. These are the ideals of the 15th-century



NSIPS Elisabeth Chambliss

Club of Life members demonstrate the relationship of the Russian Orthodox Church to the Anglican Church.

Renaissance: the belief in progress, mediated by the application of science and technology, based on man's capacity to perfect himself and his material circumstances.

Despite the extremely tight measures through which the WCC leadership sought to prevent any real discussion and resistance to their KGB line, rumblings of opposition began to grow, leading to near-splits on several key issues. Leading the opposition to the Council was the Club of Life, an organization founded in 1982 by Helga Zepp-LaRouche to defend the principles of Judaeo-Christian and classical humanism. Club of Life organizers intervened throughout the 18-day conference, forcing debate around just those issues which the WCC had been most anxious to suppress: military policy and the necessity for high-technology development.

'One worldists'

The World Council of Churches is the principal "ecumenical" institution internationally, linking the major Western Protestant churches with Eastern Orthodoxy. While the Roman Catholic Church is not a member, "one worldists" within the Catholic hierarchy collaborate with the WCC, and two Catholic delegates attended the Vancouver conference. The basis for this alliance is a common commitment to destroy the nation-states of the West, and to replace the Augustinian tradition in Western Christianity—based upon human reason—with Eastern mysticism, or "liturgy." The counterposition of liturgy to an appeal to reason was one made quite explicitly at the Assembly by spokesmen of Eastern Orthodoxy. Metropolitan Emilianos of the Ecumenical Patriarchate of Constantinople, in a presentation at Vancouver,

emphasized that it was through this emotional-mystical approach that the Patriarchate had, many centuries ago, brought the Russians into the Orthodox fold. "The beauty of the [Orthodox] liturgy was key in Christianizing the Russians. Today theology is too rational and less liturgical," he said.

Orthodoxy's appeal to the dark emotions, the theatrics of religious ceremony, the icons and the incense, leaves a tiny step to outright "Aquarian" brainwashing of the sort made popular by LSD-promoter Aldous Huxley and the Stanford Research Institute. Indeed the "Aquarians," with their polemics against "male-dominated Western culture" and nuclear power, were well represented at the WCC gathering; they could be distinguished from the "establishment" speakers more by their dress than by any differences in world view.

The theology of the Russian Orthodox Church is the basis for the doctrine that Moscow is destined to become the seat of the "Third and Final Roman Empire"—a belief which is now the operative foreign policy orientation of the Soviet state. It was thus no surprise to find the bearded and cassocked fathers of the Russian church vigorously endorsing the policies of their "peace-loving" government. Comical incidents resulted as the WCC and the Russians attempted to put a lid on the "slander" that the KGB was lurking in the halls of the Assembly. One example was a bogus letter which made its appearance during the first week's events. Written on WCC stationery, the letter purported to be authored by the Russian delegation, and stated categorical support for the strategic and military policy of Andropov. Russian Orthodox representative Rev. Vitaly Borovoi called a press conference to denounce the letter as a forgery—but admitted that, while

he would have used different language, he could in general not fault the contents of the letter.

The Club of Life's challenge

Club of Life representatives flooded this tightly controlled environment with leaflets, posters, and "street theater," demanding that the KGB-backed "peace movement" be junked in favor of a real peace policy and defense policy for the West. President Reagan's March 23 announcement of a new strategic doctrine based on anti-ballistic missile defense provides the sound basis for such a policy, the Club of Life maintains.

From the moment of President Reagan's speech, it has been the unabashed priority of Soviet policy to sabotage this program. Club of Life co-founder Lyndon H. LaRouche, Jr., who a year before President Reagan's historic announcement recommended such a U.S. policy as probably the only measure that could prevent World War III, has become the target of particular venom from Soviet spokesmen, including most emphatically the hierarchy of the Russian Orthodox Church. In May 1982, shortly after LaRouche's public recommendation of a U.S. beam-weapon policy, Patriarch Pimen, the head of the Russian church, declared that "military experts confirm that it is absolutely possible to install laser weapons and radioactive armaments in space. . . . It would be very opportune to include the treaty approved by the U.N. General Assembly prohibiting the installation of space-based weapons of any kind."

Russian Orthodox delegates who approached Club of Life members . . . agreed that the issue of Plato versus Aristotle defined the unbridgeable differences between West and East.

In Vancouver, the name LaRouche drew remarkable reactions among the higher echelons of the WCC and particularly the Orthodox. At one point this reporter was discussing a possible interview with Metropolitan Filaret of Minsk, head of the Russian delegation. Archbishop Vladimir—who already knew the reporter—rushed over at the velocity of a Russian SS-20 missile to protect the unsuspecting prelate and divert the reporter with hearty greetings and promises of other interviews. Filaret, unaware that he had just been "saved" from questioning by a LaRouche associate, looked upon the impertinent Vladimir with a face that was a study in affronted dignity. No doubt he later sighed with relief when briefed on his narrow escape.

One of the more effective tactics used by Club of Life

organizers was the staging of a skit involving an "Orthodox priest" holding an "Anglican minister" by a dog's leash. The Orthodox attempted to whip the Anglican while the latter attempted to resist the Orthodox domination. This skit, witnessed by a crowd of about 1,000 delegates, drew out the tension between the Orthodox and Anglican churches (mirroring that between the British and Soviet governments and power elites), as Moscow pursues its Third Rome policy. The response of the crowd was to root for either the Orthodox or Anglican actor.

Club of Life organizers held up large signs to delegates entering the plenary sessions, prompting intense discussion. There was a near-riot when signs appeared reading: "I Am Not a Racist—But Would You Let Your Son Marry an Orthodox Monk?" and "Lenin Was Right: Preserve Christianity: Hang the Orthodox Priests!" Catholics and Anglicans laughed heartily. The Orthodox were apoplectic, and the liberals generally were the most outraged.

On the final day the Club of Life signs read: "The Superiority of Western Civilization is Derived from Plato—Soviet Marxism is a Product of Aristotle," and "Aristotle Represents Bestiality." This elicited acute discussion of the issues dividing Plato and Aristotle. The Russian delegates who approached the Club of Life members not only did not attempt to dispute the truth of the signs, but agreed that the issue of Plato versus Aristotle defined the unbridgeable differences between West and East, including the "communist" Soviet Union.

As the conference proceeded, the WCC executive began to come under attack from a large minority of delegates. One component of the opposition was the conservative evangelical delegates from the United States. For the first time in WCC history, they sent back for major theological overhaul a major position paper on "Witnessing the Christian Faith," arguing that the WCC was "adopting a Marxist precept" concerning the poor and was "seeing history in a materialistic context." The issue split the evangelical movement within the Council straight down the middle, and led to the publication by traditionalist delegates of harsh position papers targeting the Marxism and pro-Sovietism of the Council and concluding with the declaration that they plan to work with "new institutions" which, unlike the Council, are not "false prophets."

The most dramatic intervention was made by a member of the Brazilian delegation, speaking on behalf of the Brazilian bishop. She told the plenary that her country will accept neither the anti-technology, poor-is-beautiful premises of the WCC resolutions, nor the genocidal conditionalities imposed by the International Monetary Fund. Instead, she said, Brazil will organize for an Ibero-American debtors' cartel to force the creation of a more just, development-oriented economic order. WCC moderator Archbishop Ted Scott was forced to declare a temporary halt in the proceedings in order to prevent discussion of the issues the delegate raised.

'Reagan is for war, Andropov for peace'

Rev. Vitaly Borovoi. Assembly delegate, representing the Russian Orthodox Church's Moscow Patriarchate. Key-note speaker and candidate for next General Secretary of the WCC.

At a press conference held July 28 under WCC auspices, Rev. Borovoi responded to questions pertaining to a bogus letter circulated at the Assembly ostensibly written by the Russian Orthodox Church. The letter was a statement of categorical ROC support for Soviet government military and foreign policy. Denying that his Church had authored the letter, Rev. Borovoi nevertheless did concede the fact that:

"... In the fight for the spiritual salvation of our people, we [of the ROC] must simultaneously co-exist with the temporal reality of our government. Like many other churches, we support the foreign policy of our government. . . not only because it is our government, but because in truth it is the policy of peace. Only the nuclear freeze, which our Soviet government and Party General Secretary Yuri Andropov support, can bring peace to mankind." The Vancouver *Globe and Mail* the following day reported: "Rev. Borovoi said the letter was written by someone who was 'not a very clever or wise man.' He said he found the letter strange because he could in fact agree with much of it although he would not have used the same phrases. . . ."

Questioned on the Russian Orthodox's Church's position on disarmament, Borovoi responded: "Our position is very known. We have had two conferences on this. . . . The first question to ask is what is the opinion of our American brothers. We must find common solutions. In the cold war, when our governments—the U.S. and Russian, I mean Soviet governments—were apart, we in the Church never ceased to seek close cooperation with the American Churches. And we pushed our own government. Our effort was there in the détente push. Our position is to find solutions, the best solutions, for all sides."

A second question was: "You said that Orthodoxy could succeed even in the midst of a secularized socialist society. What lessons have you learned from this?" Borovoi's re-

sponse: "At first we had a very difficult time. This contributed to the raising and spreading of all kinds of apocalyptic hopes and visions, and therefore to a refusal to recognize this new [communist] society and to participate in its ongoing life. This was profitable for atheism.

"It cost us real suffering to come to the conclusion that regardless of the change in the [political] situation, the Church should witness, work and be ready for everything in order to serve, save and regain this [Soviet] society. This process is not finished, but slowly we are becoming part of this society. We reject Marxism as an ideology. But we accept the political, social, economic system. We contribute to it. We are millions and millions [of Orthodox Christians in the U.S.S.R.], and this society could not exist without these millions.

"Political attitudes change, psychological changes are occurring. We have growing numbers of members from among the youth—although it is not true that we control them yet. Among these youth, we have members from the *Komsomol* [Soviet party youth organization]. When they undergo crises, they come to the Church. Not all, but the *majority* are coming to the Church. These 'converts' will be the next generation who will take my place. They will be better than me."

Metropolitan Kirill. Delegate from the Russian Orthodox Church.

"The Soviets don't want war. Look what we lost in World War II. . . . Look at the arms buildup. . . . and now we have this new, terrible laser weapon. . . . Ronald Reagan is a war monger. . . . Andropov wants peace. . . ."

Anezka Ebertova. Professor of Social Ethics at Czechoslovakia's Hus University. Active in the Prague Peace Conference since 1958.

"Through my voice you can hear thousands of Christians in socialist countries who, together with their fellow citizens experienced the hell of war. . . . Therefore, after the war [World War II], all activities in our countries [Eastern Europe] were concentrated on the creation of peace, formation

of a socialist society. . . . The matter of our concern was the progress of a socialist society since the previous structures proved to be a catastrophic source of exploitation, social injustice and conflicts.

“However, the atmosphere of the cold war soon blocked these efforts, and with it the possibility for fruitful, peaceful cooperation. . . . We have no choice but to oppose the destructive powers and threats coming from unjust and inhuman social structures. . . . In our countries, we [Christians] make this effort together with our citizens, some of whom are not Christians, because we feel united by the awareness of the value and dignity of every human life. From many of them we learned to think more about concrete material as well as spiritual conditions of life. We also learned to understand the impact of social structures on the life of human beings in order to preach in correlation to reality. . . .”

“With our prayers, with our social activity and with the hope of our faith, *we support the initiatives of our countries’* leaders for cooperation and peace. There are a number of propositions for a nuclear freeze and disarmament which envisage peace perspectives for Europe and the rest of the world. . . .”

Metropolitan Emilianos. Ecumenical Patriarchate of Constantinople (one of the original founders of the World Council of Churches). Emilianos gave a seminar on “The Orthodox Church and the World Council of Churches.”

“The presence of Orthodoxy in the ecumenical movement is important because it has brought Orthodoxy into the West. . . . Western culture protects itself against Orthodoxy by presenting it as a quaint cult, with icons. . . . What is lacking is a sense of witness, of outreach. Most Orthodox see religion as a private concern. Orthodoxy has to emerge from its native ghetto and culture. . . .”

Emilianos then addressed the importance of appealing to non-rational elements of the population. He gave as an example the method by which the Ecumenical Patriarchate had, many centuries earlier, converted the Russians to Orthodoxy. “The beauty of the [Orthodox] liturgy was key in Christianizing the Russians. Today theology is too rational and less liturgical. . . .”

“Until now our [Orthodox] practice has been to take small hesitant steps, instead of full involvement with the World Council of Churches. We want more representatives in the active bodies of the Council. . . . The Patriarchate was ecumenical before there was an ecumenical movement. . . .”

“Most of the problematic begins with the Reformation. Theologians act as if Christianity began in the 16th century. . . . We are orientals. We use a different kind of language. Our theologians don’t know enough of the conflicts of the 16th century onwards, how Luther et al. introduced a new era. If the Roman Catholic Church were a World Council of Churches member, you [of the WCC] would be more competent to deal with some of these things than we. We never experienced a Reformation.”

Liberation theology vs. ‘urban culture’

Report of the Moderator, Archbishop Ted Scott Primate of the Anglican Church of Canada.

“I have become sharply aware of the seriousness of the global issues and of the very great need to take action—often radical action in light of this new knowledge. . . . The ’60s saw the zenith of the postwar prosperity boom as the reconstruction of Europe and Japan progressed. It was a decade marked by optimism. . . . [Now] we are, I believe, at the end of an era.

“It was an era dominated by what, for brevity, I would call urban industrial culture. This culture grew out of the discovery of the scientific method and the technological development which followed. Science and technology were seen by very many to be the source of the ultimate answers to human aspirations.

“This culture came to be expressed in two major competing ideologies—capitalism and communism. There are many differences between them but there are also some very great similarities. Both, in practice if not in theory, are materialistic, and both tend to limit their focus of achievement to what happens in space and time, focus attention on people and things. Both are very much concerned about the production and delivery of goods and services, and both tend to measure progress, in a country or in the world, in terms of the Gross National Product. . . .”

“It is my conviction, however, that neither of these present ideological expressions of this culture is adequately responding to the challenges of our day. These ideologies are no longer satisfying the deepest human aspirations. . . . I believe that both of these ideologies, although they remain powerful, are no longer adequately responding to the challenges which confront us. An era is ending.

“The Churches . . . have . . . accommodated themselves to the cultural values of the world. If they had remained truly faithful, they would have affirmed much more positively that human beings are not mere units of production or consumption, but relationship beings. . . .”

“[W]e must say ‘yes’ to all that conforms to the love of Christ, to all who seek for justice, to the peace-makers, to all who hope, fight and suffer for the cause of man (humanity), to all who—even without knowing it—look for new heavens



NSIPS/Elisabeth Chambless

and a new earth wherein dwelleth righteousness.”

Dr. Jan P. Pronk, deputy general secretary of the UN Conference on Trade and Development; Ex-officio member, Brandt Commission (1977-81); Chairman of the WCC’s advisory committee on economic policy.

“Concrete action is necessary to fight [today’s economic] crisis. But we shy away from action. . . .

“ ‘Why should we do anything at all’ is the present answer of the North to the demands by the South. Well, there is one reason, and that is interdependence between countries or, in the words of the Brandt Commission, a ‘common interest’ of all countries in the survival of the world economy and of the world itself. It may seem doomsday language, but indeed, survival is at stake. The present international economic crisis is, for a number of reasons . . . more fundamental and more complex than any previous one. . . .

“[T]he only promising option is one which would enable us to cope with the problems of the 1980s. You may call it a new international economic order, or *international democratic socialism* [emphasis added]. . . .

“Churches are people’s movements who can challenge power, act as vanguards and as advocates for change. That is essential, because people and in particular the poor are easily being forgotten during negotiations.”

Dr. Allan Aubrey Boesak. South African citizen, President, World Alliance of Reformed Churches.

“The life of the world, the destruction of this world, the future of this world, is . . . the concern of the Church. . . . And if this world is threatened by the evils of militarism, materialism, greed, racism, it is very much the concern of the Church. . . .

“This Assembly must speak out. . . . We must not hesitate to address ourselves to the questions of peace and to the possibility of total nuclear destruction. We must be clear: the nuclear arms race, the employment of God-given human talents and possibilities for the creation of ever more refined weapons of mass destruction, and the call to put our faith in

The Russian Orthodox Church delegation to the World Council of Churches conference.

these weapons so as to secure our peace, is not simply a temporary madness, *it is essentially sinful* [emphasis added] and contrary to the purposes of God for this world. . . .”

The *Globe and Mail* of Vancouver, July 30, reported further statements by Dr. Boesak: “ ‘Reconciliation means paying the price—being willing to die for the sake of what we believe.’ As keynote speaker, [Boesak] immediately threw the nascent meeting into controversy by saying that *the church should not abandon oppressed people who had turned to violence*. [Emphasis added] . . . Dr. Boesak has flowered as a leader in South Africa, leading a resurgence of black political activities and renewed opposition to the Government’s constitutional proposals. . . . For him . . . the church must always side with the poor and the oppressed. If after years of non-violent attempts to win justice, such people take up arms, Dr. Boesak says, he personally believes the church must continue to support them.”

Dr. Dorothy Soelle. Liberation theologian from Union Theological Seminary in New York City. Dr. Soelle was a participant at the pre-conferences that prepared the theological discussion for the Assembly. From the keynote speech:

“Fullness of life, the kingdom of God, eternal life, all are destroyed by wealth of possessions. . . . Wealth acts as a wall more invincible by far than the famous walls of Jericho. . . . There is a way of doing theology in which the poor and economically exploited are never seen or heard—and that is apartheid theology. . . . Do not pursue the idea of ‘fullness of life’ as we have developed it in the Western world. It is a delusion. . . .

“We have chosen a system based on money and violence. . . .

“[T]he mild depression prevailing in so many European and North American Churches is tantamount in practice to acquiescence in militarism. They have no hope because they trust in the deadly peace of the arms advocates. . . .

“Becoming empty for God means emptying ourselves and relinquishing or reducing all the possessions of our world: money and violence. . . . We do not live in El Salvador, but we do live under the domination of NATO. . . .

“Our historical task is to fight for peace and against militarism.”

Dr. Soelle at the July 29th Assembly seminar on theology:

“It is impossible to speak of theology without talking about the poor. We have to listen to them. . . . To listen to them is to listen to the voice of Christ. This is the priority for any theological work today. This is also the criterion for judging theology today. There is an existentialist dimension to theology. It starts with experience, understanding our responsibility for everyone else. . . . *We must overcome the bourgeois form of spirituality. We must become both more pious and more radical. . . . At the heart of the peace movement is the search for God. . . . They are moving in the direction I am trying to describe. . . .*” [Emphasis added].

'We are pained by Third World's quest for nuclear power'

Dr. Helen Mary Caldicott. Australian M.D. Founder, Doctors for Social Responsibility in the U.S. International anti-nuclear organizer. From Dr. Caldicott's speech at the Assembly plenary session:

"The possibility of nuclear war is the most urgent problem facing the human family today. . . . Many important scientists and statesmen in the U.S. are predicting that we will be able to consider ourselves fortunate if we succeed in reaching 1990 without having a nuclear war. . . . Nationalism today is an anachronism. . . ."

Dr. Caldicott, at her seminar on the threat and causes of the impending nuclear war, focused her seminar discussion on attacks against the United States and President Ronald Reagan. Her secondary target was the male half of the species, whom she characterized as "children taught to love killing. Innate in many men—not all—is a fascination with killing and power. As Margaret Mead said, women are the civilizers, because they are driven by feeling. . ." Dr. Caldicott then devoted some time to developing a possible argument to explain the male obsession with killing, concluding that it is a hormonally derived problem, with roots in the fact that men are too focused on the use of the intellect ("the cortex") while, contrariwise, women are superior by virtue of their disdain for the cortex and are ruled instead by the hypothalamus (identified by Caldicott as the seat of the emotions).

The over-intellectualization of males leads them to suffer from sexual insecurity. "Are men insecure sexually? We need to look at this. It is significant that missiles are clear phallus symbols," she said, demonstrating their shape with a motion of her hands. "These phallus symbols rise and then explode with a big bang. This is very significant." Asked whether Jesus too was controlled by his male hormones, Caldicott explained that Jesus "exemplifies Jung's anima/animus dualism," a perfect balance of the male and female.

Describing a meeting she had with President Reagan which lasted one and a quarter hours, Caldicott described the President as "an idiot; a man lacking any empathy for any other person." The United States itself was repeatedly assaulted as the principle cause of the danger of war today.

Dr. Caldicott urged her audience to discuss ways in which each might become politically active to "use your democracies" to achieve disarmament. "Why can't the World Council of Churches say, 'We are going to do it [force disarmament].'

Politics isn't dirty, it is God's work." Giving an example of some of the methods she has herself used to frighten males into discontinuing nuclear energy-related labor, Caldicott described her speech in front of a group of miners involving in mining uranium: She began, she said, by arriving at the meeting with "my black velvet pants. The first thing I had to accomplish was to make sure they looked at me." Once having gained the miners' attention, "I immediately started in by talking about their testicles," explaining the dangers to this organ as a result of their uranium mining activities. She reported that the men, by the end of her presentation, pushed through a resolution to have the mine closed.

Sister Rosalie Bertel. Identified as an expert on low-level radiation poisoning, Sister Bertel led the seminar on "Community Spirit and Non-Violence."

Sister Rosalie began by identifying the animal kingdom (including man) as being divided into "fight" and "flight" animals, going from there to propose that "we need a paradigm shift into the female mode." She also attacked the existence of the nation state ("We must limit the sovereignty of nation states") as responsible for pushing man into the "fight" mode of behavior.

When a Third World delegate asked a question on the need for nuclear power transference to the developing sector, Sister Rosalie responded: "I am pained by the fact that the Third World wants nuclear power. This issue has been a problem for the World Council of Churches. . . ." Another questioner, wishing clarification of Sister Rosalie's position, asked whether she meant that the Third World populations are too stupid to handle nuclear power. The response from Sister Rosalie: "That is correct."

Wakira Wakaine. New Caledonian pastor. Responsible for the Research Work of the churches in New Caledonia. Coordinator of the Programme History and Society (Evangelical Church-Roman Catholic Church).

