

EIR

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When the Senate and House of Representatives voted for increased U.S. funding of the International Monetary Fund on Nov. 17-18, they voted for an institution that promotes the cultivation and export of mind-destroying drugs in the underdeveloped countries, so that these countries may secure revenues for debt repayment. If the Congress was too indifferent to the members of the "lesser races" who are subjected to this regimen by the Fund and the World Bank, they might have considered—as former Guyanese Foreign Minister Frederick Wills points out in an interview in this week's Special Report—that the market which generates this revenue is above all the United States.

On both sides of the equation, you have the destruction of populations—which is, in truth, the ultimate aim of the IMF, the British Empire's Foreign Office in post-World War II mufti. The Fund is not interested in getting the debt repaid, as *EIR* has been the first to point out. The Fund is interested in divesting nations (including the United States) of their sovereign control of resources, currency, and credit, the elements of industrial growth policy. The senators and congressmen who voted for the IMF quota increase ought to reverse their mistake or bear the consequences at the polling place.

Our Special Report was prepared under the direction of Ibero-America Editor Robyn Quijano.

We would also like to call your attention to the latest in our Strategic Studies series, which includes the text of the address by Lyndon H. LaRouche, Jr. at *EIR*'s Nov. 9 conference on beam-weapon strategy in Rome. The other element in the Strategic Study is the text of a Nov. 14 article in the Soviet government daily *Izvestiya*, warning against LaRouche and the Rome conference.

Susan Johnson

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IMF bill: first step in neo-colonial debt plan

by Kathy Burdman

With nary a whimper, a gutless U.S. Congress Nov. 17-18 passed the bill granting the International Monetary Fund an \$8.6 billion U.S. bailout. In a backroom deal forced through by Federal Reserve Chairman Paul Volcker and Treasury Secretary Donald Regan, debate on the substantive issue of the IMF was excluded in both the Senate and the House. Violating standard legislative rules, the entire IMF package was tacked on as an "amendment" to a general supplemental budget appropriation bill and rammed through without debate.

But the IMF bill is "just the beginning" of the sort of bailout Volcker plans for the \$700 billion in bankrupt Third World debt over the next months.

Volcker and Regan have lied to Congress, claiming that the IMF bill will solve the world debt crisis. "It's no solution," said a source close to Volcker on Nov. 15, noting that the entire \$200 billion in debt owed U.S. banks by Latin America is about to blow up. Volcker plans to come right back and demand that the United States bankroll an IMF issue of \$12 billion in new Special Drawing Rights (SDRs), he stated.

Volcker is thus taking the first step toward granting the IMF status as a new "world central bank," backed by the credit and the taxpayers of the United States.

Volcker won a personal victory when the House agreed, under pressure from the Federal Reserve and Treasury, to strip a provision from the IMF bill which would have required "prior approval" by Congress before the U.S. Executive Director at the IMF could approve any new issue of IMF Special Drawing Rights (SDRs). Congress has now "signed away its right to stop SDR expansion," one Capitol Hill source said.

But the U.S. Congress has no constitutional right to turn

over the backing of the U.S. to an unlimited issue of bailout credit by the supranational IMF. Congress has no right to abrogate its sole authority, under the Constitution, over the issuance and regulation of U.S. currency. What Congress has done in passing the IMF bill and what the President is doing in signing it, is providing a blank check to Volcker, his allies at the Treasury, and the Swiss and British bankers who run the international monetary system, to use the dollar to back up the collapsing debt.

Specifically, Volcker and Regan want the IMF to set up a new fund, all in SDRs, to act as a "higher guarantee" for the \$1 trillion in Eurodollar debts amassed by U.S., British, and Swiss banks in the offshore markets, sources close to Volcker say. "First of all, we want a new SDR issue, perhaps as much as \$10-\$12 billion. This would be used to fund a new IMF 'Interest Rate Guarantee Facility.' The idea is to say that any country who has interest payments due worth more than 40 percent of export earnings would get the remainder over 40 percent subsidized or guaranteed. Immediately this would mean about \$3 billion to Brazil and perhaps another \$3 billion to Mexico."

Ultimately, any country in arrears on its Eurodollar debts could turn to the SDR, backed implicitly by the U.S. Treasury, for a bailout under this plan.

Disenfranchisement

Meanwhile, the manner of passage of the IMF bill indicates that the American constituencies which had outspokenly opposed the IMF, have been effectively disenfranchised by Federal Reserve Board Chairman Paul Volcker.

Since its passage on the Senate floor in June and the

House floor in August, the IMF legislation had been stalled—apparently—because differences between the two versions remained unresolved and because House Banking Committee Chairman Fernand St Germain (D-R.I.) was holding the IMF bill hostage to force the administration to agree to a \$15.6 billion domestic housing bill. However, this parliamentary wrangling has masked the real difficulty for the IMF—members of Congress have learned in no uncertain terms that the U.S. population overwhelmingly opposes the IMF bailout.

Precisely because they knew that the IMF could not pass the House of Representatives in a straight up-and-down vote, Volcker, Regan, Budget Director David Stockman, St Germain, Senate Banking Committee Chairman Jake Garn (R-Utah), Senate Majority Leader Howard Baker (R-Tenn.), and House Speaker Tip O'Neill created a legislative monster. They lumped the IMF bill, which authorizes an \$8.6 billion U.S. contribution to the Fund, into a package including the \$15.6 billion housing bill, funding for multilateral development banks, and sweeping changes in U.S. bank regulations. This complex and politically explosive package was then attached as a mere amendment to H.R. 3959, a uncontroversial supplemental appropriations bill, on the Senate floor on Nov. 15.

Conservative Senators led by William L. Armstrong (R-Colo.) and Gordon Humphrey (R-N.H.) tried to stop the IMF bill on the Senate floor, arguing that “the banks have dug themselves into a hole and should dig themselves out of it,” as Armstrong put it. But neither they nor any other legislator had a real solution to the \$700 billion debt bomb. The frightened senators passed the bill Nov. 17 by a 67-to-30 vote.

“I do not think there is any other practical way” to ram the IMF bill through, Majority Leader Baker told the senators complaining about the travesty of law. “It is not good [procedure] but perhaps best to go along with it. I assure my colleagues that this is not going to be habit-forming.”

The entire appropriations bill, which included Veterans Administration cash, food stamp money, and other vital funds, was then sent to the House floor Nov. 18. Since H.R. 3959 had already gone through a House-Senate conference, congressmen had to choose between voting down the entire budget to vote down the IMF provision, leaving the U.S. without funds from their scheduled recess Nov. 18 until next February, or rubberstamping the IMF.

So it was that the House, where the IMF legislation only squeaked through by a six-vote margin in August, finally passed the monster bill containing IMF approval by 226-to-196 without debate. One party to the conspiracy gloated before the vote, “Many members will not even know that the IMF [amendment] has been attached to the supplemental bill and will vote for it as a matter of routine.”

“There couldn't be any serious effort to stop the bill because it was a very restricted debate,” one eyewitness complained. “Opponents couldn't get the microphone to speak.”

The proposed new International Monetary Fund SDR facility would also standardize a system under which the United States commits itself politically to backing a looting of the assets of Brazil, Mexico, and other debtors. In effect, the United States would become the new London to a colonial looting empire.

The specific interest payments to be guaranteed by the new SDR facility, Volcker's colleagues explain, would be a system of 19th-century style “blocked accounts” in the currency of the debtor country. In effect, a country such as Brazil which cannot pay the interest on its debts in dollars will be allowed to pay with its own domestic currency, in this case the cruzeiro, into a “blocked” or foreign-held account at its own central bank in Rio. The IMF guarantees that this money is “transferable.”

Colonial system

The catch from the debtors' standpoint is that the banks would be amassing, in their “blocked accounts,” large masses of Brazilian domestic currency. Banking sources report that the banks' next move will be to demand the Brazilian government “change their laws” and allow the banks to use the blocked cruzeiros to buy “equity”—to buy out national industries and domestic raw materials in Brazil.

The “new measures” are being masterminded by the Bank of America and California's Security Pacific, the bank of the pro-population-reduction Aspen Institute, Washington sources report. Bank of America and Security are balking at the current plan by the IMF to put up \$6.5 billion in new money for Brazil. They are proposing that instead of giving Brazil the \$6.5 billion it is now requesting for interest payments, it should be given \$3.5 billion in new money, and allowed to pay the rest in cruzeiros into a blocked account at its central bank.

Meanwhile the British Commonwealth itself is getting ready for its heads of state summit in New Delhi the week of Nov. 13, where the founding of such a neo-colonial system, dubbed the “new Bretton Woods monetary system,” will be on top of the agenda.

Shridath “Sonny” Ramphal, the secretary general of the Commonwealth, in a Nov. 12 press briefing on the meeting, denounced U.S. intervention into “micro-states” such as Grenada, saying that it shows the United States needs a check on its international power. He also called for the United States to agree to disarmament with the Soviets, and attacked President Reagan for cutting back on aid to Third World countries.

The United States must agree to share world financial power—with the IMF, Ramphal emphasized. That is the purpose of the report issued by Ramphal's Commonwealth office Sept. 26 entitled “Towards a New Bretton Woods.” Under the guise of “debt relief” and saving the Third World from the debt crisis, the Commonwealth demands the expansion of the IMF, more SDRs, and a huge bailout of the Eurodollar banks.

LaRouche calls for new Ibero-American currency to reverse vastly undervalued parities

by Richard Freeman, Renée Sigerson, and Dennis Small

Lyndon H. LaRouche, the founder of *Executive Intelligence Review*, has urged the sovereign nations of Ibero-America to form a new common currency, as a vital step toward resolving their explosive debt and trade crises and beginning the economic reactivation of their economies. LaRouche suggested that the new currency might be denominated the “Peso de Oro” (the “Golden Peso”), and that its value be pegged at approximately 750 per troy ounce of gold.

Introduced by an *EIR* correspondent at a press conference at Organization of American States meeting in Washington, D.C. Nov 17, the LaRouche proposal was labeled “very interesting” by Ecuadoran Foreign Minister Valencia Rodriguez. He added that, indeed, the Andean Pact heads of state had at their July summit at Caracas proposed that an “Andean peso” be created to “serve as the first step toward a single Latin American currency.”

In the LaRouche proposal, the Peso de Oro currency reform would be a unifying currency for Ibero-America, to which all the area’s national currencies would be pegged. The Peso de Oro would vastly expand U.S. and advanced sector trade with Ibero-America and inter-Ibero-American trade, starting initially by a factor of two to four times, and increasing within five years to approximately eight times.

The Peso de Oro would be premised on a change of the existing exchange rate parity between Ibero-American currencies and the U.S. dollar, which parity has constricted all trade and led to the destruction of Ibero-American economies. The relative parities of the Ibero-American national currencies would be set on the basis of the real purchasing power that they command. Were the U.S. dollar properly replaced on a gold-exchange standard also at about 750 dollars per ounce of gold, then the dollar and the Peso de Oro could trade on about a one-to-one basis.

The current parities of the Ibero-American currencies vis-à-vis the dollar, according to an emergency *EIR* economic task force commissioned by LaRouche, are vastly inferior to

what they should be. In a shocking revelation, the *EIR* team has preliminarily concluded that the Mexican peso, for example, is trading at about 28 percent of its actual worth—i.e., that the parity should not be 159 pesos per dollar (today’s free market valuation), but *46 Mexican pesos to the dollar*. Similar results were obtained in the study of the six major Ibero-American currencies.

The preliminary *EIR* study shows that the continent’s currencies are currently undervalued by between 200 to 400 percent, i.e., that they are trading at approximately one-fourth to three-fourths of their economic value. To blame for this dangerous situation are the usurious financial practices of the International Monetary Fund and allied institutions—forced devaluations, instigated capital flight, unbearable interest rates and “spreads,” and other “conditionalities.”

This means that the Ibero-American nations have lost between 25 and 75 percent of their sovereignty to IMF-rigged and imposed world parity arrangements, being denied the ability to import high-technology goods. If their currencies were revalued to their true parity level to the dollar, then *the Ibero-American nations could import between two and four times the level of high-technology goods from the advanced sector than they do*. The Commerce Department reports that U.S. trade to Ibero-America collapsed from \$38.95 billion to \$30.09 billion in 1982, and in 1983, the level probably collapsed to \$20-\$22 billion. This would be reversed, and U.S. exports to Ibero-America would soon reach \$100 billion, on the strength of the gold-based peso alone.

Conversely, although a stronger Ibero-American currency would seem to depress opportunities to export, in fact, it will bode well for Ibero-American exports on two counts: 1) under a currency reform, and Operation Juárez, Mr. LaRouche’s proposal for Third World debt reorganization, the Ibero-American nations will *not* have to export frantically to pay off exorbitant foreign debts, which means a much larger real purchasing power to use; 2) the Ibero-American nations

will develop strong internal economies, meaning that they can export to their neighbors, instead of the current futile practice of each country attempting to dump cheap goods on the others.

Use of the market basket

How did *EIR* arrive at its conclusions? The task force employed a methodology in the preparation of this study which has been tested over four years of econometric forecasting, and which has made *EIR*'s Quarterly Economic Forecast of the U.S. economy, on record, by far the most accurate such service available. The true parities were derived through a standard market basket of consumer purchases. What is the price, in each of the six countries studied, of an identical market basket of domestically produced consumer goods? How does that market basket compare with a nearly identical market basket of domestically produced goods in the U.S.A.?

Thirty-five ordinary consumer items, plus consumer services, were listed. Two market baskets were figured: a "small basket" of foodstuffs, plus simple household products; and a "complete basket," which brought in transportation, consumer durables, rent, and services.

The principle of these comparisons could be stated as follows: A loaf of bread equals a loaf of bread of the same grain, no matter where it is produced. If the fixing of exchange rates—by the IMF or other "market forces"—upsets this parity, then the country whose output has been so debased is being looted of the full value of its output by the creditor institutions.

This is not hypothetical: It is what actually occurred over the last 18-24 months of IMF-dictated forced devaluations. Thus, *EIR*'s "small" market basket (of foodstuffs) costs \$21.80 in the United States; but at current free market exchange rates, it costs only \$6.12 in Brazil. Or, \$21.80 will buy you one market basket of goods in the United States, while the same \$21.80 will buy you enough cruzeiros to purchase 3.5 market baskets in Brazil. The

cruzeiro must be upvalued by a factor of 3.5 in order for the same currency-equivalent to purchase the same amount of goods in both countries.

The *EIR* study found that the same essential patterns prevailed in each country with both the "small" and the "large" market basket of goods, and it is expected that further refinements of the indices—e.g., by incorporating capital goods into the "basket," and prorating according to productivity factors—will produce results in the same general range emerging from *EIR*'s preliminary study.

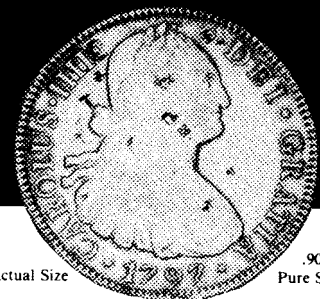
What are the implications of this? The U.S. dollar—or, increasingly, debt obligations denominated in U.S. dollars—is being deployed as an instrument for looting the productive output of Ibero-America. Thus, for every dollar of foreign exchange earned by Brazil, for example, it must export 3.5 times the equivalent amount of physical goods produced in the United States. Since such foreign exchange earnings from exports are principally used for debt repayment, the artificial undervaluation of Ibero-America's parities is contributing in a major way to making the continent's debt unpayable. As most observers of the area's financial situation will admit, the foreign debt has become *physically unpayable*.

The LaRouche Peso de Oro proposal looks favorably upon the establishment of a regional central depository institution or Ibero-American Development Bank, with representation from all of the area's countries, which would be assigned the task of issuing the Peso de Oro as a unit of account and serving as a clearinghouse for both international and intra-regional trade.

LaRouche proposed that the Ibero-American nations appoint an Emergency Commission to review the study's conclusions, and propose concrete steps. LaRouche suggests that the SELA organization (Latin American Economic System) might be one institution charged with the task, and that the findings might be usefully presented at the Jan. 9-14, 1984 summit of the Latin American Economic Conference in Quito.

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MIT's Alcator C reaches breakeven confinement

by Charles B. Stevens

One of the main goals of the effort to harness the virtually unlimited energy potentials of nuclear fusion was reached this month. On Nov. 7, at the Los Angeles American Physical Society's Plasma Physics Division meeting, Dr. Ronald Parker of the MIT Fusion Center announced that the Alcator C tokamak had approached the confinement parameters needed for energy breakeven in electric power reactors based on magnetic fusion energy. The confinement parameter achieved on Alcator C approached a value of 100 trillion seconds-nuclei per cubic centimeter.

The other major element needed to demonstrate the scientific feasibility of magnetic fusion energy production was attained on the Princeton PLT tokamak in 1978, when it was shown that a stably confined magnetic plasma could be heated to more than 80 million degrees Celsius—the temperature needed to ignite nuclear fusion in power reactors. At the same time, MIT was given the go-ahead to build a follow-up to Alcator A with a design which would leapfrog ahead toward demonstrating the full Lawson confinement parameters, the Alcator C. And now Alcator C has achieved the predicted result.

While the Alcator C only reached a temperature of 16 to 17 million degrees, its achievement of the confinement parameter leaves little doubt that the Princeton Tokamak Fusion Test Reactor (TFTR) and the Joint European Tokamak (JET), both of which became operational during the last year, will achieve both the temperature and confinement parameters needed for operation of tokamak magnetic fusion reactors.

How magnetic fusion works

The demonstration of energy breakeven has been the major aim of the effort to harness magnetic fusion for over three decades. In magnetic fusion, hydrogen gas is heated to

high temperatures at which it becomes ionized—electrons become separated from the individual hydrogen atoms. This ionized state of matter is called plasma; in the plasma state, matter is quite responsive to electromagnetic forces. To ignite fusion, the heavy isotopes of hydrogen—deuterium and tritium—must be heated to more than 44 million degrees. To efficiently heat and maintain the hydrogen at these temperatures, the hydrogen plasma must be confined in some manner.

Magnetic fields generated by passing electrical currents through metal coils provides one way of confining hot plasma. The tokamak, a doughnut-shaped magnetic bottle, was invented by Andrei Sakharov in the Soviet Union in the early 1950s. It combines the magnetic fields generated by metal coils surrounding the doughnut-shaped plasma column with the field produced by an electrical current flowing through the plasma itself. The combined magnetic field constitutes a magnetic bottle which stably traps the hot plasma. The tokamak plasma current also provides the means to heat the plasma to 10 to 20 million degrees; to reach temperatures needed for operational reactors—about 100 million degrees—means heat sources in addition to current heating must be utilized, such as microwaves and neutral beam heaters.

To attain fusion conditions, energy must be put into the confined plasma. Once the fusion ignition temperature is reached, the rate at which fusion energy is generated is determined by the plasma density, given in terms of fuel ions (nuclei) per cubic centimeters. The condition for net energy generation can therefore be defined in terms of the product of the plasma density and the time during which the "temperature" of the plasma is confined (called the Lawson product, after the English scientist who first stated this condition).

For simple breakeven—the condition in which the energy generator is producing as much energy as that which is necessary to run the generator—a Lawson product of 30 trillion seconds-nuclei per cubic centimeter is needed. But since most fusion reactors are supposed to involve a thermal cycle in which the fusion heat energy is converted to electricity at a 30 percent efficiency—the rate in existing types of electric power plants—the Lawson product needed for "electric" breakeven—three times "simple" breakeven—was projected at 100 trillion seconds-nuclei per cubic centimeter.

Historical background

In the 1950s, theoretical calculations indicated that energy confinement time would increase with increasing plasma temperature. It would also increase with the size of the magnetic bottle—the square of the plasma column's radius. But the original magnetic fusion experiments indicated that the plasma appeared to be quite unstable, and plasma energy confinement times rapidly decreased with increasing temperature. This behavior was termed Bohm diffusion after the American scientist who had sarcastically predicted this result.

In 1965, Soviet scientists reported that their tokamak system was able to beat the Bohm limit by factors of 10.

British scientists made measurements on the Russian experiments and showed that their Soviet colleagues were too conservative and the tokamak was beating Bohm diffusion by factors of 100.

This rapidly led to the adoption of tokamaks in U.S. and other magnetic fusion experiments around the world. Ironically, Soviet scientists continued to explore U.S.-type systems such as the stellarator and demonstrated in the mid-1970s that such systems were as effective as the tokamak in terms of confinement parameters.

The real reason for the poor performance of the original experiments had little to do with actual plasma dynamics. It turns out that non-hydrogen impurities entering the plasma from the vacuum chamber wall were dominating the energy flows. This fact was first demonstrated when the Alcator A in 1975 achieved extremely clean plasmas and showed that the previously projected density limits for tokamaks were pessimistic by more than a factor of 10. In 1975, the MIT Alcator A reached the confinement parameters needed for simple breakeven while attaining record-breaking densities.

This unexpected development led to an entirely new approach to tokamak magnetic fusion. High magnetic fields were utilized to attain high plasma densities. This opened up the prospect of cheap, compact tokamak fusion reactors. A private company called Inesco is in the process of developing prototype fusion power generating systems based on the Alcator approach.

At the Los Angeles meeting, Bruno Coppi, D. Bruce Montgomery, Ronald R. Parker, Leonardo Pieroni, and Robert J. Taylor were given the Excellence in Plasma Physics Award for their original work on the Alcator A.

Alcator C's results

By utilizing pellet injection of hydrogen fuel into the Alcator, higher-density operation was attained. The Alcator C achieved fuel ion densities of 2,000 trillion nuclei per cubic centimeter. With a peak energy confinement time approaching 50 milliseconds (.05 seconds), the Alcator C had essentially reached the goal of the Lawson product for simple breakeven.

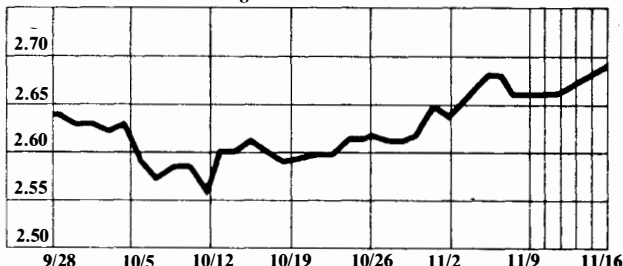
Moreover, the recent experiments on the Alcator C and the TFTR indicate that confinement time is a function of the product of the plasma density and the cube of the plasma column radius. This is far better than the most optimistic theoretical projections of the 1950s. Furthermore, experiments on the PLT, the PDX, and the German ASDEX tokamaks indicate that confinement can indeed improve with increasing temperature.

Contrary to earlier expectations, experiments on the Alcator C and PLT show that tokamaks could be made into steady-state devices, despite operating in a pulsed manner. Using microwaves, tokamaks can be kept running for up to a day at a time. It was previously feared that pulsed operation inherent in the tokamak would incur serious economic and engineering drawbacks in power plant design.

Currency Rates

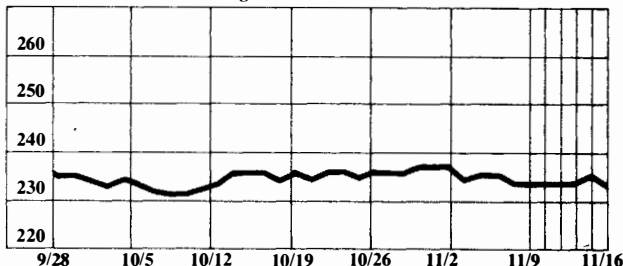
The dollar in deutschemarks

New York late afternoon fixing



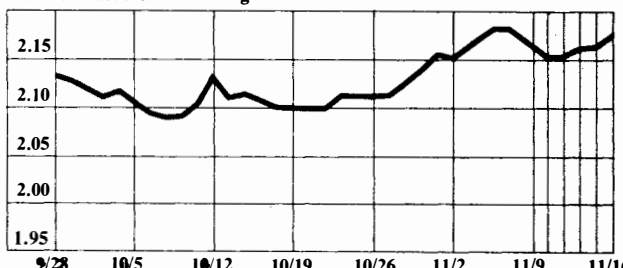
The dollar in yen

New York late afternoon fixing



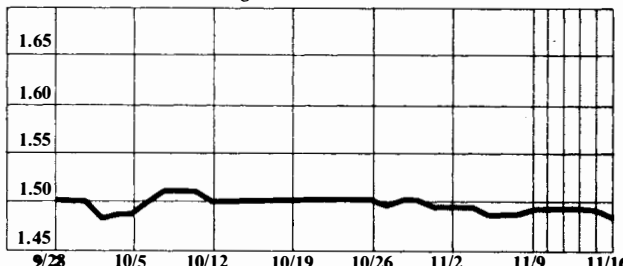
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



I hope this information is useful. Please let me know if I can be of further assistance.

Sincerely,
Donald J. Winn
Assistant to the Board

In the above letter, the U.S. Federal Reserve was responding to *EIR*'s documented charges that it has enormously inflated its Industrial Production Index to try to prove a "recovery" in the U.S. economy.

After receiving the *EIR* documentation of Fed Index fraud from Ohio Congressman Bill Gradison, who had forwarded it from a constituent, Fed official Donald Winn admitted in a written reply that indeed the Fed figures were significantly different from the actual output figures supplied by the industrial associations. But Winn argued nonetheless, that the Industrial Production Index is "highly regarded by users in private industry, government and academia."

Until now, all press inquiries about the Fed fraud have been met with refusal to comment, as Wall Street's *Weekly Bond Buyer* reported when it carried the fraud story Nov. 14.

Noted economist and *EIR* contributing editor Lyndon LaRouche observed, "The reply is as incompetent as the Fed figures."

Reached for comment, *EIR* staff economist Leif Johnson said, "Donald Winn is undoubtedly a lawyer. Any staff statistician would have responded by trying to find some error in *EIR*'s calculation or asserting some proof that the index was in fact correct. But in his effort to explain the divergence between actual industry production figures and the Fed's faked index numbers, Winn came up with two examples which show precisely the opposite of what he intends."

Winn wrote, "More production is embodied in a ton of stainless steel than in a ton of carbon steel, more in a Cadillac than in a Chevette." Johnson responded that an industrial economist would know that stainless steel is less than two percent of steel output, incapable of significantly changing the value of the product mix. "He should also know that the industry produced generally cheaper grades of steel products in 1983 than in 1982, so that the value of shipments for the first six months of 1983 was \$23.1 billion compared to \$29.7 billion shipped in the first six months of 1982.

"The second is the more amusing example," said Johnson. "The Fed keeps inflating its auto output with a 'Quality Adjustment Factor' despite the fact that autos are getting smaller—and indeed embody less steel. In 1967 the industry produced 7.44 million [large] cars and the index stood at 100. In 1983 the industry will have produced about 6.8 million units (mostly small and medium sized) and the index will stand at about 120. Contrary to the implications of Winn's light-minded remark about Cadillacs and Chevettes, the Fed Index accounts 'more production' to the compact or sub-compact of today than to the full-sized car of 1967."

EIR economic researchers noted the following reactions to the Fed Index from industry and government economists and statisticians:

"Unreliable."

"A pack of lies."

"Unusable to us."

"Highly suspect and therefore useless."

"My members are very aware of the industry's figures and I never use the Fed index."

"I cannot figure out where they get their figures from."

"I have argued with them for years, but it must be political."

"They don't even have our industry in the right SIC. [Standard Industrial Classification Code]."

As LaRouche wrote in the Sept. 11 item to which Winn was responding, "The faking of economic statistics in an effort to mislead the President of the United States on fundamental policy-decisions is a monstrous crime. At the least, the President has the right to fire the whole lot of those Fed and other bureaucrats responsible for cooking up this hoax."