"Development in our country is simply a reflection of a capitalist system which wants only to dominate and make profits. It is an instrument for destroying the abilities and the values of the Kanaks. Among others, development has the following aspects: *urbanization*, which is a way of destroying the Kanak cultural milieu; *education*, which lies at the root of all the means by which underdeveloped people are alienated. . . . *politics*, which controls the judiciary and the institutions of the country. All these diabolical mechanisms are nothing but tools in the service of the prosperous middle class. . . ."

"[O]ur Church . . . came to understand that the Word of life has to be translated into practice in support for and solidarity with the poor and oppressed. . . . The Church in New Caledonia is militant in its efforts for the liberation of oppressed peoples everywhere. . . . Jesus Christ is the symbol of Unity, of Justice and non-violence, the symbol of total liberation."

'We must address the danger of beam weapons systems'

Dr. Laurens Hogebrink. Dutch Reformed Church theologian. One of the recognized leaders of the European disarmament movement; executive board member of the Dutch Interchurch Peace Council (IKV). Hogebrink conducted a seminar on "Peace and Justice in the Light of the Arms Race."

At his seminar, Hogebrink discussed two central topics: the decisive role of the churches in directing and making possible the existence of the peace-disarmament movement, particularly in Europe and, secondly, the need for the disarmament movement to begin concentrating on doing away with conventional and not merely nuclear weapons.

Hogebrink reported on the literally "thousands and thousands" of grass roots meetings held by his church in Holland to mobilize the population. This is exemplary of the central position occupied by the churches in this area. Hogebrink also emphasized that "what the nuclear arms race is really about is amassing enough nuclear weapons to ensure that no nuclear war will ever be fought with them. The real action is at the level of conventional weapons." The peace movement must begin to shift from being a "one-issue movement" to address the full spectrum of conventional plus nuclear disarmament.

Archbishop Habgood. Archbishop of York, Anglican Church of Great Britain.

The Archbishop gave a presentation at a seminar on "deterrence," entitled: "Maintaining Peace or Fueling Destruction."

"I am not going to talk of nuclear war nor of the immorality of nuclear war, because everyone is convinced of this. I wish instead to speak of particular policies. . . . Deterrence is inherently unstable. But there has to be *some* system of deterrence in the world. We do not escape it by saying we don't like it.

"How can we make deterrence more stable. . . ? I have been associated with a small foundation in Great Britain trying to identify which people really count in this area. You find only about 200 people really count. The foundation is the Foundation for International Conciliation. . . .

"We have also to face the fact that nuclear weapons are

with us for the foreseeable future. We won't be rid of them in our lifetime. It is utopian to think they can be abolished. The Church of England . . . wants no first use position for NATO, although it also rejects unilateralism."

Dr. Alan Geyer. Founder of the Center for Theology and Public Policy, Washington, D.C.

Dr. Geyer was another participant in the deterrence debate.

"Archbishop Casaroli [Vatican Secretary of State] at the United Nations said that deterrence was morally acceptable. Then Dr. Potter [general secretary, World Council of Churches] . . . said that deterrence was not acceptable. Thus the line is drawn between the World Council of Churches and the Vatican. . . .

"Deterrence has increasingly become a theology, a credo-justification for nuclear weapons, a dogmatic structure. Deterrence is a manipulation of fear, hence the opposite of faith, a sharp theological challenge to faith. . . . It has become a technocratic escape. It also dehumanizes the enemy. . . ."

Ron Sider. Identified as an American active in the anti-nuclear movement, Sider was a third panelist in the deterrence seminar.

"Even possessing nuclear weapons is immoral." This statement essentially summarized Sider's position at the debate. He also attacked the position taken by the Archbishop of York Habgood, saying that the latter's approach just gives an argument in behalf of nuclear weapons. Sider instead proposed a model of "civilian based defense" modeled on the techniques of Mahatma Gandhi.

Habgood responded to Sider's criticism: "I am as sympathetic as anyone on the issue of nuclear disarmament. But I have to be practical. Ron Sider's position is a lovely one. But we have to recognize that Gandhi and Martin Luther King made their moves in fundamentally decent societies. . . . These no longer exist. . . ."

Metropolitan Paulor Mar Gregorios. Orthodox Syrian Church of the East. A very active figure within the World Council of Churches, the Metropolitan is chairman of the Council's "Church and Society" division. He was the fourth and final speaker in the deterrence debate.

"The fight between the Pope and Potter [see Alan Geyer's speech, above] is something that will surface in this Assembly. Therefore, be careful. . . . The Pope goes on to propose disarmament, whereas Potter says that deterrence is not morally accepted *now*."

Gregorios then described some of the arguments on which Potter's position is based: "Deterrence has consequences which are bad. Therefore *it* is bad. The use of nuclear weapons is a crime against humanity," is the next part of the argument. "This is a true moral argument. The use of these weapons is morally evil. Therefore the *intention* to use them is also morally evil. Since for deterrence to work you have to convince the enemy that you mean to use nuclear weapons,

you have to act accordingly. Therefore . . . Potter's point is that deterrence is immoral.

"There is another conflict at the Assembly: which is the priority, peace or justice? If doing away with these weapons is all you are concerned about, that is no good either. Justice is [equally important]. . . .

"It is simplistic to say that we have to use money spent on nuclear weapons for development. This amount is only 6 percent of the money spent in the world overall. We must deal with the other 94 percent. . . .

"While we sit here speaking of nuclear weapons, a more sophisticated laser beam technology is being developed in the U.S. and the U.S.S.R. ostensibly for purposes of defense. . . . We have to deal with this, watch this. . . . Some people who leaflet outside support these weapons [referring to the organizers of the *Club of Life* who were distributing literature to the seminar participants calling for the support of President Reagan's March 23 speech announcing a new military policy based on the development of energy beam weapons]. They have been sent to make people aware of this new technology. We cannot leave it to these people alone to address this important issue. We have to do so ourselves, be aware of this new problem."

Resolutions made by the World Council

Debate on Soviet atrocities

Resolution on Afghanistan

The resolution was finally passed by a small margin (306 to 278 votes), following a heated debate on the floor. It called briefly for an end to the supply of arms to opposition groups from outside, the withdrawal of Soviet troops, and a guarantee of a peace settlement by the Soviet Union, the United States, Pakistan, and China.

Bishop Alexander Malik of the Church of Pakistan was among those who charged that the resolution used "the weakest possible language. . . . If it were any Western country, I'm sure the World Council of Churches would have jumped on it and denounced it for a similar action in the strongest possible language in the dictionary," he said, to general applause from delegates in the plenary session. He added, "The atrocities committed by Soviet troops are not even mentioned." Other delegates similarly pointed out that the U.S.S.R. was hardly even mentioned in the resolution.

Archbishop Kirill of the Russian Orthodox Church an-

swered the criticism in what the press generally described as "an impassioned speech." He was adamant that the resolution's language not be changed, warning delegates that they are at a critical point in the development of an ecumenical fellowship which could be disrupted if they did not "put aside their emotions." His comments were echoed by other Orthodox delegates and by Rev. Nikolai Zverev, a Moscow delegate for the Union of Evangelical Christian Baptists.

The Seattle Post-Intelligencer coverage of the resolution was characteristic of press treatment of the document. The newspaper said in its lead editorial Aug. 11: "The World Council of Churches fulfilled expectations of conservatives the other day by adopting a resolution containing wishy-washy language about the Soviet invasion of Afghanistan but harsh criticism of U.S. policy in Central America. The vote lends credence to charges that the Council practices a double standard of morality when it comes to judging the East and the West."

Nuclear arms condemned

Statement on Peace and Justice

"We . . . counter the trend to characterize those of other nations and ideologies as the 'enemy' through the promotion of hatred and prejudice; [The Central Committee . . . appeals to the churches to] assist in demythologizing current doctrines of national security and elaborate new concepts of security based on justice. . . .

"We call upon the churches, especially those in Europe, both East and West, and in North America, to convince their governments to . . . turn away now, before it is too late, from plans to deploy additional or new nuclear weapons in Europe [reference to U.S.-built 'Euromissiles'], and to begin immediately to reduce and then eliminate altogether present nuclear forces. . . .

"The Central Committee [urges member churches to pay special attention to the following]: (a) a nuclear war can under no circumstances, in no region and by no social system be just or justifiable. . . ; (c) renounce policies of 'first use'; . . . (d) the concept of deterrence . . . is to be rejected as morally unacceptable. . . ; (e) the production and deployment of nuclear weapons as well as their use constitute a crime against humanity, and therefore there should be a complete halt in the production of nuclear weapons and in weapons research and development in all nations, to be expeditiously enforced through a treaty. . . .

"In addition, we urge the churches to press their governments to abstain from any further research, production, or deployment of weapons in space. . . ." [Emphasis added. This sentence did not appear in the first draft of this document. Some observers at the Assembly reported that they believed it was added in agreement with the injunction given by Metropolitan Gregorios—see above—that discussion of space-based energy beam weapons be addressed by the Assembly, instead of being left entirely to the LaRouche organizations such as the Club of Life for discussion.]

"We believe that the time has come when the churches must unequivocally declare that the production and deployment as well as the use of nuclear weapons are a crime against humanity and that such activities must be condemned on ethical and theological grounds. . . ."

"We urge the churches to press their governments, especially in those countries which have nuclear weapons capabilities, to elaborate and ratify an international legal instrument which would outlaw as a crime against humanity the possession as well as the use of nuclear arms. . . ." [Emphasis in the original.]

The voting on this document, like the Afghanistan resolution, also met with debate among the delegates to the plenary session. For example, Dr. Aaron Tolen from the Cameroon Presbyterian Church, attacked the notion of outfitting the Third World only with "appropriate technologies," and denying them nuclear technology and other advanced technologies. Such a policy, he argued, only increases Third World dependence on the advanced sector. An Indian delegate put forward a similar argument.

The Brazilians cause a furor

Resolution on "Justice and Human Dignity"

"Since the misuse of God-given power is the crucial issue . . . it becomes imperative that technological, economic, political and military power be made accountable once again. Until that is obtained, Christians are called to resist any power that demands our complicity in sin. . . ."

"The struggle for justice and human dignity . . . calls us to be in solidarity with those who build up peoples' power designed to shape a more participatory society. . . . Thus international networks of support, provided by the churches, should be strengthened and widened, to enable people to resist oppression, denounce and combat the roots of injustice and to take risks for the search for a new society. *The networks help accumulate forces among the poor, accompanying and stimulating acts of resistance to abusive power. . . .*

"Recommendations for Ecumenical Action to the Churches: . . . to repudiate the misuse of economic organization, science and technology in service of powers and principalities and against people. . . . *That the churches be in solidarity with the poor, oppressed, and discriminated in order to empower their movements and organizations. . . . That all churches increase their efforts through concrete action to be in solidarity with those who are struggling to redress unjust power structures. . . .*" [Emphasis added.]

The plenary session called upon to vote this document came to a sudden halt at the instigation of the chairman following an intervention given by a delegate who introduced herself as speaking in behalf of one of the Brazilian bishops. Repudiating the document, the delegate developed the argument instead that her country, as indeed the rest of Latin America and the Third World, owed their exploitation to the policies of the International Monetary Fund and related international financial institutions. She said that it is such insti-



Metropolitan Gregorios

tutions which have willfully overseen the destruction of her country and others, by imposing even more stringent fiscal and economic policies while imposing cruel austerity conditionalities. It is the imposition of such policies, which seek to keep Brazil and the Third World underdeveloped, which is the real cause of our problem. Brazil and her population, however, she said, intend to fight this, referring to the "Operation Juárez" policy being organized for at the Assembly by the *Club of Life*.

The Brazilian delegate, among others in her delegation, had been present at the Caracas, Venezuela "Congress on Latin American Political Thought" held in early July. That congress, involving the most prominent—and powerful—Ibero-American intellectuals and leaders, had adopted the tenets of Lyndon LaRouche's "Operation Juárez" proposal for the creation of an Ibero-American debtors' cartel to force the establishment of a development-oriented new international economic system.

Denounce Marxists

Resolution on "Witnessing in a Divided World"

For the first time in WCC history, a major position paper was sent back, at the instigation of the conservative evangelical delegates at the Assembly. About half of the delegates from these churches issued a harshly-worded document of their own which in part summarized many of the accusations made inside and outside the assembly against the WCC.

The criticism by traditionalists within the Council and hundreds of official and unofficial observers was that the position papers are adopting a Marxist precept concerning the poor, that is, "seeing history in a materialistic context." The evangelical document read in part, "The credibility of the WCC's claim to be a prophetic voice decrying the oppression of human rights is damaged once again by the political one-sidedness in which such violations are pointed out only in the non-Marxist world, while serious offenses by socialist states, whose ecumenical representatives are applauded by the assembly as passionate advocates for peace and justice, are dealt with mildly or passed over in silence. . . ."

The two military faces of Yuri Andropov

by Rachel Douglas

On Aug. 10, one of Yuri Andropov's advisers threatened in print that if the United States implements the defensive strategic doctrine spelled out by President Reagan last March 23, it will be a *casus belli*—the U.S.S.R. will launch nuclear war. A week later, in meetings with two different delegations from the United States, Andropov put on a theatrical display of negotiating offers and unilateral "commitments" which serve only to wreck the Reagan initiative for anti-missile beam weapons and thus to keep the United States and U.S.S.R. locked on a course towards a missile crisis.

The public threat by Fyodor Burlatskii, which we excerpt on the following pages, reveals Andropov's calculation that now is the time to force Reagan to back down from the beam weapons policy, since Henry Kissinger can be counted on to work against it from the inside. Spokesmen for Kissinger intimate George Shultz's State Department hastened both to belittle Burlatskii's "*casus belli*" article and to promise "careful study" of Andropov's latest disingenuous proposals to ban space weapons.

Burlatskii's article is also under evaluation as a personal threat to Lyndon H. LaRouche, Jr.—the first American politician to have proposed a shift from the Kissinger-created Mutually Assured Destruction (MAD) doctrine to Mutually Assured Survival based on beam weapons—who called for this policy back in February 1982. LaRouche's organizations have been under a barrage of attacks from the Soviet intelligence outlet *Literaturnaya Gazeta* for several months. The same *Literaturnaya Gazeta*, while roundly denouncing Reagan's March 23 speech, refused to publish that speech or

report that Defense Secretary Weinberger has discussed parallel, agreed-upon development of the systems by both sides, to end the era of MAD.

In Europe, supporters of LaRouche's policy circulated a release on the Burlatskii article, which said, "This monstrous military threat escalates the political pressure and is meant to shut up politicians in the West who favor the development of beam weapons. In the front line of these politicians are Lyndon H. LaRouche and his German wife Helga Zepp-LaRouche, the leader of the European Labor Party. . . . If Lyndon LaRouche or his wife Helga Zepp-LaRouche or members of the International Caucus of Labor Committees or the European Labor Parties get harmed in any way, then the KGB or Henry Kissinger or both are responsible."

Missile crisis blueprint

The day before informing a group of U.S. senators led by Claiborne Pell (D-R.I.) of the Soviet desire to negotiate a ban on space-based weapons, Andropov once again painted a picture of dire Soviet "countermeasures" if the United States deploys medium-range Pershing II missiles in Europe. In a meeting with William Winpisinger, International Association of Machinists head and Socialist International leader, Andropov claimed the Soviets were sticking to a "constructive and flexible line" at the Geneva talks on those missiles and the Soviet medium-range SS-20s, but warned that when the missiles are deployed, the U.S.S.R. will "concentrate on defensive countermeasures to ensure the security of the Soviet people and its allies." Europe, where the Pershings would

be deployed, is "the nerve center of international relations . . . a source of a rapid and dramatic growth of the threat of a new world war," Andropov said.

Other Soviet spokesmen have recently specified the military technologies on the verge of application, giving rapid delivery time for Soviet nuclear bombs to U.S. targets. Col. Gen. Vasilii Reshetnikov of the Soviet Air Force said in a TASS interview put out Aug. 18, that the U.S.S.R. has an air-borne nuclear capability that could "hit enemy targets without entering the air space in which they may be reached by enemy air defense."

Fyodor Burlatskii's *Literaturnaya Gazeta*, besides threatening to launch war as a response to Reagan's space-based strategic defense program, also confirmed that the Soviet navy is preparing to base nuclear weapons off U.S. shores—in the style of the Cuban Missile Crisis. As *EIR* showed in articles earlier this year, the rash of Soviet submarine incidents off the coast of Sweden was a demonstration of such shoreline capabilities. Burlatskii in his article put in the mouth of an unnamed American a summary of how the Soviet navy could arm anything that floats near the U.S. coastline, from freighters to fishing trawlers, with cruise missiles.

Way out of showdown

There is a scientific way out of such a showdown at the brink of nuclear war, but that is precisely the alternative Andropov is doing everything he can to wreck.

Burlatskii's article is part of that effort. Particularly noteworthy in the piece, is its warped characterization of the policy the author calls a "*casus belli*." Burlatskii advises that anybody can find out all about Reagan's March 23 policy by reading the Heritage Foundation-published proposals of Gen. Daniel Graham, which actually concentrate on putting existing technologies into orbit rather than going for the across-the-board technological breakthroughs, including a comprehensive anti-ballistic missile capability using beam weapons based on physical principles not previously utilized, called for in the LaRouche proposal and by the President. Ironically, Burlatskii enumerates some of these systems, such as x-ray lasers, but attributes them to Graham's package.

The bids Andropov delivered to the Pell delegation had two purposes: to give ammunition to the "peace" forces who are mobilized with every capability against Reagan in Europe, up to and including terrorism, and to make a ban on all space-based defenses a main item on U.S.-Soviet arms negotiating agendas so that the two sides are locked firmly into MAD.

Andropov told Pell that Moscow wants "the complete prohibition of the testing and deployment of any space-based weapons for hitting targets on Earth, in the air or in outer space." He then vowed a "unilateral moratorium" on deployment specifically of anti-satellite technologies, an area in which the Soviet Union is documented to have done dramatically more than the United States.

The diversionary purpose of this proposal was self-evident, but the State Department's Alan Romberg said on Aug. 18 that the administration intended to "study carefully any serious Soviet proposal on space arms control."

When it came to Burlatskii's spectre of a Soviet first strike, however, officials of the same State Department were not so anxious to do any studying or respond to queries about its implications. Despite Burlatskii's background, one State analyst said, "Burlatskii has already been denounced . . . on the 'cocktail circuit' in Moscow. Soviet officials of at least the same rank as he denounced his *casus belli* statement." Another commented, "Burlatskii's relations with Andropov are not that clear. . . . He may not be so close to Andropov any more."

Not just a journalist

Fyodor Burlatskii, author of Moscow's threat to launch war sooner than permit an era of Mutually Assured Survival to begin, was in the United States in May of this year. He was the gray eminence of the Soviet delegation to a Minneapolis conference, co-sponsored by the Institute for Policy Studies and Moscow's U.S.A./Canada Institute, where three dozen Soviets teamed with luminaries of the American "peace movement" to chart steps against President Reagan's defensive strategic doctrine.

In Minnesota, Fyodor Burlatskii was wearing the hat of *Literaturnaya Gazeta* commentator, but his journalist's garb should not disguise who he is—a member of Yuri Andropov's kitchen cabinet for more than two decades. In the late 1950s, Burlatskii became the first head of an advisory group on international policy, attached to the Communist Party Central Committee. The group answered first to Otto Kuusinen, a Finnish former executive of the Communist International who became a Soviet Politburo member, and then to Andropov in his capacity as Central Committee (CC) Secretary. Georgii Arbatov, now head of the U.S.A./Canada Institute, later headed the same CC intelligence group. In 1967, Burlatskii was the first Soviet journalist to write in favor of negotiations on the limitation of anti-ballistic missile systems, which had been proposed by President Lyndon Johnson and his Secretary of Defense Robert Strange McNamara in December 1966. His article in *Pravda* was a signal that the creation of the ABM Treaty, to be completed by Henry Kissinger, had begun.

'Space weapons are absolutely a *casus belli* for nuclear war'

The following are excerpts from an article entitled "War Games" by Fyodor Burlatskii, political observer for Literaturnaya Gazeta, which appeared in that magazine on Aug. 10, 1983.

It would seem to be axiomatic that neither the West nor the East can set itself the goal of winning in a thermonuclear conflict. Is this not really a common threat; is that really not reason enough for joining efforts in the name of preventing catastrophe?

Today this is not only our opinion. I have heard analogous judgments at many conferences on limiting the arms race—in Moscow, Philadelphia, Minneapolis, in conversations with scholars at political research centers in Washington, New York, and London, with public figures who participate in the antinuclear movements in the U.S. and Western Europe. . . .

The most rational of all the irrational arguments I have heard in favor of continuing the arms race is that the modernization of nuclear and other types of weapons and their delivery systems is inevitable and irreversible. At the IISS [International Institute for Strategic Studies] in London, I talked with two officers, a tall, tanned, haughty English colonel and a small, lively, wiry, brisk person in civilian clothes, who later turned out to be an American general. I posed them a naive question, worthy of Sancho Panza: "What can the ceiling be on the accumulation of nuclear weapons? How many warheads does the West need for 'detering' the Soviet Union? Thirty thousand? Forty? A hundred thousand?"

My collocutors, it seemed to me, were shocked by the question. The colonel told me that nobody can know how many nuclear warheads it is necessary to have, since the process of weapons modernization, like scientific-technical progress in general, cannot be stopped. "One thing is clear: we should have no fewer than the Soviet Union," remarked the Englishman. "It would be good even to have a few more and of better quality," said the American with a cheerful chuckle. But for what is this necessary? And who needs it?

It is not difficult to prove that continuous weapons modernization corresponds to the interests of various social groups in the West. . . . But how does the activity of these groups influence U.S. national security? I wager that all these furies of private interests have done nothing in the last 40 years

except destroy the security of their own country. Their colossal expenditures, their mystical notions, their unprecedented zeal have a negative vector. . . .

Upholding deterrence

President Eisenhower was the man in the U.S. political leadership who tried to extract a rational gloss from the hopeless equation of the nuclear race, which had been launched at his country's initiative. It was under him that the doctrine of deterrence was recognized. It consists in the necessity of having as much nuclear weaponry as is necessary, in the event of an enemy first strike, to preserve the capability of inflicting on him irreparable (catastrophic) damage with a retaliatory strike. The rational side of the deterrence doctrine, if you understand it correctly, is that the nuclear arms race has limits: when the sides have reached a certain level and are capable of delivering a retaliatory strike, there is no need to continue the accumulation of nuclear arms.

President Kennedy was the first U.S. leader to comprehend the truth that a time may come when human life disappears on our planet. After him President Nixon and, at the beginning of his presidency, President Carter began to understand the necessity of agreeing with the U.S.S.R. on the limitation of nuclear arms. The strategic parity of nuclear forces, which took shape during the 1970s, stimulated several important agreements: on cessation of testing nuclear weapons in three media, on non-proliferation of nuclear weapons, the SALT I treaty, and, finally, the SALT II treaty, which was not ratified, because of the United States. . . .

The current American administration is striving to cancel out this experience. It is seeking a new conception, which would replace the formula of mutual deterrence. Such a formula is the strategic doctrine of so-called nuclear survival, which knows no limits in the arms race.

Here is what the present U.S. Vice-President Bush said not so long ago: "It is necessary to guarantee the possibility for survival of the supreme command, the possibility of saving the industrial capability, and also to guarantee the defense of a certain percentage of the citizenry and to possess such a force of arms, as would ensure bigger damage to the adversary side than what it could inflict on ourselves—this is the path, along which the winner in nuclear war goes. . . ."

But could the new military programs charted by the U.S. possibly introduce something new and effective into the security system of this country and its allies? It is easy to be convinced that this is not so.

I assert—and let Western experts try to refute this—that the military programs already realized in the U.S. and those planned mark three steps down to the precipice of destabilization and further destruction of U.S. security, not to mention that of its allies in Europe.

The first step is the deployment of “Pershing II” and cruise missiles in the countries of Western Europe; the second is the building of “MX” and “Trident-2” missiles; the third step is the maturing plans of deploying nuclear weapons in space. . . .

Soviet coastal attack capability

Here is a question being widely discussed among American experts: to what extent will the cruise missiles strengthen the security of the U.S. itself? It turns out that this is a double-edged weapon. One very authoritative American specialist told me, “I do not understand what our strategists are thinking about. The cruise missile is small and mobile. When it becomes part of the arsenal of the U.S.S.R.—and this is inevitable—an inevitable threat for my country will arise. Any merchant ship, any fishing trawler will be able to be armed with such rockets. Cruising off U.S. shores, they will be able in a matter of minutes to comb over our entire territory—from West to East and East to West.” A curious admission, no?

And what about the MX—is it really dangerous only for the U.S.S.R.? The military advantage of this missile is that it is capable of carrying ten nuclear bombs and has a more accurate, flexible and effective guidance system. But in the opinion of American experts, this missile is extremely vulnerable. It is sufficient for the adversary to use just 100 bombs, to destroy 1000 warheads.

Furthermore, and American experts know this very well, the U.S.S.R. is capable, if it deems this necessary, to produce a missile of corresponding power. This means that by setting up 100 MX missiles against the U.S.S.R., President Reagan simultaneously stimulates the emplacement of 100 analogous MX’s against his own country. What does the U.S. gain?

But the most fantastic program concerns the deployment of nuclear weapons in space. On March 23 of this year, President Reagan delivered a speech on space war which, without question, represents the most risky and dangerous of all military intrigues of the current administration.

One can read about the technical details of this plan in an outwardly very proper-looking document of 175 pages, published last year by the right-wing organization Heritage Foundation. This report was prepared by the former director of intelligence in the defense department, Lt.-Gen. Daniel Graham. It defends a shift from the now accepted doctrine of “mutually assured destruction” to the doctrine of “assured survival.”

How does the general conceive of this way of survival? He recommends creating a system of 400 satellites, which would constantly be in orbit and which would be armed with a whole array of lethal beam weapon systems, capable of destroying Soviet missiles in the first five minutes after their launch. Among such beam weapon systems would be systems using light beams from hydrogen fluoride lasers, those using bursts of nuclear particles, x-ray beams produced by a nuclear explosion and focused by means of a lasers, microwaves and also the electromagnetic pulses which are created by a nuclear explosion. Beyond that, Graham proposes to the Pentagon to put into orbit combat satellites, capable of blinding and destroying Soviet satellites in open space, and also to deploy groundbased so-called “energy cannons” capable of knocking down enemy missiles before they reach the United States.

‘Provocative systems’

If you allow for a minute that the Americans could be the first to create a somewhat effective space defense system and reduce the effectiveness of the retaliatory nuclear strike, then this would create a practically irresistible temptation for the American military men and politicians: to inflict a first strike and forever get rid of the adversary. On the other hand, the Soviet Union and its allies would be faced with a totally new military and political dilemma. In other words, space weapons are provocative weapons; they are, absolutely, a *casus belli* for nuclear war.

A space defense system . . . would create a practically irresistible temptation for the American military men and politicians: to inflict a first strike. . . . On the other hand, the Soviet Union would be faced with a totally new military and political dilemma.

Human reason would not be capable of controlling a space system. Decisions would have to be taken within seconds, taking into account thousands of components. These decisions will have to be entrusted to computers. Robots will acquire absolute power over the fate of the human race. A machine brain will decide whether there is to be or not to be humanity on the planet Earth.

So there is it, finally, the ultimate goal of nuclear competition has been discovered: let everything be decided by “beings” of a more perfect and higher breed—robots.

Don’t the pictures of wars of the world, depicted by Herbert Wells, pale before this fantasy? Just as the image of

the lone engineer from Kafka's novella, the inventor of a machine that tortured a living person, pales before the authors of today's war plans. Perhaps the space age is the age of military science fiction? But should we then hurry to enter this age?

In old times it used to be said, he whom Lord God would destroy, he deprives of reason. Political reason is indeed becoming a deficit commodity in the West. Yet another syllogism in defense of the nuclear arms race is the following: "Yes, nuclear war is irrational, but that doesn't mean that the nuclear arms race is irrational." The advocates of this view assert that the A-bomb has become a political weapon. It helps achieve quite practical tasks—in the struggle against the U.S.S.R. and its allies on the one hand, and in strengthening the unity of the Western alliances on the other. As we see, inventive political thought seeks and finds any pretexts for continuing war games.

One English scholar told me, that President Reagan, in conversations with conservative British lions and lionesses, threatened to drive the Russian bear into a corner by intensifying the rhythm of military competition: let the Russian people experience what hunger is. So there it is, the ultimate, ever-loving goal of American policy!

But this goal, too, is no more rational than the strengthening of U.S. security by means of space war. Nobody has yet succeeded in cornering the "Russian bear." Ask the last experimenters on this—the German fascists.

Of course the arms race is a heavy burden for us. It diverts resources from peaceful branches of production. But nobody will succeed in violating the military parity that has been achieved. Yu. V. Andropov has warned about this with all responsibility. And any realistic politician should consider this a fact which you cannot change nor avoid. . . .

And one last thing. Our opponents not infrequently say to us: "But aren't you really doing the same thing as the Americans? Aren't you really accumulating lethal weaponry and modernizing it?"

I am convinced: such people do not understand or are ignoring the fundamental difference between the positions of the U.S. and the U.S.S.R. Our actions are of a reactive nature. We go along after Washington, which beginning in 1945 has aimed its nuclear barrels at us. They were the first to create the atomic bomb, the atomic submarine, the nuclear-armed aircraft carrier, the cruise missile, etc. And now they intend to be the first to create the MX missile and a space system which would permit them even just for a year, for a day, for an hour, to count themselves ahead.

And what would be left for us to do—turn a defenseless cheek and count on nuclear mercy? We have had and we have the sacred, indisputable right to necessary self-defense.

But some time it is necessary to stop, so that the war game launched by the U.S. not grow into a monstrous, unimaginable, planetary nuclear mushroom. There is only one conclusion: to stop the nuclear arms race and take the path of freezing nuclear arsenals.

Scandinavia

Socialist Olof Palme and seeking a territorial deal

by Clifford Gaddy in Stockholm

After three months of relative calm following the notorious Soviet submarine incidents off Sweden's coasts last spring, the Swedish political scene is now once again dominated by talk of territorial waters, boundaries, and violations. This time, however, the issue is not underwater incursions, but the redrawing of the map of the entire Baltic region to hand over a big chunk of Western Europe to the Soviet Union.

While European politicians further south are vying with one another to make deals with the Soviets for what is called *Mittleuropa*—a Central Europe decoupled from the United States in favor of a special relationship with the U.S.S.R.—Sweden's socialist premier Olof Palme is maneuvering to bring the northern flank of the continent into this same game. Palme's plan is to force NATO members Norway and Denmark out of the Western alliance and to form, together with the Soviets, a "Northern European Regional Federation" composed of Sweden, Denmark, Norway, Finland, plus the Soviet "republics" of Estonia, Latvia, and Lithuania.

For Palme, of course, the role of organizer for a neutral, pro-Soviet Europe is not a new one. His incessant propagandizing for a "nuclear-free zone" in Northern Europe has been going on for years. What is unexpected in the latest developments, however, is that socialist Palme is getting the explicit backing of the Swedish oligarchy. Their reasoning seems to be: If our German cousins can seriously discuss the possibility that Yuri Andropov will permit the reunification of Germany, why should not we Swedes settle for anything less than reuniting Sweden with its old provinces—Finland, Estonia, and Latvia?

To outsiders' ears, the idea sounds absurd, and—as is common when Palme is involved—there are indeed farcical elements to the whole matter. Nevertheless, as in the case of Franz-Josef Strauss and Germany, the threat to the West is a serious one.

Dispute with Denmark

What Palme has done so far to orchestrate the deal with the Soviets is the following. On Aug. 4, after a one-month holiday on the Baltic island of Gotland where he has a sum-

the Baltic nobility with the Soviet Union

mer cottage, Olof Palme suddenly announced that Sweden now has a major territorial dispute on its hands with Denmark! Palme rushed to the Swedish capital, without stopping to change his dirty jeans and T-shirt, to call an emergency press conference on the issue. There he delivered a protest to the Danish government for permitting trial offshore drilling for oil in the waters of the Kattegat Strait between Sweden and Denmark.

The Danes claim that they are merely drilling in waters that belong to them. Palme says that the Danes have drawn a false map; Denmark, according to Palme, has wrongly counted their small island of Hesselö as if it were part of the mainland of Denmark. This island should not count, said Palme, and therefore the waters are Swedish.

The catch in all this, and the real explanation for what Palme is really up to, is that Sweden in fact does have a major territorial dispute in the Baltic region. But it's not with Denmark; it's with the Soviet Union, and there, too, an island is involved. The Soviets want to draw the territorial limits between Sweden and the U.S.S.R. straight down the middle of the Baltic Sea, without regard for any islands, large or small. The Swedes have always insisted that the line must be drawn midway between the Soviet (i.e., the Latvian) coastline and the Swedish island of Gotland in the Baltic.

For the Swedes, this dispute has been a crucial issue of national defense. Northern Gotland and the adjacent island of Faarö are the sites of large Swedish defense installations. If the Soviets get their way in this territorial dispute, Gotland will be useless as a defense site, since the Soviets can then legitimately position all the ships, submarines, and platforms they like just a few miles off the Gotland coast—in Soviet waters.

Thus, the significance of Palme's artificial conflict with the Danes should be clear to one and all. Keeping the Soviets on their side of the Baltic depends entirely on the principle, recognized in international law, of counting the island of Gotland as an integral part of Sweden. Palme is telling the Soviets that Sweden does not want to count a Danish island in drawing the border to the south. The Soviets will of course

use Palme's arguments against Sweden the next time the negotiators sit down to discuss the Gotland issue.

Oligarchs back Palme

As clear as this case is, the remarkable thing in Sweden in past weeks has been that only a couple of lonely voices have dared to accuse Palme of "giving away Gotland to the Russians." With these exceptions, all the other major press outlets and political spokesmen, including the nominally anti-Palme conservative press, have backed Palme.

The most flagrant example from the conservative side is Conservative Party defense spokesman Carl Bildt, the politician who is normally regarded as Olof Palme's main antagonist among established Swedish political circles. In his wordy commentaries on the Danish dispute, Bildt has studiously ignored the crucial Gotland/Soviet question.

Perhaps more than anything else, Bildt's insidious role in this affair is proof that Palme's behavior towards the Soviets at this moment is no longer his personal game or even something prompted merely by his international cronies in the Socialist International. Bildt is the spokesman of the Swedish oligarchy, with a background in the oligarchy's military intelligence. The only conclusion to be drawn from his support for Palme is that the Swedish barons have now officially joined the movement for *Mittleuropa*.

While Palme himself presides over the farcical side of the affair (comparing Danish Prime Minister Poul Schlueter to the Argentinian generals who seized the Malvinas Islands), the oligarchs are entertaining serious ideas about how the Baltic area will look in the New Order of a fragmented,



Olof Palme

NSIPS/San Ezrol

neutralized *Mittleuropa*. Might there be the possibility of a new type of federation of the Baltic nations, including the so-called republics of Estonia, Latvia, and Lithuania—of course, under Swedish hegemony, as in the days of old?

The role of the churches

In the fantasies of certain Baltic oligarchs, this is perhaps not as outrageous an idea as it appears to the normal observer. The historical reference is clear: a couple of centuries ago, Sweden actually did rule all of these areas. But there is also a much more recent precedent, one which has a continuity until today. A modern Baltic Regional Federation would be the realization of a plan proposed by the leading Swedish geopolitician of this century, Lutheran Archbishop Nathan Söderblom, ordinarily better known as one of the founders of the World Council of Churches movement. In intimate collaboration with the networks of Swiss-Venetian intelligence operative Alexander Helphand/Parvus during and after World War I, Söderblom had the goal of establishing a regional bloc of the countries around the Baltic Sea, thus making the Baltic, as he put it, *mare lutherum*—a Lutheran lake—with Söderblom himself as the political-religious patriarch.

Indeed, there is good reason to take a close look at the role of the Lutheran Churches of Sweden and Finland in this whole scenario today. At the same time that Palme launched his border dispute with Denmark, the state church of Finland, the Evangelical Lutheran Church, was just finishing a summit meeting with top representatives of the Russian Orthodox Church in Leningrad and Moscow. The Finnish delegation was headed by the new Archbishop John Vikström, of Swedish heritage. Vikström's talks with Metropolitan Antony of Leningrad and Patriarch Pimen in Moscow centered on the topic of creating a nuclear-free zone in Northern Europe.

In this light, a couple of other revealing Baltic-Russian links should be mentioned:

- The number-two man in the Russian Orthodox Church, the Chancellor of the Moscow Patriarchate, is Metropolitan Aleksiy of Tallinn and Estonia. Aleksiy's real name is Aleksey Mikhailovich von Ruediger. The von Ruediger family was one of the leading Baltic German noble families, and as such, one of the most important Lutheran families in that part of the Russian Empire. Today, one of Aleksiy's special functions in the Russian Orthodox Church is to maintain contact with the Lutheran Churches of Eastern and Western Europe.

- Olof Palme himself is a direct descendant of Baltic German nobility. His mother, Elisabeth von Knieriem Palme, was born on an estate about 80 miles northeast of the Latvian capital of Riga, then as now part of the Russian Empire. Palme spent his childhood summers on the family estate in the 1930s. Just a few years ago, Olof Palme's older brother Claes—a lawyer specializing in maritime law and the chief legal counsel for the Soviet state in such cases in Sweden—appealed to the Soviets to return the von Knieriem family estate to him and his brother.

French response to return to politics of

by Mark Burdman

The response of the French government to Libyan dictator Muammar Qaddafi's aggression in Chad has reintroduced a certain word into the vocabulary of Europe: appeasement. The Mitterrand regime has shown a combination of military posturing and political underhandedness which could be compared to the Daladier government's lie-down-and-die attitude in the face of Adolf Hitler's 1938-39 assault on Europe.

Munich, 1938. . .

A continental European source who is not usually hard-line on defense matters told *EIR* Aug. 17: "What the French have been doing in weakening opposition to Qaddafi and in driving a wedge between the Europeans and the Americans is absolutely unacceptable. This represents a new tendency in Europe. What the French are doing now with Qaddafi is appeasement."

A chorus of voices in the French press blasting Mitterrand began with an Aug. 12 front-page article in *Le Monde* by influential commentator Jacques Amalric, titled "The Price of Indecision." Amalric stated that Mitterrand's actions had convinced Qaddafi of one thing: "aggression pays," and warned that Mitterrand may have opened the door to massive Soviet influence in Africa.

Doubts are multiplying that the expanded French military deployment since the Aug. 13-14 weekend is serious, as opposed to a cynical attempt to satisfy pressure from the United States for France to act in Chad, while trying to prevent America from gaining influence in Africa in the face of French inaction.

Even on the French left, the alarm is being raised. Over the Aug. 13-14 weekend, the French newspaper *Liberation* published a statement by singer Yves Montand and others comparing the French government's reflex in the case of Chad to "Munich, 1938."

The French political force most outspoken and straightforward in its criticism has been the fast-growing Parti Européen Ouvrier led by Jacques Cheminade, a former candidate for the French presidency.

In a statement issued Aug. 18, Cheminade stressed: "The military deployment that we putting in place in Chad is at the best only a new Maginot line. It is not of the quality that will

invasion of Chad: appeasement

stop Colonel Qaddafi, who is encouraged by the visits that he receives in Tripoli and the intrigues that are unfolding in Paris. Three thousand men and combat airplanes do not constitute a dissuasion, but a veil masking reality, if their presence on the terrain consecrates a partition of the country. . . . The Hitlerian dictator of Tripoli, made use of by the KGB, only knows the language of force."

Cheminade insisted that only French deployment of aircraft against "the troops, the tanks, and the Libyan MIGs" could be effective at this point, necessarily coupled to a development policy for Africa to shield it from the financial depredations of the International Monetary Fund.

In response to an earlier statement by Cheminade along the same lines, the Chad government's chargé d'affaires in Paris, Allam Mi Ahmad, in a statement issued Aug. 17, described the POE's demand as "worthy of the great France in which the Chadian people place their hopes of firm support. . . ."

As of Aug. 19, the prevailing viewpoint in Paris appears to be that a double game can be played with Qaddafi. On the one hand, France is rapidly expanding its military intervention into Chad; it is now expected that it will soon have 3,000 troops and advisers in Chad within days, backed up by Mirage and Jaguar jets and by extensive anti-aircraft missile defense capabilities around the capital of N'Djamena.

On the other hand, envoys of Mitterrand and of the Quai d'Orsay are actively involved in negotiations with Qaddafi that converge on the strategy of partitioning Chad into Libyan and French spheres of influence, and/or creating a new Chad "government of national unity" that will represent a compromise between French and Libyan versions of Islamic fundamentalism in Africa. The latter option centers around one Asheikh Ibn Omar, a French-trained Islamic fundamentalist who is being mooted as a potential "alternative" to both Chad leader Hissen Habré and rebel leader Goukkouni Oueddei, and who personifies the merger between the mystical Senussi Brotherhood sect behind Qaddafi and the French branches of the Islamic mystical cult known as Sufism.

The two strategies are in fact the same: French military deployments are centered on the towns of Salal (north of N'Djamena in southwest Chad) and Bittine (north of the city of Abeche in east-central Chad). If one draws a line from one

to the other, one more or less divides Chad in half, in a somewhat lopsided north-south division.

As Yves Lancien, the African affairs envoy of the opposition RPR (Gaullist) party, pointed out Aug. 19 following a visit to Chad, the French deployments may mean that "N'Djamena will not fall, but the country is still cut in two pieces." Lancien pointed out that only a French decision to provide massive air cover in defense of Habré and against Qaddafi's forces in northern Chad, as part of a systematic effort to reconquer what Qaddafi has captured, will restore Chad's national sovereignty.

Unless Paris decides to confront Qaddafi with adequate air power, the price of appeasement will be the fall of new "dominoes" to Qaddafi and his Russian imperialist and Nazi International backers. New African flashpoints will explode, probably including Cameroon, Mali, Niger and Sudan.

. . .and Berlin 1884

EIR correspondents in Paris say the city is rife with Byzantine intrigues that have little to do with the strategic realities now posed by Qaddafi and his Russian controllers.

One point of intrigue centers around Foreign Minister Claude Cheysson. According to the authoritative correspondent for the weekly *Paris-Match*, Georges Menant, Cheysson was "very moved" by Cuban leader Fidel Castro during an early-August trip to Cuba, and arranged a secret geopolitical deal with him to weaken American influence in Africa! Further, a gaggle of Freemasonic operatives has been traveling in and out of Tripoli, or have otherwise been secretly colluding with Qaddafi and the KGB around a partition deal in Chad. These include Mitterrand's son, Jean-Christoph, an adviser to the presidential palace on African affairs; "the red millionaire of France," Jean-Baptiste Doumenc; Mitterrand's personal lawyer, Roland Dumas; pseudo-Gaullist former Minister Michel Jobert; French ambassador to Algeria Guy Georgy; and presidential adviser on African affairs Guy Penne (see *EIR*, Aug. 23).

This jaded atmosphere converges with Europe-wide fantasies about reconstructing colonial empires in Africa as the current political structures collapse under the pressure of economic austerity and foreign aggression. Imagine these European nations attempting to reconstruct the "partage" of Africa that occurred at the notorious colonialists' romp known as the Berlin Conference on Africa in 1884, during which Britain, France, Germany, and Belgium received their respective "spheres of influence" on the continent. Today, in the face of Russian imperial expansion, these dreams would be the subject of a Gilbert and Sullivan-like farce, were they not so tragic in their consequences for human lives.

The cleverest players at this game are the Israelis. As France deserts its former allies and as President Reagan defers to France's sphere of influence in Chad, Israel has emerged as the "protector" of African regimes. An Israeli representative told *EIR* bluntly, "What Qaddafi is doing in Africa is good for us. He is driving wedges between our enemies and

he is opening up many countries to our influence.”

By mid-August, according to this and other Israeli sources and independent investigations by *EIR*, Israel has established important military-security relationships with African regimes including Zaire, Liberia, Central African Republic, Ivory Coast, Kenya, Togo, Cameroon, and Ethiopia, the latter very much in the Russian imperial sphere of influence. In the case of Togo, Cameroon, and Ethiopia, Israel has entered into cooperation with West Germany, amid growing private talk in certain circles about reconstructing a German colonial network in Africa in the context of some form of German reunification.