LaRouche: Reply is as incompetent as Fed statistics

The following letter was made available to *EIR* by Mr. Ed Bradley.

Board of Governors of the Federal Reserve System
Washington, DC 20551
October 27, 1983

The Honorable Bill Gradison,
House of Representatives
Washington, D.C. 20515

Dear Mr. Gradison:

Thank you for your letter of October 12 regarding an article from the *Executive Intelligence Review* transmitted to you by your constituent, Mr. Ed Bradley. The article is quite misleading and Mr. Bradley may be assured that the allegation that "for years, the Federal Reserve System's index of levels of industrial output in the U.S. economy has been substantially fraudulent" is incorrect. The industrial production index has been published for about 60 years and is very highly regarded by users in private industry, government, and academia. The methods used in compiling the index are widely understood by economists and statisticians and the techniques used are open to professional review.

Moreover, the particular data that are cited in *Executive Intelligence Review* do not substantiate the allegations made. To be sure, the authors include a table that compares Federal Reserve production indexes with various tabulations by trade associations. However, these are different measures; there are good reasons why our industrial production estimates differ from these trade association figures.

For one, our statistics make allowances for differences in the productive resources required in making highly processed goods versus those that are less processed. For instance, more production is embodied in a ton of stainless steel than in a ton of carbon steel and in a Cadillac than in a Chevette. Yet, these products are frequently lumped in a single category in trade statistics, simply under "steel" or "autos." The use of the unrefined trade data, as proposed, would in fact result in distorted production statistics.

In addition, it is not correct to infer production from shipments data alone, as is done in the article, since some production goes into inventory. Moreover, it is highly desirable to adjust raw data for the different number of working days per month, but the article fails to take account of this.

These are just some of the problems with the comparisons presented in the *Executive Intelligence Review* article, and we believe that the criticisms of the Federal Reserve's industrial production index are without substance.

Recovery weaker than 1934

In terms of increased employment of goods-producing workers, and output of basic industries.

Between 1933 and 1934, the goods-producing labor force, according to government statistics, is said to have increased by 1.25 million or 13.9 percent. By contrast, the increase in goods producing employment between October 1982 (the supposed trough of the "recession") and October 1983 (the latest high point of "recovery") was 903,000, or 3.8 percent.

In 1933 the total number of employed workers was 23.7 million, of which 8.9 million were employed in mining, construction, and manufacturing, the goods-producing industries. In the following year, 10.2 million workers held goods producing jobs, an increase of 13.9 percent.

Examining the Establishment Data published by the Bureau of Labor Statistics, *EIR* found that in the year from October 1982 to October 1983, total goods producing workers increased from 23,651,000 to 24,554,000, an increase of 903,000 or only 3.8 percent. Although the goods-producing work force is two and half times as large today, the "recovery" in goods-producing employment today is less in absolute numbers than it was in 1933-34, and in percentage terms, less than one third as much.

The October Bureau of Labor Statistics figures show that the post-1979 decline of the U.S. economy was slowed, not reversed, in 1982-83. Of the 903,000 gain in goods-producing employment, 700,000 jobs are directly attributable to the modest increases

in auto and housing production in 1983 compared to 1982.

All but one other industry, electrical and electronic equipment, which rose 6.7 percent, are in the same state of collapse they were in October 1982, the supposed trough of the "recession." Employment in each of the following industries increased or decreased less than 4 percent, an insignificant change: mining, primary metal industries, fabricated metal products, non-electrical machinery, instruments and related products, miscellaneous manufacturing, food and tobacco, paper and allied products, printing and publishing, chemicals and allied products, petroleum and coal products, and leather and leather products, textiles and apparel.

The extremely weak rise in goods-producing employment is confirmed by readings of various basic industries. Steel, the basic material of all capital goods is badly depressed—by the end of 1983 the industry will have shipped 67 million tons, only 8 million tons more than 1982. (In 1979 the mills shipped 103 million tons.)

Because the industry increased production of cheaper-grade steels in 1983 than in 1982, and because of price cutting, sales of steel in the first half of 1983 (during the "recovery") were \$23.0 billion, down 23 percent from the \$29.7 billion sales in the first half of 1982.

Between September 1982 and September 1983, employment of steel

production workers declined from 173,000 to 171,000.

Ironically, the steel industry's depression cannot be blamed on imports which for the first nine months of the year had declined 10.8 percent from the same period the year before.

Despite the jump in tire manufacturing employment, the industry will produce no more than 200 million truck, bus and car tires this year, compared to 216 million in 1979 and 230 million in 1978.

Synthetic rubber production for 1983 will be two million metric tons, far below the 2.7 million metric tons produced in 1979.

The Department of Energy reports that industrial (non-steel) consumption of coal will be nearly the same as the 1982 figure, 63.5 billion tons. The consumption of coking coal for the steel industry will fall from 40.9 billion tons in 1982 to about 39 billion tons in 1983.

Overall, coal production will drop by about 45 billion tons, due almost entirely to the export collapse.

Oil, the nation's other major fuel and feedstock for chemicals remains flat, as does the output for the entire chemical industry.

There are those who may dispute the very notion of a 1934 "recovery"—although back then it was so described. That a 3.8 percent rise in 1983 goods-producing employment (compared to the 13.9 percent in 1934) can be parlayed into what *Business Week* magazine continues to call a "robust recovery" attests to the power of propaganda over reality. But certainly the following will strain the public credibility:

The Federal Reserve Board Index of Industrial Production for October 1983 claims that at 154.8 (1967 = 100), U.S. industrial output is now at an all-time high.

A case of nerves

The Federation of Latin American Bankers met in Bogotá to calm each other's terror of the debt bomb.

Three hundred Ibero-American bankers and economists joined with a smaller delegation from the United States, Canada, and Europe in Bogotá, Colombia the week of Nov. 13-16 to discuss the continent's foreign debt and its international implications.

Meeting under the auspices of the Latin American Federation of Banks (Selabam) the bankers without exception accepted one obvious truth: the debt is unpayable. Beyond that, they clustered like frightened sheep, feeding each other platitudes about the need for solidarity between creditors and debtors, and about the coming brighter future for Latin America.

Only one speaker had the courage to describe the situation accurately, and he too fell short of proposing the fundamental solution—a long-term moratorium on debt payments, while a new, development-oriented monetary system is organized. That speaker was Peruvian Jorge Carrera, president of Selabam.

In his opening statement, he startled participants with his assertion that "From the Rio Grande to Cape Horn extends one vast mosaic of prostration, conflict, and concern. Countries are paying hard for the weakness of their economy; governments proclaim with false optimism, without conviction, what internal policy demands of them; businessmen abandon their growth plans, adopting the language and strategy of sheer survival, and dominating the scene is the formidable figure of the debt, crushing and

implacable."

Carrera warned: "We are walking on the edge of a precipice. The statements of our governments are blunted by the need to justify a policy and to calm a nervous clientele. But the truth is that the price of the recession is becoming unsustainable."

Although he did not propose a debtors' club, Carrera concluded that "Making the integration of this continent a reality is an immediate possibility and, more than a beautiful but rhetorical ideal, is a decisive recourse."

Carrera's warnings were weakly echoed in other presentations, for example, that of the Mexican deputy director of credit, José Angel Durria Treviño, and of Roberto Marcuse of the Grupo Sudameris of the Banco Latino-Venezuela.

It took a clever performance by American investment banker Richard S. Weinert of the New York consulting firm Leslie Weinert and Company to introduce the only concrete proposals offered to the weak-hearted Latin American bankers. His proposals were those of the colonial agent wooing the natives into handing over their sovereignty "for their own good."

Weinert's speech was touted as a "highly sympathetic" view of the debt crisis. He emphasized that the debt problem was not a Latin American one but a global one, and that traditional recipes of increasing exports and reducing imports were not the solution, since the markets do not exist for the first, nor the political, social, and eco-

nomic flexibility for the second.

In Jesuitical style, he chastised the Latin American debtors for their failure to look after their own interests, and urged them to form a Ditchley-style institute of international finance, the better to stay informed on what the creditors were up to.

Then Weinert came to his solution: a Rohatyn-style Global Big MAC. Using the examples of the refinancing of bankrupt New York City and the Chrysler Corporation, Weinert noted:

"One element is that the burden of adjustment was widely shared among all the parties involved. . . . A second element is that in both cases, a public-sector entity stepped in. . . . Third, to achieve this, extensive collaboration of commercial banks was needed. . . . Finally, both New York City and Chrysler spent a great deal of time and effort lobbying and pressuring. They themselves were the principal innovators of their rescue plans."

Weinert's scheme for do-it-yourself austerity by the debtor nations is hardly a new one. What was nonetheless impressive was his ability to package it so inoffensively. "My point is not to try to argue for one approach or another, but to observe that it should be the borrowers who are devising such plans. . . ."

The conference concluded on the same vague and nervous note on which it had begun, with the Ibero-American bankers assuring themselves that if the New York investment banker was rooting for them, things couldn't be that bad.

Fortunately, it won't be Ibero-America's bankers making the final decisions on how the continent should overcome the debt crisis at the summit meeting of the continent's heads of state in Quito, Equador next January.

The scope of the world food crisis

Slashes in farm output in the United States and the developing nations will spread famines.

The Malthusians at the Club of Rome have long been predicting that the world would run out of resources to support its populations by the end of this century. Under the current financial regime of the Malthusian oligarchy who run the IMF and the World Bank, resources and productive capabilities are now being destroyed at such a rate that the prediction is rapidly being fulfilled. In 1973 and 1979, the crisis was in energy; in 1983-85 it will be in food.

Mass starvation is already decimating the population of Africa, and shortages of milk and other foods are already affecting many nations of Ibero-America.

The problem is not poor distribution of food surpluses from the advanced sector. Agriculture in both the developing sector and in the world's greatest food producer, the United States, is being crushed by the exorbitant cost of capital, fertilizer and other oil-related products, and the burden of maintaining the huge international debt and domestic debt.

The food crisis is aimed at destroying sovereign nations who will have no choice but acceptance of "lifeboat" or "triage" allocations by an international food cartel made up of the five major international grain companies: Bunge, Cargill, Continental, Louis Dreyfus, and André.

The key to food control is cutting production. As a spokesman for Resources for the Future, a New York bank-linked think tank, told *EIR*, the international debt crisis and the oil cri-

sis have "once and for all times ended the talk of the development of new food superpowers such as Argentina, Brazil, Indonesia."

The International Monetary Fund, the arbiter of credit to the developing sector, has ensured that this would be the case. The IMF has discouraged use of its funds for capital-intensive projects, and at the same time set conditionalities for loans that force the conversion of domestic food crops to cash crops for exports, and demand the reduction of food subsidies.

And the United States, the food superpower, will not long be able to overcome the crisis. Particularly since the Global 2000 administration of Jimmy Carter, the policy of the U.S. government has been to undercut agriculture. The *Global 2000 Report* advocated reducing world population by 2 billion by the year 2000.

In 1977, attacks were launched on the parity system—the use of price supports and other government programs to ensure that farmers would be guaranteed a fair price and be able to expand production—at the same time investment in water projects and other vital infrastructure was cut.

This was justified as the nation was moved to a "free market" policy, under which farmers were forced to go deeply into debt to finance expanded production. The accession of Paul Volcker at the Federal Reserve has forced farms to cut their production drastically, simply because they cannot afford to both pay their debts and produce food. Other farmers have

temporarily expanded production for cash-flow reasons, exhausting themselves, their families, land, and equipment. As a result, 20 percent of American farmers will go bankrupt by the end of this year—and another 40 percent next year.

For the first time in memory, U.S. agricultural activity dropped by 20 percent between 1982 and 1983. Animal feedgrain output was 44 percent lower than last year, with corn output down by 50 percent, and soybeans by between 33 and 50 percent. Wheat was down 14 percent and the rice crop by over 30 percent. This disaster was due to the combined effects of the Payment in Kind acreage reduction program, which induced farmers to take land out of production in exchange for financial help, the drought, and bankrupt farmers leaving the land.

U.S. grain output for this year will be lower than the 49 bushels-per-person average production in 1980; less grain will be available for the world, at higher grain prices.

The effects on both the advanced and developing sector will be drastic. The United States exports 8 percent of the grain consumed in the world—and much higher percentages of certain key crops. World corn production has been cut by 25 percent due to the disaster in the United States, and world soybean production by 22 percent.

The world is now producing only around 14 bushels of grain of all types per person, when individual needs, for both direct consumption and for feeding both dairy and meat animals, are at least 24 bushels a year. Agricultural production will not be able to hold at this level for more than a year if the IMF and Federal Reserve continue to dictate world financial policy. By 1985, famine will no longer be confined to the Third World.

Business Briefs

China

Energy production drop threatens five-year plan

China may fail to reach the goals of its 1981-85 five-year plan because energy production is not increasing as fast as had been projected, due to lack of capital and delays in development of existing sources, according to Jiji press.

The plan set the goal for production of coal—China's main energy source—at 700 million tons by 1985. Actual production, which totalled 646 million tons in 1979, fell to 632 in 1981. A 7 percent increase in coal production over the previous year in 1982 was offset by the stagnation of oil production at only 100 million tons, as low as in 1978, and of natural gas production.

The low oil and gas output has kept energy development down to 1.6 percent per year since 1978. It had been 12 percent in 1949-77.

Coal is used for 67 percent of China's energy, oil for 22 percent and gas 2.4 percent. With oil output at the main fields peaking, China will be forced to shift even more to coal. Output from the Bohai offshore fields, expected for 1985, will not ready until later in the decade.

It will be difficult for China to produce more coal, however, because recent increases came mainly from the small- and medium-sized mines, which cannot increase their output. Infrastructural bottlenecks such as lack of transport from the larger mines are also curtailing production.

The sixth plan had set growth at 4 percent per year and energy consumption increases at 1.4 percent. The Chinese government's plan to meet the economic growth rate is to attempt to cut energy consumption by 2.6 to 3.5 percent.

Development Policy

Thai press on Kra Canal proposal

The *Economic Times* of Bangkok ran a

prominent piece in its Nov. 3-9 issue entitled, "Canal Issue Gaining Interesting Momentum." The article, discussing the Kra Canal project, cited "Lyndon LaRouche, a Democratic presidential primary election candidate for next year and president of the *Executive Intelligence Review*" as the architect of a policy to build the Kra Canal as one way to "safeguard the interests of the United States in the Indian-Pacific Ocean Basins, or in other words, on a global basis." The paper quotes LaRouche's statements that building the canal will help "make the combined Indian and Pacific Oceans' basin the center of the world's economy."

Argentina

Raul Prebisch takes economic policy control

Elderly British agent Raul Prebisch, named as the "roving ambassador" for debt issues for the new Argentine government, has established himself in control of economic policy in Buenos Aires even before President Raul Alfonsin has taken power. The man said to be responsible for putting Prebisch in this position is the new finance minister, Bernardo Grinspun.

When he arrived in Buenos Aires shortly after the Alfonsin victory, Prebisch insisted that he would serve only as a humble and patriotic adviser. But in only a few days he had made several visits to his nephew—central bank president Julio González del Solar, who was jailed by Argentine judge Federico Pinto Kramer for violating national sovereignty on the debt issue—and to outgoing finance minister Jorge Wehbe.

Prebisch has made a point of being seen entering private financial meetings at the Plaza Hotel, roaming around the "restricted area" of the central bank, and appearing in other public places where he was certain to be noticed by the press. The Buenos Aires daily *Clarín* stated Nov. 14 that Prebisch will enjoy "the honorific title of *éminence grise* of the economic program to be applied by the Radical government."

The unabashed manner in which Prebisch has moved in to control economic pol-

icy, including his plan to carry out what one paper calls "his old dream of presenting a new model of the 'standby' loan to the International Monetary Fund," has angered some members of the Alfonsin economic team who have their own ideas about economic policy.

For advisers who insist that Alfonsin's policies will reverse the disaster of recent years and focus on growth and production, Prebisch's public statements absolving monetarists González del Solar and Wehbe of any blame in wrecking the economy has been hard to swallow.

International Finance

Knives drawn in Germany and Britain

A battle is shaping up for control of England's Eagle Star insurance company, the country's sixth largest, between the Munich-based Allianz Versicherung, Germany's largest, and the Eagle Star management-allied British American Tobacco. Whoever wins the \$1.5 billion battle of bids and counter-bids for takeover of Eagle Star, a major redistribution of power will have occurred.

Allianz is the insurance arm of the South German aristocratic financiers; controlled by the Merck, Finck private bank, once closely identified with Nazi finances and later with Bernie Cornfeld's and Robert Vesco's IOS. Merck, Finck is the private banking arm of one of the world's largest fortunes, that of the former royal family of Bavaria, the Wittelsbachs. Numerous allegations have been made over the years concerning the bank's links with organized crime.

Eagle Star, in turn, is associated with the top drug-linked Bronfman financier family of Canada. Control over Eagle Star would give the Munich families, such as the immensely rich family of Thurn und Taxis, a break into the Far East on-site control over illegal drug money.

British Prime Minister Margaret Thatcher has declined to use her discretionary powers to refer the takeover battle to the British Monopolies Commission, the chan-

nel which is usually activated to stymie unwanted takeover bids.

The breadth of the battle may be indicated by the fact that John Burke, deputy chairman of the Royal Bank of Scotland, which the Dope Inc. piggybank Hongkong & Shanghai vainly attempted to take over last year, died mysteriously in a mountain accident in mid-November. And the ancient London merchant bank of Singer & Friedlander is going to be sold off by shareholder European Ferries, whose chairman, Conservative MP Keith Wickenden, died in an air crash last summer.

European Industry

Financiers shutting down German producers

Munich sources indicate that that city's Allianz Versicherung, Germany's largest insurance company, is involved in shutting down heavy German industry and buying up the remains. Allianz, with its interlocks with Deutsche Bank, is at the center of West German finance. The Allianz strategists consider Krupp the "number-one marginal company in Germany for the last five years."

This month Allianz took over Gutehoffnungshütte (GHH), the big engineering group, and its principal subsidiary, Maschinenfabrik Augsburg-Nürnberg (MAN), which produces trucks and diesel engines. Dr. Manfred Lennings, the head of the company, was tossed out on Nov. 8, and Klaus Haniel, a member of one of GHH's founding families, resigned as head of the supervisory board "in a gesture of sympathy." For the first time in 110 years, GHH does not have a member of the founding families at its head.

The sacking reportedly came at the insistence of the Regina Verwaltungsgesellschaft, a holding company owned by Allianz, the closely related Munich Reinsurance, and the Commerzbank. The new head of GHH is Klaus Goette, a senior functionary for the Allianz group.

The London *Financial Times* pointed to "a shift in the regional balance of power within GHH—in a country where regional differences at times play an important

role. . . . Dr. Lennings was born in and identified with the old industrial heartland of northern Germany where the ironworks which developed into GHH emerged in the 18th century. Dr. Goette is more associated with Bavaria, where the MAN subsidiary also has its power centres."

Reportedly, GHH was in very bad shape, and at a certain point banks stopped lending to GHH and MAN (last year, MAN ran a DM 300 million operating deficit).

Sources say that Goette is the representative who bought Fidelity Union Life Insurance Company of Dallas for Allianz in 1979.

Federal Reserve

Wall Street weekly covers EIR report on fake stats

The prestigious economic weekly *Bondweek* reported on *EIR*'s detailed accounting of how the Federal Reserve is putting out a fraudulent Consumer Price Index. *Bondweek*'s Nov. 14 issue quoted from *EIR* economic analyst Richard Freeman's article on the Fed's gross overstatement of the extent of the recovery—and his attribution of this to Paul Volcker's political aim of ensuring the discrediting and defeat of Ronald Reagan in 1984.

The *Bondweek* article cites the *EIR* exposé of the Bureau of Labor Statistics's "Quality Adjustment Factor," which excludes price increases due to increased "quality" from its inflation figures.

A Fed spokesman contacted by *Bondweek* stated he had "no comment on *EIR*'s charges, 'past, present, or future.'"

The *Bondweek* piece then describes Freeman's analysis of why Volcker was perpetrating the fraud: to set up an "overstated recession in 1984" after interest rates rise, bursting the "consumer bubble now pushing the economy." The economic reversal will force out Reagan in 1984, replacing him with one of the "moderate Democrats" who would "scuttle Reagan's 'Star Wars' [beam weapons] technology and any ability to rebuild smokestack industry with the technological revolution inherent in the new weapons system."

● **BOLIVIA'S** President Hernán Siles Zuazo was forced to put the nation's army on alert on Nov. 17, in order to carry out an 150 percent devaluation of the peso. The value of the peso fell from 200 to the dollar to 500. As a result, food prices jumped on the average by 70 percent. Officially controlled prices for milk, bread, and pasta rose by 100 percent and gasoline prices by 200 percent. State employees were staging strikes and slowdowns before the devaluation and peasants have been blocking roads to protest low prices for their produce.

● **SHINTARO ABE**, Japan's foreign minister, told EC Commission Vice-President Etienne Davignon when the count was in Tokyo Nov. 16 that Japan would have to continue voluntary restraints on exports to the EC next year, but called the restraints undesirable for free trade. Restraints include videotape recorders, machine tools, cars, and seven other items. Abe called on the EC to avoid protectionism, something agreed upon at the Williamsburg OECD summit in May.

● **NEW ORDERS** to Japanese shipbuilders in the first half of 1983 were up to 391—three times greater than year-before levels—the Japanese transport ministry announced Nov. 16. Orders for bulk carriers were particularly high—eight times above last year. The Japanese industry's backlog is up 31 percent over last year. Lloyd's statistics stated that shipbuilding orders for the first half of 1983 were up 49.2 percent over last year, of which 55 percent were the orders placed with Japanese builders. But the industry overall is in serious condition, as few new orders for bulk carriers have been placed during the second half of the year and the marine transport market is stagnant.

How the IMF pushes drugs: The case of Ibero-America

by Robyn Quijano

The International Monetary Fund is recognized throughout Ibero-America as a colonial-style enforcer of conditions that cause the bankruptcy of industry, mass unemployment, social explosions, brain-damaging malnutrition and death by starvation for growing numbers of the continent's "marginalized" population.

The IMF prides itself on imposing "adjustments"—that is, cleaning up the "excesses" of governments that dared to push industrial growth. The moral quality of this institution may be gauged by the results of its program, which can most scientifically be termed *genocide*.

But is the IMF also directly responsible for the bumper crops of coca and opium poppies whose refined products, cocaine and heroin, are now flooding U.S. markets?

According to U.S. government narcotics experts, the new levels of austerity being imposed throughout Ibero-America are the "catalyst" for a sophisticated new phase of drug operations. Thus the IMF is not only destroying our allies in this hemisphere, provoking social explosions and chaos, but, as we will prove, purposefully facilitating the international drug trade.

The evidence proves that the well-meaning "war on drugs" by the Reagan administration will never clean out the drug plague until the apparatus of this century's Opium Wars—the IMF—is dismantled.

The IMF's demands to shut down capital-intensive industry, collapse "inflationary" salary levels, force urban populations back to the countryside, and maintain high interest rates, along with its promotion of tourism, casinos and other such "services" which provide quick cash for debt payments, provide the circumstantial evidence that this institution is the biggest "pusher" in the business.

In September 1978 *EIR* published a Special Report on the World Bank and IMF's deliberate promotion of the drug trade. We exposed London and Wall Street banks' links to Dope Incorporated, and demonstrated that the same colonialist policies that were behind Britain's Opium Wars in the last century had become the operant doctrine of the collapsing Bretton Woods system.

Today, more than five years later, almost every nation of the continent is under direct or indirect IMF dictates; effective anti-drug operations like Mexico's Op-



U.S. Drug Enforcement Administration

A Texas Customs guard searching for drugs at the Mexican border. IMF austerity has created a dramatic increase in Ibero-American drug exports.

eration Condor have been all but destroyed, and drug “cash crops” are touted as the only realistic way to meet debt payments. Milton Friedman’s monetarism has been imposed in country after country, and Friedman himself has openly declared the legalization of heroin philosophically coherent with his “free market” economy.

Officials of the IMF and the World Bank whom we interviewed in 1978 frankly admitted that to them the Ibero-American drug traffic was just another commodity market. We reported the following observations on Bolivia by John Holdson, a senior official for Latin America in the World Bank’s International Trade and Monetary Flows department: “I know the coca industry there is highly advantageous to producers. In fact, from their point of view, they simply couldn’t find a better product. Its advantages are that no elaborate technology is required, no hybrid seeds, and land and climate are perfect. . . .” A Colombia specialist at the International Monetary Fund put it this way: “From an economic viewpoint, marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants. . . . Legality is a relative concept. In a few years, marijuana may become legal anyway.”

A top international banker in New York was chillingly matter-of-fact: “Coffee prices are simply too unstable, always fluctuating on the world market you know. . . . Drugs, on the other hand, provide a stable source of income at all times. With coffee prices like they are, Colombia will never get its development going, can’t make plans like the oil producers can. . . . I happen to know that the World Bank has been pressuring some Latin American countries to find

some way of statistically accounting for their contraband flows.”

What these officials conceded in their “off the record” interviews is now a matter of recorded policy. The cold-blooded moves of the international banks to force the Third World to adopt a drug economy can be seen starkly in the ongoing battle in Colombia, whose president, Belisario Betancur, has incurred the wrath of the dope traders by announcing his own “war on drugs.”

The Nov. 3 issue of the Swiss oligarchy’s newspaper of record, the *Neue Zürcher Zeitung*, warned straightout that without its illicit drug revenues, Colombia will face a total economic crisis. “Colombian products [are] of limited interest for the industrial countries. . . . 1983 is expected to result in an all-time low for exports. Comparing its export earnings to its approximately \$9.6 billion foreign debt . . . the stretched currency situation, and the low level of reserves at the central bank are already reflected in the exchange rate on the parallel market. . . . In the past decade, Colombia could depend annually upon \$2 to \$3 billion, which, following uncontrolled exports [the drug trade], were available to the country. Were the moralizing campaign of the government to reduce [this source of funds], Colombia would . . . find itself . . . no longer in a position to earn the foreign exchange necessary for its economy. . . .”

Soon Colombia, which has consistently paid its debt service obligations, will face a crisis as grave as Venezuela’s, concluded the *NZZ*, along with a declaration that there will be no recovery in the nation’s legal economy.

The Zürich bankers do not wish “moralizing campaigns”

to get in the way of the over \$100 billion a year drug profits that find their way into the banking system and the dregs of the drug dollars left to give the "colonies" some foreign exchange.

But the international oligarchy's clear intention to turn the continent into a drug plantation has triggered a counter-offensive by Betancur and other Colombian leaders.

On Oct. 5 at the United Nations Betancur responded to a question by *EIR* on his war on drugs by indicting the banking system's "tolerance" for the drug trade, and its investment in dirty-money-laundering operations.

"The Presidents of Venezuela, Ecuador, Peru, Panama, Bolivia, and Colombia," he said, "have agreed to carry out a sustained fight against drugs and drug traffickers, and we are doing it." The President was referring to the agreement made by the Andean Pact nations at their summit last summer in Caracas. The heads of state pledged to wipe out the drug trade as part of their plans for continental integration for development.

However, President Betancur emphasized, the fight cannot be won without the cooperation of the U.S. banks and other financial institutions "which are, to a great extent, the beneficiaries of the drug trade. Drugs are less important to the Latin American economies," he said, than they are to the American banks. Most of the money "stays in the United States, and there is a certain tolerance among American banking and financial institutions because of the profits that they can make from the important sums that drug deposits represent."

Shortly thereafter, the theft of \$13.5 million from Colombia's account at Chase Manhattan's London branch was discovered. The Colombian government is preparing a suit against Chase, which claims that Colombia will just have to take the loss for the millions that were wired illegally to Morgan Guaranty and then to a Swiss account. Colombia's finance minister called the theft international "gangsterism."

The British joined in the warfare by the extraordinarily belicose act of freezing the assets of the Colombian embassy in London—ostensibly to back a private British arms company that is suing Colombia for nonpayment of a purchase the Colombians claim to have canceled and returned.

Betancur's Foreign Ministry retaliated by canceling the planned visit of Britain's Vice Foreign Minister Lady Young, citing the British government's asset grab as the reason she was no longer welcome.

The clash between Colombia and the banks began when the government decided to challenge a clause in the contract for a \$225 million loan from a Chemical Bank-led consortium that stated that in any juridical disputes regarding the interpretation of loan conditionalities, "applicable law will be British." As Colombian Finance Minister Edgar Gutierrez Castro explained in a press conference in Cartagena, "according to what was finally agreed, and to ensure that the sovereignty of Colombian laws was not disregarded, the signing and formalization of the credit will be carried out under the authority of Colombian laws and their full jurisdic-

tion, whereas any subsequent developments in the negotiations or disbursement of the loan will be settled under the imperative of British law." Even this compromise formulation was enough to rattle the banking community, and Morgan Guaranty immediately withdrew from the consortium, taking its \$40 million contribution with it.

President Betancur's effort to resist these heavy-handed pressures has received support from the trade unions and the Church. Jorge Carillo, vice president of the UTC, Colombia's second largest trade union confederation, said in a radio interview that the Colombian government should retaliate against the freezing of assets and the multimillion dollar theft by breaking relations with Britain. The rejection of Lady Young's visit could be the warning shot in such an escalation if Britain continues its provocations.

Colombia's Cardinal Alfonso Lopez Trujillo also joined forces with the President on his return from a meeting with the Pope. In his most violent attack ever against the drug traffickers, the Cardinal in his homily Nov. 8, called upon all parents and youth to cooperate with the authorities to destroy the drug trade. "Our youth is threatened by drugs, by the cruel and inhuman business of the drug dealers who fill their coffers by destroying the dignity of their brothers." Where there should be hope among our youth, said the Cardinal, instead "There is only an accumulation of tears and tragedy."

The Betancur war on drugs has scored some significant victories. Big name drug runners like Carlos Lehder and Pablo Escobar, who were running for office months ago, are now fugitives. The political parties have thrown them out.

But the drug oligarchy has hit back. A plot to assassinate Colombian Justice Minister Rodrigo Lara Bonilla, who has single-mindedly gone after the major figures in the drug mafias, was discovered in mid-October. Lara Bonilla said in an interview to the daily *El Tiempo*: "I know that the fight is difficult, against very wealthy and powerful sectors, and there is danger everywhere because the threats will not disappear when I leave the ministry, neither will the risks against my life end if I leave Colombia."

Lara praised "the reaction of society against the drug traffickers. . . . Their image as generous men, who gave revenues to the country and who somehow contribute to improve our precarious economic situation, has collapsed."

In recent weeks several journalists associated with the anti-drug effort have been assassinated—one the morning after meeting with the justice minister in Medellín. Fausto Charris and Maximiliano Londoño, the president and vice-president of the Colombian Anti-Drug Coalition, and Patricia Londoño, the editor of the Colombian magazine *War on Drugs*, have received several death threats and suffered three robberies and break-ins.

Londoño, who also secretary general of the Andean Labor Party (PLAN), is well-known in Colombia as a proponent of Lyndon LaRouche's Operation Juárez proposal which promotes an American System development boom—a policy that could put the narco-terrorists out of business.

'International Monetary Fund forces the Third World into the drug trade'

Frederick Wills, the former Foreign Minister of Guyana, was interviewed in New York City Nov. 16 by EIR's Carlos Wesley. A founding member of the Club of Life, Wills is a leading fighter for a New World Economic Order.

EIR: Mr. Wills, you were foreign minister, minister of justice, and minister of foreign trade of Guyana for many years. In those capacities you had to deal with the International Monetary Fund and other international lending institutions. Could you relate to me some of your experiences with these institutions and the kinds of conditions they demand from Third World countries?

Wills: I have experience in other countries dealing with the IMF. In the case of Guyana, I lacked the experience of dealing with the IMF because that was the major issue of the constitutional crisis which saw my departure.

Let me say first of all that independence gained by Third World countries after the Second World War was within the terms of the Bretton Woods system. From negotiating independence at Chatham House in London during that time, I remember the unspoken and unwritten law that you had made a commitment to join the international monetary system, Bretton Woods, which meant that from the start you were in the IMF. It also meant that you acceded to some treaties to which you did not originally contract.

The difficulty comes from the fact that the whole debate on development was cast in the mold that the precondition of development was to resolve the balance of payments disequilibrium. It was considered a precondition before you could start to develop. This was accepted by the Third World countries, even those which got their independence in the century before the Second World War—Brazil, Argentina—they accepted the idea that the precondition to any development planning was to keep their balance of payments in order.

The difficulty was that the prices for your exports, which were largely raw materials and food, were not controlled by you. Except for oil, the commodity prices were always low, sometimes lower than the cost of production. This means that you never earned enough from your export receipts to cover your import bill. So structurally there was always a balance

of payments deficit, which meant that you had to negotiate with the IMF, because the banks told you that you couldn't get any loans or credits unless you got the seal of approval of the IMF.

So whether you wanted to or not, you dealt with the IMF. When you got there, you would get too little, too late. Secondly, their strategy was to make sure that you were in a worse condition after you joined than when you entered, because the IMF was formed to reconstruct the world as perceived by [John Maynard] Keynes and Harry Dexter White. They required cheap raw materials for the processing economies of Western Europe. Therefore the recovery of Western Europe was premised on cheap raw materials, so that you couldn't get increased prices for your raw materials.

The IMF is a very harsh negotiator. It virtually allows an intelligence operation to come into your country, and the officials sit down in your government offices and they know more about the economy than the ministers do. . . .

EIR: If the premise was to get a balance of payments before you could have development, and if the IMF would give too little and too late, how then do you balance your payments?

Wills: You don't! The problem is that all these mechanisms aggravated the problem rather than solving it. For instance, the first thing they tell you is to devalue. Sometimes they used the word "devalue," sometimes they used the word "alignment," but they meant devaluation. And that meant that imports became more expensive, which increased the debt, and it also meant that the debts increased automatically, because the value of your money depreciated. So the balance of payments deficit increased! The hypothesis of negotiation with the IMF revealed a particular perception of how to treat an economy, which was inconsistent with the development of the Third World.

EIR: What kind of solution do the countries themselves adopt?

Wills: The countries hope that, by getting the IMF seal of approval, this will open the gates for credit from other countries and private banks. But the IMF seal of approval requires



NSIPS/Stuart Lewis

Frederick Wills

successful acceptance of the IMF program. And since you didn't succeed, the flow of funds from money markets and banks is dried up.

This means that, first of all, the government ministers started to think, "What export drive could we have which could realize a quick cash flow, to stem this balance of payments gap?" There is only one commodity that satisfies that requirement: dope, heroin, marijuana.

EIR: Are you saying then that the International Monetary Fund, the World Bank, and other lending institutions were pushing and promoting the production of drugs, illegal narcotics?

Wills: I am saying that they pursued policies which meant that the only chance of recovery, if the policies were accepted, was to do something like the exportation of dope, heroin and marijuana, to get quick cash flows to close the balance of payments gap.

EIR: It has been estimated that right now at least half of the Gross National Product of Latin America as a whole is derived from the so-called illicit black economy, which includes the production of drugs. Could you tell us an example of how this process works?

Wills: I prefer not to name a country. But in several countries, things like this would happen: Officials from the IMF and the Bretton Woods system would come down and say "your future lies in agriculture." But in agriculture you have the following problems: High technology is expensive, that increases your import bill. So you have to use the "appropriate technology" that you do have. You have to use the appro-

priate technology to produce those goods which can satisfy your local market and a bit for export. You cannot compete with the great agricultural countries like Argentina, Canada, the United States, and Australia. Therefore, the kind of crop you have to produce for export has to be one in which you have the edge and they don't, and that's dope.

EIR: One of the things the IMF pushes is what they call "non-traditional exports." Are they aware of the fact that these actually include illicit drugs?

Wills: Oh yes, they are aware. But there is a certain conspiracy of silence. Nobody puts down in a government balance sheet or an IMF balance sheet "Export of Dope." You put down "Agricultural Exports"! This is to cover up a multitude of sins. You may know that 90 percent of it is dope, but nobody puts down the word. The banks advance money, because the return on investment is very large; it is not "risk capital."

EIR: The United States Congress is considering whether to give more money for the International Monetary Fund. Does this mean that the Congress will be giving funds to promote an increase in illicit narcotics, to continue to decimate the population of the United States?

Wills: Put it this way. If that bill is passed, it will give a new lease on life to a system which the vast majority of people feel has not served any useful purpose in advancing mankind to a higher stage of existence. It will in effect mean that credit will be subjected to IMF conditionalities, and the credit squeeze is the thing which naturally moves an economy, logically, as a question of survival and malnutrition politics, toward dope. And the richest market for dope is the American market. So by progression you can see that supporting the IMF bill means *in the long run* that countries will bring more dope into America, in order to earn the necessary foreign exchange.

EIR: So in other words, giving money to the IMF not only destroys the economies of the countries of the Third World, but also destroys the capacity of the youth of this country to make something of themselves?

Wills: That's it, because the kind of credit squeeze that the IMF imposes upon semi-agricultural and agricultural countries leaves them no other option than to develop a market in the sense of Adam Smith, a Benthamite pleasure market. Most third world countries have two economies, some call it the "black economy," some call it the "parallel economy."

And with the dope come cults, the malnutrition cults which say that people should accept the present, and live in some Benthamite pleasure syndrome. I am strongly against this. To give more money to the IMF, I would submit strongly, would be to endorse not only the dehumanization of American youth, but to endorse the imprisonment in history of peoples of the Third World, by forcing them to accept backward technology, backward agriculture.

EIR: Not long ago, the Interamerican Development Bank was considering a loan to Guyana for irrigation projects to increase rice production. This loan was turned down. These institutions are proposing policies which lead to the production of illicit drugs, yet they reject the production of useful goods such as rice. How do you feel about this?

Wills: The official reason given was that there was a technical problem in the plan submitted by Guyana. I would have thought that any person of rational intelligence would agree that the production of staples like rice would be important. But we know that the maxim that there is no politics in food is a lie. Food is one of the biggest instruments of politics. We know now too, that if you have a simplistic view of the world—"good guys" and "bad guys"; all so-called socialists are bad, all so-called capitalists are good—then you end up with this kind of nominalist decision, that you help friends and injure enemies (and Guyana would be considered an enemy in that context).

They should not be asking who are the friends of America, but who are the friends of the *American System*, as devised by Hamilton, Franklin, John Quincy Adams, Lincoln, Franklin Roosevelt. That is what the question should be.

So my answer to you in short is this: To me it is paradoxical that anyone should encourage as a developmental process, in the long run, the import of dope into America, while at the same time take steps which will retard the growth and export of things like rice. This is ludicrous. It bespeaks a basic assumption about human life and the quality of human existence which I find to be totally unacceptable.

EIR: You mentioned that there is a close linkage between the drug culture and the cults. Could you expand on that?

Wills: Poverty, malnutrition, disease, starvation, credit squeezes produce a kind of world outlook where you lose confidence in rationality, where if you don't know where the next meal is coming from or the next medicines are coming from, you tend to feel that chance is involved, good fortune, Father Christmas, whatever. Therefore, life is irrational; that becomes your world outlook. And since life is irrational, you must pay obeisance to whatever forms of social activity create irrationality—you must pay obeisance to cults. So you get cults which go back to eating fruits and greens, not because they are good for you, that's a rationalization—the fact is you cannot get animal protein. And you have to have a ritual to justify this, symbol, myth. In all of this, the *sacrament* is marijuana, cocaine, heroin.

EIR: Are these cults a spontaneous result of the collapse of the economy, or is there a deliberate process to bring them into being?

Wills: I think that, on the ground, on the level of the guys who join the cults, it is a spontaneous overflow of powerful feelings of irrationality. Life is irrational, and you may as well find social comfort in this. But there are also people who manage cults, who control the worldview, who interpret the

meaning of the cults, who can press the pedals of conservatism if they want to, or can press the pedals of radicalism, who can get them to accept the present, or get them to fight the present in an irrational way. These are the deliberate, conscious, rational promoters of cults. . . .

There is a large operation in Latin America based on the word "heritage." "Heritage" means a balkanized notion of Colombian heritage, Guyanese heritage, Venezuelan heritage, Jamaican heritage, Grenadian heritage, Peruvian, Panamanian. That normally means that particulars are taken out of history in order to suit a political purpose of perpetuating backwardness and imprisonment in history: the growing of the coca in Colombia, the Jordanites in Guyana, which is a religious cult based on fundamentalism. You saw, I am sure, the example of Prime Minister [Edward] Seaga [of Jamaica—ed.], holding a pint of goat's blood and speaking about "our heritage." One leader in the Caribbean once said that the banning of opium was "cultural imperialism." That is what is permeating the area, and people are being asked to *identify* with it, for the reason that once you identify with that, you can accept this bucolic stupidity of dope agriculture and malnutrition ethos. "This is my thing and my way. I will not move toward a rational ascent to a higher hypothesis of existence."

EIR: Many will argue—Milton Friedman is the most noted exponent of this view—that drugs, like anything else, are a product of the marketplace, and therefore it is the market which must decide whether they are purchased or not. By the same token, many argue on the basis of cultural relativism that heritage is a personal issue, that each country and each group can do its own thing. Do you find that view objectionable?

Wills: I find it strongly objectionable. It is this business of *demand*, where any Benthamite sort of fleshy carnal pleasure is an economic "demand," and man must remain in a bestial condition because his demands as a beast are good for the marketplace. There is no such thing as a value judgment. If it can be done, it is right. If you can push a needle into your hand, it is right. If you can drink the blood of a goat, it is right. No moral or rational interposition of judgment.

But it is judgment in the long run which distinguishes man from beast, and therefore human demands must reflect that rational divinity in man. To say that anything that man asks for in the marketplace is an economic demand is to return man to the prehistoric age. Even the British, who spawned Adam Smith, abandoned him very quickly, and resorted to imperial protection. Yet to find that someone in 1983 is trying to resurrect the dead ashes of Adam Smith! There is another aspect to this. Even if man's carnal desires were conceded to be a "demand"—and this is not so—they don't become an economic demand, because the IMF makes sure that he cannot pay the price to satisfy such a demand. And all attempts to bring people from below subsistence to surplus, so they can generate *rational* demand, is destroyed.

EIR: What else has resulted from the conditions imposed by the IMF and the World Bank?

Wills: There is a proliferation of malnutrition-based disease. If you cannot pay, you do not get food. And the alternative is to use "appropriate" food that is near you, which has no scientific basis for prolonging life. And to compound the misery, you are now being told that you are *right* to do so, because that is your *culture*, your *heritage*.

So the IMF is lowering life expectancy, increasing infant mortality, destroying health. The public health systems in the Third World are scandalous! The capacity to take part in the generation of new knowledge in the world is destroyed. The capacity to reach the heights that man can attain as an individual in a given time-frame, the capacity to locate yourself in the land in which you live is destroyed by this. With that goes all kinds of morality. What you do get is the generalized ideology which is called in the Caribbean "hustle." You have to survive, therefore you compromise standards. Prostitution, homosexuality, crime. You seek redistribution of income by those methods, hoping that you might by that means have access to an ever-shrinking supply of production.

EIR: In a recent article, the Swiss paper *Neue Zürcher Zeitung* referred to a report from the World Bank which says that the current campaign against drugs being carried out by the Colombian government is going to hurt Colombia's economy, because the economy could not then generate sufficient foreign exchange to pay back its debts. Many leaders of many countries will argue from the practical standpoint: "We agree that the drugs are no good; but the demand is placed upon us to pay our debts." What do you recommend to those governments?

Wills: That instead of going in for something as bad as drugs, they should get together, have solidarity, and abandon the IMF! It's anti-life! It's depopulating the Third World, dehumanizing it. And the second thing is, to look for those enlightened leadership circles in the first and second world, which can promote rational development. You call a debt moratorium. In the meantime what you do produce is used for development and for paying something back. Your debt is extended five or ten years, and you float bonds to support it. That is what you have to do. But you cannot live on the basis of having to pay interest and principal on the one hand and having to pay from taxation and export receipts on the other hand, without some immoral mechanism like dope. You can't stop production, but you can remove the credit squeeze. That is in the interest of the Third World, the First World, Second World, all worlds, because then the capacity to pay is revived, along with the capacity to rise above the bestial state, which makes production more rational and better, and therefore makes the capacity to pay again better.

So my recommendation is clear. You declare a debt moratorium; you abandon the IMF; you call a conference and postpone these debts.

IMF hands Peru to the cocaine mafia

by Luis Vazquez

Peru's transformation during the last few years into one of the world's two primary producers of basic cocaine paste has coincided with the submission of its economic policy to the surveillance of the International Monetary Fund (IMF). The IMF has compelled a bankrupted Peruvian state to hand over its resources to the international oligarchy which runs the world's largest and most lucrative business: narcotics. This "de-nationalization" of the economy in the name of "free enterprise" has created an underground economy controlling 70 percent of Peru's economic life.

The IMF made the decision to transform Peru into a drug-based economy in the mid-1970s, to enable Peru to continue servicing its foreign debt. However the drug traffickers were temporarily thwarted by the government of Gen. Juan Velasco Alvarado. The nationalist revolution led by Velasco in 1968 not only sought to transform backward Peru into a modern industrialized nation, but also to stamp a strong sense of morality on Peruvian society. When the rock group Santana arrived at the Lima airport, Velasco put them on the next plane out, and he refused the Rolling Stones permission to enter the country. His reason was that both were spreaders of the disease of drug usage among youth.

Until 1975, the year Velasco was overthrown, the use of drugs in the country was restricted to the children of the jetset oligarchy and the underworld. Today, every social stratum is poisoned with narcotics.

Velasco's overthrow was the first step toward making Peru into a cocaine country. With the rise to power of Gen. Francisco Morales Bermudez, who made the coup against Velasco, and who is rumored to be a cocaine addict, the destruction of the productive capacity of the country also began through the application of IMF-dictated economic policies. These created the conditions which allowed the drug-pushers to move in.

In 1979 Morales complied with one of the IMF's conditionalities for approving the refinancing of Peru's debt by issuing a decree which opened up the national forests to "exploitation" by foreign capital. Under this euphemistic cover, huge expanses of the Peruvian jungle were handed over to the international narcotics mafia. The largest forest concessions were given to the mafia or its local frontmen.

For example, the Forestal Chapala concession in the Tarpoto region is under the control of the Italian mafia, long headed by GianFranco Bonnoni and linked to Italy's subversive Propaganda-2 masonic lodge. Forestal Cities Service in the Madre de Dios department was granted to the family of the late Nicaraguan dictator Anastasio Somoza. Forestal Hualлага was given over to the Italian mafiosi, the Dimitri brothers.

The mafia plans to make Peru into a "jungle paradise," one of the world's biggest cocaine-consuming centers. When the huge tourist complexes now under construction in the middle of the jungle open their doors, these will offer the "exotic pleasures of the jungle," with a sophisticated hotel infrastructure and airports exclusively for the international jet set.

The quality and quantity of coca leaves produced in Peru are an added attraction for the dope kings. Coca cultivation is not prohibited, although it is supposed to be under the supervision of the National Coca Enterprise (ENACO). An estimated 50,000 hectares are sown under such government supervision—most of this crop going to the legal pharmaceutical industry, to produce the non-narcotic flavoring for Coca-Cola, and to destitute Indians who chew wads of unprocessed leaves to kill sensations of fatigue and hunger.

The legal plantations provide a camouflage for illegal plantings, currently estimated to exceed half a million hectares. Coca leaves grown there are processed into cocaine sulfate and cocaine chlorhydrate. One-half-million hectares are being utilized for drug cultivation in a country which barely has 2.8 million total arable hectares and which suffers from chronic shortages of food production!

The net income to Peru from cocaine production is estimated at \$6 billion annually. With a GNP of about \$20 billion, this makes the dope trade far and away the most profitable business in the land.

International banking is the keystone of any drug operation, and Lima has become a drug banking center for South America. In 1980 Banco Ambrosiano Andino, a branch of Italian bank which financed the Propaganda-2 lodge, was founded with the help of Banco de la Nación president Alvaro Meneses, who had negotiated Peru's refinancing with its private creditors and the IMF. This operation was designed to serve as the central narcotics bank for the Andean region, with the official participation of central banks from drug-producing countries and protection granted by corrupted military officers in each country. Banco Ambrosiano Andino financed frigate acquisitions by the Peruvian Navy, whose rebellion had contributed to the 1975 ouster of Velasco and the subsequent defeat of his anti-drug military faction. The bank also served to funnel the Somoza family fortune out of Nicaragua.

The majority partner in the Peruvian coca trade is beyond doubt the Italian mafia, although the Israeli and California mafias are also involved. The Italian mafia's takeover of Lima reached the point that, in 1982, the local press com-

pared the city with Al Capone's Chicago. Every morning bodies of Italians and their local agents could be found dead on the streets. The mafia uses local front men for its dummy corporations, particularly revenge-seeking members of the Peruvian oligarchy. The Dimitri brothers, for example, were represented by one Emilio Rodríguez Larraín, a relative of the Miró Quesada family whose daily *El Comercio* was nationalized by Velasco and returned by the present Belaúnde regime.

Belaúnde's former prime minister, Manuel Ulloa, also deserves close scrutiny. For decades Ulloa has represented the Rockefellers in Peru. During the Velasco years (1968-75), when he had to stay out of Peru because he was implicated in a multi-million dollar fraud against the nation, Ulloa moved most of his fortune to Madrid, where he founded the Iber-Europa consortium. Iber-Europa is financing the Laguna Azul tourist complex in the jungle, which is administered by Marianito Prado, another oligarch whose illicit banking businesses were expropriated by General Velasco. He also had to steer clear of prosecution for embezzling funds in Peru until the Belaúnde government quashed the charges.

Manuel Ulloa is also linked to Alvaro Meneses, Banco Ambrosiano Andino co-founder, who denies accusations that he bribed military officers to make the 1975 coup which brought Morales Bermúdez to power. Meneses is reportedly financing his former boss Morales Bermúdez's aspirations to regain the presidency.

Under the government of Fernando Belaúnde, elected in May 1980, the drug mafia has encountered few obstacles. Belaúnde's program since his first presidency (1963-68) has been to create "free market zones" in the jungle. Today these zones in the jungle and the border regions are floodgates through which the drug traffic pours out and the contraband moves in.

Belaúnde traveled throughout the jungle region during his campaign in a plane named "Blanquita" (Snow White), belonging to an infamous narcotics trafficker called "Mosca Loca" (Crazy Fly), who later magnanimously proposed to the Belaúnde government that he would pay Peru's entire foreign debt "if they let him work in peace for a year."

A number of prominent leaders of the ruling Popular Action Party, including Senator Parodi from Ayacucho, are also drug-linked. Parodi owns an immense latifundia in the upper jungle called La Luisiana, which produces mountains of coca leaves. Early in his first government, Belaúnde had a public road cut right to the edge of La Luisiana as a political patronage favor to the Parodi family. By 1964, Parodi's barracks were serving as a base for jungle survival training for the University of Huamanga professors and students belonging to the Sendero Luminoso Marxist cult, who later emerged as terrorists. Sendero's first bloodletting operation in 1979 was the cold-blooded assassination of the police stationed along Parodi's access road; today Sendero stands guard over the massive cocaine traffic out of that jungle region.

PAN cashes in on Mexico's austerity

by Timothy Rush

There is no doubt that the International Monetary Fund is fostering the drug trade in Mexico. The IMF-run austerity program in Mexico is of such severity, particularly along the border regions, that after most of a decade when drug trafficking has been under control, expert testimony on both sides of the border now indicates that it is on the upsurge again. Many people who had left the trade in the "drug corridor" of Sinaloa, Durango, Chihuahua, Sonora, and Baja California Norte (see map), during the years that the Echeverría and López Portillo administrations waged one of the most successful wars on drugs anywhere, have returned to it as the IMF programs have eliminated legitimate opportunities to make a living.

Robert Mills, Senate Appropriations Committee staffer who recently helped organize two days of hearings on the flow of Mexican drugs into the United States, described the austerity regime in Mexico as "the catalyst" which brought a "sophisticated, new phase of drug operation" into being in the northwest, involving "integrated cultivation, packaging and shipping. This is no longer your mom and pop operation out along the riverbank, but high-quality stuff, packaged like Sears."

Mills said that in the Sept. 10-11 hearings, held in Phoenix, testimony from anonymous informants (hooded for their own protection) revealed that much of the new professionalism originates with Colombian drugrunners and money which has moved into Mexico's northwest, as Florida and other more convenient routes have become too hot. "The Colombian marijuana coming across the border into Arizona and California is extremely high-quality, better than Californian," noted Mills. The informants listed a series of names of the "citizens above suspicion" on both sides of the border, many of them owners of car dealerships or restaurants, who in fact are providing protection to the new "families" which are consolidating their operation. In addition to the transshipment of marijuana (and some heroin from the Far East), there has been a return to poppy growing on a significant scale, principally in Sonora, and some resurgence of marijuana-growing, though Mexico's dry, hot climate is not the best.

The missing link: the PAN

Does the relation work the other way around as well? Do drugs help the IMF and its debt collection efforts?

There is a certain direct relationship. The several billion dollars in dope money sloshing around the "black economy" of the northwest has been the source of a large percentage of private debt payments made by Mexicans who had contracted dollar debt on the U.S. side of the border during Mexico's economic boom, and are now trying to service it. But Mexico's hefty oil revenues make drug flows less important for IMF debt repayment calculations than they are in a number of other Ibero-American countries.

The "missing link," which demonstrates the closeness of the interface between the IMF and drugs in Mexico, is the mass-based proto-fascist formation called the National Action Party (PAN), founded by Nazi sympathizers in 1939.

The PAN is the IMF's party in Mexico in a way the ruling Institutional Revolutionary Party (PRI) can never be, despite the fact that the PRI is now enforcing the IMF program. The coalition of forces in the PRI includes nationalist republicans of the Benito Juárez and Lázaro Cárdenas traditions, who know how to mobilize the population to historic actions in defense of national sovereignty and institutions. Such was the oil nationalization of 1938, and the bank nationalization of 1982.

The PAN leadership is philosophically and, in some cases, biologically descended from those Mexicans who allied with the invading Emperor Maximilian against Juárez. The private bank owners who lost their stranglehold on Mexican credit in 1982 are today the most powerful single force building the PAN as a battering ram to shatter the PRI.

The PAN does not campaign for the IMF on the streets, since it is attempting to cash in on the popular rage against the effects of the IMF program. But behind the scenes, it argues that if anything, the IMF program should be tightened. A best-selling political novel by PAN literary hatchet-man Sánchez Pontón depicts a military coup to put a PAN government into power, when the PRI president begins to sail too close to a debt moratorium. The finance minister in the new government immediately issues a new draconian IMF-style policy, while the PAN president dissolves the PRI party.

The party's campaigning boils down to a multimillion-dollar political protection racket for the IMF, by focusing all polemics on "PRI corruption and mismanagement" as the cause of the crisis, with no mention of the international interest rates, declining commodities prices, and flight capital operations (a large part conducted by the PAN itself) which set Mexico up for IMF takeover.