On Aug. 13, the government of Liberia announced that it was re-establishing relations with Israel, after a near 10-year hiatus. The unbalanced Liberian leader, Samuel Doe, had recently dispatched his defense minister to Israel on a secret mission, and the Aug. 15 *Times* of London reports that a large-scale military assistance and cooperation deal was recently concluded between the two countries. By Aug. 18, the Israeli-Liberian pact had already led to fears of an expanded regional conflict in western Africa, following publication of a provocative piece in the pro-Libya London *Guardian* claiming that Israel was trying to use Liberia as a staging post for a coup d'état attempt against the Qaddafi-backed ruler of Ghana, Gerry Rawlings.

Israeli operatives are establishing themselves at strategic choke-points in the west African nation of Cameroon, in expectation that this will soon blow up. “If I were Qaddafi, that is where I would move next,” an Israeli specialist told *EIR*. “It has oil, uranium, copper, and much else, everything one needs. It is more unstable than Nigeria, and is a key flank on Nigeria. . . . Look at a map. If Qaddafi consolidates what he has in Chad and moves on Cameroon, he has control over quite a swath of African territory!”

Inside Chad itself, the Israelis are increasingly directly involved. Reliable sources have told *EIR* that Israel has recently trained mercenaries from the Angola-Zaire-based Unita guerrilla group of Jonas Savimbi for counterinsurgency and other actions inside Chad, and that the first contingents have been deployed. These join with Israeli-linked capabilities deployed out of Zaire into Chad.

Israel's protection-racket operation, which has received the blessing of the State Department, is the next phase of what *EIR* has dubbed the “Lavie Project,” whereby Israel uses its U.S.-financed program for mass production of F-16-equivalent Lavie jets to transform itself into the world's third largest arms manufacturer and exporter. A crucial aspect of this project is the creation of an Israel-South African cartel arrangement for control of strategic raw materials across Africa.

But the Israelis are not as clever as they think, because Moscow has a quite simple calculation: As long as the politics of farce and appeasement prevail in the West, Africa in the medium term will fall under Mother Russia's sphere of influence.

Interview: Former Vice-Premier Gen.

Thai leader looks to to take a new role in

When President Ronald Reagan visits Asia this November, one of his stops will be in Thailand. On many counts, Thailand plays a pivotal role in the region. It is one of the five members of the Association of South East Asian Nations (ASEAN), which, collectively, has shown one of the highest economic growth rates in the world over the past several years. The ASEAN region is regarded as the keystone of any Pacific Basin development concept. One proposal much discussed by Pacific Basin proponents is to build a canal across Thailand's Isthmus of Kra in order to shorten sea transport between the Indian and Pacific Oceans. In addition to these economic issues, Thailand plays a “frontline state” role in the ASEAN policy toward Kampuchea, and much of Thailand's internal debates on foreign policy revolve around its attitude towards the Kampuchea issue, toward Vietnam, and toward neighboring China.

Prior to Reagan's arrival, Thailand will be subject to important political and military changes in October, when a reshuffle takes place in the highest levels of the military. General Saiyud Kerdpol, presently supreme commander, will retire, creating a vacancy. The holder of this post can influence the makeup of Thailand's civilian coalition government.

EIR special correspondents Sophie and Pakdee Tanapura, who recently spent two weeks in Thailand, spoke on these issues with General Pramarn Adireksarn, a former vice premier of Thailand and the chairman of the Chat Thai Party. His party, known to be a political lobby for Thai industrialists, has almost without fail taken part in every government coalition, the rare exception being the current government formed in April of this year. The party holds the largest number of parliamentary seats—107 out of 320.

EIR: On the eve of President Reagan's visit this fall, we would like you to comment on U.S.-Thai relations.

Gen. Pramarn: United States interests in the region are different from Japan, for example, whose needs are primarily economic. American economic need here is almost nil because of the United States' industrial and agricultural self-sufficiency. Their problem, unlike Japan's, is not one of looking for raw materials. It seems to me that the main American concern is strategic. If they help any country economically, it is more a policy of seeking to make friends. We can

United States Asian Affairs

see that the United States is presently trying to establish more bases everywhere. Therefore, the key U.S. interest in our region will be one of trying to establish bases more than anything else.

EIR: Do you think the United States can in this way play a stabilizing role in the region?

Gen. Pramarn: I think America's apparent intentions have always been to favor democratic governments. However, past examples have shown that America usually ends up supporting dictatorships more than democratic governments.

EIR: You mean to say that America's policies tend to favor political instability?

Gen. Pramarn: You can say that it goes in that direction. . . . [Laughs.]

We only know U.S. policy from the outside. But what their true policy really is, is difficult for us to find out.

U.S.-Thai relations go back quite far. Thai people generally like the United States very much. But sometimes the United States play a hard-to-get game, as if it doesn't care at all about Thailand. This kind of policy left our country disappointed several times. As you know, Thai people have fought alongside the United States in many wars. You can say that Thailand is a very good ally of the United States. However, the United States has given so little in return, something which makes it sometimes almost not worth the friendship we show.

EIR: How do you evaluate the conflict over Kampuchea?

Gen. Pramarn: The main problem has to do with Vietnam and the Soviet Union. Vietnam has the ambition of controlling the whole Indochinese peninsula. At the same time, they depend on the Soviets for help. Vietnam alone does not have enough strength to cover all this territory. As for Thailand, we have to be very careful. If Vietnam is allowed to strengthen their troops on the Lao-Thai and Kampuchea-Thai borders, this can be very dangerous for our country. We don't have to worry yet, but we have to be careful and protect our territory so that they do not step over the borders or edge away parts of it.

EIR: We had the chance to talk recently with Japanese representatives here in Thailand as well as in Europe. They often bring up Asia as one of their happier economic results. What do you think of Japan's contribution to developing the Thai economy?

Gen. Pramarn: There's economic development and then there's economic development. It depends on what kind of development. In this Southeast Asian region, countries like Thailand, Malaysia, Indonesia, and others all offer very interesting and attractive raw materials for Japan. As you know, Japan has virtually no raw materials of her own. Therefore, the key reason underlying their economic development efforts is mainly the self-interest of the Japanese people.

Their efforts have a two-way benefit. On the one hand, they help to develop Southeast Asian nations, and on the other, they hope to have this benefit—in a big way—for the Japanese people. Therefore, Japanese economic help to any country is not a "give-away." Japan does expect a return on her investments.

EIR: Japan is proud of their economic cooperation with Asia. They think that it should be the model for Europe toward Africa or for the United States vis-à-vis Latin America. Do you think Japan will want to play a still bigger role in the region?

Gen. Pramarn: In my opinion, Japan will want to increase her role even more. One of the reasons is that Japan's national territory is small and limited but with a growing population. This kind of situation can be domestically dangerous for the Japanese governing elite if it is not tackled properly. I think that Japan will want to extend her role even more in both industrial and agricultural development abroad due to necessity.

EIR: How do you see China in the region?

Pramarn: China is in a transition between epochs. The period in which China was content to only prevent her population from starving is now over. People in China now have enough to eat, and they are turning more and more of their attention to developing their industries and technologies. . . .

EIR: We are very interested in the economic development potential of Thailand. Can you tell us about the discussions on economic strategy inside Thailand? For example, your party started with a strong offensive in parliament against the government's budget. Why?

Gen. Pramarn: The government was weak in allocating sufficient credits to stimulate an economy that is showing great potential for growth. The present budget is merely a day-to-day support for the government and not for economic progress. Therefore, we consider our intervention a warning to and a criticism of the government. We should be much more prepared for the economic problems to come. The problem is unemployment, a problem constantly worsening. The

government has not done much to alleviate this problem. If economic progress is not accelerated, unemployment will never diminish. The budget is not taking into account the fundamental problems. This is the main concern behind our recent offensive.

EIR: How much of the budget goes toward industrializing the economy? Is it less than when you were in the government?

Gen. Pramarn: If you are talking about the figures, they do show an increase over last year's—say in the order of 100 million [bahts] to 110 million. But if you look at the real expanding rate, it is decreasing. Not only that, the budget tends to be too heavy on the security side.

The defense ministry, of course, gets a big chunk because it is necessary to defend and protect our nation. But then again, to defend the nation, we have to know where our enemies are and what are they up to. What is their real threat to our country? I think there has been some exaggeration on the question of our enemy in general.

EIR: Just before the change of government, some of your party members as well as your former communications minister spoke up in favor of the Kra Isthmus Canal. What do you think of the Kra Canal project?

Gen. Pramarn: Only one or two members spoke up in favor of the canal. It is a question of personal opinion. We have not yet discussed the matter within the party.

Sometimes the United States plays a hard-to-get game. . . . This left our country disappointed several times. . . . You can say that Thailand is a very good ally of the United States. . . . But the United States has given so little in return. . . .

The Kra Canal has been a continuous subject of discussion for the past decades, as well as the use of peaceful nuclear explosions. It will take a long time to dig the canal—up to 12 years. Some say that it should not be built. If you dig a very wide canal at the narrow spot, you will still have a problem of uneven sea levels between the Andaman Sea and the Gulf of Thailand. So in digging the canal, we will be facing a similar problem to that of the Panama Canal, with the complication of having to set up an elaborate system of dikes. In our modern times, it is perhaps possible to build

instead a railway and a pipeline from one coast to another, which would be quicker to build than a canal. It would need the same type of equipment as that used in docks, the same “cradle-like” crane used for lifting whole ships. So you see, ideas are still being tossed around.

EIR: But water transportation must be much cheaper than going through this complicated system of rails and pipelines.

Gen. Pramarn: If we dig the canal, we must see who will profit from it—only the Japanese who depend on oil tanker transportation. Now, if you look at the oil supply, it is available in the Middle East but also more and more so in the Pacific area. The Japanese may well soon decide to import increasing amounts from the Pacific. They could get oil from Thailand, for instance. Yes, even Thailand has oil, and we are exploring for more. Therefore, this is a very complicated problem that still has to be discussed for a long time.

EIR: The canal will not only be for oil tanker transportation but for other goods as well. In addition, a twin industrial city complex to be built on both ends of the canal would contribute to solving the security problem in the southern part of Thailand.

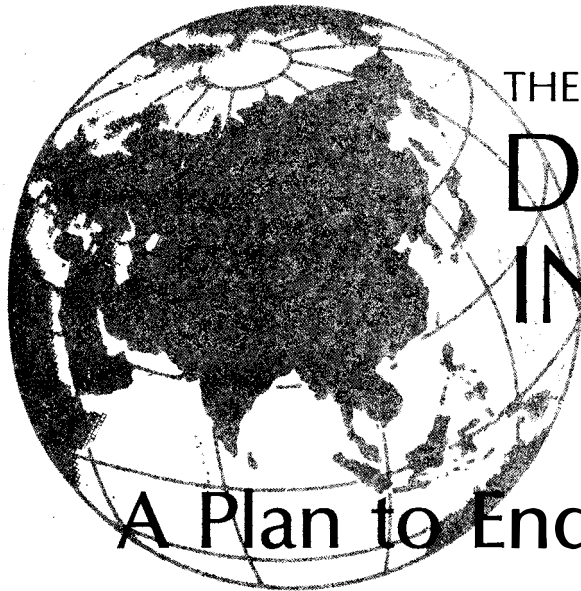
Gen. Pramarn: Here again there are differing views. Some people think that the security problem in the south can be solved without the Kra Canal. In fact, you don't really need a canal to launch a new industrial complex in the area.

EIR: Are the Thai environmentalists an obstacle to development? They have already protested against the building of the Nam Jone Dam, the soda ash factory, and other projects.

Gen. Pramarn: Some say that the recent earthquake started at the site of the Nam Jone Dam. On the other hand, the EGAT [Electricity Generating Authority of Thailand] people insist that the construction of the dam creates no such problem. I don't think that this is a major problem: to build or not to build this particular dam is not of much importance.

As for the soda ash plant and the Eastern Seaboard Project as a whole, we have discussed absolutely every angle of the project and it is now up to the government to decide. I think that the whole project should definitely be pursued, in particular the deep sea port planned at the Chabang Point. The port should have been constructed a long time ago. Are we going to wait another seven or eight years before it is built? In eight years, the cost of construction will have increased by around 5 percent per annum at least. We know we need to build this port. Why wait?

You can see that Thailand has a very long coastline, but there is not a single deep sea port in our country. When we were in the government coalition, we tried to push this project very much. I was, however, not the economics minister at the time and therefore had no real power to realize the project. In any case, we did accomplish one thing: the project is now being discussed. But it is still far from being realized due to various delaying tactics.



THE
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Thursday, September 15

CONFERENCE PROGRAM

2 P.M.-4 P.M.

World Stability and Global

**Development: The U.S. Role in
Indian and Pacific Ocean Basin
Development**

Speaker: **Lyndon H. LaRouche, Jr.**,
Founder, *EIR*; Chairman, Advisory
Board, National Democratic Policy
Committee

4 P.M.-5:30 P.M.

**The Strategic Parameters of Indian and
Pacific Ocean Basin Development**

7 P.M.-10 P.M.

**Great Projects for Indian and
Pacific Ocean Development**

Speakers: **Uwe Parpart**, Research
Director, Fusion Energy Foundation;
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In late October President Ronald Reagan will be making an extended visit to Asia, including the countries of the Association of Southeast Asian Nations (ASEAN), South Korea and Japan. The President will visit a region spanning the Indian Ocean and Pacific Ocean Basins, where almost two-thirds of the world's population lives. The region includes some of the fastest-growing economies in the world, economies that have continued to grow even under conditions of world depression, and is strategically vital to the security of the United States and the world. This is a region that many people believe will be the new economic and strategic center for the world in the next century.

It is vital that the United States approaches the Indian Ocean/Pacific Ocean Basin area with a coherent policy: a comprehensive strategy for stability and economic development. The *Executive Intelligence Review* will present such a strategy at this conference.

EIR founder, Lyndon H. LaRouche, Jr., who has just returned from a tour of India, Thailand, and Japan where he had extensive discussions with political and economic leaders from those nations, will present the key concepts which should guide American policy for the future. The conference will present for discussion detailed plans for large-scale infrastructure development projects, including a new canal across the Kra Isthmus of Thailand, a second Panama canal, and large-scale riparian water-control projects for South Asia, Southeast Asia, and China.

Peking complains that provincial officials are disobeying its economic dictates

by Gregory F. Buhyoff

When it comes to economic policy, Chinese strongman Deng Xiaoping can issue orders, but he finds himself unable to enforce them.

Prime Minister Zhao Ziyang and cabinet ministers alike complained at the June National People's Congress (NPC) in Peking that regionalism and localism are running rampant throughout the country. Local officials, they charged, continually defy central planning in order to pursue their own interests.

These officials, who control a large proportion of investment funds, have been proceeding with heavy industrial projects against orders from Peking, which has been trying to reduce the heavy industry ratio in the economy. The regional officials' independent actions have re-created many of the "imbalances" the 1979-81 "economic readjustment" was meant to correct. Premier Zhao Ziyang warned the NPC: "Some comrades now hold that reform simply means decentralization of power and interests. This view is both incorrect and harmful."

Figures released for 1982-83 show that officials and factory managers have ignored the central authorities, acting as though no Five-Year Plan existed. Vice-Premier Yao Yilin, who heads the State Planning Commission, told the NPC that heavy industry production increased by 9.9 percent in 1982, far exceeding the planned increase of only 1 percent. Light industry meanwhile grew at only 5.7 percent, falling short of the targeted 7 percent increase.

In the first half of 1983, production in heavy industry was running at 12.2 percent over the same period a year earlier, exceeding the 3.9 percent increase prescribed by the plan. Increased investment in fixed assets also grew at a much higher rate than planned. Factories are again emphasizing speed rather than quality of production, a practice which the readjustment was supposed to correct.

Peking's dilemma

In addition to the outright disregard of Peking's orders by

provincial officials, speeches by Chinese leaders at the June sessions reveal that, even at the center, the heavy industry versus light industry factionalism which has dominated the economic debate since late 1978 has not been resolved.

There is more to this factionalism than ideological predilections. The Chinese economy has extremely serious problems which Peking officials are struggling to figure out how to solve. Chinese leaders want to develop a certain amount of industry, including an industrial base for a growing, technologically oriented military. But they do not want to increase the urban-rural ratio, fearing accurately that this would eliminate the social basis of what they consider the Chinese culture.

Similarly, they want to give local factory managers more leeway and increase market mechanisms in order to introduce a reality principle into production: if factory managers have to sell a product, they must make sure it is not shoddy and there is a need for it.

On the other hand, such independence and "profit motives" encourage factory managers and local officials to ignore the plan—especially where the plan prescribes long-term projects not yielding immediate results in their locality, or where it tells them to give up investment which they need to improve or expand their own production. The lack of easy answers has created a genuine debate on what to do.

The attempted compromise

The long-delayed 1981-85 Five-Year Plan ratified at the last NPC in December embodied a compromise, a political truce between the Dengist light-industry-oriented grouping and the industry-army faction that wants to push heavy industry. It provided for revival of a number of large infrastructural projects with the caveat that such construction remain within the confines of China's financial limitations.

The new Five-Year Plan, China's sixth, is the first phase of a 20-year program, which advertises itself as quadrupling the value of China's industrial and agricultural production by

the end of the century. But the revival of key projects and talk of such ambitious goals has been taken by many officials throughout the country as a green light to pursue whatever endeavor they wish. Tendencies reminiscent of the much-maligned mismanaged growth of 1976-78 are now endemic throughout the country.

Yao Yilin warned that disregard of Peking's orders created "major problems . . . calling for attention and a prompt solution. . . . The main reason why heavy industrial production far surpassed planned targets," Yao declared, "was the excessively rapid increase of investment in fixed assets, which led to an abrupt rise in the demand for material and equipment." He blamed this on excessive investment by local factories and governments drawing funds away from key projects being carried out by the central government.

Premier Zhao Ziyang emphasized at the NPC, "Both the Twelfth National Congress of the Chinese Communist Party and the Fifth Session of the Fifth National People's Congress clearly enunciated the policy of concentrating funds for key construction projects and of strictly controlling the scale of capital construction. But this problem has not yet been solved in a satisfactory way due to a generally deficient recognition of its importance and urgency, the failure of the government to take sufficiently forceful measures, and the lack of strict checkup and supervision."

Another readjustment?

So serious is the unbridled defiance of central dictates that some prominent Dengists are threatening another "readjustment," the codeword for Deng Xiaoping's 1979-81 program against heavy industry.

Xue Muqiao, recently elected to the Central Committee and one of the most fervent proponents of the readjustment, inveighed against these trends in the *People's Daily* shortly after the opening of the NPC. "Resulting from the excessive scale of capital construction in 1982," he said, "the development speed of heavy industry has markedly surpassed that of light industry in the first four months of this year. If the scale of capital construction this year continues to expand, things will turn back to the old course before 1978 and within a few years there will have to be another readjustment."

Yao Yilin asserted at the NPC: "The main problem in national economic growth is that the volume of investment in capital construction has not yet been effectively controlled. The figure for the January-April period [1983] totaled 18.3 percent higher than for the same period of last year. . . . Over-decentralized use of funds is still very serious in spite of increased investment for key construction projects. Economic results in the fields of production, capital construction, and circulation have not yet improved significantly."

Enforcing adherence to the economic plan has become one of the main priorities of the State Council. Yao Yilin told the NPC, "investment in the form of funds collected by localities, departments, and enterprises themselves exceeded

the plan by 5.2 billion yuan and investment financed by domestic bank loans exceeded the plan by 3.7 billion yuan. Investment from these two sources accounted for much construction that seemed necessary from a local point of view, but not in full accord with the needs of development of the country as a whole from an overall point of view."

Such abuses have carried over into other areas of Dengist reform. Since the abolishment of the "unified receipt system," enterprises have been allowed to keep part of their profits while turning over a percentage to the state in the form of taxes.

However, many enterprises have withheld taxes owed the state, exacerbating the strain on finances caused by indiscriminate investment by local units outside the central plan. China is now experiencing a shortage of funds for centrally mandated projects. Many of the projects that may suffer lie in the energy and transport sectors, areas which must be modernized if China is to achieve the rates of growth required to meet its economic targets.

Finance Minister Wang Bingqian warned the NPC that "key projects badly needed by the state were affected by a lack of funds while investment by various localities, departments and units using their own funds or banks loans increased tremendously. This dispersed manpower, material, and financial resources, and overextended capital construction. We must speedily change this state of affairs by keeping to the policy of readjusting, restructuring, consolidating, and improving the national economy."

The bonus system, another Dengist reform, has been abused while unjustified price increases on products by factory managers has put added strains on what is already the world's most heavily subsidized economy. Last year over 33,000 such "economic criminals" were brought to justice, over 6,000 of whom were former government personnel.

The Dengists are conscious of the Pandora's box their policies have opened. Calls for a return to centralization and discipline were strong themes of both Yao and Zhao's speech at the NPC. Not only are circles within the bureaucracy and army opposed to another readjustment; those leaders normally associated with economic planning since Deng Xiaoping's return to power are showing signs of divisions.

According to reports, Communist Party General Secretary Hu Yaobang, is less interested in curbing excessive investment than in pursuing a 20-year program of quadrupling of national income. Whether Hu wants to admit it or not, such a program requires a restoration of emphasis on heavy industry. Differences in tone were also apparent in the speeches of Premier Zhao and Vice-Premier Yao on the question of capital construction.

Because the regime is a coalition of differing factions and because of the genuine economic dilemmas, no clear-cut policy can be expected to emerge in the near future, much less one enforceable under current political conditions. This debate, unresolved for the past five years, will continue.

Twenty thousand defy dictator Zia ul-Haq

by Ramtanu Maitra in New Delhi

Zia ul-Haq's effort to pre-empt the brewing mass discontent against his dictatorship with a much-heralded pronouncement promising "restoration of democracy in 1985" has failed. Despite hundreds of arrests prior to the Aug. 14 Independence Day announcement of a new pseudo-Islamic "constitution," the eight-party opposition coalition, the Movement for Restoration of Democracy (MRD), mobilized a 20,000-person demonstration, the largest-ever, in the city of Karachi and large protests elsewhere.

The MRD also launched a civil disobedience movement, labeling the new constitution a fraud that Zia is trying to impose unilaterally to disguise his continuing rule by force. Only the Jamaat-e-Islami and the Pir of Pagaro's Muslim League rejected the MRD's call for non-coalition parties to support the movement.

Protests and demonstrations are still rocking Pakistan, particularly Sind province. A demonstration of several thousand in a town north of Karachi was attacked by police. Banks, government buildings, government oil tankers, police stations, and railways have come under attack.

Arrests continue. Pakistan Peoples Party (PPP) leader Ghulam Mustafa Jatoi was arrested during his speech to a crowd of several thousand in Karachi on the second day of protests. Begum Wali Khan and members of her National Democratic Party, part of the MRD coalition, were arrested one day before they were to lead a rally in Peshawar. Benazir Bhutto, daughter of the Zia-lynched Prime Minister Z. A. Bhutto and a leader of the PPP, as well as Asghar Khan, the leader of the Therik-i-Istiqlal, an important constituent of the MRD, were already under house arrest.

As of Aug. 18, five thousand people are reportedly still in jail. Some of the leaders of the marches have been flogged, the first admitted cases of flogging for purely political "crimes." The year-long drive against corruption also announced by Zia on Aug. 14 is already being used to round up opposition politicians. PPP members are being arrested and charged with involvement in terroristic activities of "Al-Zulfikar."

The MRD's ability to sustain or spread the demonstrations in the face of Zia's crackdown will be the test of how

long Zia's regime can survive.

Zia's 'Islamic constitution'

General Zia's pronouncement that elections will be held on March 23, 1985 is a ploy that has failed to earn unanimous applause even among his allies—he has promised elections five times previously, only to cancel them on the grounds that they were "premature." Under Zia's scheme, the 1973 constitution is to be amended to give the president/commander-in-chief more power, and the new parliament less. The president will have the right to bar candidates regarded as "troublemakers," appoint his own prime minister, veto the national assembly, and prevent all election campaigning as "un-Islamic."

Zia has already declared publicly that he has no intention of transferring power to a civilian setup. He made clear in an interview with the English-language *Arab News* that his concept of democracy does not encompass the existence of political parties. "They are contrary to Islam's mandate for unity," he stated, adding that the PPP would not be allowed to contest an election in any case. "I'm really going to shove all the Islamic values down anybody's throat whether he likes it or not," he told the *Arab News*.

Even the general's handpicked "federal council," the Majlis-Shoora, could not bring themselves to rubberstamp the scheme. The council urged a minimum of changes in the 1973 constitution, which was approved by all parties during Bhutto's reign. They advised that a parliamentary system with political parties in fact accords with Islam.

The Arabian Gulf gambit

Zia is not only trying to pacify the Pakistani population, but is seeking a public relations gloss for the economic and military aid he gets from the United States, Britain, et al., the ultimate guarantors of his rule. Having received American F-16 long-range fighter-bombers, Pakistan is now acquiring Harpoon missiles, which provide precise targeting of up to 100 miles with no possibility of interception. This addition to Pakistan's \$3.2 billion arms package from the United States was accompanied by a declaration by Foreign Minister Yaqub Khan that Pakistan has by no means given up its claims to all of Kashmir, an Indian state, part of which Pakistan has occupied since 1947, and one of the most sensitive issues between India and Pakistan. The comment was viewed in New Delhi as a deliberate attempt to raise tension in the bilateral sphere to divert Pakistanis' attention from domestic problems.

Reports are simultaneously circulating that Pakistan will soon be invited to join the Gulf Cooperation Council (GCC) the military alliance of states surrounding the Arabian Gulf, that plays a key role in the U.S. Rapid Deployment Force scheme. According to an Islamic publication in London, Pakistan has denied that it is making bases available to the United States, but it has not yet made any official statement on whether facilities might be made available to the GCC.

Report from Paris by Katherine Kanter

ETA feeds on French weakness

France provided sanctuary to terrorists on the condition that no operations are carried out on French soil.

A French gendarme was assassinated near Bayonne in the French department of the Pyrénées-Atlantiques on Aug. 7. The authors of the crime were a number of Frenchmen claiming to sympathize with the aims of the Basque-Spanish terrorist-separatist group, the ETA; the group included one Philippe Bidart, responsible for the 1981 assassination of two other gendarmes, officers Buyer and Roussarie.

Philippe Bidart is an ex-Jesuit seminarian—an important connection, since the Jesuits on both sides of the Franco-Spanish border have promoted so-called Basque culture since the 19th century. They have also encouraged the idea of creating the provinces of “Euskadi North” and “Euskadi South,” by separating regions from France and Spain.

A number of organizations have sprung up over the last 15 years on the French side of the border, including Iparretarrak, the French ETA (“ETA from the North”), Herri Taldeak (the equivalent of the ETA political front Herri Batasuna), Seaska (a so-called cultural organization which manages the Basque schools).

Newspapers and magazines of very limited circulation, like *Euskadi Norte*, and *La Voz de Euskadi*, are distributed on both sides of the border to promote a “feeling” of Basque unity beyond national frontiers. The Spanish San Sebastian football club and the Royal St. Germain of Paris hold benefit football matches in Bayonne to promote Euskera, the Basque language, a practice forbidden under Giscard for se-

curity reasons.

Nothing seems to be forbidden under the Mitterrand regime, however. Despite repeated warnings by the Spanish police that the security situation on the Spanish side of the border was getting increasingly out of control, in part because of the French government’s refusal to cooperate by handing over wanted ETA members, the French authorities turned a deaf ear. But the chickens have now come home to roost.

In the context of an overwhelming deployment of separatist, terrorist, and environmentalist groups this fall, there will be no way for the French authorities to maintain their “special agreements” with Armenian, Kurdish, Basque, or other terrorists to grant them sanctuary, as long as they do not commit terrorist acts on French territory.

Cancer spreads. On the Spanish side of the border, the weeks of late July-early August have witnessed scenes reminiscent of Hitler’s rise to power. Members of the ETA front Herri Batasuna mailed the Spanish flag to Socialist Interior Minister with a label “undesirable”; in the town of Irún they threw the ballot box full of just-cast votes out the window to prevent the election of a Socialist mayor; they stoned the Socialist municipal councilmen in Rentería as they were holding an emergency meeting to discuss the situation.

All this happened under the smiling gaze of the Partido Nacionalista Vasco (PNV), headed by Xavier Ar-

zallus, an ex-Jesuit priest, and Carlos Garaicoechea, a slick businessman with shady ties to the pro-ETA financial community in Venezuela, where he just made a visit demanding to be treated as a head of state.

Arzallus and Garaicoechea have declared war on the Socialist Party, which they want to expell from the Basque country. They have hypocritically refused to comment on the battle over whether or not the Spanish flag should fly there, but have covered the provocations of ETA-front Herri Batasuna, which is only slightly to the right of the Moscow-controlled Movimiento Comunista and Liga Comunista Revolucionaria.

In the French-border province of Catalonia, Barcelona was put under a virtual state of siege as police searched for seven bombs which ETA claimed had been laid to provoke the liberation of “political prisoners.” The Barcelona chief of police stated that ETA’s links to Catalonian separatists have been reactivated. The French government would do well to remember that a key nerve-center for these various independentist movements, the CIEMEN, is extremely active on their side of the border.

On Aug. 6, a Barcelona daily, *Diario de Barcelona*, reprinted extensive quotes from *Nouvelle Solidarité*, the LaRouche-linked French weekly, denouncing the CIEMEN as a Libyan-funded terror front. This provoked something of a political storm, and angry denials from the mouthpiece of the KGB in Spain, the daily *El Pais*. Security forces in France are convinced that the problem on the French side could rapidly become extremely grave unless stern measures are taken. But French culture minister Jacques Lang’s recent contribution of half a million francs to the Celtic nationalists’ festival, which he also did last year, is not a good sign.

Israelis give Gemayel the kiss of death

The early Israeli pullout will leave Lebanon vulnerable to civil war and partition.

The latest step in the process of partitioning Lebanon is the projected near-term collapse of the Lebanese government of President Amin Gemayel, a scenario in which the Israelis have been delegated the leading role. The following developments confirm this Israeli deployment:

Israeli Defense Minister Moshe Arens made a surprise trip to Beirut on Aug. 16, to announce that, contrary to any wishes of the Americans or the Lebanese government, the Israeli army was pulling out of the Chouf Mountains, immediately, not by November as originally planned. "The deployment of Israeli forces, as I'm sure you understand, is motivated primarily, I would say solely, by Israeli defense interests, and therefore we cannot make the movements of our troops contingent upon arrangements that may or may not be reached in the area," he stated. The November date would of course have given the newly formed Lebanese army more training time.

Prior to their leaving, the Israelis have been arming both the Christian and Druze militias, particularly the Druze, sparking civil war. The *London Guardian* commented Aug. 15: "The evidence on the ground has led Western diplomats to the conclusion that in the desperately sensitive Aley and Shouf areas the Israelis are playing both ends—the Druze and the Maronites—against the middle, being the Lebanese army and State."

With the direct intervention of the Israeli army, the Lebanese army lost

five posts in the Chouf to Druze attacks, which prevented Lebanese reinforcements from reaching the beleaguered posts.

The Israelis are mounting a full-scale political campaign for the Gemayel government to share power more equally with the Druze, not for "humanitarian" reasons, but as a purely destabilizing move in the current tense circumstances. Arens in his Beirut press conference made a major point of this, as did Foreign Minister Shamir earlier that week. The Israelis are not only in 100 percent agreement with the Syrians on this, but are also allowing Syrian weapons through Israeli lines to arm the Druze.

Arens and Shamir held a very high profile series of meetings in Israel the second week in August with Dany Chamoun, son of the Orthodox Church controlled Camille Chamoun. The younger Chamoun has returned to politics all of a sudden after an absence of five years. Since his father is a bitter enemy of the Gemayels, this is an omen for the future of the current Lebanese government. From Israel, Chamoun repeatedly called for the Gemayel government to ratify the separate Lebanon-Israel accords negotiated by George Shultz, a move on which President Gemayel has understandably been stalling. The elder Chamoun is a longtime KGB agent of influence, sitting on the Moscow Narodny Bank and the Bulgarian Litex Bank.

A cynical deal was struck some time ago between the Kissinger-dom-

inated U.S. State Department, the Soviet Union, and the Israeli government for the permanent partition of Lebanon.

It must be remembered that the current disastrous geometry would not have been possible without the "back-channel" agreements between U.S. Secretary of State George Shultz and the Soviet Union to scrap the Reagan peace plan.

U.S. Middle East envoy Robert McFarlane is continuing the tradition of State Department treason by "opening up talks with the opposition," a typical maneuver used by the State Department to weaken or get rid of an existing government, à la the Jimmy Carter model of "talking to" the Khomeini opposition before the overthrow of the Shah of Iran. McFarlane met with one of the most outspoken of the Gemayel government's opponents, former Prime Minister Saeb Salem, and, as the *Christian Science Monitor* noted, "The Americans are listening to the voice of Mr. Gemayel's opponents in a way they have not before." In tandem with McFarlane's sabotage in Lebanon, the U.S. press is issuing propaganda to convince U.S. citizens that a government collapse is unavoidable and perhaps not so bad after all. This includes a prominent interview by CBS TV with Soviet-Syrian puppet Walid Jumblatt, the Druze chieftain, and a banner headline in the *Christian Science Monitor*, "A fuse is lit in Lebanon: Observers say the mood of the Gemayel government is like that of the final days of Nixon's presidency."

The Kissinger-Soviet-Israeli scenario is that with the collapse of the Gemayel government, Lebanon will "move more fully into the Arab world." In other words, the Israelis will keep southern Lebanon, and the rest will fall under Syrian control.

Lessons of La Paz

The real issue at the summit was not Central America but Mexico's solidarity with the rest of Latin America.

The most important, overlooked quote of the Aug. 14 summit between Presidents de la Madrid and Reagan in La Paz, Baja California, was the following from the Mexican president:

"President Reagan: You enter today, across the threshold of Mexico, into Latin America.

"Latin America unites both an intense need for social transformation and the effects of a convulsed world, effects which in turn limit the largely unsatisfied desire for development in freedom, democracy, and justice.

"It is urgent to counterpose . . . respect for the law, for national institutions, and for development to the social backwardness aggravated today by profound economic crisis and by shows of force which threaten to unleash conflagration."

The tension at the summit lay precisely in this definition of Mexico's strategic posture, at a time when the Reagan administration shows signs of hardening its allegiance to the supranational institutions such as the IMF which are imposing anti-development policies.

In economic terms, the game has been to split off Mexico from the moves toward a debtors' cartel by the rest of the continent. Though de la Madrid gave no hint of throwing off the IMF program which has so devastated Mexico's living standards and growth prospects—not to mention U.S. exports—his statement that "Latin America starts here" was a warning that Mexico is not turning its back on the rest of the continent. Any

remaining illusions in Washington that Mexico could somehow be brought into a "North American Alliance," as broached by Reagan in his presidential campaign, were put to rest.

The fact that de la Madrid linked the need to address the continent's economic crisis to denunciation of "shows of force"—a reference to Washington's military escalations in Central America—emphasized that the Contadora Group's Central American peace-keeping efforts can not be separated from the continent's larger struggle to restore economic growth.

But there was an added edge to de la Madrid's remarks, perhaps linked to his decision of two weeks ago to crack down on the PAN separatist movement's growing strength in the north, and his knowledge that U.S. State Department and FBI agents are deeply involved in the insurrectionary activity.

His insistence on "respect for law and for national institutions" had more than rhetorical importance in this context. Even sharper was the warning that Mexico has not forgotten how to resist "dismemberment and invasion."

He spoke just three weeks after George High, the U.S. embassy official in Mexico City who had secretly carried out a series of meetings with PAN leaders and Church supporters during the spring, was rewarded with the post of director of Mexican affairs at the State Department.

The only specific accomplishment of the summit—besides continuation of U.S. credits for Mexican grain pur-

chases and hints of further U.S. oil purchases for the strategic reserve—was an agreement on increased environmental cooperation on the border. Seemingly innocuous, the agreement in fact is a foot-in-the-door for a much larger project: the undermining of the nation-state status of both Mexico and the United States. The "world federalist" Malthusians behind documents like the *Global 2000 Report* began a campaign over 10 years ago, highlighted in the principals behind the Law of the Sea project, to substitute supranational control mechanisms for the institutions of the nation state, using environmentalist issues as the pretext for the changes in sovereignty.

An Aug. 13 editorial in the flagship newspaper of the British establishment, the London *Times*, traced the Kissingerian path that enemies of both the United States and Mexico have now prepared. The *Times*, which supports the financial and anti-nation state policies creating the crisis, stated: "Today's difficulties would be tiny compared to the massive upheaval across the U.S.-Mexican border should Mexico's indecipherable polity start to disintegrate" under the impact of spreading Central American turmoil and "the strain of economic austerity at home."

The editorial stresses that "American suspicion of Mexican stability is longstanding and well founded. . . . Washington has watched with justifiable concern the mismanagement of [Mexico's] economy. . . . The health of this secretive, unpredictable and inherently arbitrary system of [presidential] leadership cannot be taken for granted."

The *Times* compares the result to events in Iran, and confidently forecasts "insurrection, revolution, or just [sic] a prolonged period of economic and social disintegration."

International Intelligence

Some Brits don't want military independence

A lead op-ed in the *Times* of London Aug. 15, written by Cambridge University strategist Philip Towle, attacks those individuals in the United Kingdom who are advocating a military break with the United States and the disintegration of NATO in favor of an "independent British nationalist" policy.

Towle, who misnames his policy adversaries "Gaullists," identifies their main spokesman as John Nott, former Minister of Defense and now at Lazard's banking house in London; Sir James Cable, former head of the Foreign Office Planning Staff; and Hedley Bull, professor of International Relations at Oxford and head of the Anglo-Soviet Roundtable. In a recent policy paper written for the London Royal Institute of International Affairs, Cable called for American troops to withdraw from the Federal Republic of Germany, and called for Britain to launch a maritime buildup and a program of economic independence from the United States. Bull is an advocate of French-British cooperation, independent from the United States, on a joint nuclear capability as the first step toward a European nuclear force.

Towle argues that this British group will feed the "traditional U.S. hostility toward involvement in Europe," and warns against the collapse of NATO, stating that the "probable immediate outcome" of such an occurrence "is that Western Europe would dissolve into a confused medley of states, some trying to defend themselves, some hoping that their very weakness would save them from the effects of conflict elsewhere, others seeking an accommodation with Moscow." The belief that Europe could be spared as a battleground in a future war with Moscow is a delusion, says Towle, and Europe furthermore must realize its interdependence with the United States on matters of policy toward the developing sector.

Towle concludes: "But if the alliance did disintegrate . . . it is above all in the period of uncertainty and confusion which would follow the collapse of NATO that each state would be most vulnerable to Soviet threats and blandishments and the dangers of war would be most acute."

The same newspaper, however, ran an editorial Aug. 18 criticizing an ongoing British defense policy review for not considering withdrawing the British Army of the Rhine from West Germany.

'Moscow trembles before the beam'

Minute, the leading right-wing weekly in France, with a circulation of 400,000, ran the following article, entitled "Moscow Trembles Before the Beam," on August 19:

"Should Lyndon LaRouche be assassinated, this crime would irrefutably prove that Moscow controls international terrorism. Lyndon LaRouche, let us explain to the ignorant ones, is not only the founder of the *Nouvelle Solidarite* movement, but also one of the most influential little-known advisers of Ronald Reagan in defense matters.

"In truth, he is the creator of the beam weapons doctrine that Reagan officially adopted with his March 23 speech. As such, he is the sworn enemy of the Soviets—and the target of the latter's killers.

"Now, an article just appeared in the very official *Literaturnaya Gazeta*, which is nothing but a straightforward ultimatum, since its author, comrade Fyodor Burlatskii, personal adviser and friend of Andropov, squarely writes that the deployment of beam weapons by the U.S. would be considered by Moscow as a "*casus belli* for nuclear war."

"In other words: should Reagan fully implement his projects in this sphere, the Soviet Union would be entitled to resort to a 'first strike,' that is, a preventive attack.

"This warning is unprecedented and is interpreted by the experts as extremely serious.

"First because it brings enormous support to the demoralization operations conducted by the peaceniks whose slogan is 'better red than dead.' Next, because it objectively supports Kissinger's principles—Kissinger is also a stated enemy of beam weapons, whose recent reappearance among Reagan's advisers does not fail to be a source of great concern for the advocates of a firm policy.

"In sum, the *Literaturnaya Gazeta* article, curiously ignored by French Kremli-

nologists, could mark a decisive turn in Soviet strategies.

'Craxi responsible if Fiocchi is attacked'

The Anti-Drug Coalition in Italy declared on Aug. 12 that it will hold Italian Premier Bettino Craxi personally responsible if anything happens to Coalition leader Cristina Fiocchi, who has received a series of death threats in the last month. The Anti-Drug Coalition warns that "the people who have made Craxi's takeover in Italy possible—Henry Kissinger, KGB agent Jay Lovestone, Irving Brown of the AFL-CIO—will also be held responsible" if anything happens to Fiocchi.

At 5:30 a.m. on July 29, Fiocchi received a death threat, after which her telephone was disconnected for several hours; the telephone company could provide no technical reason for the disconnection.

During the same week the slander surfaced in Italy that Fiocchi and her associates in the Anti-Drug Coalition and European Labor Party (POE) are financed by "Libyan refugees in Rome." The slander is a potential death threat itself, since numbers of Libyan refugees have been assassinated by Qaddafi hit teams in Rome in the recent period.

On Aug. 8, mafia-style notes were delivered to Fiocchi's office, stating that the Anti-Drug Coalition should end its campaign against Libyan madman Qaddafi. A collaborator of the Rome press agency, Parlamento e Regione, an individual known to have Libyan connections, delivered the warning.

An anti-drug collaborator of Fiocchi's, Italian magistrate Rocco Chinnici, was assassinated in Palermo July 29 in a car-bomb professional hit.

Spanish weekly says Kissinger is KGB

The leading news weekly of Spain, *Cambio 16*, published in its Aug. 1 issue an analysis of Henry Kissinger's return to power. The

ger's murderous diplomatic career and, reflecting the sentiments held by leading political circles in Spain, questions his allegiance to the Western Alliance.

"Where Kissinger comes and places his finger . . . like a New Moses—blood flows to the ceiling, and it does not stop flowing until he removes his fat little finger. . . . Kissinger has drawn blood with his finger in Vietnam and Cambodia, in Cyprus, in Uruguay, in the Middle East, in Angola, in India and Pakistan, in Chile, in Argentina. And now he is returning.

"There is not one war organized by Kissinger—indeed, organized: 'To resolve a conflict one must first create it,' he once explained, reviewing his role in the civil war in Cyprus—that has not been a military disaster for his country and for his country's allies. Kissinger's wars take the following course: they start with covert CIA operations, followed by a coup to kill communists, complicated by B-52s; peace discussions ensue under Kissinger's personal direction, and end with the escape of the U.S. ambassador by helicopter with the flag between his legs, wrapped in polyethylene which is the way American corpses return home from his wars.

"It has cost the Anglos more than it has cost the Soviets.

"Only in light of the systematic advance of Soviet interests to the detriment of U.S. interests can one develop a doubt as to which privileged interest Kissinger truly serves. Joseph Heller, in his fascinating novel *Good as Gold*, tells the story of a Jewish professor from New York who had dedicated himself to write an exhaustive and erudite thesis demonstrating that Henry Kissinger was not a Jew, as is believed, but that he simply fakes being one. It is possible that Heller's professor stopped short on his thesis: Kissinger, fundamentally is an agent of the KGB."

KISS forced to scrub tour of Argentina

The rock group KISS (Knights In Service of Satan) was forced to cancel a tour of Argentina after several Malvinas veteran groups

denounced the group for being a threat to national security. "The fact that we fought the British does not lead us to hate all that is associated with them—in this case the Yankees (KISS). We would not mind KISS coming here if it contributed to the development of our youth or the enrichment of our culture. But, besides evidencing savagery and depravity, KISS represents a project for turning our youth into idiots," stated the head of a Malvinas veteran group. The veterans successfully demanded the full application of Argentinian immigration law, which states: "Any musical or artistic group can be denied entry into the country if it does not make any real contribution to national culture."

In addition to condemning the group's logo for the use of a swastika-like "SS," another veterans' group threatened to "blow into a thousand pieces, any place where this band of homosexuals and degenerates puts on a performance."