The PAN in turn is emerging as the vital political vehicle of the resurgence of drugs in the northwest. As can be seen on the accompanying map, the PAN's stronghold is precisely the five states in the northwest which are the center of the drug trade. The PAN won Hermosillo, the state capital of Sonora, in 1982, along with several key Sonora border cities. In mid-1983, it swept municipal elections in Durango and Chihuahua. It lost the September elections in Baja and the November elections in Sinaloa, but only by slim margins after fierce campaigning, during which its role in each state was expanded.

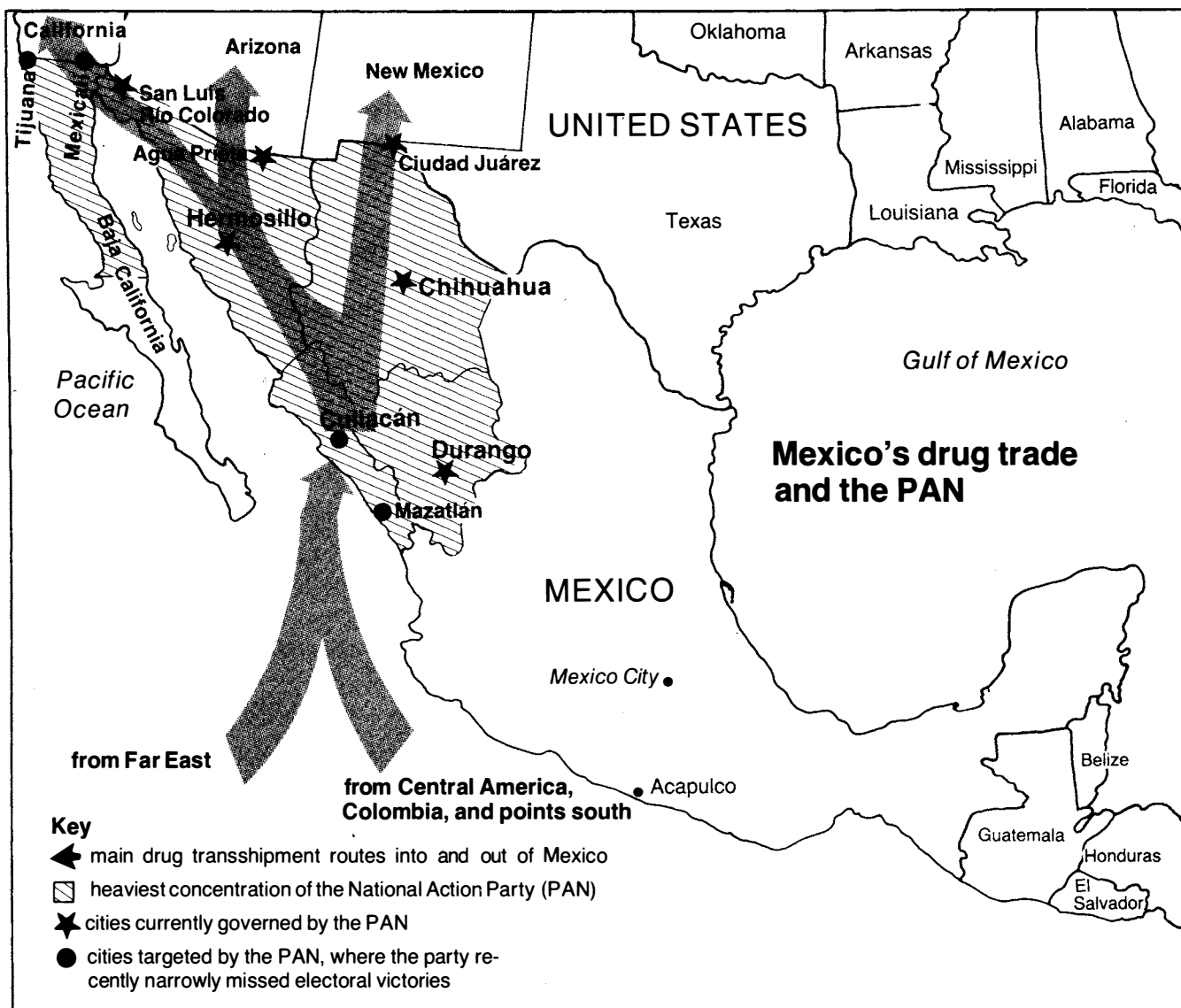
Recent drug busts along the border highlight the interface with the cities controlled by the PAN. On Oct. 28 the regional coordinator of the Permanent Campaign Against Drugtrafficking, run from the Attorney General's Office in Mexico City, announced that the biggest blow against drug cultivation in the history of the state had been struck with the location and destruction of a 22 hectare poppy field just a few kilometers south of Agua Prieta. A week later the coordinator, Raul Calvillo Muñoz, announced that his office was beginning major anti-marijuana operations in the Altar-Caborca area, where rich irrigated lands were more and more being turned to drug production.

Agua Prieta has been controlled by the PAN for six years, during which time, according to observers, it has become a playground for drug mafiosi who treat the area as a zone outside the law. On June 20, 1983, 15 economic czars of the region, including Adalberto Rosas, PAN honcho of Sonora, and PAN representatives from drug districts of Chihuahua, met in the Sea Food City restaurant of Douglas, Arizona,

across the border from Agua Prieta, to plan the extension of their operations. According to inside reports of the meeting, attention focused on capturing the mining city of Cananea, near Agua Prieta, as an essential new logistical base for the mafiosi operations in the region.

The border "port of exit" for the new Altar-Caborca marijuana region is San Luis Río Colorado—under PAN control since the elections of July 1982. PAN Mayor Fausto Ochoa Medina was put into office with aid of money from the pre-eminent drug *empresarios* of the town, the Meraz family, and has since been returning favors.

Both Agua Prieta and San Luis Río Colorado are directly interfaced with the empire of long-time mafia boss of the San Diego region, Johnny Alessio, via special gambling operations in the local bars, which accept bets on U.S. dog and horse racing relayed on close-circuit TV. The PAN regimes in both cities look the other way on this big-time illegal gambling operation, which serves as a premier drug-laundering conduit for the dope trade.



Europe's rendezvous with destiny

by Criton Zoakos

A strong possibility exists that the North Atlantic Treaty Organization may break up before January, and unleash an uncontrollable course of events leading toward a full-scale thermonuclear confrontation between the two superpowers during the early months of 1984.

True, on Nov. 16, the Italian parliament, the Belgian parliament, and the largely ceremonial but politically significant European Parliament all voted by comfortable majorities in favor of stationing the Pershing II and cruise missiles at the agreed-upon date of Dec. 15, "should the Geneva negotiations fail." But on Nov. 18 the U.S.S.R. rejected the latest reasonable negotiation proposal made by the United States at the Geneva Intermediate Nuclear Force (INF) talks, prompting speculation that the Soviets may walk out of the talks entirely within two weeks.

Then come the West German Social Democratic Party and Free Democratic Party congresses during the weekend of Nov. 19-20. Two days after these party congress balloting, the German parliament (Bundestag) will vote on the final stationing of Pershing II missiles on the territory of the Federal Republic of Germany. As matters now stand, the Bundestag is expected to vote in favor of a very limited version of deployment, a version which will be the equivalent of national suicide for Germany and for a string of other European nations. That version, bearing the stamp of approval of the Soviet military strategists and represented by the joint policies of Britain's Lord Carrington, "our own" Henry Kissinger and West German Foreign Minister Hans-Dietrich Genscher, was spelled out by a letter of Italian Socialist Prime Minister Bettino Craxi to President Reagan: let's go ahead with the preliminary deployment of "some" (15 or so) "Euromissiles," then freeze all further deployment

and return to the negotiating table under new auspices. The "new auspices" will essentially mean that these Western European appeasers, under Lord Carrington's coaching, dictate negotiating terms to the United States. These terms are supposed to be so designed as to be pleasing to America's Soviet negotiating counterparts.

The primary truth about the "Euromissiles" to bear in mind is: The Soviets are not concerned militarily with them, because the cruise and the Pershing II are militarily worthless, as this review has insisted since December 1979. Yet the Soviet marshals, upon overcoming their ecstasy at the idiotic 1979 NATO decision to "deploy if. . ." these contraptions, started howling howls of horror and indignation against these supposedly devastating instruments of "mass annihilation." The marshals ordered their hapless mouthpieces in the Politburo to issue similar howls of horror and indignation. Then, the marshals and the Politburo started making the rounds of Western Europe bullying everybody in sight to start howling the same thing. If anybody in Western Europe refused to so howl, marshals and Politburo would point ominously to the accumulating numbers of SS-20, SS-21, SS-22 and so forth missiles looking down at their Western European targets: "Howl or else." The greater the number of Soviet SS-20s deployed, the louder the howls against the future American "Euromissiles" became. When the marshals had deployed over 2,000 nuclear warheads on their SS-20s alone, the howls against the still non-existent American missiles became a true pandemonium. We had a whole "peace movement" then.

Thus the Soviets welcome the Euromissiles as the occasion for a Soviet scenario to split NATO. Will the scenario be played out to its end? Will Western Europe break with the

United States between now and Christmas?

If the breakup occurs, it will instantaneously produce a world strategic crisis which could trigger nuclear war-fighting during the early part of 1984. Even the appeasement-minded *Washington Post*, in an uncharacteristic lead editorial on Nov. 13, reported that it had come to a similar conclusion, and claimed that deployment of the Euromissiles is the safest way of trying to avoid thermonuclear confrontation.

Even such authors of disaster as the editors of the *Washington Post* have managed to see this much ahead of their nose: the issue of the Euromissiles is not a military issue. It always has been an exclusively political issue, a central component in a Soviet strategic maneuver to bust up NATO. Even they managed to see a small frightening part of that universe which lies just beyond that fateful instant in which NATO breaks up. Let us not yet dwell upon the characteristics of the new political universe which threatens to break out, except to say that it will be quite unlike anything any one of us has known or imagined through the entire post-war period. With NATO collapsing, what collapses is that which, for better or for worse, had kept world strategic relations within the domain of relative stability. How threatened nations and institutions will act in a universe of instability, under conditions of a manifest global strategic challenge to their existence, cannot be forecast by linear extrapolation from events and behavior patterns in the pre-collapse universe.

One thing is for sure: nations and institutions will find themselves be falling back to those kinds of inner resources which can be evoked only under conditions of threatened national and institutional extinction. A collapse of NATO will uncork forces beyond the manipulation of those like Carrington and Kissinger who are now playing the game of dismantling NATO.

The Craxi plan and the Bundestag

Consider the last-minute so-called Craxi formula of deploying "a few" Euromissiles and then going back to the negotiating table "under new auspices," a last-minute effort to stick fingers into the bursting dam. This piece of fantasy was outlined in detail by Dr. Theo Sommer, a colleague of Kissinger, Carrington, and Craxi on the pages of the Hamburg weekly *Die Zeit* on Nov. 17. The *Die Zeit* proposal is in summary the following:

First, allow the initial deployment of 32 Cruise missiles and nine Pershing IIs on condition that the Americans understand that this will mark a "completely new starting point for NATO." Then freeze. Then, the "Europeans," (i.e. Lord Carrington's and Countess Dönhoff's stable of kept diplomats), must force on Washington an altogether new code of conduct. Washington must be made to follow a world economic policy and a world diplomatic course which is to the liking of these "European" diplomatic boys. Washington must be made to agree that future armament programs of the West be within "reasonable limits"—namely, no weapons of strategic defense, no anti-missile beam weapons, no "Star Wars."

Then, Washington must slowly and carefully be goaded into proclaiming that it shall never use nuclear weapons. (A variant of "our own" Robert McNamara's program of unilateral surrender.) In short, *Die Zeit* proposes, let us make the deployment of nine Pershing II and 32 cruise missiles the price we shall pay to the United States in exchange for which the United States will surrender its means of national policy making to the famous stable of Messrs. Carrington, Kissinger, and Genscher.

This particular matter will be settled on Nov. 22 when the German Bundestag votes for or against the final deployment. Genscher's FDP parliamentarians will go into that session with the following proposal: Yes, we shall approve the initial phase of the deployment only if that deployment will be understood to be a "completely new starting point for NATO." For starters, Genscher's FDP parliamentarians will demand that NATO pass a resolution "repudiating the first use of nuclear weapons." Innocuous as it sounds, the maneuvering for this resolution will be the opening phase for carrying out the program of *Die Zeit*. Genscher's FDP will threaten on Nov. 22 that if this stipulation is not accepted by their conservative Christian Democratic Union government coalition partners, they won't be able to vote in favor of the initial phase of deployment. Without the FDP vote, the Kohl government would be doomed to defeat in parliament, as the votes of the Socialist and Green parties are already cast against deployment.

As matters now stand, the Nov. 22 Bundestag vote is bound to be a fateful occasion. If the FDP-CDU coalition breaks up on the Euromissile issue, West Germany may be forced into either a constitutional crisis or a general election under conditions of hysteria under the shadow of Soviet missiles. If a vote approving the deployment is upheld on the terms dictated by *Die Zeit* and the Carrington and Kissinger crowd, the event will signal a new Soviet onslaught against Western Europe. That onslaught will find the NATO alliance even more weakened than at present.

"What is Moscow aiming for?" is the essential weakness of the Carrington-Kissinger proposal in *Die Zeit*. Three full months after the disappearance of Yuri Andropov from public view, the appeaser faction in the Western alliance, failing to see that the Soviet marshals are in control of the Soviet Union and that they are directing that nation's policies on a course of global military domination, still believes that the war threat, the nuclear blackmail of Europe, can be stopped by the promise of "redivision of Empire" as proposed by Carrington and as outlined by *Die Zeit*. It won't happen. If the marshals see the German Bundestag vote for Genscher's proposal, a vote produced mainly by their nuclear blackmail, they will not stop that blackmail. The marshals will instantly go for more. This is the truth that neither Carrington, nor Kissinger, nor *Die Zeit* dares face: Moscow has gone out of control and the marshals are going for the "whole thing." A "New Yalta deal," a "redivision of Empire," is not in the cards.

Why President Reagan must halt Khomeini's Islamintern terrorism now

by Judith Wyer

The air strikes by Israeli and French fighters against Khomeini-allied terrorists in Syrian-occupied Lebanon have polarized the NATO alliance and brought into question whether the four-nation multinational peacekeeping force will remain intact. The day after the Nov. 17 French attack on numerous terrorist outposts of the pro-Khomeini Hizballahi (Party of God) near Baalbek in Lebanon's Bekaa Valley, Great Britain and Italy, both participants in the Lebanese force, condemned the strikes.

Italian Foreign Minister Giulio Andreotti's condemnation came as Mitterrand arrived in Venice for a state visit. Though Italian Prime Minister Bettino Craxi has remained publicly silent about the incident, it is reliably reported that the Italian denunciation cast a dark shadow over Mitterrand's talks with Craxi. According to certain French radio reports, Italian forces may be withdrawn from the U.S.-led Multinational Force in Lebanon in retaliation for the French strikes. This, needless to say, is precisely what Moscow is looking for. European sources say that not only Italy, but Britain as well, is quietly looking for ways to remove their forces from Lebanon. Both have shown little resistance to the Soviet bid to split the Atlantic alliance and Finlandize Western Europe. The British Foreign Office stressed that "London was not informed beforehand of such action. We cannot but regret that such action was taken as it will lead to an increase of tension in the Lebanon." The West German government has remained conspicuously silent.

By contrast, on Nov. 18 Secretary of State George Shultz praised the bombing raids, which are seen as a response to the terrorist massacres of U.S., French, and Israeli forces in Lebanon over the past month. The day before the State Department revealed that France had informed the United States in advance of the mission, an announcement London took with particular offense.

France and Israel have pledged further raids against the terrorist training camps, and the United States is expected to assemble the largest-ever armada off the Lebanese coast by mid-November, increasing the potential for U.S. aid in the cleanup of the terrorist nests.

These raids came after a sudden breakdown in U.S.-mediated efforts to resolve the Lebanon crisis. The turning point was the Nov. 12 arrival in Lebanon of President Rea-

gan's newly appointed Mideast envoy, Donald Rumsfeld, which was greeted by Syria and its Soviet-backed allies with an escalation of fighting in Lebanon, marking the worst breach of the Sept. 26 ceasefire. Rumsfeld's visit was linked to a carefully planned round of diplomacy involving Lebanese President Amin Gemayel and Syrian President Hafez al Assad to advance decisions made during the Lebanese national reconciliation talks earlier this month in Geneva. The participants in the Geneva talks, which included Gemayel, Syrian Foreign Minister Abdul Khalim Khaddam, and Lebanon's rival warlords, agreed to temporarily put aside their objections to the May 17 U.S.-Israel agreement, a major obstacle to solving the Lebanon crisis. Rumsfeld and Gemayel were to have made separate visits to Damascus early in the week of Nov. 14, but a sudden "illness" on Assad's part forced postponement of those talks.

The day before Rumsfeld's arrival in Lebanon, Syrian Foreign Minister Khaddam had conferred with his Soviet counterpart Andrei Gromyko to assess the Lebanon crisis and the Geneva talks. The same day Syrian Defense Minister Mustaffa Tlas conferred with Bulgarian leaders. The contents of both communiqués were identical in their condemnation of U.S. aggression in the Middle East as the cause of such hot spots as Lebanon.

The Kissinger disciples in the State Department and its press outlets such as the *Washington Post* continue to argue that the Assad regime can be dissuaded from its longtime objective of gobbling up Lebanon into a so-called "Great Syria," and shed its Soviet alliance. *The Washington Post* on Nov. 18 urged the Reagan White House in a lead editorial to make no retaliation against those who perpetrated the Oct. 23 bombing of U.S. Marines, and make no move against Syria irrespective of its destructive role in Lebanon.

The *Post* echoes the foolish State Department argument that somehow Damascus can be pried from Moscow's clutches in future Mideast negotiations. But as recent history shows, Syria is a tool by which Moscow intends to destroy U.S. influence in the Middle East in alliance with neo-Nazi-controlled Muslim terrorists.

Since the Khaddam-Gromyko meeting, there has been widespread speculation that Moscow is pressing Syria to pull back from its genocidal military assault on Palestine Libera-

tion Organization chief Yasser Arafat and his loyalists stranded in northern Lebanon. But only four days after the Moscow meeting, Syria and its Palestinian and Libyan allies resumed a bloody offensive against Arafat, overrunning two Palestinian camps and killing hundreds of Palestinian and Lebanese civilians.

Syria remains Moscow's most prized tool in winning increased Soviet influence in the Mideast through diplomatic and military means. The syndicated columnist Joseph Kraft reported Nov. 14 on a visit he had just completed to Damascus, where he interviewed Assad.

According to Kraft, Assad will make no compromises with the United States on Lebanon until Washington agrees that Moscow is a recognized party to peacemaking efforts in the Middle East—a concession Reagan cannot make under conditions of global Soviet provocations. Moscow's bid to oust PLO chief Yasser Arafat and bring the liberation movement under Syrian control is a pivotal aspect of the Soviet power play in the Middle East.

Syria is the leader of a block of outlaw states including Libya and Iran which are acting on behalf of Moscow and Moscow's neo-Nazi allies, based in Switzerland and London. This coalition aims to eliminate Arafat and turn the PLO into an arm of the same Teheran-centered Islamic terrorist movement which committed atrocities against U.S., French, and Israeli troops in Lebanon. They want to destroy the national sovereignty of the nations of the Mideast in order to impose an Ottoman imperial-style federation of tribal and ethnic entities. The Reagan White House, in contrast, has built its policy upon preserving the nations of the region, first and foremost Lebanon.

The September White House reassessment of Mideast policy appears to have come out on the side of Defense Department which advocates a balanced U.S. relationship with Israel and the moderate Arab states, Egypt, Jordan, Iraq, and Saudi Arabia. Recent actions by these Arab countries suggests close coordination in a bid to isolate the Assad regime and come to the rescue of Arafat.

Egyptian President Hosni Mubarak has been the most vocal Arab supporter of Arafat. During his Nov. 6 speech to the Egyptian Parliament, Mubarak stressed that there could be no peace in the Middle East without a solution to the Palestinian problem. Later he told the press that without Arafat the Palestinian quest for statehood was all but dead. As the head of the oldest and the first industrialized state in the Arab world, when Mubarak defended Arafat, he was defending nationalism.

While the United States and its allies have attacked Iranian-backed terrorists in Lebanon, thus far avoiding Syrian positions, this alone is insufficient to stop the onslaught of Islamic fundamentalism against nation states. The only way to stop these fundamentalist shock troops is to bring down their command, the Khomeini dictatorship, something the Reagan White House has threatened but refrained from carrying out—with signs that one source of the counter pressure is Israel.

Within days of a White House leak that it was considering retaliation against Iran, a longtime supporter of the Khomeini dictatorship, Israeli Minister Without Portfolio Ariel Sharon, arrived in the United States to lead an Israeli campaign to steer the White House away from any effective action against Khomeini by putting the blame for the Marines atrocity solely on Syria. Sharon was acting in concert with his good friend Henry Kissinger, another Khomeini supporter, and the Swiss-based neo-Nazis who run the Muslim Brotherhood, who, as *EIR* has reported, are planning the "final solution" of the Jews using Khomeini-style Muslim fanaticism.

According to French intelligence sources, Khomeini's followers are already planning a new wave of terrorism against both the French forces in Lebanon and inside France including utilizing terrorist "kamikazes" wired with explosives to kill French President Mitterrand.

The Shi'ites in Lebanon, who at over one million comprise its largest ethnic unit, are being increasingly drawn into Khomeini's anti-Americanism, as erstwhile moderate Shi'ite leaders like Al Amal's Nabi Beri are losing power. The Shi'ite religious leader, Shiekh Shams'Edin, has announced his intention of radicalizing the 600,000 Shi'ites in south Lebanon as a massive force of resistance to continued Israeli occupation of Lebanon.

Sham'Edin is himself is not a radical, but is, as a religious leader, capable of being used by the radical Khomeini-allied Shi'ites grouped around Houssein Moussavi, the Baalbek terrorist controller. Sham'Edin told Evans and Novak on Nov. 16 that he was urging the Shi'ites in south Lebanon to "Refuse the occupation, do not communicate or normalize relations with the enemy, express your refusal every minute every day." For the first time, Shams'Edin is now holding Washington responsible for Israel's actions in Lebanon. This not only suggests further actions against Israel, which never experienced serious trouble with the Shi'ites, but also that the U.S. Marines may be subject to new terrorist attacks. Shams'Edin sent a warning to the U.S. State Department that the Shi'ites would not tolerate continued Israeli occupation. Since Nov. 1, seven Shi'ites helping form an Israeli-allied militia in south Lebanon have been frequently attacked, recently in a car bomb blast.

A Mideast diplomat reports that within hours of the French attack, a diplomat from the Beirut Iranian embassy and a representative of Moussavi's terrorist group met in Beirut to consider what kind of retaliation would be taken against France, Israel, and the United States.

On Nov. 16, the State Department made an unusual announcement that Undersecretary of State Kenneth Dam had made a courtesy call on the Iraqi Interests Section (the unofficial Iraqi embassy; the United States and Iraq have no formal relations). This follows a statement late last month by Shultz praising Iraq for the first time. Whether these are just threats to intimidate Iran, or whether the United States and France are prepared to back up Iraq and give Iran the same treatment its terrorist agents got in East Lebanon remains an open question.

The Shi'ite blood cults behind the 'holy war' against the West

by Thierry Lalevée

The suicide-bombings against the French, American and Israeli military headquarters in Beirut and Tyre on Oct. 23 and Nov. 4 had one meaning: the part of the Islamic world led by Ayatollah Khomeini has declared *Jihad* (holy war) against Christians and foreigners, to use their terminology. In such a war, martyrdom is not only accepted it is wished for, and for the would-be-martyrs and their families, it would be a disgrace to come back alive from any such operations.

Whether such behavior is Islamic is a matter of debate within the Muslim world. A closer look indicates that under the guise of Islam and Shi'ism in particular, these are the old gnostic cults, the old cult of Baal, of blood and human sacrifice, the old Chaldean rites which are re-emerging and attempting to take control over the region. Is it by pure coincidence that the Beirut bombings were planned from the "Islamic Republic" of Baalbek, the city of Baal, the old Phoenician/Babylonian Moloch to which human victims were offered? What does it signify when President Assad of Syria celebrates the anniversary of the Yom Kippur war by displaying young girls first fondling, then biting live snakes and drinking their blood in front of national television cameras? As Syrian propaganda puts it, this is part of "guerrilla training"!

A book published this year by Philippe Aziz, titled *Les sectes secrètes de l'Islam*, shows that Khomeini's Iran has become since 1979 the vanguard of such a gnostic movement. For more than a millenium, such barbaric traditions were maintained among small but numerous sects. Now, for the first time the powers of a nation-state have been handed over to them. Those in the West who helped Khomeini to power, in a childish attempt to play the "Islamic card" against the Soviet Union, played with fire. Pandora's box has been opened, the evil is running wild, and for the first time in centuries it has not only the power of irrationality, but the institutional means to expand.

The old man of the mountain

Putting Khomeini into power has been the equivalent of handing over the Muslim Caliphate to Hassan al Sabbah and

his gangs of *hashashins* in the 10th and 11th centuries. Indeed, Khomeini is al Sabbah's direct heir. As a study of the belief structures of the movement of al Sabbah shows, it had nothing to with Islam or at least the Islam generally associated with the humanists al Farabi and Ibn Sina, but was a gnostic cult based on the old pre-Islamic "Aryan" gods, and on such perversions of Christianity as those of Simon Magus, which al Sabbah emulated.

The textbook of Sabbah's Ismaelite movement is quite explicit about Sabbah's first indoctrination somewhere in the wild mountains of northern Iran by the priest of Ahura Mazda, who taught him how Jesus Christ was a reincarnation of Zoroaster and how he himself, Sabbah, was Zoroaster's last chosen Son. A second indoctrination in Cairo by the priests of the Fatimid freemasonry introduced Sabbah to the "secret" of Simon. From that point on Sabbah created his own terror movement with the ultimate aim of imposing the rule of the "new gnostic elite" on the Islamic world: a bloody cult whose political assassinations helped pave the way for the Mongol invasion of the region. That the Mongols themselves finally destroyed Sabbah's heirs may be a lesson for Khomeini and his Western sponsors.

Key to Sabbah's and Khomeini's modus operandi was the manipulation of the irrational belief of the Shi'ite masses in the beauty of martyrdom and the pleasures of Paradise, a belief pushed to the extreme in Shi'ism more than in the mainstream Sunni Islam because of the early death of the leaders of the Shia (meaning party in Arabic) movement, but primarily because of the convergence with pre-Islamic cults.

How far this has already gone in the past few years has been greatly underestimated. The seizure of the American embassy and the 18-month hostage crisis led to incredible scenes in Teheran, where what under the Shah had been rituals of mental mortification began again to be physical mortification. Dozens of students killed themselves during the high point of the Shi'ite mourning period with swords or razor blades to prove their hatred of America and their faith in Ayatollah Khomeini; they were then proclaimed "Saints" of Islam. In northern Iran, ritual dramas on the Martyr of

Hossein, son of Ali, the founder of Shi'ism, can no longer be played for more than two acts because the actors have actually bled themselves to death before the third and final act. Iran's President Khamenei-Moussavi, who was just in North Korea coordinating worldwide terror actions, is called the "Living Martyr," and martyrdom in the war against Iraq has become a goal of life. Families whose sons have become "martyrs," willingly or not, are not only honored by the local mullahs—a modern version of the old Mobeds of the god Ahura Mazda—but are financially well taken care of by the state.

Worldwide terrorism

Again as in the old days, mind-altering drugs are essential to the deployment of such shock troops. Renewing the practice of al Sabbah and his successors, Khomeini supplies good soldiers and good civil servants with one or more pounds of raw opium. There is little doubt that whoever drove the Beirut suicide trucks was under the influence of drugs.

Khomeini's followers are striving to have him appointed as Imam and Caliph of Islam; this is not a rhetorical issue. In the Shi'ite religion, which has had no Imam since the last Twelve "Hidden" Imam, a new Imam means a reunification of Shi'ism and Sunnism under his leadership, the proclamation of a worldwide *Jihad* against the non-Islamic world. The Iranian Shi'ites are not alone, they are relying on thousands of Islamic sects which, Sunnis or Shi'ites, share a belief in martyrdom and the *Jihad*. For example, the Sabils and White Flag sects in Southeast Asia and the Philippines in particular, ever since the Spanish invasion of the region, have been fighting their private *Jihad* against "Christians and foreigners" using suicide commandos armed with daggers. Both sects are reported by Aziz to have no less than 10,000 members in the region and to be the vanguard of the Moros Muslim separatist movement in the Philippines, which is financed by Khomeini and Qaddafi.

In India, there is the Islamic Khondistan sect which, secretly, still practices its pre-Islamic human sacrifice ritual on young boys or young girls often bought years before from their parents. A variant, as Aziz describes, is the Sikh sect and its special shock troops the Akali sect, keepers of the temples and professional murderers which were created in the 17th century, used by the British, and active these days in Punjab.

In Northern Africa, one can find the Aissawiyya Sufi sect of Morocco and Tunisia, which to this day practices suicide during religious ceremonies, and awaits the call for *Jihad* to unleash its troops against the foreigners.

Not long after its 6th-century founding, Islam included no less than 75 different political and religious sects. Today they can no longer be counted, though the common thread is unfortunately there; Khomeini, the heir of Hitler's Grand Mufti of Jerusalem, and modern son of Hassan al Sabbah, is engulfing the region in a political, military and spiritual holocaust.

The Druze sect, Hitler, and moon-worship

by Mark Burdman

When Italian journalist Lucio Lami of *Il Giornale* daily traveled to Lebanon in October to look into the backgrounds and activities of the Druze sect militias responsible for massacres of Lebanese citizens and for terrorist actions against American and French forces, he was told an anecdote about a western diplomat who had visited the headquarters of Druze warlord Walid Jumblatt. The diplomat noticed that Jumblatt's walls were covered with portraits of Adolf Hitler. He asked why, and Jumblatt answered: "Because he is nonetheless one of the greatest leaders that Europe had."

As Lami pursued his investigation of the Druzes further, his path led him through some of the seamier undersides not only of Lebanon, but of the oligarchy of Rome, of the Society of Jesus, and of the gnostic cults now emerging with increasing visibility throughout the Middle East. He published his first findings in *Il Giornale* on Nov. 4.

According to Lami, the real power in the Jumblatt clan rests not with the playboy Walid, but with his mother, Mai Arslan. Madame Arslan shuttles regularly between the village of Moukhtara, the Druze stronghold in the Druze mountain regions of Lebanon, and Rome, where she hobnobs with, and seduces, the leading lights of decadent Roman salon life. Lami claims that Mme. Arslan-Jumblatt has top-level contacts in Rome's Socialist Party leadership, among those who travel frequently to the Chouf for "hunting" expeditions. In France, Lami notes, she regularly stays with a leading journalist (unidentified) of the French Communist Party.

Her importance for the Druzes, beyond this, is that the Arslan family is among the most ancient of Lebanon, and, as a family, bridges the various Druze factions that alternately portray themselves as "pro-Syrian" or "pro-Israeli" in the continuing wars in Lebanon.

Around this very active woman are mysterious figures from the religious orders. Walid's father and Mai Arslan's husband, Kamal Jumblatt (who was assassinated by the same Syrian intelligence agency that Walid Jumblatt now cooperates with) was trained by the Jesuits. Accounts of Kamal Jumblatt's belief-structure identify him as having been one

of the most devout believers in gnosticism in the Middle East. Lami reveals that Kamal made frequent trips to India and Nepal to reinforce this kind of training.

The "Rasputin" of the Moukhtara Druze court is one Monsignor Bustari, nominally a Maronite priest. The key spiritual chief ("capo") is Abu Shakra, associated with the order of St. Lazarus, believed to be linked to the order of the same name centered in Venice.

The cult of the moon

It is generally known that the Druzes as a sect came under the official protection of the British Crown down to the most recent times. In the bitter fratricidal wars of Lebanon of the mid-19th century that were a foretaste of recent events, elements of Her Majesty's Secret Service whipped up the Druzes into hysterical attacks against the French-supported Maronites.

The ties that bind British cult-worshippers and the Druzes are described in a fascinating account in the book, *Harem*, written by self-professed witch and member of the lesbian "Muslim Sisterhood," Vittoria Alliata di Montreale, whose father is a powerful scion of one of the most evil families in the Italian "black nobility."

Sra. Alliata di Montreale reports a visit to the Druze haven of Deir el-Qamar, translatable as "convent of the moon." It was founded in the 16th century by the witch-prophetess Siti Nasiba, who trained her son, Druze leader Fakhr el-Din, "in the art of black magic." He built extensive connections to Tuscany and other Italian states and regions. In later years, Deir al-Qamar was frequented by duchesses and ladies from the British aristocracy, interested in studying the moon-worship cults of the convent and what Sra. Alliata di Montreale calls "the old Islamic gnosticism."

She describes the Druze belief in reincarnation and freemasonic-type rituals, but the moon-worship is most interesting. One of the crazes that began to undermine the structure of late-Elizabethan England, as Shakespeare parodies in his comedy *A Midsummer Night's Dream*, was the cultish belief in the power of the moon and the goddess Diana. Fetishism about moon-cults has persisted in the inner circles of British anthropology, freemasonry, and the psychological warfare divisions of British intelligence located at the Tavistock Institute.

The cult-mother of British psychological warfare intelligence in the 20th century, anthropologist Margaret Murray, propounded the idea in several books that witchcraft and moon-worship cults represent the real historical tradition of religious belief. Murray was the founder and mentor of the assassin "Wicca" cult, and inspired Tavistock's William Sargent ("Battle for the Mind") and homosexual poet Robert Graves, who in turn is Britain's most vocal patron for the pseudo-Islamic cults of Sufi Brotherhood leader Idris Shah.

The paths that converge at the Druze sect's sanctuaries, then, are among the most important in the control of irrational cults and terrorism internationally.

Reagan proclaims a good' in U.S.-Japan

by Linda de Hoyos

In his first major foreign policy initiative since the U.S. invasion of Grenada earlier this month, President Reagan reaffirmed in his five-day trip to Asia from Oct. 9 to 14, that, as he stated in Seoul, "The self-doubts in the 1970s are giving way in America to a new era of confidence and sense of purpose." The trip was a demonstration that the demoralization and lack of support for allies that characterized the Carter administration are at an end. The United States, President Reagan told Japan and South Korea, is fully prepared to defend its allies against the Soviet threat, which threat has been made all the more real in the Pacific in the wake of the downing of the KAL-007 airliner Sept. 1, and the terrorist murder of Korea's highest government officials Oct. 9.

By the time the President was preparing to leave for the trip to Asia, the Soviet aggressions in the area had forced the economic policy issues—issues of contention—to take a back seat to the more pressing issues of Pacific security. Yet, the President made clear, this security is necessitated and fostered by the drive for economic growth and technological progress that have marked the economies of Japan and South Korea, and which now the President wants the United States to more forthrightly aid and join. That is the theme that was sounded throughout the trip, and it is a theme that, according to Secretary of State George Shultz and National Security Advisor Robert McFarlane, the President has himself decided upon.

The primary focus of that policy is Japan. In an interview on NHK television Nov. 11, Reagan told the Japanese people: "Our two countries are far from perfect. But in this imperfect and dangerous world, the United States and Japan represent the deepest aspirations of men and women everywhere—to be free, to live in peace, and to create and renew the wealth of abundance and spiritual fulfillment. I have come to Japan because we have an historic opportunity, indeed, an

'partnership for relations

historic responsibility. *We can become a powerful partnership for good, not just in our own countries, not just in the Pacific region, but throughout the world.*" Citing the fact that together Japan and the U.S.A. produce 35 percent of the world's output, Reagan stated that "Japan and America are the nations of the future, the builders of tomorrow . . . and together there is nothing Japan and America cannot do."

This call for a U.S.-Japanese "partnership for good" was an implicit slap in the face to Great Britain, whose Prime Minister Margaret Thatcher has attacked Reagan for precisely the attempt to overthrow the Carter aura of appeasement and defeatism, as signified by the Grenada invasion. It is also a slap in the face to Britain's agents-of-influence in the United States, centered in the administration around the State De-

partment and Henry Kissinger. In fact, on Nov. 9, just as Reagan was on his way to Tokyo, Kissinger let loose a torrent of hostility toward Japan during an address in Australia. "I believe the present alliance structure serves the interests of Pacific peace quite well," Kissinger said. "Rearming Japan . . . cannot be our objective and it should not be encouraged," especially since, he also said, it could lead to a new rise in Japanese nationalism.

It remains to be seen how the concretes of the partnership that Reagan envisages will be worked out. The joint communiqué, entitled "Tokyo Remarks," issued by President Reagan and Premier Yasuhiro Nakasone includes a promise from Japan that it will increase its own defense capability. There is a longstanding demand that Japan take on the task of defending the waters in its 1,000-mile radius, and of the country's leaders, Nakasone has gone farthest in his expressed willingness to build up Japan's defense, in the face of a largely pacifist population, the fears of Japan's Asian neighbors, and loud rumbles from the Soviet Union. While Nakasone did not specify how Japan would take on greater responsibility for Pacific security, the day before Reagan arrived, Pentagon representatives finally reached an agreement with their Japanese counterparts on one issue that has been a source of tension between the two countries: the transfer of military technology from Japan to the United States. A Joint Military Technology Commission has been formed to oversee exchanges in military technology, particularly in the areas of fiber optics, lasers, and robots.

The Military Technology Commission itself, which includes the Japanese Defense Agency, could potentially be the vehicle through which the Japanese contribute to a U.S. program for the development of beam weapon defensive systems. Such systems are ideal for Japan, which is limited by its constitution to measures of self-defense. Although

From President Reagan's Tokyo press conference

President Reagan used the opportunity of his trip to Japan and the Republic of Korea to express a new-found sense of "technological optimism" as exemplified by this excerpt from his remarks at a joint press conference with Japanese Premier Nakasone Nov. 10:

Democratic freedoms, we both know, make a nation not only noble, but dynamic. Individuals in democracies can give full scope to their energies and talents, conducting experiments, exchanging knowledge, and making breakthrough after breakthrough. In just the past few decades, men and women acting in freedom have markedly im-

proved the health and living standards of the whole human race. Innovations in fertilizers, farm machinery, and land use made in democracies have increased agricultural output across the world. Medical advances made in democracies, from the discovery of penicillin to the identification of vitamins, means that people everywhere on earth live longer than before. And electronics breakthroughs made in democracies have produced a telecommunications network that links nations around the globe. . . .

Today it's the democracies—especially Japan and America—that are leading the high-tech revolution that promises to change life on earth even more profoundly than did the industrial revolution of a century ago. This revolution ranges from electron microscopes that can inspect molecules to satellites that are probing the dark infinities of space.

Reagan did not publicly mention beam weapons during the trip, he reaffirmed in his television interview his opposition to the Kissinger doctrine of Mutually Assured Destruction, which the development of beam weapons would bring to an end. In a reference to the doctrine of nuclear deterrence, Reagan noted that President Dwight Eisenhower had written "that we had to face the fact that weapons were being developed in which we could no longer see a war that would end in victory or defeat as we had always known it. But the weapons were such that it would end in the destruction of human kind. And, as he said, when we reached that moment, then let us have the intelligence to sit down at a table and negotiate our problems before we destroy the world.

"I see it also in another way that he didn't mention. Once upon a time, we had rules of warfare . . . by which we made sure that soldiers fought soldiers, but they did not victimize civilians. That was civilized. Today, we've lost something of civilization in that the very weapons we're talking about are designed to destroy civilians by the millions. And let us, at least, get back to where we once were. That if we talk war, at all, we talk it in a way in which there could be victory or defeat, and in which civilians have some measure of protection."

On the economic front, Treasury Secretary Donald Regan and his counterpart Noburu Takeshita emerged to announce that the two countries had agreed *in principle* that Japan would take measures to close the gap between the yen and the dollar, thereby moving toward decreasing the Japanese trade surplus. Japan has taken certain steps in this direction and the finance ministry also agreed that it would take steps to open up its markets to foreign investment. But the thorny issue of U.S. beef and citrus exports to Japan was left unsettled.

Despite the major implications of Reagan's announced partnership with Japan and his turn toward the Pacific, the U.S. Eastern Establishment media gave only limited coverage to the trip, charging that it was "all pomp and no circumstance." In the case of Reagan's trip to South Korea, however, the liberal media, led by *The New York Times*, began to reveal their policy objections.

President Reagan's visit to Seoul and to the Demilitarized Zone to see the Second Infantry Division of the U.S. Army stationed there was designed to be a demonstration both to Moscow and American allies in Asia that the Reagan administration will back them against Soviet and North Korean aggression. This has by no means been assumed, given the secret contacts with North Korea's madman-president Kim Il-Song initiated by the Carter administration, and the cut-back of U.S. troops in the Korean peninsula in 1979.

In the joint communiqué published by Reagan and President Chun Doo Hwan, Reagan also specifically endorsed the diplomacy the Korean president has been carrying out. The Rangoon bombing Oct. 9 had cut short a Chun itinerary that was to take him to Australia and India to begin the process of organizing a Pacific Rim community that would cooperate

for security and economic growth. Eighteen months earlier, Chun had toured the ASEAN countries of Southeast Asia in an attempt to end South Korea's isolation from the region. Chun had also conveyed the offer that Seoul was willing to share its middle-level technologies with Southeast Asia, circumventing Japanese unwillingness to transfer its high technologies to the area.

It is widely suspected that Chun had discussed this plan with Reagan when the two met in Washington in January 1981. The communiqué from this meeting removes any doubt: "President Reagan expressed his admiration and support for the expanding and increasingly active international diplomacy of the Republic of Korea, and took note of the determination of the Republic of Korea to pursue an open door policy of dialogue with all nations. . . . Recognizing the growing importance of the Asia-Pacific region and also the growing sense of community among the Pacific rim countries, the two Presidents agreed that frequent exchanges at all levels among the nations of the Pacific are necessary to enhance regional cohesion. They also agreed that multilateral relations among the countries in the region should be further strengthened in the fields of trade, finance, science, technology, and tourism."

A reading of the North Korean press shows that the Rangoon bombing had been perpetrated, with Soviet explicit backing after the fact, in order to bring Chun's "open door diplomacy" to a deadly halt. But *The New York Times* also printed a near-apologia for the North Koreans in an article attacking Presidents Chun and Reagan Nov. 15: "North Korea has been blamed for the incident [Rangoon bombing], but some South Koreans suspect that their own foreign policy style may have been a factor. In particular, the Seoul government in recent years has successfully courted third world countries—an activity that the North Koreans apparently felt was intruding on their territory. They may be driven 'simply wild,' one European said, by a string of South Korean diplomatic successes. Some government officials have already been talking about the possible need for a more 'prudent' approach to avoid isolating North Korea further."

The *Times* exemplifies the kind of equivocation that Reagan successfully overturned in his trip to Tokyo and Seoul. Speaking from Alaska Nov. 8, the President said: "My visit to Japan and Korea will, I hope, underline the significance that we place on our ties with Northeast Asia and the countries of the Pacific. In the 21st century, we can foresee vastly expanding economic, political, and cultural bonds with these countries. I believe we will witness a wave of production and creative endeavors improving the quality of life on both sides of the Pacific. The peoples of the Pacific understand hard work. They are not afraid of technology and innovation. We are in the midst of restoring that spirit."

In this way Reagan has stated the "new aim and purpose" he wants to impart. The battles in Washington on the concrete issues of economic and defense policy will determine whether that aim is realized.

Central America: what are the alternatives to the Kissinger Commission strategy?

by Carlos Wesley

In an exclusive interview with *EIR*, one of the key players in the Central American conflict, Nicaraguan opposition figure Alfonso Robelo, has lent confirmation to *EIR*'s contention that the regional strife is fomented at the top by members of the nominally Catholic Jesuit order and other religious cults. "It would seem that, at least in Nicaragua, a section of the Jesuits wants to be the power behind the throne, regardless of which current is governing. Once upon a time, the Jesuits were the power behind the throne of the bourgeoisie. Now they are . . . behind the Sandinista government," noted Robelo.

Robelo, who shares the leadership of the Costa Rica-based anti-Sandinista rebels with Eden ("Commander Zero") Pastora, noted: "Both Commander Pastora and myself were trained by the Jesuits." The Jesuits are very capable "in a perverse sort of way," said Robelo. "They have infiltrated the Church. I have frequently wondered if this was not a project conceived many years ago."

Robelo is wrong about one thing: The Jesuits do not intend to rule Central America, but to destroy it. The current conflict could become a widespread war of depopulation like 17th-century Europe's Thirty Years War, extending throughout the Central American region and to Mexico as well.

The potential for such a holocaust would be greatly magnified if President Ronald Reagan heeds those voices in his administration, such as Kissinger allies National Security Adviser Robert McFarlane and Undersecretary of Defense Fred Iklé, that are pushing him, in the flush of the Grenada victory, toward the trap of a "military solution" which would pour more oil on the Jesuit fire.

Condeca revived

That danger has increased with the big push to revive the Central American Defense Council (Condeca) after 14 years of inactivity. Condeca is the "mini-NATO" of the Central American countries most beholden to United Brands company, the so-called "banana republics"; it was set up on the initiative of former Nicaraguan dictator Anastasio Somoza, and its reactivation has been sought since Henry Kissinger

took over the administration's policy for the region this summer. Kissinger's military aide on the Central American Commission, Gen. (ret.) Gordon Sumner, explained to a reporter on Nov. 8 that "Kissinger is working on two tracks: the public side of the Commission, and his own private agenda." Sumner praised the revival of Condeca, and gleefully noted that "Nicaragua is beginning to come to a boiling point."

The chiefs of the armies in the Condeca alliance—Guatemala, Honduras, and El Salvador, and Panama, which claims observer status—met on Oct. 22-23 and adopted several recommendations, including a study of the legality of allowing the "security and armed forces of Panama and other Central American countries to participate in the action for the pacification of Nicaragua." The meeting, which was hosted by Honduran strongman Gen. Gustavo Álvarez, a follower of Rev. Sun Yung Moon's cult, also recommended that the United States provide logistical support for an invasion, and, "in case of extreme crisis, direct participation of the U.S. with all its resources." At a previous meeting in Guatemala City with the head of the U.S. Southern Command, Gen. Paul Gorman, the use of Condeca troops for action in El Salvador, where government forces are faring badly against leftist guerrillas, was also mooted.

Fred Iklé, after touring the region with the Pentagon's Nestor Sanchez and others, told the press on Nov. 12 that the United States should provide more military assistance. Iklé also said that 1,000 American "combat engineers" would be sent to Costa Rica, whereupon White House spokesman Larry Speakes quickly "clarified" that the deployment was only "a proposal, a suggestion."

McFarlane said outright that Washington "would support" an invasion of Nicaragua by Condeca.

A deal in the making

In the face of these threats, sobered by the invasion of Grenada, and aware that with the landing of 1,800 U.S. Marines for maneuvers in nearby Honduras on Nov. 15, the United States now has over 6,000 troops on the ground in the area, the Nicaraguan regime is warning that it is about to be

invaded.

Sandinista Junta coordinator Daniel Ortega made hurried trips to meet with the President of Mexico on Nov. 10, and with the presidents of Venezuela, Colombia, and Panama in the days that followed. These are the four member countries of the Contadora Group, which has been attempting to work out a peaceful settlement to the Central American conflict, although Panama's current commitment to Contadora is in question. (Panama's Vice-President, Jorge Illueca, who is a founder of the Contadora Group and is currently president of the United Nations' General Assembly, was relieved of his vice-presidential duties on Nov. 15 for expressing his opposition to the Condeca military alliance.)

After these meetings, Ortega said that he expected Contadora to quickly achieve a peace agreement for the region, whose foreign ministers met in Washington on Nov. 16 to work on solving the crisis. A similar view was expressed by Reagan's special envoy for Central America, Richard Stone, after meeting with Mexico's President de la Madrid on Nov. 10. Stone—who also held meetings with the other presidents of the Contadora Group and with Ortega—praised the group's work and said that he expected a peaceful solution within the “next three weeks.”

What is under negotiation is what type of government Nicaragua will have. The United States has made it clear that it will not accept “another Cuba”—a Marxist regime in Nicaragua—and that it wants a more pluralistic government. There are other indications that at least some in the Nicaraguan leadership have accepted this fact, and that a deal with the United States is in the making.

For one thing, the Sandinista government moved to repair its relations with the Catholic Church, which had been badly damaged after government-tolerated “divine hordes” assaulted churchgoers and desecrated several churches at the beginning of November. Ortega met with the country's bishops and promised that the government would be more tolerant toward worshippers. Steps were also taken to improve relations with the independent newspaper *La Prensa*, and with the private sector.

At the same time, former Sandinistas Alfonso Robelo and Eden Pastora—who head a faction opposed to both the Sandinista government and to the former Somoza guardsmen fighting the Managua government from Honduras—were brought to the United States this month by circles associated to Jeane Kirkpatrick, the U.S. ambassador to the United Nations, for meetings with administration officials including Assistant Secretary of State for Inter-American Affairs Langhorne Motley, suggesting that a pluralistic, government of national unity is being put together.

Within Nicaragua, however, there are still those who want bloodshed. The Jesuit priest Ernesto Cardenal, a key member of the Sandinista regime, reacted to the overtures made to the private sector, to *La Prensa*, and to the bishops, by saying that there would be “no deal.”

Interview: ARDE leader Robelo

‘Jesuits are the power behind the throne’

Nicaraguan anti-Sandinista leader Alfonso Robelo is co-commander of the Democratic Revolutionary Alliance (ARDE), which is waging guerrilla warfare from Costa Rica. He was interviewed in New York on Nov. 9 by EIR's Ibero-America editor Dennis Small and Caribbean desk officer Carlos Wesley.

EIR: What are the implications for Nicaragua of the U.S. invasion of Grenada? Do you foresee, or would you be in favor of, direct U.S. intervention in that area?

Robelo: No. Quite honestly, I would not be in favor of U.S. intervention in the area. First, because it is not necessary, because, contrary to the situation in Grenada, a majority of the population is already in arms or wants to take up arms against the totalitarian Managua regime. Therefore, any foreign interference would be mistaken. What does make sense is aid for those Nicaraguans who are willing to give their lives and who want to be the authors of the liberation of Nicaragua. That for the first time would provide an example of a totalitarian Marxist-Leninist government, which came to power by arms, being thrown out of power by popular will, by a popular revolt and popular effort. . . .

EIR: What is Washington up to in regard to Nicaragua?

Robelo: I have talked a lot with people from the administration and Congress, and . . . for months they have been telling me that congressional opposition to U.S. aid is impeding everything, despite the best efforts of the administration. Is this an excuse or is it the truth? Honestly, I am not the best person to answer. But the truth is that we have said we are willing to accept U.S. aid, so long as it does not take away our independence. We are not for sale. We are not willing to accept loans, only what you call “grants.”

EIR: What do you think of the current activities of the Kissinger Commission?

Robelo: I had the opportunity to speak with the majority of the members of the commission during their recent visit to Costa Rica. I found that they are in the learning stage; they are trying to dig into the Central American reality to be able to deliver conclusions later on. I think they hold an enormous

responsibility. But it is hard for me to predict now, since the only thing I got during the interview we had for more than an hour was a deluge of questions from them and a deluge of answers from me. But not an opinion out of any of them. They limited themselves to listening and absorbing.

EIR: The Contadora Group [Mexico, Venezuela, Colombia, and Panama] is going to meet in Washington next week. Does that make you see any chances for solving the Central American problem?

Robelo: I see positive and negative things in Contadora. I am happy that Latin Americans are the ones interested in the area's situation. I think we Latin Americans should try to find our own solutions. We understand ourselves better; we can come up with things that are more easily accepted than things imposed from the outside by people who don't understand us as well.

Contadora's problem is that it has been skating around a lot, delaying and delaying without coming to anything. Only recently have I sensed they are beginning to concretize some things. I found their big error—their most serious error at the start—was that they worried too much about international peace: avoiding war between Honduras and Nicaragua, improving Nicaragua's relations with the United States and with Costa Rica, an end to concern with the internal situations of the countries. This error has recently been corrected.

There are two conceptions inside the Contadora Group itself. The Mexican conception holds that we should bring peace to Central America independently of what happens inside the countries. The other three—Colombia, Venezuela, and Panama—say we should bring peace to Central America or the Caribbean based on internal democratization in the countries. Mexico, because of its explosive social situation, explosive economic situation, political situation of a one-party dictatorship, with great corruption, is only trying to buy an insurance policy to be able to preserve that internal situation by having a foreign policy which does not look at the internal realities of countries, but favors those who sow violence in the region.

EIR: There is a third group which wants to solve the Central American problem by military means, Condeca [Central American Defense Council composed of Guatemala, Honduras, El Salvador, and Panama]. How do you see the resurgence of this previously moribund group?

Robelo: Well, Condeca is troubling, because once again it means foreign interference in national affairs. Although they are Central Americans, it is an organization to be worried about. . . . Let's not get things tangled up. In the Nicaraguan case, the Nicaraguan will is expressed through the citizens of the country and we don't need external forces of any kind.

EIR: Our magazine has commented on the Jesuit influence in Nicaragua and on the presence of "rightist" religious sects

like the Moonies in Guatemala and Honduras. How much importance do you give to this factor? Could Central America degenerate into religious warfare?

Robelo: Certainly, that danger exists; and it is a real danger. The Central American peoples have tended to fanaticism dating back to their Indian traditions. . . . And the churches have manipulated this fanaticism, in a way. If you look at the introduction of communism in Nicaragua, you can see they are fanaticizing the people, manipulating them, pitting them against each other. And this is really dangerous because the civil war could come to be more barbarous than the one in Spain in the 1930s. This could be reproduced on a Central American scale. That would be really terrible for a region which has already had its blood drained by tyrannies, by corruption, and by exploitation.

EIR: And what about the Jesuits? You were once part of the Nicaraguan government [after the overthrow of Somoza] and afterward you criticized it for turning from its original aims. To what degree have Jesuits such as Fernando Cardenal and Xavier Gorostiaga been responsible for this?

Robelo: Before answering I want to tell you that both Commander Pastora and I were educated in Jesuit schools by the Jesuits of those days. It seems like a segment of the Jesuits—at least in Nicaragua—really wants to be the power behind the throne, independently of which way the current goes. They were once the power behind the throne of the bourgeoisie; now they are at least the top advisers of the Sandinista government and the big promoters of what has been called in Nicaragua "the Popular Church." They do this very cleverly, but with a perverse cleverness. They are genuine infiltrators in the Church. Many times I have thought over whether this was not some preconceived plan going back many years for priests who really have nothing to do with the priesthood. They are people who are enacting a totally preconceived infiltration. This is quite worrisome because there are already signs that their penetration will throw us back into the religious fanaticism which exists in our countries and where the posture of a respected priest, of a priest who has the image of a special man is utilized precisely to indoctrinate and to promote an ideological current.

EIR: The press is giving a lot of coverage to the fight between the Sandinista government and the Catholic Church led by Monsignor Obando. What do you have to say?