Strauss for 'dual key' Euromissile policy

Franz-Josef Strauss, Governor of the West German state of Bavaria and chairman of the Christian Social Union (CSU), has proposed a "dual key" system to govern the use of U.S. nuclear missiles deployed in the Federal Republic of Germany. In an interview with the weekly *Stern* magazine published Aug. 11, Strauss said that West Germany should have the right to veto any U.S. decision to use the weapons in a crisis situation.

Strauss has previously pointed out that German sovereignty is still very limited because the Federal Republic, as a non-nuclear power, has no say over the launching of nuclear missiles from its territory.

Strauss's "neo-Gaullist" position on nuclear weapons was first published in his 1965 book, *The Grand Design: A European Solution to German Reunification*. In it, the CSU leader called for the creation of "a United States of Europe with its own nuclear deterrent under supranational control," as the "second essential pillar"—along with the United States—of the western defense community.

Briefly

● **ROLAND DUMAS** has been shuttling between France and North Africa, supposedly to deliver "tough" messages to Qaddafi. Lawyer Dumas has previously been busy in the defense of the pro-FLN terrorist networks in France, Munich-massacre terrorist Abou Daoud, and Central African "Emperor" Bokassa, among others.

● **THE SOVIET UNION** has accepted a Japanese proposal to hold a governmental conference on trade, and hopes to stage it in early October. The Japanese had canceled annual "consultations" on trade between the two countries, as an economic sanction against the Soviets following the invasion of Afghanistan.

● **ZAIRE** will host the first conference of the Club of Life in Africa, a year after the Club of Life was founded in Rome on Oct. 22, 1982. Attendance from several African countries is expected.

● **FRANCISCO GUERRERO**, advisor to Salvadoran president Alvaro Magana, announced Aug. 17 that Israel will reopen its embassy in El Salvador. For its part, El Salvador will now recognize Jerusalem as the capital of Israel, and establish its embassy there. El Salvador is the second Israeli arms customer in Central America, after Costa Rica, to close this kind of diplomatic deal.

● **TALBOT LINDSTROM** and Edith Martin, U.S. Deputy Defense Undersecretaries, were in Japan Aug. 16-18 trying to negotiate military-related technology transfer from Japan to the United States. The Americans are seeking a variety of technologies, including very large integrated circuits. Although both sides want some agreement before Reagan's visit this fall, progress so far is reportedly slow.

● **QUOTIDIEN DE PARIS**, one of the largest-circulation dailies in the French capital, published an article Aug. 16 by *EIR* Middle East editor Thierry Lalevée, exposing the links between Qaddafi and the Barcelona-based separatist think tank CIEMEN.

Is your congressman's wife in bed with the KGB?

by Graham Lowry

In the midst of a global drive for empire by the Soviet Union, depending significantly on prospects for destroying the United States from within, it is no small item of national security concern to discover that the wives of more than 60 U.S. senators and representatives are members of a front-group for the Soviet KGB. *EIR's* continuing investigation into Peace Links, the "sexual politics" women's organization which has played a leading role in a nationwide series of joint events with agents of the Soviet government over the past year, has established that the organization serves as a significant coordinating operation for the KGB's campaign to destroy America's national defense capabilities.

On the basis of evidence already in hand, it is high time to ask your congressman if he is sleeping with the KGB.

A profile of Peace Links

Peace Links was founded in 1981, as the Reagan administration took office, by Betty Bumpers, the wife of Sen. Dale Bumpers (D-Ark.), ostensibly to focus attention on the dangers of the nuclear arms race and to link up with women concerned for peace around the world. Although the vast majority of congressional wives recruited in Peace Links come from the Harrimanite environmentalist, "post-industrial society" wing of the Democratic Party, the leading elements of the organization constitute a "bipartisan" deployment with Republican assets of the Trilateral Commission, Council of Foreign Relations, and Henry Kissinger.

Peace Links was established with funding, for example, from the Winthrop Rockefeller Foundation. Included among the directors of Peace Links is Teresa Heinz, wife of Republican Sen. John Heinz of Pennsylvania, who sits on the Washington Quarterly Roundtable of the Georgetown Center for Strategic and International Studies, one of Henry Kissinger's more notorious stables. Also among the officers of Peace Links is Deba Leach, wife of Rep. Jim Leach (R-Iowa), a leader of the KGB-endorsed drive in the House to ban the defensive beam-weapon technologies President Reagan has called for as the means for rendering nuclear weapons obsolete.

Among the more prominent members of Peace Links is Sharon Percy Rockefeller, daughter of Senate Foreign Relations Committee chairman Charles Percy (R-Ill.) and the wife of Democratic Governor Jay Rockefeller of West Virginia. On behalf of the Kennedys, Eunice Kennedy Shriver, wife of top Kennedy hand Sargent Shriver, is also a member.

Peace Links' ties to the KGB have not gone wholly unnoticed on Capitol Hill. Sen. Jeremiah Denton (R-Ala.) reported on the floor of the Senate earlier this year that two of the organizations on the national advisory council of Peace Links—the Women's International League for Peace and Freedom and Women's Strike for Peace—have been officially designated as Soviet front groups by the U.S. State Department.

Peace Links president Betty Bumpers was a member of

the American delegation to the May 24-29 U.S.-U.S.S.R. Exchange Conference, cosponsored by Moscow's U.S.A.-Canada Institute and the left-wing Washington-based Institute for Policy Studies (IPS). Serving as the initial staging ground for a month-long, nationwide round of "peace" events with Soviet participation, the Minneapolis conference featured Richard Barnet of IPS and the Committee for National Security—another advisory council member of Peace Links—and Fyodor Burlatskii of the Soviet Union's *Literaturnaya Gazeta*, the journal identified by Western intelligence sources as the organ of the KGB. Burlatskii declared in that journal this month that U.S. development of defensive beam-weapons systems against missile attack would be considered a *casus belli* by Moscow (see article, page 32). Soviet and Russian Orthodox Church officials at the Minneapolis conference violently denounced President Reagan's beam weapons policy.

At the next major stop on the KGB road show, the Women's Leadership Conference on U.S.-Soviet Relations in Washington, D.C., Peace Links members were again prominent participants. In addition to Betty Bumpers, the wives of Reps. Berkley Bedell (D-Iowa, Elinor), Tom Daschle (D-N.D., Laurie), Jim Leach (R-Iowa, Deba), David Obey (D-Wis., Joan), Paul Simon (D-Ill., Jeanne), Wes Watkins (D-Okla., Lou), Timothy Wirth (D-Colo., Wren), Howard Wolpe (D-Mich., Nina), and Sens. John Heinz (R-Pa., Teresa) and Paul Tsongas (D-Mass., Niki), joined in three days of panels and workshops with Soviet representatives, including four from the Minneapolis conference, sponsored by the Committee for National Security and orchestrated again by Barnet.

Peace Links is also heavily involved in the series of "women's encampments" (see *EIR*, Aug. 23) which have targeted key U.S. corporations, defense installations, and military research centers around the country, including Boeing in Seattle, which produces guidance systems for the Trident missile, and California's Lawrence Livermore Laboratories, a major center of beam weapons research and development. The largest encampment is at the Seneca Falls Army Depot in upstate New York, where 3,000 women have engaged in repeated acts of civil disobedience designed to profile military security procedures. The encampment was organized by Donna Cooper, a leader of the Communist Party's Women's International League for Peace and Freedom, which serves as an advisory member of Peace Links.

The international model for such women's "peace" camps was the Greenham Common encampment in Britain, whose organizers have also worked directly with Peace Links. Greenham Common's Simone Wilkinson in fact joined Betty Bumpers for an organizing and planning tour this spring through the Northwest, where similar women's encampments have already appeared near a missile site in Missoula, Montana, where Bumpers addressed a meeting of 170 women in late April, and a Boeing plant involved in cruise missile production at Kent, Washington. Overlapping such direct

action operations, the Northwest is a major target for a series of KGB "educational" offensives this fall, organized with significant input by Peace Links.

Modeled on last year's "Target Seattle" operation which herded 20,000 people into Seattle's Kingdome stadium for a disarmament orgy, a string of similar events will take place this fall in Spokane, Washington and Portland and Eugene, Oregon. Target Seattle, which Betty Bumpers helped organize last year on the scene, will feature Richard Barnet along with an array of Soviet officials for a week-long program of forums and "living room" meetings to saturate the population of Seattle with pro-Soviet propaganda. The wives of Rep. Les AuCoin (D-Ore.), whose district includes part of Portland, and James Weaver (D-Ore.), whose district includes Eugene, are also members of Peace Links. On her tour of the Northwest with Simone Wilkinson, Betty Bumpers addressed a gathering of 120 women in Portland.

As part of what amounts to KGB sabotage of America's electricity production grid, the effort to shut down the Washington Public Power Supply System (WPPSS), the nation's largest supplier of electric power, is being led on Capitol Hill by congressmen who are also in bed with Peace Links (see article, page 52).

Itineraries and demands

Direct input from Moscow has become a regular feature for Peace Links since Averell Harriman's trip to meet with Soviet President Yuri Andropov at the end of May. A month later, 19 House members and their wives followed Harriman's bidding to go to Moscow for direct "dialogue" with Soviet leaders. Six of them are married to members of Peace Links: David Obey (D-Wis.), Timothy Wirth (D-Colo.), Anthony Beilenson (D-Cal.), Norman Dicks (D-Wash.), Richard Gephardt (D-Mo.), and Jim Leach (R-Iowa). All six of them are also cosponsors of a House resolution to ban space-based weapons. Of the nine Democratic senators currently in Moscow to meet with Andropov, four of them—Senator Bumpers, of course, and Howard Metzenbaum (Ohio), Patrick Leahy (Vt.), and Don Riegle (Mich.)—have wives in Peace Links.

The Senate delegation was met at the airport by Georgii Arbatov, head of the U.S.A.-Canada Institute which cosponsored the Minneapolis conference. The payoff for the KGB was made public after the senators' meeting with Andropov on Aug. 18. Andropov lyingly announced that the Soviet Union would never be the first nation to put anti-satellite weapons in space, and Senate delegation leader Claiborne Pell (D-R.I.) played follow-the-leader by praising Andropov and urging that the United States enter into a treaty with the Soviets to ban space weapons. A Senate resolution to that effect, which would eliminate the number-one obstacle to the KGB's drive to make the United States helpless militarily, was introduced this spring by Paul Tsongas (D-Mass.). His wife Niki is also a member of Peace Links.

How Soviet assets in the 'peace' and ecology movements are wrecking the U.S. power grid

by Richard Freeman

The Soviet KGB has been caught running a conspiracy in the United States involving the U.S. environmentalist movement; Chemical Bank of New York, the seventh largest bank in the United States; and leading members of Congress and their wives to shut down the Washington Public Power Supply System (WPPSS), the largest megawattage supplier of electricity in the United States. The aim of the conspiracy is destruction of the nation's electricity production grid with the same efficiency as a Strategic Bombing Survey bombing attack. The other two of the three key components of the U.S. industrial strength—manufacturing and transportation—are already in ruins.

The conspiracy was launched several years ago, when the National Resources Defense Council, which is the "green" side of the U.S. nuclear freeze movement, joined by the *Seattle Post-Intelligencer* and several Lane Kirkland-controlled AFL-CIO units attempted to shut down five WPPSS nuclear power plants, which were in various stages of construction. This effort succeeded on June 15 when the Washington State Supreme Court made its ruling: 88 utility companies that had guaranteed \$2.3 billion worth of bonds to allow WPPSS to construct nuclear power plant units 4 and 5 were no longer responsible for the payment of interest and principal on those bonds (see *EIR*, July 5).

Since WPPSS is an electricity wholesaler—that is, it has no independent income stream, but must sell electricity to the utilities who in turn sell it to customers—the court ruling left WPPSS with a \$2.3 billion debt and no way to pay it off. In late July, WPPSS, unable to meet monthly interest payments on the units 4 and 5 bonds, was declared in default by Chemical Bank, the trustee for the units 4 and 5 bondholders. This represents the largest municipal bankruptcy in American history!

'A thing of the past'

An aide to Rep. James Weaver (D-Ore.), a fanatical environmentalist who supports the Global 2000 strategy to reduce the world's population by 2 billion people, reported Aug. 16: "As a result of the WPPSS default, I think that

central generating stations, that is, enormous coal-fired plants and nuclear power plants, are a thing of the past. They're dinosaurs. Diversified sorts of energy, like cogeneration, solar energy, and so forth, done on a community-by-community basis, are the wave of the future."

But this was only the start of the conspiracy. In July, Sen. James McClure (R-Ida.), whose state is one of the four supplied with electricity by WPPSS—the others are Washington, Oregon, and Montana—introduced an amendment to a fiscal 1984 funding bill for the Department of Interior asking for federal emergency money to save WPPSS. The McClure amendment would grant the federal Bonneville Power Administration the authority to issue bonds through a new entity that would bear the costs of completing construction of WPPSS nuclear units 1, 2, and 3. Though these three units are not the subject of the June 15 Washington State Supreme Court ruling against WPPSS, that ruling and the subsequent declaration of WPPSS in default eliminated WPPSS's ability to raise funds for any of its units. Units 1, 2, and 3 are 75 percent, 98 percent and 60 percent completed respectively, but units 1 and 3 have already been mothballed because of intense environmentalist opposition.

McClure's amendment ran into a buzzsaw. A filibuster was led by Sens. Howard Metzenbaum (D-Ohio), Donald Riegle (D-Mich.), John Heinz (R-Pa.), and William Proxmire (D-Wis.), joined by Senate Majority and Minority Leaders James Baker and Robert Byrd, Representative Weaver, and Reps. Richard Ottinger (D-N.Y.), Donald Bonker (D-Wash.) and John Dingell (D-Mich.). Riegle and Metzenbaum are currently in the Soviet Union meeting with the Andropov leadership discussing the disarmament of the United States.

It turns out that the wives of WPPSS opponents Riegle, Heinz, Metzenbaum, Weaver, and Bonker are leaders of a group called Peace Links, which advocates that women around the world, on a person-to-person basis, stop war through "understanding." (See article, page 50.)

Senator McClure will hold hearings in Seattle on Sept. 7 to attempt to rally forces to save WPPSS. The opponents of

WPPSS plan to hold public hearings in Congress in October. The Reagan administration, in the person of Energy Secretary Donald Hodel, a former head of the Bonneville Power Administration who strongly backed construction of WPPSS nuclear units 4 and 5, is a particular target. "The fingerprints of Don Hodel in the WPPSS affair will be made large for all to see," Weaver's aide, David Jory, told an interviewer.

There is another level of Soviet conspiracy against WPPSS and the U.S. electrical power sector. On Aug. 3, two weeks after it declared WPPSS in default, Chemical Bank, the trustee for WPPSS bondholders, just launched one of the largest suits in the history of the United States, charging WPPSS and 500 other parties in the utility and nuclear plant construction industry with fraud, misrepresentation, and negligence.

The attorney for Chemical's suit is one Michael Mines. Mines, it turns out, is on the executive board of "Target Seattle," a peace organization that will submerge Seattle in events celebrating Russian "blood and soil" culture for five days between the end of October and the beginning of November of this year. The featured speakers at Target Seattle are Georgii Arbatov of the Moscow's U.S.A.-Canada Institute of the Soviet Union, and Marcus Raskin, one of the directors of the pro-terrorist Washington, D.C.-based Institute for Policy Studies, which helped sponsor the 33-city tour of top-ranking KGB officials through the United States earlier this year.

Contractors and finances under fire

The Chemical Bank lawsuit coincides with 13 other lawsuits brought by "bondholders" of WPPSS securities, who are being coached by such environmentalists as Jim Lasar, head of the Seattle-based Fair Electric Rates Now (FERN).

Lasar told an interviewer Aug 16 that the suits against WPPSS and others are focused against, for example, the architectural firm of R. W. Beck, Jr., which is consulted on almost every nuclear power plant built in the United States. Lasar believes that Beck will be found guilty of the charge of fraud or of willful disrespect (negligence), because Beck recommended construction of WPPSS units 4 and 5 on the grounds that the plants were needed and would not be expensive (which is true, had high interest rates and environmentalists not intervened). Beck's conviction would make it perilous for any architectural firm to work on nuclear plant design. The lawsuits will also discourage investment firms from bringing to market new utility issues for coal or nuclear-fired plants, removing the financial underpinnings of the electric power industry.

The WPPSS rulings and lawsuits may be repeated throughout the country. Robert Lamb, a professor at the New York University Graduate School of Business specializing in municipal finance, reported Aug. 16, "The entire municipal bond market has been affected by the WPPSS July default on its bonds. Public power bonds are now comparable in yield to hospital bonds, which means they are paying 50 to 75 basis

points more than they used to.

"There are going to be thousands of suits all over the country. The effects of the suits and the WPPSS ruling will increase the cost of public power dramatically," Lamb said.

The effect of all these rulings? Concluded David Jory: "I think you will find that there is not a chief executive officer or a president of a utility in this country who would sign an order to build a new nuclear plant."

This adds up to a financial Three Mile Island, a giant success for the attempt to sabotage nuclear power that was begun with the fake Harrisburg "disaster" of four years ago.

A municipal bond analyst at the Belgian royal household-controlled New York investment bank of Drexel Burnham Lambert, Eileen Austin, who played a role in 1981 in forcing the depreciation of WPPSS bonds, notes that there are 16 states which have "take or pay" contracts similar to those WPPSS had with the 88 utilities which were struck down. ("Take or pay" simply means that the contractor for power or any other service to be produced from building power plants must pay for the bonds to finance the building, even if the building is never completed.) These states have issued \$14 billion worth of public power bonds on the take or pay basis.

Although in many of these states, the state supreme court or the state legislature has upheld the legality of "take or pay" contracts, Austen alleges, "I think that economics of the projects will supersede any legal agreement drawn up previously. You have to look at each project and see whether it is economic. In each case, I think that economics will take precedence in court rulings despite the original way the contract is written." Thus, contracts could be invalidated in each of the following states, potentially crippling their *existing* power facilities: Florida, Louisiana, South Carolina, Texas, Kansas, Massachusetts, Michigan, Nebraska, North Carolina, Vermont, Georgia, Missouri, Utah, California, Connecticut, and Minnesota.

Austen added, "I would advise you to look at the Texas situation. The city of Austin is suing the Houston Lighting and Power Company to get out of a 16 percent share that Austin has in the Houston Lighting and Power Company's South Texas nuclear plant. The way this ruling goes could have more importance than the WPPSS ruling."

In order to finance its legal expenses, which reached \$20 million last year alone, and to pay interest on its bonds, WPPSS is asset-stripping itself to raise money.

WPPSS is trying to sell on the open market two wide reactor vessels crafted with special high-grade steel. The price of the two vessels was \$203.5 million, but because there are no buyers for nuclear equipment, WPPSS may have to sell these vessels, into which went thousands of hours of skilled labor, for scrap metal. It is also ripping down and liquidating 1,000 miles of unused electrical cable, more than 100 miles of pipe, six electrical transformers, and thousands of tons of reinforcing bars. Such are the results of the Soviets' strategic bombing of America's utilities.

Free enterprisers join attack on U.S. infrastructure

by Susan Kokinda in Washington, D.C.

The attacks on U.S. national security and energy infrastructure described in this issue of *EIR* are not solely the work of "left-wing" and environmentalist networks. A "fiscal conservative" and "libertarian" fifth column within Reaganite conservative strata has openly allied with the KGB's left-wing apparatus in an assault on "American System" policies of government-fostered economic development.

Over the past two years, a coalition has emerged among the nominally conservative National Taxpayers Union, the Heritage Foundation, various libertarian institutes, and the entire gamut of Naderite environmentalist groups, to attack the Clinch River Breeder Reactor (CRBR), the Washington Public Power Supply System (WPPSS), the Tennessee Tombigbee waterway, the Garrison Diversion water project, and U.S. nuclear technology sales to India and Argentina. A leading spokesman for this alliance is Sen. Gordon Humphrey, a New Hampshire Republican who lets the KGB/British Fabian Society-run Heritage Foundation do what little thinking he purports to express.

This coalition has planned a fall offensive against nuclear energy as they set their sights on killing Clinch River for good and on sabotaging WPPSS financing and the nuclear sales to India. CRBR, which has already suffered serious setbacks under the lobbying of this coalition, must receive congressional approval for a new financing proposal, involving private-sector cost sharing, or run out of money on Sept. 30. The free enterprise/green coalition knows that unless construction is halted now, it will cost more to dismantle Clinch River than to continue to develop it, and see the September vote as the final battle. Votes on Clinch River have become increasingly close over the years, and the addition of free enterprise "conservatives" could tip the balance

against the reactor in this, the final vote.

September decisions will occur on the McClure proposal for WPPS financing (see article, page xxxx) and on efforts to block the U.S. sale of nuclear-related materials to India.

Adam Smith and Bukharin

Ideologically, it was inevitable that the free enterprise fiscal conservatives and their libertarian adjuncts would ally with left-wing anarchists and environmentalists. Both reject the conception of man as a creator engaged in the process of developing the universe, and reject the role of the nation-state in fostering that activity. The hedonistic anarchism of Adam Smith and the classic British economic liberals finds its full expression in the 19th-century anarchist Nikolai Bukharin and his successors in Moscow today.

But the alliance is more than ideological. The KGB has directly penetrated the "free enterprise" and fiscal conservative networks themselves, as the case of the Heritage Foundation shows.

For example, the National Taxpayers Union (NTU) had on its founding advisory board in 1969 MIT's Noam Chomsky, notorious at the time for his open ties to the KGB-infested draft resisters' movement and the radical antiwar effort. Other founders were A. Ernest Fitzgerald, the Pentagon whistle-blower, and Karl Hess III, both associated with the KGB-linked Institute for Policy Studies.

Using the long-standing scientific back channels of the Pugwash Conference/Bertrand Russell networks, the KGB has an asset in Sen. Gordon Humphrey's office as well. Humphrey's staff assistant for nuclear, energy, and water issues is Henry Sokolski, who was trained under Pugwash's Albert Wohlstetter at the University of Chicago. Sokolski, who has been known to claim responsibility for turning the Heritage Foundation against the breeder reactor, was given the mission of developing a "free enterprise" attack against President Eisenhower's "Atoms for Peace" program which he has carried forward to today's assaults of Clinch River and nuclear sales to India. On nonproliferation issues, Sokolski is a fellow traveler of the Pugwash *Bulletin of Atomic Scientists* networks who oppose the transfer of peaceful nuclear technology to developing nations.

The national security implications of this KGB/free enterprise nexus became clear in March, when the U.S. Army Corps of Engineers produced a study which warned that the nation's waterways and infrastructure could not sustain a two-front war mobilization. Office of Management and Budget Director David Stockman, who has used the "free enterprise" argument to slash government funding for national infrastructure, and his assistant Fred Khadouri (a former Ralph Nader lieutenant) ordered the study suppressed. With KGB penetration of the right wing becoming apparent, the dissemination of such studies would expose the answer to the question of who benefits from "free enterprise."

Jesuits push for the nuclear freeze and the 'post-industrial society'

by Anna Keller

Three hundred community activists in the United States Catholic Church, representing the major Archdioceses of New York, Chicago, Washington, D.C., St. Paul/Minneapolis, and Cleveland, met at Notre Dame College in Baltimore July 27-29 for a strategy session on how to build support for the "peace movement" among American Catholics. Although the great majority of the bishops of the U.S. Roman Catholic Church endorsed a nuclear freeze in a pastoral letter "On Peace and War" issued in May, organizers have acknowledged that they are finding it difficult to mobilize Church members in support of the freeze.

The letter was issued just weeks after President Reagan had announced his strategy for ensuring "Mutually Assured Survival" by the development of directed-energy weapons to defend against nuclear missiles in a March 23 speech. The Soviet government of Yuri Andropov rejected Reagan's defense policy in favor of fulfilling the 16th-century Russian Orthodox Church prophecy that Moscow will become the "Third and Final Rome"—the center of a world theocratic empire.

The Baltimore conference, entitled "Voices for Justice—Being Catholic and American in the 1980s," had little to do either with the doctrines of Apostolic Christianity on which the Church was founded or the republican principles of the United States. The central issues—the nuclear freeze, a post-industrial economy—will lead to the United States destroying itself from within, a policy for which the Soviet KGB is actively organizing. As *EIR* has documented, the peace movement in the United States is being led by KGB agents calling for the United States to disarm, while the U.S.S.R. continues to develop the most advanced weapons technology.

The "Pastoral Letter on War and Peace" marked a turning point in the American Roman Catholic Church's official stand on science, technology, and human progress—and an important development for the peace movement. As an editor of a leading Eastern Establishment policy journal remarked, "Since the Catholics are a major policy factor in the United States, this issue will remain on top of the political agenda for years to come. . . . On foreign policy . . . U.S. Catholics . . . have become extreme liberals, more than their European colleagues. It definitely matters if the Catholic Church takes a public position on some hot issue."

The bishops responsible for issuing the letter have also launched an all-out effort to get Walter Mondale nominated for the presidency by the Democratic Party, and to pull other peace movement allied churches behind Mondale.

But, in the corridors and in private discussions, the Baltimore conference participants confessed that their chief problem is the lack of support from most Catholics. According to a source close to U.S. Church affairs, attendance at Mass has dropped 15 to 20 percent since May, in reaction to the Bishop's stand, and a community organizer among Hispanics for the Carter administration human affairs commission told a journalist recently that even the Bishop's statement "does not mean we have our act together" to generate support for the freeze among the majority of Catholics. "We can't get cooperation."

Although it is reported that the Catholic War Veterans Conference in Philadelphia Aug. 4-6 did vote up a qualified acceptance of the Pastoral Letter, one group of veterans distributed a leaflet which stated that "our moral duty is to defend freedom from bishops and politicians. . . . The [Pastoral Letter] was part of an anti-Reagan plot by . . . freeznik Democratic politicians. . . . The freeze is a fraud and a step toward war. . . . Andropov does not like Reagan's plans to build a defensive anti-missile system to protect the United States."

Breaking the conservative outlook of the base of the American Catholic Church was also discussed extensively in last spring's Tübingen, Germany conference of the radical Catholic "Concilium" movement, where the United States and President Reagan, along with the Pope, were identified with as the principal obstacles to "world peace."

Role of the Jesuits

The agenda of the Baltimore conference was set by members of the Society of Jesus, which has operated as an instrument of Eastern Orthodoxy's ethos since finding refuge in Russia after the Order was expelled from Europe by the Vatican in 1779. The Jesuits' historic role of using politics to undermine papal authority has culminated in the "Liberation Theology" movement which is one of the moving forces behind years of nation and population-destroying wars in Central America.

Now Liberation Theology is on the agenda for the United States. One of the principal items discussed at the conference was a second Pastoral Letter indicting capitalism and demanding a post-industrial world economy. The bishops' advisers on this new letter include John Filer of Aetna Life Insurance, and social democrat Michael Harrington, and the bishops are currently soliciting David Rockefeller for advice.

The Rev. James Cone, a black minister from William Sloane Coffin's Protestant (non-denominational) Union Theological Seminary (UTS) in New York was a featured speaker. Cone demanded total rejection of all "European" values, science, and art as "white propaganda," emphatically including the Bible. Cone, had recently returned from "The Ecumenical Association of Third World Theologians" in Geneva, Switzerland. The UTS is unofficially associated with the National Council of Churches, which recently has come under severe criticism, both from religious press, and other institutions, for its alleged funding of terrorism and gun-running in the Third World.

"The Bible reflects Catholic European white ideology," Cone stated. "When blacks read textbooks or the Bible written by Catholics, they are reading books written by the people that have oppressed them. . . . *We must build the Church from the bottom up.* . . . Whatever you say, it can't be European: not European theology, European art, European geography, or European geology. . . . That's what Liberation Theology is calling for."

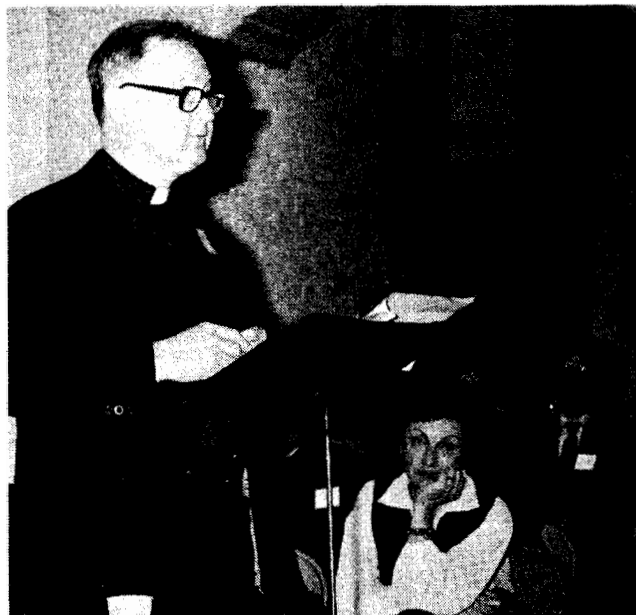
Another delegate was a representing of the Italian "peace movement," Father Gianni Novelli. Novelli, who represents the Rome based *Centro Interconfessionale Per La Pace*, was brought to the United States to organize trans-Atlantic support and financial backing for his organization's efforts to stop the placement of the Euromissiles in Europe by this December 1983. Novelli circulated a document in his own name for the upcoming conference of the Franciscan Fathers. The Franciscans were being asked to support Novelli's organization's efforts to use even "illegal means" to stop the placement of the Euromissiles.

Henriot: blueprint against capitalism

The Jesuit standard bearers were Peter Henriot, S.J., Director of the Center of Concern in the Archdiocese of Washington, D.C, and the Rev. William Byron, the first Jesuit president of Catholic University of America, the training college for future U.S. bishops, also located in Washington, D.C.

Henriot began his own speech declaring that his priority is to intervene into U.S. electoral politics to push the peace movement—although the Pope had ordered the Jesuits in 1982 to end their participation in politics.

"This is a teaching moment . . . and we are a teaching order. . . ." Henriot stated. "Next year is 1984—we must translate our perspective into politics. . . . Catholics as citizens cannot drop out. We must exercise our option to win. . . . It might be Sen. John Glenn against Reagan in the 1984 elections . . . to work for a Third Party would be foolish. We



Monsignor Higgins declaiming on the "post-industrial" society to an unreceptive audience at the New York Jewish-Catholic Colloquium, March 1982.

NSIPS/ Stuart Lewis

must make the peace issue *the* issue of 1984; we must hold every candidate *accountable* at the presidential level, the gubernatorial level, the senatorial level, the city council level. . . . We must raise the peace issue at the state assembly level and then all the way to the national conventions in 1984 [emphasis in original]."

Henriot circulated his reading list during the smaller workshops and seminars he lead throughout the three-day meeting. His suggested bibliography was headed by *North-South Proposals* of the Brandt Commission and the World Bank. Henriot himself is a member of the pro-genocide Club of Rome which works to reduce the world's population by billions.

Henriot was enthusiastic about his upcoming trip to Rome on Sept. 1, to attend the Jesuits' international conference, when the Society will elect a new Superior-General.

Henriot told *EIR* how excited he was about the prospects of a new Jesuit international leader. "The Pope put in his own man after Arrupe's stroke; this time we'll get to elect one of our own. We hope to elect someone who will have foresight about questions dealing with the United States and Central America."

'The Church's Henry Kissinger'

How the Jesuits hope to win over American Catholics was the topic of the most popular plenary speech, that of Father J. Bryan Hehir, Director for International Justice and Peace of the U.S. Catholic Conference.

Hehir and his associate Ed Dougherty were co-writers of the Bishops Pastoral Letter backing the freeze. Hehir was introduced from the podium as "the Catholic Church's Henry Kissinger. Some say there are dark forces behind the Bishops; then it is Bryan." Hehir studied under Kissinger at Harvard

University.

Hehir said that his objective was to win “the hearts and minds” of the faithful. He reiterated that the Pastoral Letter is a political and epistemological weapon for change, that those assembled at the conference did not understand adequately how to use it, and that the primary problem they confront is that the average Catholic parishioner does not agree with the nuclear freeze.

“We must offer ourselves and position ourselves . . . as an alternative and precise political weapon. The federal budget and Central America are on the agenda of the American Church. We are like IBM. We have an international structure . . . more parishes than post offices, a chairman of the Board, a sophisticated communications system, and a guiding philosophy determining how we carry out our goals. This is given to us by the Jesuits.”

After the industrial economy

Exactly what the Jesuits have in mind for the U.S. economy was made clear in a speech by Monsignor George Higgins. Higgins, although not a Jesuit, has performed a leading role on behalf of their social philosophies for 25 years at the United States Conference in Washington as the USCC expert on labor affairs.

Purporting to speak for the labor viewpoint, Higgins promoted the post-industrial “Aquarian society” which is the intellectual basis of Jesuit labor philosophy, known in the Western world as Solidarism.

“The economy is not in the best of shape,” Higgins began. “I mean specifically our Midwest heavy industries. There is no more auto and steel. I go to Detroit once a month. . . . The economy is in structural crisis. . . . There are signs of progress and hope that people are beginning to realize this is structural. We can hopefully start moving people from those industries and bring some order to our economy. We need to reconcile subsidiary and socialization . . . some new American pragmatic way. . . . I was in Rome recently at a seminar on [the Papal encyclical] *Laborem Exercens*, with Tom Donahue, the Secretary General of the AFL-CIO, discussing these developments.”

Small is beautiful

The policy outlined in his speech, of restructuring the economy along the lines of “subsidiary and socialization,” stands for breaking down the centralized features of a national economy, and developing of independent communities based on local control. Instead of investing in new technologies, countries would share the existing wealth or poverty. Higgins demonstrates himself to be a great fan of the *Mir*, a concept pushed by Aquarians which means a “one world village” and which is derived from the Russian peasant word for village (or world). The *Mir* concept is a unifying conception of the Concilium movement with which Monsignor Higgins is associated—the religious movement organized around Dutch schismatic Hans Küng, which met in Tübingen last spring. Küng has been censured by the Vatican for his activities.

However, Higgins’s involvement with “establishment” unions, despite his radical rhetoric, is not surprising. During the Baltimore event, Higgins, attending one of the seminars on labor organizing in the Third World, sponsored by Father Henriot’s *Center of Concern*, given the high degree of development of the American workforce, most people they wanted to convince, were unionized, and therefore he said, “Not all unions are bad . . . some of them are doing what they are supposed to be doing. . . . I attended the International Federation of Free Trade Unions (IFTU) in Oslo recently . . . the meeting was very satisfactory.”

The IFTU, which consists of the major trade unionists of the non-communist world, was formed by the AFL after World War II. The IFTU passed a disarmament resolution calling for a halt to all nuclear weapon testing, development, and production.

‘Change through images’

The Jesuits’ fight for the souls of Americans was well expressed by a nun from New Rochelle College in New York. Sister Haint worried that the fight to undermine Catholic theology might be difficult—but “I identify with the great mass of Aquarian conspirators who want to change the world through images.”

Eastern Orthodoxy’s ethos of a one world feudal empire is receiving a timely assist from an ongoing revival of the monastic orders, or the “religious” as they are technically termed, who totalled a full 50 percent of the conference sponsors. In the world theocracy, according to Third Rome advocates, local communities are better run by a local religious chieftain, an abbot, or a nun. Under the Copts in Egypt, and the “millet” of the Ottoman Empire, which are alternate Third Rome community models, this, in fact did occur, and, in the case of the Copts today, still functions.

The July 10 Sunday magazine of the *New York Times* ran a cover story endorsing the monastic ideals of chastity, poverty, and solitude. The *Times* story, which featured the hermitic Carmelites, warmly encouraged American women to consider the sisterhood as an honorable vocation in American life. The *Times* casually reported, in the same piece, that members of one order in Roswell, New Mexico wake up in the middle of the night three times a week to whip themselves.

One nun who spoke in Baltimore, Sister Cafferty, the superior of the Order of Presentation, who introduced herself as a close personal friend of both Father Henriot and Father Hehir, emphasized that Americans do not and will not give up materialism very easily. Cafferty, never once mentioning education or industrial growth as a way out of the current misery of the Third World, instead advocated that nuns start organizing an international conspiracy to spread their “sisterly” values of poverty and self-denial in the name of “peace.” “Each year, as the Sister Superior. . . I have the duty and obligation to send four sisters from my Order to Central America. This year I signed the documents for my very own real sister, . . . who is also a Sister . . . knowing full well she might die there.”

Behind Mondale's new policy postures

by Richard Cohen

Between the spring of 1981 and the fall of 1982, Walter Mondale's cabal of secret supporters saw to it that the Mondale campaign machine would be the best-financed in the Democratic Party. Following the Reagan inauguration, they began to face-lift the Mondale image, so stigmatized by his active role in the hated Carter administration.

By fall 1982, Mondale's new political action committee (PAC), the "Committee for the Future of America," had already accumulated \$2.2 million to finance Mondale's activities, well before any other Democratic presidential pretender had raised anything. The Mondale campaign moved to convert its financial advantage into political IOUs; by November 1982, Mondale's PAC had invested over \$700,000 in contributions for local candidates nationwide. In 1982 alone, the former vice-president would campaign for 135 candidates in over 40 states, while by early 1983, he had visited the important caucus state of Iowa 15 times. Mondale's activities were financed by a massive increase in his personal income from his two board appointments at Columbia Pictures and Control Data Corporation, as well as his partnership in the law firm of Winston and Strawn.

In addition, Mondale's secret supporters early outfitted him with a well-organized staff. From Winston and Strawn would come Mondale's chief campaign strategist John Reilly. From Columbia Pictures came another longtime Mondale intimate, Jim Johnson, now his campaign manager. Most of the rest of Mondale's senior staff were Carter leftovers. His chief of staff is Richard Moe, whom Mondale had brought to the White House. The campaign legal affairs director is Michael Berman, Mondale's former vice-presidential legal counsel. The dangerous Davis Aaron—still suspected as KGB-tainted because of his central role in leaking classified information on U.S. counterintelligence operations in the U.S.S.R. while deputy national security adviser under Brzezinski—is the campaign's foreign affairs adviser. Aaron will get assistance from Carter Assistant Secretary of State for Asian Affairs Richard Holbrooke, the ex-editor of *Foreign Policy* magazine and now co-director of a new consulting

firm, Public Strategies, which operates on the premises of Winston and Strawn's Washington, D.C., office (see *EIR*, Aug. 23). Public Strategies is also associated with Burt Carp, the Mondale campaign's domestic policy adviser, who was Senator Mondale's domestic policy adviser before becoming a deputy to Carter adviser Stuart Eizenstat.

Playing a unique role will be longtime Mondale associate and Carter alumnus Paul Jensen, who has put together another front, the National Policy Exchange, on whose board Mondale sits. The National Policy Exchange is an intelligence and communications center which ostensibly exchanges policy options between source clients. Also on the board are one of Mondale's chief supporters and advisers, former Carter Secretary of Labor Ray Marshall, and Victor Kamber—officially an adviser to the Alan Cranston presidential campaign. Like Marshall, Kamber is tied into a number of AFL-CIO unions.

Especially important is the advice the Mondale camp is getting from Carter's Secretary of State Cyrus Vance. Vance, a fierce opponent of advanced technology anti-ballistic missile defense systems and strategic modernization, will work closely with Aaron and Holbrooke.

On Capitol Hill, candidate Mondale is reported to have obtained the support of House Majority Whip Thomas Foley (D-Wash.), a confidant of former New York Gov. Averell Harriman and a recent traveler to Moscow, following Harriman's late-May discussions with Soviet President Yuri Andropov. Mondale is backed by Sens. Thomas Eagleton (D-Mo.) and Daniel Inouye (D-Hawaii).

Mondale effectively launched his campaign in early 1981. Shortly after signing on with Winston and Strawn, the former vice-president undertook a huge schedule of travel, dubbed a "re-education" campaign in a *New York Times Magazine* piece Mondale wrote about himself at the time. He traveled widely internationally and in the U.S.A., throughout 1981, seeking what he called "new ideas." Mondale's re-education effort was a way to dodge attacking Reagan's programs when the White House had a solid majority on Capitol Hill. The cowardly Mondale only launched his broadsides against the President in 1982, once the Reagan legislative combination had crumbled. The re-education effort turned up the same old Mondale, the Walter Mondale who dropped out of the 1976 Democratic presidential race because he no longer "had the fire in his stomach," the same Mondale about whom one Minnesota Democratic leader announced after a 1974 Mondale appendectomy, "I sure hope they inserted some guts."

By the beginning of 1983, Mondale's re-education and new ideas emerged as a presidential program contoured to secure the goals of his secret supporters. And in that, there was nothing new.

The Mondale program

Late last spring, after his surprising defeat by Alan Cranston in the Wisconsin straw poll, Mondale went on national television to announce that the number one issue of his cam-

paign would be the nuclear freeze. Along with Cranston, Mondale is the main presidential contender to have openly identified himself in this way with the KGB-financed European and U.S. peace movement. Besides a mutual and verifiable nuclear weapons freeze, Mondale vehemently seeks a renewed U.S. commitment to the Kissinger-hatched Anti-Ballistic Missile (ABM) Treaty, while he continuously lambasts President Reagan's "Mutually Assured Survival" defense doctrine, announced March 23, as "dangerous Star Wars fantasy." This phrase is often repeated on the pages of *Pravda*.

Mondale would also resubmit the discredited Carter-approved SALT II Treaty for ratification. He would scrap—along with ABM research, development, and deployment—the MX missile and the B-1 bomber. Mondale says he would instead rely on the cheaper stealth bomber and the cruise missile, while supporting the Trident submarine. However, while a senator, Mondale voted against the Trident as well as the cruise missile.

Mondale culminates his fantasies of unilateral disarmament by parroting the KGB-scripted lie on Reagan policies: "The Reagan administration believes we can win an all-out arms race." Finally, the former vice-president would choke off the transfer of peaceful nuclear energy technology to the Third World by launching a drive to strengthen "non-proliferation."

Mondale's friendliness to the Soviets and their "peace movement" contrasts with his antagonism to the Japanese and U.S. economies. He attacks U.S. trade policy as a "disaster": "I would tell nations that won't let our products into their countries, that are selecting what they will buy and won't buy, that we're going to get much tougher with them because we are going to insist on access. The Japanese who sell some 2 million cars to us buy only 2,000 cars." Mondale's repeated recommendation to conduct virtual trade war against Japan is not only welcomed by his principal supporters in Lane Kirkland's AFL-CIO, but coheres with a "new" economic approach which has come to dominate Democratic Party circles since 1981. The nominal authors of this approach are two Americans trained in economics as Rhodes Scholars at Oxford University, Robert Reich and Ira Magaziner. Mondale, after reading their book *Minding America's Business*, and meeting with Reich, blurted: "Now I know how the Democrats are going to win in 1984."

Their formula is that the reason Japan outproduces the United States, is that it has a coherent economic policy reached among government, business, and labor at their central planning ministry, MITI. But the "Japanese model" Reich and Magaziner outline—which Mondale finds so attractive—is not the real Japanese model of capital-intensive investment in both basic and frontier industries, but Mussolini's corporate state. Reich and his current boss, candidate Gary Hart, propose to scrap investment in smokestack industries, and build high-tech "sunrise" industries in the service sector.

All the other announced Democratic contenders have

adopted some version of this approach in rhetoric. Mondale would use the new machinery to conduct trade war with Japan by subsidizing U.S. competitors, thereby protecting outdated U.S. plant and equipment. This approach sits very well with the AFL-CIO.

Mondale has, since early 1982, ardently defended the Carter-appointed Federal Reserve Board Chairman Paul A. Volcker. He argues that Volcker's high interest rates became necessary because of the large Reagan budget deficits. Mondale would "scale down the defense budget . . . repeal tax indexation, cut scheduled tax cuts, and adopt tough health care cost containment measures," to offset the deficit and bring rates down. In exchange for destroying U.S. defense expenditures and increasing taxes, he would seek an accord with the Fed to permit sustained hyperinflationary monetary growth.

In 1982, Mondale was the first Democratic candidate to publicly advertise his support of the homosexual community, when he appeared as the keynote speaker at a fundraising dinner sponsored by the Human Rights Campaign Fund, a lobby for homosexual causes. "The trick is to say you're against discrimination without endorsing their lifestyle," he comments. Indeed, Mondale would do or say just about anything for votes. "There must be 3 or 4 million of them [gays] out there," he has said.