Robelo: First, I have tremendous respect for Monsignor Obando. He is a native, an intelligent, very prestigious and impeccably moral man. He fought against Somoza independently, without compromising himself with the opposition. Today he is fighting the totalitarian Managua government without compromising himself with the opposition. Beyond a doubt, he has the highest moral stature of anyone in the country. That is precisely why he is not tolerated by the totalitarian government in Managua.

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The Soviet government is collaborating with the Russian Orthodox Church to sabotage President Reagan's proposal for the superpowers to develop defensive beam weapons to end the age of nuclear terror. "Soviet policy under Yuri Andropov is presently shaped by dominant influence of the 500-year-old mystical prophecy that the Czar of Holy Rus shall become the ruler of the Third, and Final, Roman Empire." It documents that Soviet intelligence is running the U.S. nuclear freeze "peace" movement, and includes an eyewitness report on the May 24 meeting in Minneapolis of 25 high-level Soviet intelligence agents and U.S. freeze leaders.

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"Reading this report places you in the position of the privileged person in July 1914 or August 1939, who could have been competently briefed on the essential strategic issues which might lead to the outbreak of a possible world war," wrote *EIR* Editor-in-Chief Criton Zoakos in the introduction to this report. It reveals the strategic setting of the decision taken by Moscow's high command to shoot down a commercial airliner carrying 269 civilians: an act which must be understood as a threat to launch nuclear war rather than allow President Reagan to develop strategic defensive energy-beam weapons.

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The Coming Reorganization of U.S. Banking: Who Benefits by Deregulation?

Crisis legislation is already prepared to reorganize U.S. banking, and put the U.S. domestic credit system in the hands of a small, privately held bankers' cartel dominated by the Swiss-based Bank for International Settlements and Morgan and Citibank interests. By taking full advantage of crisis conditions, legislation will be forced through Congress which will allow the Federal Reserve to control of entire economy.

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Who Controls America's Food Supply? National Security and the Destruction of U.S. Agriculture

U.S. agricultural production is being turned into a political policy weapon, controlled by the same financial interests which carried out the world oil crises. This report documents how a few multinationals control the greatest proportion of U.S. grain, meat-packing, and fertilizer production and shipment, and describes how America's "last productive entrepreneurs," the family farmers, are being forced off the farm by massive indebtedness due to the Fed's high-interest-rate policy. The report also describes the real, unfilled demands for increasing world food production.

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Peruvian mandate

The elections expose the lie that brutal austerity and representative government can coexist.

Voters in Peru's municipal elections handed a decisive repudiation to the starvation policies which have been imposed on their country by the International Monetary Fund and the popularly elected president, Fernando Belaunde, when they cast their ballots on Nov. 13. Peru is frequently cited by defenders of IMF policies as proof that democratic governments can implement IMF austerity and still survive. Results in this election have put that argument into question.

Belaunde was elected in 1980 with a plurality of 42 percent of the total vote. In this election, Belaunde's candidate for mayor of the capital city of Lima came in an embarrassing fourth place, with a mere 12 percent of the vote. The winning candidate came from the United Left party, with 34 percent of the vote, up from a mere 9 percent in the 1980 presidential race. Belaunde's governing party was swept out of office in almost every town and city throughout the country. The moderate social-democratic APRA party won big in 15 of Peru's 25 states (called departments); the United Left took the 6 poorest states; and a conservative party allied to Belaunde, 1.

Belaunde called it a fair election, but appears not to recognize that his rout was caused by his signing over control of his country's economic and social policy to the IMF, foreign banks, and the international cocaine mafia, which grows almost half its raw material in Peru (see *Special Report*).

As part of renegotiating Peru's foreign debt in 1981, Belaunde agreed to hand over more than half of the

country's exports to pay the banks, and even appointed one officer of Wells Fargo Bank, Carlos Rodríguez Pastor, his finance minister, and another, Augusto Blacker, his central bank head.

To meet IMF targets this year the government has reduced food price subsidies, raised public sector tariffs, cut state sector investments by 30 percent and cut imports by one-third. These austerity measures, combined with bad weather, brought a 16.8 percent decline in manufacturing during the first half of this year.

The elections throw Peru into a political crisis. When the returns were in, Lima's mayor-elect pronounced, "The people have voted against the starvation policies of this government." He and all the opposition parties called for sweeping changes in Belaunde's cabinet and policies to reflect the popular will. Having lost his popular mandate, Belaunde will find it difficult to govern for the next year and a half with the same pro-IMF stance. The ultra-conservative Popular Christian Party, the coalition partner which helped him win in 1980 and rule since, has also seen its support shrink to 13 percent.

Foreign Minister Fernando Schwalb admitted the elections were a "plebiscite" in which the regime's policies were defeated. He is rumored to have offered his resignation. Yet, Rodríguez Pastor insists, "The municipal elections will not influence the economic management of the country since the policy of this sector was defined in the 1980 general elections."

While Belaunde has been insensitive to the dismantling of Peruvian industry during his administration, industrial leaders who helped elect him are still trying to convince him to change course. Ricardo Duarte of the metal-working industry federation is warning the president that if he does not switch policies, the far left will take power in Peru in the presidential elections of 1985—in a free, democratic election.

The big winner in the elections outside of Lima was the moderate APRA party, which ran on a program of throwing out the IMF along with the Wells Fargo boys and Schwalb.

The APRA (American Popular Revolutionary Alliance) has a checkered past, but now seems committed to serious programs for saving the Peruvian population and its industry from the disaster of the IMF on one side and the threat of social chaos on the other. APRA could unite the national industrialists with the nation-building faction of the military nurtured during the 1968-74 Peruvian Revolution of General Juan Velasco Alvarado, and even a part of the United Left to offer positive solutions for Peru.

The United Left is a mixed bag. A few genuine nationalists are mixed in with a lot of communists, Maoists, and even Jesuit-run groups supporting the violent insurrectionary tactics of the Sendero Luminoso guerrillas, who are committed to exterminating Western civilization from Peru.

To try to stop the elections, Sendero assassinated several candidates and electoral officials in Peru's highlands and killed three policemen with bombs at Belaunde's Lima headquarters. If the Wells Fargo groups holds on and Belaunde does not turn from the IMF policies, the violence-prone faction of the United Left will try to stir up the mass of hungry and unemployed into urban riots.

Battle over the budget

The pressure is on to relax the IMF spending ceilings, but the economic hardliners appear to have the upper hand.

By all accounts, the 1984 budget, due to be released Nov. 22, will continue the harsh austerity policies imposed this year.

Leaks to the press suggest a public spending limit of 11.0 to 11.5 trillion pesos, approximately \$70 billion at current exchange rates. This is roughly 60 percent higher than the 1983 budget in nominal terms, but perhaps as much as 20 percent below in real terms.

The related targets under Mexico's International Monetary Fund program are 1) bring inflation down to 60 percent (it is running at 80 percent by the government's suspect calculations, and over 100 percent by private sector and labor calculations), 2) reduce the government deficit as a portion of GDP down to 5.5 percent (this year it was pegged for 8.5 percent, but the government will probably bring it in several points below that through the virtual abolition of capital projects), and 3) cut net foreign borrowing to \$4.0 billion (this year it was \$5.0 billion).

The news is not that the budget hardliners—Finance Minister Jesús Silva Herzog, Planning and Budget Minister Carlos Salinas De Gortari, and Bank of Mexico head Miguel Mancera—seem to have won the day, but rather that there was a last-minute but serious surge of pressure from both business and labor to begin ending the IMF controls. For the first time in the de la Madrid administration, the pressure was sufficient to touch off a real fight in the cabinet on basic economic policy.

The underlying shambles of the

Mexican productive apparatus is shown in Banco de Mexico statistics, not yet released to the public, which indicate a 10 percent average drop in industrial production over the year.

Auto, metalworking, and domestic electrical appliances will all fall 40 percent or more. The last week in October, Pemex announced a 15 percent cutback in the production of refined oil products, going from 1.265 million bpd to 1.1 million bpd, because of the fall-off in internal demand. This fall-off is especially severe since the consumption of gasoline and other refined products has traditionally been much higher in the growth industries than in the rest of the economy.

The paralysis of the economy is seen from another angle in the reports that roughly 800 billion pesos are sitting idle in the banks, almost three times the amount of new loans of these institutions, due to lack of loan demand. These unproductive pesos are creating a crisis for the banking system. These are pesos which have been deposited by individual savers, who duly draw interest on them—but the banks have not lent them out to generate needed income.

During the first two weeks in November, a large number of producers protested the gutting of their industries and demanded a revival of public-sector spending.

Carlos Mireles, vice-president of the Canacintra chambers of industry, warned that industry is "currently operating at 40 percent of capacity." Urging an increase in government spending, Mireles noted that, "From the contraction of public spending

comes a cascade of contraction in the [rest of] the national economy." The capital goods division of Canacintra reported that the paralysis of key government projects in oil, electricity, and steel had meant a 50 percent decline in the demand for capital goods during the year.

Similar protests were heard from Bernardo Reichkemen, president of the National Chamber of the Electrical Industry, and Carlos Pani, president of the National Association of the Chemical Industry.

These business protests came on top of the most intense challenge yet by labor to the government's IMF policies. As he left a Nov. 10 labor summit, at which labor leaders for the first time attacked the IMF by name for the policy of eliminating subsidies in the prices of basic necessities, Mexican Workers Confederation leader Fidel Velázquez told the press: "We have been left no choice but to radicalize our labor approach. . . . If the economic crisis is not contained, it will probably result in social disturbances."

The pressure from these sectors seems to have pushed both Commerce Minister Hector Hernández and Energy, Mines, and State Sector Industry chief Horacio Labastida into a camp favoring a slight loosening of the budgetary reins—to perhaps a "6.5 percent solution" on the budget deficit question rather than the 5.5 percent demanded by the IMF. Hernández's concerns were less due to personal considerations—he has been a consistent backer of the IMF—than to his role as a sounding board for the importers and producers in the country who had received authorizations for \$14 billion in imports from his ministry, but only \$7 billion dollars worth of foreign currency from the Finance Ministry and the Banco de Mexico. For now, the protests have been overridden—but the heat is on.

Close but no cigar

The Sino-Indian talks showed that both sides want a restoration of relations, but the tenacious border dispute is still not solved.

The fourth round of Sino-Indian talks concluded on Oct. 30 with cautious optimism in both camps and a decision to convene the next round of talks in Peking next year. Although some Indian commentators heralded the talks as the beginning of a major "breakthrough" in Sino-Indian relations, the consensus in New Delhi is more restrained.

The talks, which were scheduled to be finished on Oct. 29, were extended for a day with the hope of agreeing to a set of principles on how to solve the border dispute that is at the core of the problem between the two nations. Negotiations are stalemated on China's insistence on a "comprehensive" solution to the border dispute as opposed to India's desire for a "sector-by-sector" approach. This time, both sides agreed to "marry" the distinct sets of negotiating principles presented by each side.

The Chinese delegation was led by Vice-Foreign Minister Gong Dafei, and for India by K. S. Bajpai, secretary in the external affairs ministry and a former ambassador to China who has just been named the next Indian ambassador to the United States.

Although progress in the procedural approach to further negotiations was given much publicity, the two nations also agreed to pursue other avenues of cooperation: exchanges in the area of science and technology, an exchange of academics and journalists, and an agreement to learn from each

other's experience and expertise in the field of agriculture.

While the hard part of the negotiations is still ahead, there is no question that the New Delhi talks marked a successful outcome of the past three years of accelerated diplomatic exchanges between the two nations, a process initiated by Indian Prime Minister Indira Gandhi. In 1976, 14 years after China invaded India and the two nations were plunged into war over a piece of barren mountainous territory, Mrs. Gandhi's initiatives resulted in re-establishing diplomatic relations at the ambassadorial level. In 1977, the Chinese sent Ambassador Chen Chaoyuan to New Delhi.

In 1980, after Mrs. Gandhi returned to power, the Indian prime minister met Huang Hua, then foreign minister of China, in Salisbury, Zimbabwe. A month later, Mrs. Gandhi had a long meeting with Hua Gofeng, the Chinese Communist Party chairman, while both were in Belgrade for Tito's funeral. On June 26, 1981, Huang Jua visited New Delhi. Since then, four rounds of talks between the two nations have taken place, and it is apparent that both nations are working seriously toward a long-term normalization of relations.

There are many reasons why China would want to establish relations with India. The most straightforward is that Peking, eager to break out of its isolation and to position herself at an equidistance from both superpowers,

wants to join the mainstream of the Non-Aligned movement.

Also significant, no doubt, is the Soviet factor. Ever since the Sino-Soviet split, the name of the Soviet game has been to contain China.

The Soviets welcomed a strong India and made vigorous efforts to ensure that India would have no strong independent relationship to China. The Soviets have seized every opportunity to impress upon India that China is an irretrievably dangerous force which is interested only in gobbling up the entire continent.

Since 1971, when India and the Soviet Union signed a friendship treaty, China, on the other hand, has spared no effort to make it clear that it considered India a mere satrapy of the Russians. India's "dancing to the Soviet tune" on issues considered vital to Soviet interests, made China suspicious if not outright hostile.

But Mrs. Gandhi has forced Chinese leaders to take another look by her own persistent initiatives to restore relations as well as in her articulation of India's response to the Soviet occupation of Afghanistan in 1979.

Even so, China's compulsion to test India's patience is plain. Only a few days before the New Delhi talks were scheduled to start, China announced her intention to hold border talks with Bhutan. Although Bhutan is a sovereign state, according to a bilateral treaty signed with India in 1949, the mountain kingdom's foreign policy is guided by the Indian government. The recent dramatic stopover of convenience in troubled Sri Lanka by a delegation of Chinese officials on the way to the Maldives was a similarly calculated testing maneuver. In the past, either would have been sufficient to break off discussions, but so far, India's patience is holding firm.

International Intelligence

Camorra 'cocaine king' arrested in Barcelona

In a joint anti-narcotics operation with Italian authorities, Spanish police arrested Antonio Bardellino in Barcelona on Nov. 3, along with three top aides. Bardellino, the highest-ranking leader of the Neapolitan Camorra out of jail, had been based in Barcelona for the last four months, distributing a significant part of the cocaine which is sent from Latin America to Europe.

Known as "the cocaine king," Bardellino paid for narcotics with arms bought in Belgium and Germany. One of his larger deals was the exchange of five Centurion and five Leopard tanks to Central American countries for narcotics. In addition to heroin, cocaine, and prostitution rings, Bardellino also ran a tobacco contraband operation.

Spanish government sources have denounced Reynolds Corporation of America for supplying tobacco contraband in industrial quantities to dealers such as Bardellino.

Seagram's Edgar Bronfman, whose name is often mentioned in connection with the upper reaches of the international dope business, will soon arrive in Madrid to visit President Gonzalez and other leading political figures.

Colombian union head hails LaRouche candidacy

Jorge Carrillo Rocha, secretary general of the Colombian trade union federation Utraboc, welcomed the presidential campaign of EIR founder Lyndon H. LaRouche, Jr., in an interview with EIR in Bogota Nov. 9. "The ideas of Mr. LaRouche are well known in this country," he said. "What I would like to see from his campaign is that the U.S. population understands the full range of his proposals."

Carrillo, who is a founding member of the Club of Life, declared, "It is possible that, because of the very breadth and size of the U.S. population, the program of Mr. LaRouche may not be well known yet. But I know that it is well known in Brazil, in Argentina, in Colombia, in Europe, and in

India. . . .

"The U.S. has a problem of leadership, which it is losing. We, free and democratic trade unionists and friends of the U.S. population, express our concern that our leading ally is losing ground in this respect. So we are happy to see programs for industrial recovery, to end unemployment, to improve agricultural production, to allow American scientists to continue their research for the benefit of humanity unimpeded, without taking away from the defense industry. We understand in this context the importance of the proposal for developing defensive beam weapons.

"So this to us is the significance of Mr. LaRouche's campaign. He may not make it to the presidency, but this does not mean his ideas will not proliferate everywhere."

Carrillo, whose full interview will appear in an upcoming EIR, called for the countries of Ibero-America to form a debtors' club and declare a debt moratorium, following the example of Colombian President Olaya Herrera who announced a moratorium in 1933.

Mubarak speaks in defense of Arafat

Egyptian President Hosni Mubarak remains the only Arab leader to issue a strong public plea not only for the survival of the Palestine Liberation Organization but for the resolution of the Palestinian problem.

In a speech before Egypt's Consultative Council and the People's Assembly Nov. 6, Mubarak declared: "I do not believe that the emergence of a new PLO leadership will help solve, but will rather further complicate the problem. . . . We consider Yasser Arafat's leadership extremely important, and I do not believe that there is a leader in the PLO at the present time who can replace Arafat if he is removed from his position."

In early November, the director general of the Israeli foreign ministry, David Kimche, visited Cairo to confer with Egyptian Foreign Minister Hassan Ali, reportedly on the prospects for resuming the Palestinian autonomy talks under the rubric of Camp David.

It was also revealed that Kimche regis-

tered Israel's concern about the possibility that Egypt may become the eventual place of exile of Arafat. It has been a longstanding Egyptian position that Arafat, who has family members in Cairo, could come to Cairo and form a government in exile.

Venezuela: 'We'll help Grenada—Keep Brits out'

Venezuelan officials have officially offered to participate in any way necessary in the reconstruction of Grenada, including sending troops for the period of pacification. Their immediate concern is to keep additional British forces out of the hemisphere.

Venezuela became worried when it was reported that British troops might be deployed to Grenada as part of a Commonwealth force replacing American marines. Shortly after those reports, Venezuela's foreign ministry issued a statement expressing Venezuela's rejection of any British troop deployment to the island, which lies only 120 kilometers off Venezuela's coast.

In a follow-up statement Nov. 10, Jose Rodríguez Iturbe, head of the Foreign Relations Advisory Commission, reiterated that while Venezuela will wait for more details on proposals for a multinational force on Grenada before commenting, it must be stated emphatically that any such force should not include any "extra-continental forces," but only forces from the Western hemisphere.

The same day, Venezuelan Foreign Minister Zambrano Velasco told the press that Venezuela "is prepared to assume responsibilities for the institutional normalization of Grenada. . . . We also are interested in seeing that the process of internationalization does not continue, but instead that, in the measure possible, the regional dimension of what happens there be recovered." The foreign minister officially communicated the offer to the U.S. government in a private meeting with U.S. Ambassador George Landau, who called it "interesting," but added that no decisions had been taken.

In a separate interview, Venezuela's defense minister, General Alcalde Álvarez, made explicit the offer to send troops. Lead-

ers of the opposition party, Accion Democratica, favorites in Venezuela's Dec. 4 elections, lent their support, if in a slightly weaker manner, to the proposal.

Soviets unleash PCF against Mitterrand

The Moscow-controlled French Communist Party (PCF), has launched a series of actions to shake the Mitterrand government and France and tie its hands in foreign policy. The Communists, led by Georges Marchais, are coalition partners in the government with Mitterrand's Socialists, and hold four cabinet portfolios.

The Socialists have a large parliamentary majority, but the perspective of social and labor unrest led by the PCF is not an easy one for them to face at a time when most Socialist Party supporters have been hit by the depression and economic austerity measures.

● Communist chief Marchais on Nov. 15 charged the Socialist Party with responsibility for a streak of five by-elections lost by the ruling coalition of Socialists and Communists, in which the PCF lost especially heavily.

● Henri Krasucki, the Communist head of the country's largest labor union, the 1.5 million strong CGT, announced a new "wage offensive" after a long lull on the labor front.

● The Communist chairman of the National Coal Board, Central Committee member Georges Valbon, suddenly announced his resignation, arguing that the Socialist government's rejection of the Communists' "let us produce [expensive and inefficient] French coal" policy prevented him from implementing his programs to "save French coal." This may foreshadow a collective resignation of the four Communist ministers.

Mitterrand's "sin" seems to be that France has been the most resistant of the major Western European powers to the strategy of decoupling Europe from the United States. On Nov. 16, the French President went on national TV to say that "The present crisis is the most serious the world has known since Berlin and Cuba," and warn

of the Soviet attempt to split NATO. The next day, French jets raided terrorist command centers in Lebanon.

Defense Minister Charles Hernu has indicated receptivity to President Reagan's beam-weapons defense policy, which the Soviets violently oppose.

'A laser shield for common European defense'

An important member of the French opposition party, Jacques Chirac's RPR, called on the front page of *Le Figaro* for common European development of a beam weapons defensive shield.

"The shield of the atomic age will soon appear," wrote French academician Maurice Druon on Nov. 16. "It will be placed in space, made of satellites equipped with lasers able to detect massive destruction missiles at their departure and to destroy them in flight. . . . It is going to be actualized, and . . . the two superpowers are hastily building it. The whole strategy of strategic weapons will be transformed."

"This defense system is within the political and technical abilities of Europe. Nations don't need to wait for a remote and difficult establishment of a confederal power to find an agreement. The States, as they presently are, can face it, without questioning their national sovereignty. All the needed technology is available to Europe. It is only a question of agreement and will—joining our means and sharing the costs, to be able to build a shield in the sky."

Maurice Druon is a famous figure of the Resistance (he was radio propagandist in London and wrote the well-known *Chant des Partisans*) and a member of the Central committee of the RPR. His statement is a reflection of the impact that the Parti Ouvrier Europeen, led by Lyndon LaRouche's collaborators in France, has had on the patriotic section of the country's elite in promoting beam-weapons defense.

The RPR stand could influence Socialist President Mitterrand and his defense minister, Charles Hernu, who will need help from Chirac's party to resist Communist-led efforts to destabilize France.

Briefly

● **AYATOLLAH MONTAZERI**, the heir apparent to Khomeini, in a meeting with the families of martyrs, said that "Had there not been this war and the resulting disasters, the talents and capabilities of the young generation would have remained idle."

● **SHAPOUR BAKHTIAR** and Ali Amini, both former prime ministers of Iran, denounced the bomb attacks on the headquarters of the U.S. and French peace-keeping forces in Lebanon, in a statement issued in Paris Oct. 27. The two leaders added that no one should mistakenly identify the Iranian people with the terrorist regime of the Islamic republic.

● **THE SNTE** (Mexican teachers union) rubbed it in for the fascist PAN party, which was set back in this month's elections in the state of Sinaloa: They published an ad in *Excelsior* Nov. 7 saying that "Reactionaries like [PAN spokesman Manuel] Clouthier and [candidate] del Rincon should know that most, if not all the citizens that voted against them last November 6 were educated and oriented by the teachers of Sinaloa belonging to this union, and we openly confess we teach the history of Mexico denouncing the role the traitors have played in Mexico, the ideological ancestors of Clouthier and the PAN. . . ."

● **JACQUES VERGES**, an old friend of Pol Pot who is now the attorney for Nazi war criminal Klaus Barbie, has been trying to make the trial "backfire" by spotlighting the betrayals within the French Resistance of World War II. Patriotic anti-Nazi networks began to fight back, as was signaled by a mid-November article in the new weekly *Hebdo* magazine. *Hebdo* began to detail Verges's connection to both the Nazi International of François Genoud, and to nominally "left-wing" terrorism.

Fifth column and 'shadow government' oppose beams

by Paul Gallagher

Since the widespread international press reports one month ago that the United States had the technology to develop beam-weapon anti-missile defenses within three to five years, a rigid silence has descended upon all potential administration and military spokesmen on the question of the beam-weapons program. The gag order hides an intense fight among administration and congressional factions over how much the U.S. program will be geared up, and how fast. This fight continues despite a recent CIA assessment that the Soviets are no more than four years away from deploying anti-missile and anti-satellite lasers on their space stations.

The official silence was imposed on order of White House and Department of Defense spokesmen who were taken unawares by the massive press "leaks" of the Fletcher Commission beam-weapons technology report. It was indicated to be a "30-day shutdown" while final decisions on the program were made by the President. On Nov. 15-17, the DOD conducted a 500-person classified session on "Directed Energy Weapons" with the American Defense Preparedness Association, and the "shutdown" may end with an announcement by Secretary Weinberger of the funding levels the beam program will require in fiscal 1984 and 1985.

What is going on behind this silence, despite the President's total commitment to his anti-missile development decision, is a bitter fight over the political and economic impact the program will be allowed to have, and over the funds require to expand it into a crash program.

Soviet sympathizers in the Congress, led by Sen. Paul Tsongas and Rep. Larry Pressler, are using the "pause" to

throw up every conceivable technical barrier to expanded beam-weapons funding. Certain military officials with investments in both the MAD doctrine, which rules out strategic defensive systems, and in offensive weapons research and development, are blocking with simple-minded pro-defense congressmen against shifts of military R&D funds to weapons which are actually defensive in nature and function.

While the White House debates over the other essential part—funding—of the March 23 doctrine, the only sources of public information in the United States or Europe have been the organizations associated with *EIR* founder Lyndon LaRouche, and Reagan's closest science adviser, Dr. Edward Teller.

In Rome Nov. 9, the entire Italian political-military elite attended an all-day session keynoted by LaRouche (see speech, page 54) on the implications of the U.S. beam weapons strategy shift for Western Europe.

On Nov. 10 in Colorado Springs, near the new Air Force Space Command Headquarters and the Air Force Academy, 15 major television, radio, and newspaper outlets from across Colorado covered Dr. Steven Bardwell's release of a new book, *Beam Defense*, written by the Fusion Energy Foundation. *Beam Defense* is the first popular work on the subject since the President's speech. Bardwell said that "within three to five years, either both superpowers will have deployed beam weapon anti-missile defenses, or only the Soviets will have done so," and explained beam weapons technologies to the assembled media for nearly an hour. A similar release of *Beam Defense* in Washington two weeks earlier had resulted

in UPI, CBS, and NBC radio stories about the book, which is intended to mobilize citizen understanding and support for ending MAD with beam weapons.

But as the *Denver Post* reported in its coverage of the new book the next day, when an official of the Air Force Space Command, present at the meeting, was asked to comment, he could say only "laser defense is a classified subject, on which I cannot comment."

The clash in Congress

On the day of Bardwell's Colorado press conference, Rep. Ken Kramer and Sen. William Armstrong of that state held the first hearings on their legislation to create a "crash program" agency for beam weapons, the "People Protection Act." Kramer opened his own hearings with a resounding call for "a new Manhattan Project for peace"; later Dr. Edward Teller called the Kramer-Armstrong Bill the first major public cause for hope of rapid development of beam weapons, since the President's March 23 speech itself.

In stark contrast, all observers at the Kramer hearings noted, was the testimony of Defense Undersecretary for Research Dr. Richard DeLauer, a cold fish on beam weapons since well before March 23. DeLauer refused even to commit the administration to the increases recommended in the Fletcher Commission report, to \$1.9 billion in fiscal 1984 and \$2.3 billion in fiscal 1985.

While DeLauer predicted spending of \$25 billion over the next five fiscal years, this is still insignificant for the task. In the field of energy beam technologies, the most rapidly advancing area of technological breakthroughs in U.S. national and industrial labs, *what is spent this year and next is all-important*. Ten billion per year could easily be absorbed productively and would produce crude, *deployable* anti-missile weapons almost immediately, as LaRouche has stressed and Teller has, more recently, publicly stated.

What is happening instead is that much smaller amounts of funds requested for FY84 nine months ago, before the President's television announcement, are being shifted from longstanding chemical infrared laser weapon development to more advanced, shorter wavelength laser technologies like the x-ray laser, without the necessary funding increase. "Too few funds for too many technologies," all making rapid progress, was one observer's characterization.

As a result, the Rockwell Rocketdyne Division's space laser work is actually in some danger of temporary shutdown due to loss of funds shifted elsewhere. The Navy-TRW "Miracle" infrared laser program, which has built the most powerful single-beam laser in the United States, just received its first trickle of funds in six months, not enough for major development activity.

Congressional intimates of honorary Politburo member Averell Harriman have jumped in to try to mine the road to a crash beam-weapons program. The Senate on Nov. 7 passed

Paul Tsongas's amendment to the Defense Appropriations Bill which demands the White House file a report by next May 15 stating its defensive weapons objectives, answering a series of screwball questions such as "Will this split the Western alliance?" and "Will this lead to a race to develop these weapons which we might lose?"

And pro-defense members of the Senate Armed Services Committee, wrote language into the appropriations bill seeking to block the administration from shifting military R&D funds from other programs into beam weapons. Certain military circles are using the events in Grenada and the Mideast to insist, perversely, that "beam weapons can wait" while we equip the navy and land forces with new conventional "smart weapons."

This can be reversed quickly, of course, by a decisive White House move to link publicly a beam weapons gear-up to the urgent need to check the Soviet drive toward worldwide confrontation. Recent events in Europe—the extraordinary success of the LaRouche conference in Rome, and the revelation by French Defense Minister Hernu in the National Assembly that France is pursuing beam weaponry—show that the Western allies are ready for an all-out joint effort.

The 'shadow government'

The *New York Times* of Nov. 16 contained a lengthy article on some of the forces behind opposition to a beam weapon defense and economic program for the United States: an alliance of scientists and political advisors which the *New York Times* openly called the "shadow government." This group, many of whose members meet weekly in the offices of Rep. Joe Moakley (D-Mass.), sponsor of legislation to ban all military-related space activity, is led by Richard Garwin, IBM scientist, advisor to the Robert McNamara wing of the Defense Department, and designer of the weapons tests in Vietnam; George Rathjens, MIT physicist, director of Arms Control and Disarmament Agency under Jimmy Carter; Jack Ruina—MIT physicist in Carter's ACDA; Robert Bowman, a retired Air Force lieutenant colonel who heads the Institute for Space and Security Studies, funded by the Rockefeller family.

This is the Pugwash Conference disarmament mafia which advised Henry Kissinger on the ABM treaty, which wrote SALT I and SALT II, and which has opposed every advanced technology project proposed in the United States over the past 25 years—including the NASA Apollo program (described by members of the shadow government as a "circus stunt"), the supersonic transport, nuclear energy for both domestic use and export, and, today, laser and particle beam weapons.

These are also the past and present advisers to the Mondale wing of the Democratic Party, who have used their credibility as scientists to cover for the KGB effort to disarm and destroy the United States.

How Moscow Plays the Muslim Card in the Middle East

In the past year, have you. . .

Suspected that the news media are not presenting an accurate picture of Soviet gains and capabilities in the Middle East?

Wondered how far the Khomeini brand of fundamentalism will spread?

Asked yourself why the United States seems to be making one blunder after another in the Middle East?

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- **The Soviet Islam establishment**, including Shiite-born Politburo member Geidar Aliyev, the Soviet Orientology and Ethnography think tanks, and the four Muslim Boards of the U.S.S.R.
- **Moscow's cooptation of British intelligence networks** (including those of the "Muslim Brotherhood"—most prominent member, Ayatollah Khomeini) and parts of Hitler's Middle East networks, expanded after the war.
- **The U.S.S.R.'s diplomatic and political gains in the region since 1979.** Soviet penetration of Iran as a case study of Moscow's Muslim card. The August 1983 founding of the Teheran-based terrorist "Islamintern," which showed its hand in the Oct. 23 Beirut bombings.

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The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

- an estimated 4 million highly skilled industrial jobs could be added to the economy per year;
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Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the period of the next decade. The study concludes that the

how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.



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Mondale adviser Pastor stands up for Grenada coup-makers

Walter Mondale, the frontrunner for the Democratic presidential nomination, has refused to take a clear stand on President Reagan's decision to send in the Marines to keep the Caribbean island-state of Grenada from becoming a Soviet base for military and terrorist operations, including the possible taking of U.S. hostages.

Not so Robert Pastor, who advertises himself on Capitol Hill as one of Mondale's men and appears on Mondale campaign lists as a top foreign policy adviser. In testimony on Nov. 3 to the Foreign Affairs Committee of the House of Representatives, Pastor harshly criticized the Grenadian rescue action. Introducing himself as a habitué of Grenadian ruling circles, Pastor asserted, "The available evidence would suggest that U.S. citizens had less to fear from the Revolutionary Military Council (RMC) than from the invasion."

The Mondale counselor admitted that he had prepared a strategy document for the government of Gen. Hudson Austin and Deputy Prime Minister Bernard Coard *after* the two had led a Soviet-backed coup on Grenada, and *after* the deposed prime minister, Maurice Bishop, was butchered along with many of his followers.

Pastor asserted to the Foreign Affairs Committee, "There is substantial evidence to suggest that U.S. citizens were not at substantial risk." As evidence, he cited a telex from St. George's Medical School where only 10 percent of students expressed a desire to leave. But according to interviews with students by the Fact-Finding Division of the National Democratic Policy Committee, that telex was sent under pressure from the school's vice-chancellor, Dr. Geoffrey Bourne, the father of former Carter administration drug-policy adviser Peter Bourne, who reportedly assured the students there was no danger from the Austin gang.

Unfortunately for Pastor and Mondale, Dr. Bourne told the Nov. 14 *Atlanta Constitution* that he will testify in Congress that the American students at St. George's were indeed in danger and the U.S. action was "essential."

Trying to discredit the Reagan administration's statement that it had secret documents showing that the Grenadian government considered taking U.S. citizens as hostages, Pastor claimed that, were that true, "*an invasion would have endangered the lives of U.S. citizens rather than protected them.*" He then sneered: "*Is it possible that the 'Marines got*

there just in time' before the new Grenadian government could prove to the international community that it was a government, and that it could assure the safety of U.S. citizens? [emphasis in original]"

Why the Mondale adviser was so concerned to give the "new Grenadian government" a chance to prove itself, especially after the mass murders of Prime Minister Bishop and his followers on Oct. 19, then emerged in his testimony. Pastor said that after the killings, "The Grenadian leadership realized they were in an impossible position and tried through a number of channels to find an exit. Austin asked Geoffrey Bourne from the Medical School for some ideas on how to do that, and Bourne sought advice from his son, Dr. Peter Bourne, who was an adviser to President Carter. Peter, who is a friend of mine, called me about 5 p.m. on Monday, Oct. 24, and asked my advice."

Quite a telephone chain! The younger Bourne was dismissed in 1979 as Carter's "drug policy adviser" when an international scandal erupted over his dispensing phony Quaaludes prescriptions. Peter had come into the Carter-Mondale government from the National Organization for the Reform of Marijuana Laws (NORML), otherwise known as the "legalized pot lobby."

Pastor reported to Congress his response to the request. "I suggested that . . . Austin should break with the past and announce his intention to serve as a transition figure toward re-establishing Parliamentary democracy. But even those steps wouldn't be sufficient. In order to regain the confidence of Caricom, he would have to prove his sincerity with clear actions. At that time, I did not know the Caricom decisions [to break relations, to suspend Grenada from Caricom, and to impose trade sanctions], but those decisions would have provided such a test."

Pastor argued, "We do not know whether Austin was sincerely seeking an exit or just trying to buy time, because the Marines landed before Bourne could convey this message, and before the Caricom decisions could take effect. If you believe that the killing of Bishop was a premeditated effort to seize control by an extreme leftist group tied even more tightly than Bishop to the Soviets and Cubans, then one would properly judge Austin's effort as a ploy, and conclude he wasn't worth dealing with."

Ironically, Mondale's foreign policy adviser's enthusiasm for giving the Soviet-puppet government of Hudson Austin a chance to prove its "sincerity" outdid even the Cubans, who have distanced themselves from the Hudson gang.

Speaking at the funeral ceremonies for the Cubans who died fighting in Grenada, Cuban President Fidel Castro said that Cuba was fully behind murdered Grenadian Prime Minister Bishop; but—unlike the Soviet Union which embraced Gen. Hudson Austin and Bernard Coard after their bloody coup—Cuba never gave its support to the group that replaced him. Asked about Castro's statement, Cuba's ambassador to the U.N. commented at a New York press conference Nov. 14: "I can explain why we did what we did, but I cannot explain Soviet actions."

Mondale reels under terror exposé

A spark of life has now entered the Democratic Party eight-pack's presidential campaign, which up to now has had all the excitement of a Supreme Soviet election. From Nov. 10 through 17, frontrunner Walter Mondale has been confronted in every press conference he has attempted to hold by the exposé that his foreign policy adviser, Robert Pastor, wrote the "constitution" for the Soviet-backed cutthroats in Grenada who murdered Prime Minister Maurice Bishop.

The revelations about Mondale's close connections, going back to 1976, to the supporters of the Coard-Austin puppet regime in Grenada has him sweating bullets. And, the U.S. press has begun to break the story.

The facts, first reported in this journal (see *EIR*, Nov. 9 and Nov. 22), were posed to Mondale at a Chicago press conference on Nov. 10 by the Fact-Finding Division of the National Democratic Policy Committee, the political action committee founded by Lyndon LaRouche: "Is it true that your foreign policy adviser Robert Pastor wrote the constitution for the Soviet-backed government of Coard and Austin in Grenada, and that you are opposed to President Reagan's intervention in Grenada?"

Mondale gasped, "Your question takes my breath away. I'm not involved in things like that. These facts you present I'm not aware of."

Asked "You are aware that Robert Pastor is your foreign policy adviser?" Mondale declined to answer.

The same day, *The Washington Times* ran a prominent op-ed attributed to "Val Victors, a pseudonym for a White House aide who has followed Caribbean developments closely." The

story exposes 1) Pastor's and former Carter drug advisor Peter Bourne's role in attempting to prevent the White House intervention against the Soviet puppet regime in Grenada and 2) their attempts to legitimize it after Bishop's murder with a "strategy paper." *The Washington Times* calls for a thorough investigation by Congress of "the strings pulled by Pastor and Bourne in Washington on behalf of their clients in Grenada."

Ambushed in Tulsa; NBC seeks a reply

On Nov. 12, NDPC Fact-Finding Division spokesman Nick Benton opened Mondale's Tulsa press conference by calling for Mondale's withdrawal from the Presidential race. "Since your foreign policy adviser wrote the constitution for the regime that perpetrated the coup in Grenada and since you have joined in criticizing Reagan's rescue mission, you are complicit in aiding and abetting the strategic adversaries of the United States," Benton declared.

Manchurian candidate Mondale lurched away from the podium at the mention of Robert Pastor, "Your question is so profound I can't answer it." To a followup on his attack on Reagan's intervention, Mondale limply countered, "I hate communism . . . next question!"

But an NBC reporter next asked, "I find the gentleman's question about Mr. Pastor very interesting. Do you plan to follow up on it?"

Mondale exploded, "Look, there is this group that goes around the country spreading scurrilous accusations and outrageous abuse. I refuse to answer such questions. . . ."

"I don't know if I'm a credible journalist in your eyes or not," prefaced a third journalist attempting to ask about Grenada. The press conference was shut down.

Manchurian candidate Mondale's speechlessness was the lead item on

the NBC-TV's evening news in Tulsa. "Walter Mondale came to town today and the NDPC released a dossier which implicates Mondale and Carter aides in a plan to seize U.S. citizens hostage in Grenada. . . ." The camera then switched to footage of U.S. students kissing the ground on their return to the United States, then back to Benton's question, and Mondale's blushing refusal to answer questions that are "too profound." Next, NBC's own reporter is shown asking Mondale about Grenada, and Mondale's reply, "I don't answer questions from people who are not responsible journalists." "Mondale never did answer the charges, which were confirmed by an independent research firm in New York" the item ends.

On Nov. 13, Tulsa's NBC affiliate re-aired the Mondale spot, adding an interview with the Tulsa GOP chairman. He found it "very strange" that Mondale "did not give some sort of explanation" on Pastor, adding "We intend to ask him that question at every press conference we can until he gives a satisfactory answer!"

Mondale's case was hardly helped by Robert Pastor, currently on the faculty of the University of Maryland, who viciously assaulted a male and a female member of the NDPC Fact-Find Division when they visited his College Park classroom on Nov. 14 to indict him for treason. The State's Attorney is currently weighing whether to press charges, which could cost Pastor his job.

On Nov. 15, after parading as "always a strong advocate of defense" at the Coalition for a Democratic Majority meeting in Washington D.C., Mondale ducked *EIR*'s question with the help of chair Ben Wattenberg.

But the story has already leaked into the *New York Post*, *New York Times*, *Los Angeles Times* and *Boston Globe*. Mondale has never been known to stand up to stress—recalling to many the vision of Ed Muskie in the snows of New Hampshire.

Henry backs Mondale against the President

While Kissinger is struggling to convince the Reagan administration that he can clinch the 1984 election for the President by producing diplomatic miracles in U.S. relations with the Soviets in the Mid-East, in East Asia, and in Latin America, the evidence is mounting that Kissinger and his "young boy" network have merged with the campaign apparatus of Walter Mondale.

The model for Kissinger's assistance to Reagan is not 1972, when Nixon's summits in Peking and Moscow contributed to his landslide victory over George McGovern—but 1976, when Kissinger's checking account, David Rockefeller, put Jimmy Carter into office while Kissinger ran loser Gerald Ford's State Department. Kissinger's motive is his loyalty to the grand strategy of his senior business partner, Lord Peter Carrington. Carrington's "New Yalta" compact with the Kremlin depends on replacing Ronald Reagan with a pliable Democrat such as Walter "Prince Valium" Mondale.

Kissinger himself appeared on a podium on Nov. 16 with Mondale's leading fixer, AFL-CIO President Lane Kirkland, at a benefit for the AFL-CIO-linked "International Rescue Committee." Kirkland, a friend of Kissinger's and of Kissinger's buddy Secretary of State George Shultz, is strong-arming the AFL-CIO apparatus into line behind its Executive Board's rump endorsement of Mondale. Kirkland is setting up a special campaign organization which bypasses any influence by local labor organizations. Kirkland, of course, is a

leading member of Kissinger's National Bipartisan Commission on Central America.

The nomination of Mondale is also apparently a top priority for "Project Democracy," the apparatus which was established by Shultz and Kissinger's ex-valet, Undersecretary of State Lawrence Eagleburger. The AFL-CIO, now the backbone of the Mondale campaign effort, is also the major recipient of Project Democracy funding from the United States Treasury.

On Nov. 15 the "Coalition for a Democratic Majority" was resurrected to showcase Mondale before a group of self-proclaimed "neo-Conservative" Democrats as a "born again" anti-Soviet fighter. After presenting himself as a "life-long opponent of the Soviets," Mondale was questioned by a panel of eight CDM executives, at least three of whom—Ben Wattenberg, Austin Ranney, and Penn Kemble—are leaders of Project Democracy, which Mondale also supports, and whose prime Congressional backer, Dante Fascell, was honored at a CDM luncheon following Mondale's appearance. Although each of the "neo-Conservative" panelists was aware of Mondale's involvement with the Soviet-backed terrorist clique of Coard and Austin on Grenada, none of them challenged Mondale's contention of die-hard anti-Sovietism.

Who's who in the 'Kissintern'

Members of the "Kissintern" who work for the Mondale camp fall into two categories: those who have also been given jobs in the Reagan administration through the efforts of Shultz, Eagleburger, and Kissinger, and those who haven't.

Mondale adviser William Hyland, who rose to prominence as a Soviet policy expert on Kissinger's National Security Council (NSC) staff, is also a member of the Scowcroft Commis-

sion on strategic policy which has urged Reagan to drop his "Mutually Assured Survival" defensive doctrine and to replace it with an "obsolete build-up" policy closer to that of Mondale and Glenn. Council on Foreign Relations Chairman Winston Lord, who was Kissinger's assistant during his "back-channel" negotiation of the SALT I treaty with the KGB, now serves both as a senior counsellor to the National Bipartisan Commission on Central America and an adviser to Walter Mondale.

Mondale adviser Richard Moose was Kissinger's first National Security Council staff secretary. Kissinger's former Latin American affairs adviser Viron Vaky now serves Mondale in the same capacity. Mondale's arms control advisers Walt Slocombe and Barry Carter were both on Kissinger's SALT I team. A top Mondale adviser, C. Fred Bergsten, was Kissinger's NSC expert on economic policy. He is now the executive director of the Institute for International Economics, on whose advisory board sat Shultz until his appointment as Secretary of State.

The IIE is almost entirely supported by the German Marshall Fund, which sponsored a conference in December 1980 mapping out a strategy for tarring President Reagan with responsibility for an economic collapse.

In addition to those Kissinger boys working directly for Mondale, a number of those who have had too much pride to join the Mondale camp outright have been running about bad-mouthing Reagan. Kissinger's former assistant Alexander Haig recently attacked Reagan for "snatching defeat from the jaws of victory" in Lebanon. Kissinger crony Helmut Sonnenfeldt told the Senate Foreign Relations Committee, on the occasion of the 50th anniversary of the establishment of U.S.-Soviet diplomatic relations, that U.S. foreign policy under President Reagan lacked the "coherence" it had under Kissinger in the seventies.

Fulbright: 'Soviet power isn't arrogant'

The Senate Foreign Relations Committee convened hearings on U.S.-Soviet relations Nov. 16 featuring J. William Fulbright, Adm. Noel Gaylor, Kissinger sidekick Helmut Sonnenfeldt, and former National Security Adviser Dick Allen, who could do little more than fulminate about the danger of Mexico going communist.

An exchange between Committee chairman Charles Percy and Fulbright set the tone for the hearings as both declared that nuclear war is the most important issue facing the electorate, and that the American population will be even more focused on it after the Nov. 20 ABC-TV program simulating the nuclear bombing of a city, "The Day After."

Fulbright openly sided with the Soviet leadership that shot down KAL 007 stating, "The Soviets are much more serious about negotiations at Geneva than we are. We are more eager to build up than to negotiate. I don't think [chief negotiator Edmund] Rowny is serious at all. He would be surprised and disappointed if the Soviets accepted an offer. The Russians have a great and deep interest in negotiations." Gaylor said that the United States can destroy our nuclear armaments because "they have no sensible military use, they will never be used." He also attacked the Pershing deployment as a response to a non-problem, but, on the other hand, he does not find the Soviet SS-20 buildup excessive.

Fulbright also made the strange comment: "Mr. Chairman and members of this Committee, you might reflect upon the thought that if you had been born in Moscow instead of the United States, today you would prob-

ably be a member of the Central Committee or the Politburo in the Kremlin. . . ."

Sonnenfeldt nearly broke his arm patting himself on the back, announcing that U.S. policy toward the Soviets was well-conceived in the early 1970s, but the U.S. administration did not have the "consensus" necessary to implement it. Sonnenfeldt would like to see a consensus now on Henry Kissinger's program to limit the number of warheads, and an anti-satellite (ASAT) arms control agreement. "ASATs, if unconstrained in their development, would be exceedingly destabilizing."

Congress approves ASAT in 1984 defense bill

In strong national defense actions, Congress approved \$19.4 million for advanced procurement of an anti-satellite (ASAT) weapons system included in the fiscal 1984 defense appropriation.

The House-Senate conferees who met to work out differences on their respective versions of the defense appropriations rejected the House version, which had retained funding for ASAT research and development but had deleted the advanced procurement funds.

Congress, which has watched the Soviet Union test and then deploy its own anti-satellite system, was not prepared to continue U.S. unpreparedness in the hope that the Soviets might negotiate a treaty banning anti-satellite weapons.

Arms controllers, in a move sponsored by Rep. Matthew McHugh (D-N.Y.), succeeded in inserting language into the bill, however, which directed the President to report to

Congress by the end of March 1984 on the steps the administration is taking to achieve a verifiable ASAT treaty with the Soviet Union.

The Senate language, sponsored by Sen. Paul Tsongas (D-Mass.), which was dropped, demanded a comprehensive report on the impact ASATs would have on global ballistic missile defense and U.S. strategy, on U.S. allies, on arms control, and what Soviet responses might be.

The U.S. ASAT, which will be launched into orbit by an F-15 fighter plane at high altitude, is expected to be significantly more effective than the Soviet system.

Lavie funds included in continuing resolution

The U.S. Congress included \$550 million in aid for Israel's controversial Lavie jet project in the continuing resolution (CR) appropriation passed on Nov. 12. The appropriation followed the Senate rejection of funds for the formation of a joint Rapid Deployment Force with Jordan.

The Lavie funds were included in the \$11.4 billion foreign assistance part of the CR, which continues funding for programs whose regular appropriation bills did not pass in time for the new fiscal year starting Oct. 1.

Funding for Lavie included \$300 million provided for R&D to be spent in the United States, and \$250 million for production, which can be used in Israel. Rep. Jack Kemp (N.Y.), the ranking Foreign Operations Subcommittee Republican on the House Appropriations Committee, said that the vote "is a reflection of Congress's strong support for a robust Israeli defense industry, and in recognition that the the United States benefits thereby

... and for strategic cooperation with Israel."

Funds that had been appropriated during the Carter administration and were in the pipeline to Syria were de-obligated. A major step-up in military aid to Turkey, which the administration has backed, was put on hold. Congress, for the time being, maintained a balance in aid to Greece and Turkey at the 7 to 10 ratio which has existed since Henry Kissinger's tenure in government.

In Central America, \$64.8 million was allotted for U. S. military assistance to El Salvador. The administration had requested \$85 million. Congress also denied all military and economic aid to Guatemala, citing continued reports of human rights abuses in that country.

Senate coalition to straitjacket Clark

An effort to dictate policy to incoming Interior Secretary William Clark stalled his Senate confirmation until Nov. 18, when the Senate finally confirmed him in a 71 to 18 vote. Forty-one senators introduced Senate Executive Resolution 277 Nov. 15, which attacked former Interior Secretary James Watt's policies for having "generated unprecedented public controversy," and for deviating from the wishes of Congress." The resolution calls on the incoming Interior Secretary to "undertake immediate actions to ensure that the policy and program of the Department of Interior conform with the expressed will of Congress and regain general public support and confidence."

The latter provision is an unconscionable codification of the "rule by news media" which drove Watt from

office in the first place.

Led by Senate Energy Committee ranking Democrat Bennett Johnston (D-La.), who usually avoids obvious displays of partisanship, the resolution is cosponsored by 36 other Democrats and four Republicans. The Republicans were liberals Bob Packwood (Ore.), David Durenberger (Minn.) and Rudy Boschwitz (Minn.) and radical free enterpriser Gordon Humphrey (N.H.), whose anti-government-spending views have lead him into the arms of environmentalists on many occasions.

Because the Republican Senate leadership does not want the politically motivated resolution brought up on the Senate floor, it has refused to schedule floor action on it. As a countermove, when Senate Majority leader Baker attempted to bring the Clark confirmation to the Senate floor, the resolution's sponsors began a filibuster. Finally, the resolution was brought up for a vote, but it was defeated, 48 to 42, with voting following closely along party lines.

Bogus industrial policy report from Democrats

A task force of Senate Democrats chaired by Edward Kennedy released an industrial policy statement on Nov. 16.

Purporting to advocate policies for the reinvigoration of both basic and frontier industries and for boosting U.S. exports, the program is a fraud at best. At worst, it represents a step toward the kind of corporatist austerity policy which is associated with Mussolini's Fascism.

One principal element exposes the program as a hoax: the voting records

of the task force which drafted the program. Out of its 13 Democratic senators, only two voted against the confirmation of Federal Reserve chairman Paul Volcker, whose high interest rates have done more damage to the U.S. industrial base than any other single factor.

In a fit of populism, Kennedy voted against Volcker, as did Sen. Howell Heflin (Alaska), the only task force member not a charter member of the zero-growth clique. Heflin was the only member of the task force to vote against the IMF, which has destroyed U.S. markets in the developing sector and caused a precipitous drop in U.S. exports. Task force member Robert Byrd (W. Va.), the Senate Minority Leader, has protected Volcker consistently.

Chrysler Chairman Lee Iacocca was featured, along with Kennedy and Byrd, at the press conference which released the report. The 1980 Chrysler rescue package was highlighted as exemplary of the kind of labor-industry-government cooperation advocated by the Democrats.

The report lauds the wage-gouging, asset-stripping Chrysler model: "consensus was found around an equitable sharing of burdens, risks, and opportunities." The Democrats recommend a Council on Economic Competition and Cooperation to develop and propagate such Chrysler-style austerity solutions.

The task force dusted off old Democratic proposals for a National Development Bank, support for high technology research and development and education, and a "tough" international trade posture. Paying lip service to the need to refurbish basic industry with new technologies, the report is basically a brief for the post-industrial, "information" society.

National News

Reagan addresses Soviet public on nuclear defense

Commemorating 50 years of Soviet-American diplomatic relations, President Reagan sent a message to the Soviet people which was published by the U.S. embassy paper *America Illustrated*. According to a summary in the Nov. 16 *London Times*, "He reminded the Kremlin that he was determined to go ahead with new forms of anti-nuclear defense. . . . These systems would greatly reduce the dangers of deliberate or accidental nuclear attack, he said."

"Our hand is extended in friendship to the peoples of the U.S.S.R., for whom we wish only the blessings of peace, prosperity and freedom," Reagan wrote. He warned the Soviet people against believing that the United States had hostile intentions. These claims were "a misrepresentation of our policy."

LaRouche to farmers: 'face world crisis'

Democratic Presidential candidate Lyndon H. LaRouche, Jr. delivered the keynote address to a farm conference in Unadilla, Georgia on Nov. 12-13, sponsored by Tom Kersey, a national leader of grassroots farmers since 1977. It was the first major campaign address by the candidate. The audience, composed of 100 farmers, candidates, and former candidates, and supporters of LaRouche's National Democratic Policy Committee from 13 states, heard a sobering speech.

LaRouche began: "We are facing a world food shortage by the end of next year, and a food crisis in 1985. The Department of Agriculture today has the same policy that it had under Carter and Bergland. Bergland's friend Walter Mondale is running for the Democratic nomination. . . . These are the speculators, the grain speculators. They run Twin Cities, Minnesota. They are determined to wipe out the American farmer and

to reduce the population of the world with aid of a food-weapon policy." LaRouche proceeded to detail the dimensions of the imminent world financial collapse.

Addressing the desire of desperate farmers to find some juridical strategem to stop foreclosures, LaRouche said that "Gimmicks can't work," he told them. "The method is wrong. . . . [it] has been tried for 20 years and it won't work. Gimmick-lobbying destroyed the AAM [American Agricultural Movement]. Let's grow up and face reality."

Dr. Frederick Wills, former foreign minister of Guyana and initiator of the 1976 Colombo Resolution calling for a debt moratorium for the nations of the developing sector, was also invited by Kersey to address the farmers.

"If you love thy neighbor, you will organize a political movement to realize that there is no temporary solution and that appealing to the judicial system will only give you a band-aid and not cure the festering sore underneath," Wills warned the farmers, "You are the next special target of the IMF."

Scientist responds to Reagan beam appeal

In a letter to the November issue of *Physics Today*, Dr. A. Hasegawa, a leading astrophysicist, responds to President Reagan's appeal to American scientists to develop defensive beam weapons. This letter reflects a large segment of America's scientific community.

"President Reagan's appeal to American scientists to help develop weapons to nullify nuclear weapons has induced controversy in the mass media as well as in the scientific community. Arguments, both pro and con, have been based on political, technical and even emotional reasons. However, few arguments have been based on principles. I, as a scientist, support the President's idea on the basis of the following principles with which most scientists would agree:

- "Because the speed of light is 4 to 5 orders of magnitude larger than the speed

needed to transport nuclear weapons, the beam weapon concept is basically a valid one.

- "Beam weapons are useful almost exclusively for defensive purposes. . . .

- "Nuclear weapons are a product of our fellow scientists, although they are now out of our control. Scientists, having no political power, can only regain control of the nuclear weapons by scientific means. Equally important, only scientists can conceive a nonpolitical means to nullify nuclear weapons. . . ."