Mondale will, without question, obtain the support of the National Education Association. The NEA, which represented the backbone of Jimmy Carter's 1980 delegate support at the Democratic Convention, happens to be a client of campaign manager Johnson. In 1980, the union supplied 10 percent of the delegates and alternates at the Democratic convention, by far the largest voting bloc. It contributed \$1.2 million to congressional candidates, and is gaining greater clout in the party. The NEA is responsible for everything Walter Mondale says on one of his key campaign issues, education. While the candidate often mouths the ritual attack on U.S. education's drift from science and math, he and his NEA promoters are the primary culprits for diluting curricula.

The Humphrey-Freeman legacy

The Mondale program is inherited from the late Sen. Hubert Humphrey and former Minnesota governor and Kennedy Agriculture Secretary Orville Freeman.

When, in 1948, Humphrey ran for Senate, Mondale became an activist in his campaign, whose manager was Orville Freeman. It was Freeman who in 1960 appointed Mondale to his first government position as the state's attorney general.

Freeman is not only an active supporter of Mondale's candidacy today, but a primary originator of what became known as the Carter administration's Global 2000 policy of global population reduction. Freeman still exerts strong influence on food control matters through two anti-growth organizations he helped create, Business International and Worldwatch—organizations that have population control as a primary concern.

Manatt's boys arrested for mob ties

Did you hear that Chuck "Banker" Manatt's Democratic Party is changing its party leader designation from "National Committee" to "capo"?

The Democratic National Committee chairman's own business and personal associations with the organized crime apparatus are well known—his close relationship to Sidney Korshak, the attorney for Al Capone's enterprises in Chicago; to former California Gov. Pat Brown, the pal of Bernie Cornfeld, who ran Investors Overseas Services for fugitive financier and Billygate figure Robert Vesco. Manatt's California law firm, in addition to its "business" relationships with the high-ranking Soviet KGB assets, also represents certain of the "respectable" channels for suspect activities, such as *Playboy* magazine, Gulf & Western, and numerous other sports and "entertainment" operations.

Yet, even by Manatt's standards, the second week in August was red-letter. A 58-page federal grand jury indictment charged DNC member William "Boone" Darden of Palm Beach, Florida, and 10 associates of the Brooklyn-based Gambino mafia family with racketeering.

Rivera Beach Police Chief Darden is charged with conspiring to set up, and accepting bribes to protect a "bottle club" the Gambino family intended to establish as a front for illegal gam-

bling and extortion operations—part of a move by the Gambino mob into the Palm Beach area. Darden was magistrated in federal court on Aug. 9.

In 1976, Darden ran a massive "Get Out the Vote" operation which contributed to Jimmy Carter's victory in the Florida primary, and was rewarded with an appointment to represent President Carter on a 1978 trip to Algeria, reportedly in the company of Zbigniew Brzezinski. At the time of this writing, President Carter's office is still "researching" this trip.

This two-and-a-half-year investigation, "Operation Home Run," was launched when local participant Joseph Ianuzzi turned informer after he was nearly beaten to death for failing to make an interest payment to the Gambinos, according to the indictment. The *New York Times*, which egged on the entire Abscam investigation of innocent victims such as Sen. Harrison Williams (D-N.J.), now howls that the Darden case may represent "a pattern of intimidation" against blacks.

Massachusetts and Kentucky: the scandals multiply

During the same week, an arrest warrant also went out for a close associate of Manatt's crowd in Massachusetts, supposedly reputable Boston businessman John O'Connell. O'Connell had recently elicited the enthusiastic support of Democratic officeholders in the state, including Sen. Paul Tsongas, not to mention the *Boston Globe*, when he applied for a government UDAG loan. Now, it appears that O'Connell's plans will not materialize: he was arrested in Jacksonville, Florida, for conspiring to defraud the government, while his shiny new boat was seized bringing 30 tons of marijuana into a Maine port.

Yet another Manatt cohort, former Gov. John Y. Brown of Kentucky, has been reported by the *New York Times* to be the subject of a Miami federal grand jury investigation. It seems that in 1981-82, then-Governor Brown withdrew about \$1.3 million from the All American Bank of Miami, which failed to report the large cash transactions to the Internal Revenue Service as required by law for sums in excess of \$10,000. Though the federal Drug Enforcement Administration has refused to confirm the story, it has been reported that the DEA had put the All American Bank of Miami under surveillance in order to catch large drug pushers by watching large cash deposits and withdrawals.

There are also ongoing investigations of Brown intimate and business partner Jimmy Lambert of Kentucky, who bought the former governor's home. One prosecutor says the inquiry "could blow the lid off Lexington."

Gov. Brown, 49, organized the Memorial Day Democratic national telethon, termed by Manatt a smashing success that would net the Democratic Party \$18 million, paying for the TV and production costs of \$6 million. As of Aug. 18 (time enough to get those envelopes off), only \$2-\$3 million has come in; the DNC maintains that \$5 million in monthly pledges will trickle in through December.

Though the state Democratic Parties shelled out tens of thousands of dollars for the telethon advance costs, the first cent has yet to be remitted from the Manatt "success." Small wonder, with the calls running up to 10-1 against it around the country. Manatt's debacle will be lucky to break even, and the promised 250,000 donor names to be used for future direct mail fundraising by the states total only 100,000 maximum. Manatt, ever the petty tyrant, has refused to give these names to any state parties who showed the good sense to pass on the telethon.

Henry's commission launched

Along with an effort to make EIR's State Department correspondent stop talking about him.

Dozens of reporters and photographers assembled at the State Department's diplomatic entrance this afternoon in hopes of covering the arrival of Henry A. Kissinger for the swearing-in ceremony of the National Bipartisan Commission on Central America of which he is the chairman. Kissinger came through the back way, as is his usual practice. The major attraction for the media was thus a rally of the National Democratic Policy Committee.

The ceremony itself was closed to all but a few handpicked photographers. *EIR* is now investigating a report that the reason for this is that the State Department wanted to conceal the fact that Kissinger was being sworn in, not on a bible, but on a special edition of the works of Marquis de Sade, loaned him by his lodge brother George Shultz, especially for the occasion.

Signs used at the rally included, "Did Kissinger Get his Aids in Moscow?", "Only an Anti-Semite Would Think Kissinger Is Jewish," and "If You Doubt that Henry K. Is a Homosexual, Just Look at His Wife." Certain congressmen on their way in for the commission's inauguration expressed interest in the conflict of interest charges raised by the NDPC against Kissinger's appointment to head the commission—charges involving lucrative consulting deals concerning Ibero-America on the part of Henry's consulting firm, Kissinger Associates.

It is true, as President Reagan has claimed, that Kissinger has a distin-

guished diplomatic career. What distinguishes his career is not anything normally associated with diplomatic skill. He's not intelligent, he has no poise; as a matter of fact, he is a paranoid psychotic.

What distinguishes Henry is that he is one of the few people who can be counted on to never have the slightest moral compunction about any hideous crime he commits. *EIR* has attacked Kissinger's personal qualities, because it is his particular form of sadistic homosexuality that qualifies him for the tasks he is called on to perform.

Is telling the truth about Kissinger unethical?

On Aug. 11, United Press International diplomatic correspondent Jim Anderson launched a campaign to expel *EIR* correspondent Stanley Ezrol from the State Department for doing just that. In violation of usual State Department briefing procedures, Anderson used the afternoon briefing as a soapbox to call for Ezrol's expulsion from the press corps for alleged violations of "journalistic ethics" Ezrol committed by "going outside and demonstrating with placards in front of the State Department and making libelous statements about a former Secretary of State, calling him a homosexual and a murderer." Anderson, who laughs off cases of terrorism, mass murder, and genocide, had not engaged in such an outburst of emotion since he was bumped from the jet flying Secretary of State Alexander Haig to Cairo for the funeral of Anwar Sadat.

Rather than censuring Anderson for this outburst, State Department spokesman John Hughes, himself a former journalist for several British newspapers and the *Christian Science Monitor*, agreed that telling the truth about Kissinger was "unethical and unprofessional behavior." He promised to investigate the possibility of expelling Ezrol, but cautioned that "there may be questions of freedom of expression to be considered."

In a subsequent interview, Anderson explained to Ezrol that he was personally committed to obtaining Ezrol's expulsion because he believed that the presence of Ezrol and others whom he called "political activists" at State Department briefings had caused the State Department to impose a policy of shutting off the "flow of information" at briefings.

When Ezrol reminded him that the policy of not publicly explaining foreign policy was the result of the philosophy openly proclaimed by Henry Kissinger, Anderson exclaimed, "When Kissinger was secretary, we had some of the best briefings, with tremendous amounts of information. . . ." "Mostly disinformation," Ezrol corrected him.

Anderson did not disagree, but countered: "It was *news* and we wrote stories from it."

Greg Nokes of Associated Press, the president of the State Department Correspondents Association, told Ezrol that, while he did not want to publicly associate himself with Anderson's vendetta, Ezrol should know that other correspondents found his commitment to tell the truth about Kissinger an embarrassment. He did not respond when Ezrol asked him why the Associated Press did not consider allegations made in an Italian court of Kissinger's involvement in the assassination of former Italian Prime Minister Aldo Moro newsworthy.

National News

Catholic chaplains told to teach freeze

Catholic military chaplains have been instructed by a recent issue of the U.S. Catholic Military Ordinariate, *OPS Review*, to "present the challenges" of the U.S. bishops pastoral letter advocating a nuclear freeze to military personnel, according to *The Tablet*, an international Catholic weekly published in London. Chaplains were instructed to study the pastoral letter, which was issued weeks after President Reagan had proposed developing new technologies to ensure defense against nuclear weapons and "Mutually Assured Survival"

The journal emphasized "the importance of giving evaluations and expressions of 'opposition' [by the bishops to specific U.S. military strategies] honest and respectful consideration."

Chicago Tribune stresses beam weapons potential

The *Chicago Tribune* Aug. 13 ran the first significant coverage of any major city newspaper on the real strategic implications of President Reagan's March 23 speech. In the lead article of its Perspectives section, entitled "Arming America: 'Stars Wars' aside, Reagan signals for a strategic shift," the *Tribune* noted:

"In what may prove to be the most significant contribution to more than three decades of global nuclear strategy, the Reagan administration has proposed that the nation abandon its historic posture of nuclear deterrence based on 'revenge weapons' in a favor of a futuristic system of defenses that would render America impregnable to any attack. . . . The President may well have set a radically new agenda for the next debate over America's strategic nuclear posture. . . ."

"Deployment of a truly effective, nationwide ABM or BMD system like the one proposed by Reagan would alter the face of war to a degree rivaled by the inventions of

gunpowder, the ironclad ship, the machine gun, and even the first atomic bomb. . . .

"The potential vulnerability of American land-based missiles, the most troublesome element tossed into the crucible of strategic debate during the late 1970s, is enhanced by the Soviets' presumed ability to knock out the vast majority of America's accurate land-based missiles in a first strike while keeping a sizable portion of their own rocket forces in reserve. . . ."

"Facing a choice between surrender or suicide, this line of reasoning suggests that an American President would end hostilities without firing a shot. Furthermore, the simple perception of such Soviet capabilities may give the U.S.S.R. greater flexibility in pursuing its international goals without ever actually resorting to hostilities. . . ."

"Reagan's call for ballistic missile defenses has been compared to Kennedy's promise to place a man on the moon by the end of the 1960s. . . ."

"The uncertainties," the *Tribune* quoted a think tank specialist, "are counterbalanced by the opportunities."

Hart, Cranston pledge to allow Soviet attack

Democratic presidential candidates Gary Hart and John Glenn pledged Aug. 13 that they would refrain from full-scale nuclear retaliation if told that one or two Soviet missiles were heading toward the United States.

Their statements were made at a candidates' debate on arms control in Des Moines, Iowa, sponsored by the KGB front PEACE (People Encouraging Arms Control Efforts), and arranged by liberal Rep. Berkley W. Bedell (D-Iowa). PEACE is part of the Peace Links network of congressional wives and officials.

Hart and Glenn were joined by Walter Mondale and Alan Cranston in reaffirming their support for a supposedly verifiable freeze. When Cranston said he would halt all nuclear testing if the Soviets halted theirs too, Mondale, Hart, and Ernest Hollings agreed. Reportedly, Cranston even described the peace-loving nature of Soviet top military leader Nikolai Ogarkov.

When Cranston was asked, "How many KGB agents are there here?" he replied, "Only three or four."

On the international debt crisis, Hart defended the International Monetary Fund, saying the IMF certainly "did not commit genocide in Latin America."

G.I. Forum: ABMs, not Global 2000 or drugs

The American G.I. Forum early August national convention in El Paso, Texas, endorsed three National Democratic Policy Committee-sponsored resolutions. The 160,000-member, primarily Hispanic veterans' organization passed resolutions urging the development of defensive beam weapons; condemning Rep. Richard Ottinger's population reduction bill; and calling on President Reagan to cut off aid to drug-running regimes such as Iran's and Pakistan's and to support such governments as Colombia's in fighting the drug trade.

A resolution in support of Operation Juárez, which named *EIR* founder Lyndon LaRouche as its author and identified him a leading Democratic Party figure, received more than 60 percent support from the 300 to 400 delegates present, but was annulled on a technicality. Associates of the KGB-influenced Institute for Policy Studies such as Raul Izaguirre, president of the Council of La Raza, tried in vain to defeat the beam weapons resolution, while right-wing Republicans worked behind closed doors to sabotage the debt-reorganization resolution. The beam resolution passed with 80 percent approval after veterans from California and Oklahoma told the vocal nuclear freeze minority to "go and organize for the freeze in the Soviet Union and see if they let you."

The delegates also approved a resolution which defended the Contadora Group negotiation initiatives in Central American, and warned of the danger of the possible escalation of the Central American crisis, leading to thermonuclear war confrontation. The resolution aptly called the Central American war a "population war."

A resolution condemning the Simpson-Mazzoli immigration bill for its genocidal

programs was passed. And a Resolutions Committee-recommended proposal defending Reagan's Free Enterprise Zone program was overwhelmingly defeated, after the NDPC's Fernando Oliver exposed the bill by reading quotes from former New York City planner Roger Starr's program for "planned shrinkage" of American cities.

Cranston to challenge labor's Mondale push?

The AFL-CIO Executive Council voted this month to move up the federation's planned endorsement of a Democratic presidential candidate from December to October. Recognizing Walter Mondale will probably get the endorsement, spokesmen for Alan Cranston said they may try to challenge the nomination on the the AFL-CIO convention floor. John Glenn's staffers said, however, that such an effort would be a waste of time.

Jewish Defense League sends terrorist to U.S.

Israeli law enforcement officials told *EIR* that an Israeli-based terrorist, Baruch Ben-Josef, a member of Meir Kahane's Jewish Defense League, entered the United States in mid-August to increase the JDL's terrorist capacity. Israeli sources stated that since he has been in Israel, the U.S.-born Ben-Josef has been involved in terrorist incidents coordinated from the West Bank Kiryat Arba settlement, which serves as the base for Kahane's Kach Party, as well as the fanatical Gush Emunim.

According to the New York-based weekly *Jewish Press*, the reorganization of the JDL is being carried out under the direct tutelage of JDL founder Rabbi Meir Kahane, who has appointed Fern Rosenblatt and Schmuell Wakenfeld as the new directors of the JDL to replace Meir Jolowitz. Under Jolowitz's reign, the JDL has collapsed. But the real JDL reorganization will reportedly take place under Ben-Josef, who is to restart its elite Chai squads, which have been responsible for JDL terrorist acts.

CFR editor praises Greens, condemns Reagan

The Council on Foreign Relations plans a series of efforts on behalf of the West German Green and the American "nuclear freeze" movements. The CFR's *Foreign Affairs* magazine will devote its fall 1983 issue to an essay by former U.S. Secretary of Defense Robert McNamara on establishing nuclear-free zones in Europe. In its spring 1982 issue, *Foreign Affairs* ran essays by McGeorge Bundy, Robert McNamara, Gerard Smith, and George F. Kennan calling for a ban on first use of nuclear weapons.

James Chace, the managing director of *Foreign Affairs*, said in a private discussion that "neither the Greens nor the U.S. freeze will remain a mere temporary phenomenon, but will stay around for some time, and probably gain even more influence on political affairs. . . ."

"You can't have the Europeans have a rather secure and good life provided for by \$150 billion the United States is spending annually in its defense budget only for the defense of Europe."

Pointing to "other obligations the United States has in the Western Hemisphere," Chace said. "Take the economic and financial situation which will lead to an era of turmoil, take Brazil, Argentina, and also Mexico and other countries in Latin America. The debts mounting there represent a factor of foreign and domestic instability. . . . I mean that the United States would serve its own interests better by not spending \$150 billion for Europe while an immense sum of money is badly needed here at our own doorstep."

Chace stated his support for the recent U.S. Catholic Bishops anti-Reagan, pro-freeze pastoral letter and termed Reagan "a disaster."

Saying that the United States is fed up with the troublesome Atlantic Alliance, Chace said "It would be good if the Europeans realized that in time. For the Americans, it would be good if they realized that the peace movement in Europe, and here in our country as well, will remain a factor in politics for many years to come."

Briefly

● **REVEREND MOON'S** *Washington Times* Aug. 15 editorialized in favor of Bettino Craxi, describing the new Italian prime minister as "our kind of socialist." Managing editor of the paper, Smith Hempstone, wrote of Craxi and his party earlier in a *Times* column, "For the first time since Mussolini's Fascists took power, Italy boasts a political party that is democratic, secular and imaginative."

● **MALACHI MARTIN**, the Jesuit schismatic, Aug. 14 promoted the Russian Orthodox Church and predicted that "John Paul II is going to join with the Orthodox Church—if he's alive." Martin was interviewed on NBC-TV's New York City affiliate Channel 4.

● **ADMIRAL HYMAN RICK-OVER**, whose reputation for not mincing words almost exceeds his reputation as the "Father of the Nuclear Navy," proved not to have mellowed with age when he spoke before a Virginia state agency recently. In agreeing with the findings of the National Commission of Excellence, Rickover made the following proposals: "Smash the television sets! T.V. is a plug-in drug; abolish high school sports. After you've seen one football game, you've seen them all; the present trend in American life with games, sports, and above all television, has distracted parents from their parental responsibilities of passing on our heritage, our culture, to their children. . . . Few parents read any more with their children or assist them in selecting good books to enrich their inquisitive minds. A house without books is like a room without windows."

● **THE NATIONAL** Democratic Policy Committee has elected six members, unopposed on petitions, to the Democratic Committee of New York County, Manhattan. Continuing Board of Election validation hearings indicate more than 100 NDPC candidates will be on the ballot in the Sept. 13 Democratic election.

Qaddafi, the death merchant of Venice

The "first brother" of the unlamented U.S. Carter administration, Billy Carter, was once heard to remark on his associations with the Libyan government of Muammar el-Qaddafi, "Of course they're terrorists . . . but at least, they're honest about it." In some insouciantly corrupt circles Qaddafi has cultivated a reputation for being indeed a tough and violent character, but "at least" he's violent in the interests of African or Arab liberation from the oppression of Western colonialism.

No one but the most gullible buys the image of Qaddafi the liberator of oppressed peoples. As Lyndon LaRouche has urged, President Reagan and the European allies must stop Qaddafi's genocidal excursion into Chad with surgical air-strikes, exactly as Hitler should have been stopped in the Sudetenland and Mussolini in his hideous colonial war in Abyssinia in 1936. *This would receive massive support from the U.S. citizenry, including the overwhelming majority of minorities, who loathe Qaddafi.*

The president of Chad has denounced Qaddafi for "massacring" the villagers where Libyan-backed forces have invaded in Chad. In short, the "liberator" is seen in Africa as a genocidalist.

Qaddafi is not merely a fascist; he is a pure invention of the Venetian and Swiss Nazi International which installed him as a pliantly brainless Islamic kook in command of Libya in 1969. "Libya" itself is an invention of the Venetian-Swiss oligarchy. Venetian Count Volpi di Misurata carved it out of the Ottoman Empire in the Tripoli War of 1912.

Qaddafi has simply copied Volpi di Misurata's policy—depopulation of northern Africa in order to serve as a raw materials supply center for the Venetians. In 1922 Volpi and his friends installed Mussolini in power in Italy, with Libya as the model "colony" of Mussolini's fantasy of a new Roman empire.

Qaddafi was groomed by the heirs of Mussolini and Volpi, the Propaganda-2 "freemasonic" lodge nominally headed by financier Licio Gelli. Gelli was distinguished by having been a torturer in the Fascist secret police and also having been a close collaborator of the Italian Com-

munist Party in the postwar period, a man with a mysterious entrée in Bulgaria and Romania. When P-2 was exposed and outlawed in May 1981, shortly after the murder attempt on the Pope, Gelli went into hiding.

Gelli's closest crony in the P-2 was José López Rega, the founder of the AAA (Argentine Anti-communist Alliance), well known for its death squads, and less well known as contrabandists in weapons and drugs. The two trained Qaddafi in Spain before he took power in Libya in 1969. In 1974, Gelli organized a triumphal tour of Libya by López Rega.

Anyone who doubts Qaddafi's identity as a Swiss-Venetian colonial puppet should reflect on the strange coincidence of Qaddafi's Africa rampage with the "escape" of Gelli from his comfortable Geneva prison the night of Aug. 9. Arrested last year in Switzerland, Gelli was about to be extradited to Italy, where he is wanted on multiple charges of involvement in virtually every major act of subversion and terror, right and left, that has gone on in Italy since 1969.

Qaddafi is confident today that he can get away with mass murder. And why shouldn't he be? After all, another of Gelli's protégés, Bettino Craxi, has been installed as the first Socialist Prime Minister of Italy since the fall of Mussolini, with the *benefit* of Mr. Henry Kissinger. Craxi's Socialist Party has maintained intimate ties with Libya for a decade, including illegally shipping sophisticated arms to Qaddafi and protecting the dope traffic which gives the Libyan dictator the wherewithall to buy arms. Of course, Kissinger and his aide Alexander Haig were integrated into P-2 in 1969 when Gelli revamped his organization and launched the "strategy of tension"—nearly 15 years of terrorist atrocities in which Libyan money played a key role. Terrorism featuring the likes of Stefano delle Chiaie, who started by running "Nazi-Communist" riots at Rome university in the 1960s, and now runs hits for South American dictators friendly to Kissinger.

The only liberation Qaddafi's sponsors are interested in, is the freedom to continue stealing and killing. It's high time to put an end to it.

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