FEF replies to 'The Day After'

Dr. Krafft A. Ehricke, whose pioneering efforts in the space sciences include work on the development of the Atlas and the Centaur, the world's first oxygen-hydrogen upper stage rocket, has written an op-ed article distributed through the Fusion Energy Foundation (FEF) to over 450 newspapers throughout the United States. The commentary is a response to the airing on ABC of the nuclear holocaust-film "The Day After." Excerpts follow:

"The film 'The Day After' attempts to popularize a supposedly scientific study of the effects of a nuclear bombardment of Kansas City. How scientific it is in terms of global impact is debatable. Hardly debatable is its design for emotional impact on the American public.

"The effort was not stimulated years sooner by the formidable Soviet buildup during the decade of so-called deterrence, but appears at a time of Western response to what the Soviet Union would call an 'intolerable threat' were the situation reversed. . . .

"Now another television film has been released, which portrays a much different and truer idea of what can be done about nuclear war. This film is 'The Beam Revolution,' produced by the Fusion Energy Foundation, and it describes the technologies that can prevent nuclear missiles from reaching their targets, should war break out in the future. In this film, this writer also

describes some of the ways in which these same laser beam technologies can be used in the colonization and industrialization of space.

"Once the United States was globally powerful beyond measure. . . . Now that she has divested herself of this superiority, the Western world's strategy is reduced to deterrence by balance of nuclear power on which its safety and credibility in difficult negotiations depend. . . .

"Moscow did not stop its military buildup at the borders of space. A first-generation antisatellite weapon system has been tested only by the Soviets. . . . Again we observe that only now, as Washington moves toward restoring the balance, a petition for banning space weaponry is inspired by Carl Sagan, one of the originators of 'The Day After.'

". . . Beyond the antisatellite system lies the potential of beam weapons for effective defense against missiles traversing space on their way to terrestrial targets, including Kansas City. Of course, this will enhance the role of space in the arms competition between the superpowers; but it offers hope for progressively reducing the balance of that kind of terror portrayed in the film. The film's authors' professed alarm cannot be reconciled with their indifference, in fact opposition, to this type of defense. It is highly unscientific to want to have it both ways."

Aping Soviets, CBS tries to shoot down Teller

Dr. Edward Teller emphasized in a CBS television interview Nov. 15 that defensive anti-ballistic missile systems based on lasers were not "an ultimate weapon" but were crucial because they "may bring a breathing space . . . so that we have time to begin serious collaboration" in economic development with Europe and "even the Soviet Union." Until now this aspect of the beam-weapons strategy has been publicly put forward only by Lyndon LaRouche and his collaborators.

Teller said that "we support the hungry; we export grain . . . even to the Soviet Union . . . even if they shoot down our airplanes."

CBS, imitating as usual the formulations of TASS and *Pravda*, accused Teller of mouthing "newspeak" about the need for "more guns." Teller emphasized that he was calling for a change in policy. "For years we have tried to deter war with the threat of retaliation. Now we are talking about deterring war with an effective defense."

Asked if he had any regrets over the Manhattan Project, Teller replied "One regret is that Oppenheimer did not allow us to demonstrate the bomb to the Japanese first. . . . Those people who decided to use the bomb against them and who feel guilty about it have something to feel guilty about." Robert Oppenheimer supported the bombing of Hiroshima and Nagasaki; Teller opposed it.

Hulan Jack addresses Kansas NAACP

"Our country is now confronted by the greatest crisis since the Second World War," National Democratic Policy Committee (NDPC) National Advisory Board member Hulan E. Jack told the 40th annual state conference of the Kansas NAACP, in Junction City on Nov. 12.

Jack, who in 1954 became the first black to be elected borough president of Manhattan, reviewed his life's history, from the time he came to New York as an immigrant from the West Indies in 1923, living in Harlem and encountering "the horror of racial abuse," through his civil rights and other battles as an assemblyman in the 1940s.

Turning to the recent confrontations in the Caribbean and the Mideast, Jack said: "Speaking with determination in keeping with the spirit of the Monroe Doctrine . . . we cannot take a passive attitude toward the future. We have ties of history and ties of mutual economic interest to the nations of South and Central America. We need a strong Mexico, an uncompromised Brazil, a people's Argentina. But at the same time, we must have a new policy toward these countries, one which does not seek to exploit them, but seeks to work with them as 'good neighbors,' in the words of FDR."

Briefly

● **THE JOINT CHIEFS** of Staff have recommended that the Air Force, Army, Navy, and Marines form a unified space command. According to the *Washington Post*, the secret recommendation by the Joint Chiefs reflects the "growing importance of space in U.S. military planning and a conviction on the part of many senior officers that the U.S. should 'seize the high ground' before the Soviet Union has a chance to do so." The Joint Chiefs' recommendation will now be considered by Secretary of Defense Weinberger and the White House. The unified space command would control military satellites, military uses of the space shuttle, and other space-based systems and weapons. It would also play a major role in efforts to develop a space-based defense against nuclear missiles.

● **THE NEW YORK POST** has picked up on the charges that Walter Mondale aide Robert Pastor was helping Grenada coup leader Gen. Hudson Austin. "The scramble was on at the Walter Mondale campaign . . . to rebut a link," said the Post. The Post featured Pastor's connection to Peter and Geoffrey Bourne, and also the Institute for Policy Studies, "a left-wing group which among other things has opposed U.S. interference with Marxist takeovers in this hemisphere."

● **BUD COOPER**, a rancher and LaRouche Democrat from Sturgis, S.D., who held the office of Democratic party county chairman there for 20 years, announced Nov. 17 that he intends to run for the U.S. Senate seat now held by "blow-dry Republican" Larry Pressler. In his announcement, Cooper said that "It is not a matter of opinion, but a matter of fact, that I am the best qualified person to serve as United States Senator from South Dakota."

President Reagan's new strategic doctrine as the alternative to Soviet thermonuclear confrontation

by Lyndon H. LaRouche, Jr.

Address to the EIR conference, "Beam Weapons: The Implications for Western Europe," in Rome, Nov. 9, 1983. (A report on the conference proceedings appeared in EIR's last issue, Nov. 22, 1983).

On the 23rd of March this year, President Ronald Reagan informed the world that the United States had adopted a fundamental change in strategic doctrine. Since that date, the United States has been committed to ending more than 20 years of global thermonuclear terror, and to accomplish this by means of developing ballistic-missile-defense systems based on "new physical principles."

As Dr. Jonathan Tennenbaum will indicate some leading technical features of the new weapons-systems to you, both the United States and the Soviet Union are at present in an extremely advanced state of development of defensive weapons systems of greater firepower than any weapons previously in existence. In some cases, working prototypes of such systems have been tested and proven effective in field tests, to the point that their production and installation could proceed more or less immediately. In other cases, these systems have been proven by successful laboratory demonstrations, and could be produced as early as between two and five years. Still other versions are proven to be feasible in terms of principles tested in laboratories, and could be deployed within a period ranging from 5 to 10 years.

Whether such defensive systems could or could not assure us total destruction of all the missiles of a full-scale Soviet strategic assault, for example, is a debatable but useless question. We have the prospect of being able to destroy up to 95 percent or more of intercontinental and intermediate-range thermonuclear ballistic missiles, a ratio which is sufficient to make thermonuclear strategic bombardments technologically obsolete as a primary mode of heavy-artillery bombardment for general warfare. Weapons hitting approximately 10,000 kilowatts of pulsed power, for example, hitting their targets at the speed of light, fire at approximately

100,000 times the speed of a ballistic missile's warhead and 6,000 times or more the speed of the fastest anti-missile rocket. This is the greatest firepower of any weapons-systems conceived, which enables us to destroy missiles as a fraction of the cost of producing and launching such missiles.

Under conditions of crash-program development, modeled on the accomplishments of the U.S.A.'s NASA work of the 1960s, both the United States and the Soviet Union could have in place a first generation of such new defensive-weapons systems by as early as 1987 or 1988. The net estimate of the cost of deploying such a strategic system is approximately 200 billion 1983 U.S. dollars, a fraction of the present annual military budget of either of the two superpowers. Whether 5 years or 10 years is required to put such a first generation system into place is essentially a matter of the rate at which expenditures are made.

The deployment of such systems would replace the present U.S. nuclear umbrella over Europe, providing Europe for the first time a genuine defense against the destructive force of a Soviet thermonuclear-missile attack, a quality of defense not possible with thermonuclear deterrence. Additionally, nations such as Italy and the Federal Republic of Germany, which are prohibited from developing nuclear arsenals of their own, should be encouraged to develop national ballistic-missile-defense systems of their own, especially as what are called point-defense and terminal defense, ground-based laser and particle-beam systems to defend logistical and population-centers against incoming warheads.

The new defensive technologies are not limited to defense against strategic missiles. Laser and related technologies now developed could be manufactured presently for defense of aircraft and naval vessels from tactical air-to-air, surface-to-air, air-to-surface, and surface-to-surface missiles. The same technologies are suited for anti-submarine warfare. These tactical capabilities are of general interest for the air and naval arms, and of emphatic importance for defense of Western continental Europe.

Although the underlying principles of the new strategic and tactical defensive weapons-systems are elementary to contemporary physics, the deployment of such technologies means a sweeping and profound transformation in the design of the arms and conduct of warfare, a change more profound and sweeping than the revolution in warfare which France's Lazare Carnot accomplished around the pivot of improved types of massed fire by mobile field artillery. For the practice of military science, and related matters of defense-policies of governments, the emergence of these new technologies obliges us to return to the kinds of general-staff organization and direction of military arms and logistical capabilities which we associate with the tradition of Carnot and Scharnhorst.

These new technologies, this new strategic doctrine of the United States, means not only an end in sight for more than 20 years of Nuclear Deterrence. It means also an end to toleration of the doctrines and institutions of so-called "systems analysis" which the U.S. Rand Corporation and Robert S. McNamara's neo-Malthusian "whiz kids" introduced to the U.S.A. and NATO during the 1960s. It means a return to policies of high rates of technological advancement in military science, and a return to strategic policies based on high rates of technological growth in the agriculture, industry, and basic economic infrastructure of nations. It means a reversal of 20 years of growing influence of irrationalism over the cultures and governments of nations, a reversal from cultural pessimism to cultural optimism, a reversal energized by a resurgence of technological optimism, of scientific optimism.

Those, broadly, are the technological features of the new U.S. strategic doctrine and the effects of that doctrine as it is put into general practice. These are matters which will be treated in other aspects of today's conference presentations and discussions. I turn our attention now to the principal topics of my report to you today. From this point onward, I shall situate the new U.S. strategic doctrine in terms of reference of a rapid escalation toward global thermonuclear confrontation now in progress between the Soviet Union and the United States.

To begin, I refer your attention once again to the President's March 23rd address, and also to public statements issued by U.S. Defense Secretary Caspar Weinberger during the weeks immediately following the President's first announcement of the new doctrine. I focus your attention on the fact that the President and Secretary Weinberger offered to enter into negotiations with the Soviet government, to the purpose of jointly developing such anti-missile defensive systems, and to jointly proceed toward taking down the thermonuclear-missile arsenals terrifying the world today. As you know, the Soviet government abruptly and rudely rejected those offers of negotiation. Then, beginning in August of this year, the Soviet government proceeded to unleash a global pattern of escalating strategic confrontations with the United States, an escalation whose purpose is to bring about a new thermonuclear confrontation with the United States during the first six months of 1984.

In this connection, the time has come for me to report certain facts which have never been made public anywhere up to the moment I speak to you now. Insofar as I either know or suspect what I know to be a secret or privileged matter of the government of the United States, I shall of course say nothing here. However, what I am at liberty to report now will be sufficient to inform you of what European military professionals and other policy-makers need to know as allies of my country.

From February 1982 through the middle of April 1983, I was engaged in continuing private discussions with representatives of the Soviet Union on the subject of the strategic doctrine which the President announced on March 23rd of this year. These discussions were conducted within the limits of the law of the United States pertaining to such discussions by private citizens. They were, however, conducted with full knowledge of appropriate channels, and the Soviet representatives involved conducted their part of the discussions with full understanding of the arrangement. The limited purpose of these discussions was to explore conceptions with a view to reporting my findings to appropriate channels of my government, and to ensure at the same time that were my recommendations accepted by my government, the Soviet government would have competent knowledge of the intent and implications of the policy being proposed.

Despite the private and informal nature of these fact-finding discussions, the President's announcement of March 23rd caused those discussions to secure the highest strategic importance in Moscow, and to become a significant factor in the unfolding of the global strategic situation after that date. At the same time, these discussions placed me in a situation of special advantage for understanding exactly what the Soviet government was thinking, and its purpose in rejecting the President's offer of negotiations under the new strategic doctrine. As you shall soon learn, this has bearing on the deeper, global implications of recent events in Grenada, and probable new developments about to erupt in various parts of our planet.

Background to the discussions

Before turning to those discussions themselves, I must give briefly some of the background to those discussions, and some explanation of the connection between my own formulation of the new U.S. strategic doctrine, at a February 1982 Washington D.C. seminar, and the President's promulgation of his own version of that doctrine this past March 23rd.

There is nothing new in the proposal for development of Ballistic Missile Defense Systems based on lasers and other "new physical principles." Such a proposal first appeared in the published literature in the first, 1962, edition of Marshal V. D. Sokolovskii's famous *Soviet Military Strategy*. From 1962 until the present date, the development of such strategic anti-missile systems has been the center of Soviet war-winning strategy against the West, and is a crucial feature of

present Soviet anti-missile deployments in preparation for a thermonuclear showdown as early as the first six months of 1984. This subject was debated in proceedings of the famous Pugwash conference throughout the 1960s. The Soviet commitment to development of such systems was being escalated at the time the 1972 ABM treaty by Henry A. Kissinger—a fact of which Kissinger, but not the U.S. Congress, had knowledge at the time the President and Congress ratified the treaty in the autumn of 1972. During 1977, the issue of Soviet deployment of such anti-missile capabilities was made public by retired Maj.-Gen. George Keegan, with whom some of my associates collaborated at that time, when our experts confirmed General Keegan's views on this matter. During that year, I issued my own first public declaration in support of U.S. development of such systems, for which both I and General Keegan were roundly denounced in NATO circles by the London International Institute for Strategic Studies.

What was new in my February 1982 proposal for a new U.S. strategic doctrine was not simply my proposal that both superpowers cooperate in developing and deploying ballistic-missile defense based on the so-called "new physical principles." It was not the development of laser and particle-beam weapons systems which was original in my proposals. What was new was my building around such weapons-systems a comprehensive strategic doctrine proposed to replace and destroy the existing doctrines of Nuclear Deterrence, and to seek to accomplish this by agreement to that effect by both superpowers.

My design for such a new strategic doctrine was completed during the final quarter of 1981, but was withheld from public circulation until my associates and I presented this at a Washington, D.C. seminar we organized for this purpose during February of 1982. We arranged to hold a seminar to be attended by both Warsaw Pact representatives and representatives of the U.S. intelligence, military, and scientific communities. This proposal, once delivered, gained rapid interest and support within influential military and scientific circles in the United States. Exemplary is the formal support it obtained from some retired military professionals during May 1982, and the success of some scientific circles in urging Dr. Edward Teller to become a leading spokesman for such a policy, as may be remembered from Dr. Teller's public address to the Washington D.C. National Press Club on Oct. 5, 1982. Dr. Teller's campaign brought the matter to public controversy in the leading international news-media, and was influential in prompting the adoption of the leading military features of the doctrine by President Reagan.

It is to be emphasized that not all of my design has been adopted by the U.S. government. The kernel of the proposed doctrine was adopted by the President and Secretary Weinberger, as their public statements attest. Also, the President and Secretary Weinberger have made strenuous efforts, as has Dr. Teller, to persuade the Soviet government to cooperate in implementing the new alternative to thermonuclear nightmare. Recently, Dr. Teller has declared publicly his agreement with the proposal to conduct a U.S. economic

mobilization like that of 1939-43, which is also an original feature of my February 1982 proposal; however, I doubt that this is yet adopted by the majority of President Reagan's administration—at least, not for 1984. It is clearly the case that President Reagan has not yet accepted my proposal that general international monetary reform must be an integral feature of the new strategic doctrine, although I continue to hope that events will soon convince my government of the need for this change from present policies.

Nonetheless, all of these elements, both those elements presently adopted by my government, and those not adopted so far, were integral features of my discussions with Soviet representatives, and as elements of those discussions significantly shaped Soviet perceptions of the new strategic doctrine as a whole. From the Soviet vantage-point, the question is whether U.S. policy is dominated by the influence of both Britain's Lord Peter Carrington and Henry Kissinger as well as the Harriman-Rockefeller faction of the Democratic Party, or whether the opposing currents which I typify will tend to prevail in shaping U.S. strategic outlooks. They assume that if the current which I typify prevails, that the entirety of the policies I propose must tend to be influential in U.S. policy, and they are depending upon my leading opponents, such as Kissinger and Walter Mondale, to prevent the influence of my kind of thinking from becoming as influential as Moscow feared it had become on March 23rd. It has been communicated to me from Moscow, that the highest level of the Soviet political command currently views me as Soviet public enemy number one—whether other Soviet circles view me in a more kindly light, I do not know.

The Soviet discussions

In any case, the February 1982 seminar led immediately to my direct and indirect discussions with Soviet representatives in various locations. I informed relevant persons in my government of these proceedings, and informed Soviet representatives of this fact. So matters proceeded from February 1982 into the middle of April 1983.

Soviet interest covered two overlapping areas. The first was my proposed strategic doctrine itself. Second, it had come to Soviet attention that my own quarterly forecasts for the U.S. economy, regularly published since November 1979, had proven consistently accurate, whereas their own, as well as those of the U.S. government and private forecasting services generally, had been usually wrong, and overall absurd when compared with my results. As it turned out, it was Soviet belief that my economic analysis of the proposed strategic doctrine was correct which played a leading part in Moscow's summary rejection of the President's proposal of March 23.

The policy discussed with Soviet representatives had the following leading features.

First, the combined Soviet and NATO deployment of what are called Forward Nuclear Defense capabilities, including the Soviet SS-20s and Pershing IIs, had brought the world to the brink of policies of "launch on warning." When-

ever one superpower places a first-strike nuclear-assault capability within 10 minutes or less of targets in the opposing superpower's homeland, the threatened power is forced to adopt a policy of launching a full-scale thermonuclear barrage against the homeland of the other at the first indication of launch of forward-based systems. Since Defense Secretary James Schlesinger's announcements of 1974 and Henry A. Kissinger's proposing the NATO double-track policy in 1979, the world has been moving at an accelerating rate toward a condition of "launch on warning." At present, the Soviet command is virtually at a state of launch-on-warning, and will be at that state by the end of the present year. When the Soviet forces take indicated countermeasures targeting the U.S. homeland, and also deploy SS-20s to eliminate the U.S. nuclear submarine force in a first-strike assault, the United States will be forced to launch on warning. This trend was already clear before the end of 1981, and it was also clear that 1983-84 would be the point at which such a state would emerge.

The point has been reached, at which any continuation of the Nuclear Deterrence doctrine means a high probability for thermonuclear war during the months ahead.

Second, in face of this indicated problem, the present form of strategic-arms-limitation negotiations is premised on negotiating the level of thermonuclear-deterrent capabilities. Therefore, such negotiations perpetuate the very doctrine of Nuclear Deterrence which is now leading us into thermonuclear general warfare. Such negotiations, involving agreements on which the Soviet command will merely continue to cheat as it has over the past 10 years, increase the danger of thermonuclear war by fostering deluded confidence in Nuclear Deterrence.

Third, peace movements today are a more foolish delusion than those of 1912-14 and 1938-39.

In the United States, the Nuclear Freeze movement is sponsored by such names as McGeorge Bundy, Robert S. McNamara, and others of those who guided the United States into the prolonged and useless war in Vietnam. From such "pacifists," those of us who lived through the 1960s expect nothing but the worst. Our suspicions are well-founded. This same band of peaceniks around Robert S. McNamara has been consistently the leading proponents, together with Henry A. Kissinger, of the most ferocious measures of economic austerity against developing nations generally, policies whose results in terms of famine, epidemics, and social upheavals prompted by misery, presently have literally genocidal effects among some developing nations, and threaten similar effects upon many more. Moreover, these advocates of Nuclear Freeze are leading proponents of local, colonialist wars against developing nations, and are otherwise supporters of various separatist and other "integrist" insurgencies against existing nations of both the developing sector and Europe. The leading cause for strategic instability and war worldwide is the spread of destabilizations throughout Latin America, Africa, the Middle East, the Asian subcontinent, and South-east Asia. Not only are leaders of the Nuclear Freeze move-

ment the most savage in their actions against developing nations, but their policies for ruin of developing nations are the policies which lead us directly toward general warfare. This is a purported moral insurgency against warfare, led by immoral wretches who support genocidal measures against entire peoples and whose actions can have no result but to lead to general warfare.

At the same time, the peace movement in Western Europe and North America today is either directly orchestrated by the Soviet Union or is conducted by circles acting in collaboration with the Soviet Union. Whether dupes in the West intend this result or not, their actions are in support of a Soviet psychological-warfare effort to weaken the political will of the West in preparation for a thermonuclear confrontation now being mobilized globally by Moscow. The peace movement encourages Moscow to proceed with that confrontation, and thus lures Moscow into those actions which will provoke desperation reactions from a U.S. population which will never permit itself to be subjected to Soviet global hegemony.

These three sets of facts must lead us to the following general conclusion. First, to avoid immediate threats of escalation toward general thermonuclear warfare, we must immediately scrap the Nuclear Deterrence doctrine. The implementation of the President's strategic doctrine will not by itself give us durable peace. It will merely delay the prospect of general warfare by 10 to 15 years, a precious 10 to 15 years, during which to deal with the political causes of the continuing adversary relationship between the superpowers. Second, the delay in danger of general warfare must be used to develop the non-military political solutions which change fundamentally the definition of strategic interests of the powers in a way promoting durable peace.

So far, since the President's address of March 23rd, it has been the first of these two points which has attracted most public discussion. The argument against the President's doctrine has been that the new doctrine destroys the doctrine of Nuclear Deterrence. That is true, of course. The objectors argue that it is the Nuclear Deterrence doctrine which has given us peace, and which is the guarantee of continued peace, an objection which is factually absurd. It is Nuclear Deterrence which has brought the world to the present brink of thermonuclear war.

In my discussions with Soviet representatives, and in other connections, I have been advantaged by the work of my associates and myself in promoting development of controlled thermonuclear fusion technologies. Through this work over the past decade, we were advantaged to know more or less the scientific-technological capabilities of the respective superpowers as those capabilities bear on developing the new kinds of defensive weapons-systems. At the close of 1981, as I shaped the new strategic doctrine, I was advantaged to know that both superpowers had reached the point that both could rapidly develop and deploy the kinds of defensive weapons-systems proposed. Thus, the time had been reached to proceed with destruction of the Nuclear Deterrence policy. It was not only necessary to do so; the time had come when

it was practical to do so. No leading Soviet specialist could privately disagree with me on this point.

Some primitive but effective weapons-systems of this new class are more or less immediately available today. Others are provably within reach within 2 to 10 years of development. Therefore, if both superpowers agreed to such a change in strategic doctrine, the agenda of negotiations between them could be profoundly changed. We could scrap the existing form of arms-limitation discussions, and negotiate a new agenda featuring beam-weapons development, and under that agenda negotiate the systematic take-down of the thermonuclear arsenals. Even though several years would be required actually to replace the new systems in significant degree, the fact that agreement were reached to do so would color the approach to every immediate question in the realm of armaments and strategic issues generally.

The limitation of the causes of warfare requires two broad categories of political cooperation between the two superpowers.

The first must be cooperation in creating a new global economic order among states, consistent in effect with the 1967 encyclical *Populorum Progressio*. We must replace the bankrupt and oppressive Bretton Woods system with a new global monetary order supplying low-cost, long-term credit for technology transfer to developing nations. This will foster a capital-goods export-boom in industrialized nations, while increasing the productive powers of labor among developing nations. If the United States and the Soviet Union can join to effect what Dr. Teller has called the "common aims of mankind" in this way, that cooperation will contribute greatly to removing the political causes of war.

Such an implementation of *Populorum Progressio* is not to be considered as something merely added onto the strategic doctrine. The new technologies required for defensive weapons-systems represent the greatest technological advance in the productive powers of labor in human existence to date. The mere \$200 billion spent over five years or so, by each superpower in developing the new defensive systems, will be paid back to humanity many times over even during the remaining years of this century, through great advances in the productive powers of labor occurring as these technologies spill over into civilian economy through improved machine tools and other categories of capital goods production.

The second general area of political cooperation must be in the areas of exploration and human colonization of nearby space. This has more direct bearing on the technologies employed in the new defensive weapons-systems, and has profound implications for changing the way in which the human race views itself within our universe.

With or without beam weapons, the progress of science today is more or less entirely centered around a revolution in our knowledge of the laws of our universe emerging from three overlapping areas of fundamental research. The first is a revolution in plasma physics fostered by advances toward mastery of controlled thermonuclear fusion as the future primary energy source of human existence. The second, some-

what distinct but closely related to the first, is progress in development of high-powered modes of coherent radiation of beams of energy, for which the development of the so-called free-electron laser is one of the most interesting programs presently under way. The third area is a new approach to the mastery of living processes, for which micro-biotechnology is an important but ultimately relatively minor feature. If one were obliged to identify some single area of human activity in which all three elements perform an interdependent function, one must choose man's colonization of the Moon and Mars as exemplary.

Thermonuclear fusion means the potential for accelerating space vessels toward relativistic speeds in powered interplanetary flight. This is indispensable for manned exploration of our solar system, and for later manned flights beyond our solar system; it is also indispensable for significant human travel from Earth-orbit to orbital positions for creating and maintaining an Earth-like artificial environment in large, inhabited chambers on the Moon or Mars. The power of the high-powered laser and particle-beam is the indispensable tool by which to capture energy produced by thermonuclear fusion for work in space or work done by human colonies on the Moon or Mars. For extended space-travel and for colonies on the Moon or Mars, we must produce the food travelers and colonists require, a task which recommends progress in biotechnology to us.

As to the Creator's purpose in beckoning us into space, we must wait until we reach there and discover what tasks await us. We do know at present that certain scientific researches cannot be completed except in exploration of space, researches with important benefits for man on Earth. It is sufficient for us to know that it is our destiny to explore and colonize nearby space, and that we shall do so during the course of the next century, provided mankind does not collapse into a dark age of neo-Malthusian irrationalism and bestiality now rampantly insurgent about us today. We also know that as we look upward to those impending tasks of space-exploration, men and women are uplifted in spirit to think of man as Man in Creation, and to slip less easily into the condition of beast-men squabbling over patches of mud in the swamps of Earthly life.

We also know in advance, as the limited but important accomplishments of NASA show us already, that the mastering of science to solve the problems of man's exploration of space will increase greatly our power to master problems confronting us on earth.

To build the commitments upon which a durable peace can be established, we must adopt goals and tasks which reach deep into the coming century. First, we must establish universal justice on earth for all nations and peoples, a work which must include the establishment of economic justice for all nations. This will require approximately two generations before the grandchildren of today's youth in the poorest nations can be lifted to a state of self-sufficient equality. This is a task spanning approximately 50 years. At the same time, over a longer span, we must take steps toward man's colo-

nization of nearby space, a task which aids us in looking dimly but realistically about a century ahead. If the two superpowers, and other nations as well, can adopt such common aims for mankind, the habits acquired over 50 to a 100 years of collaboration may be reasonably expected to bring forth a new level of culture upon our planet. Mankind always requires large tasks which lift the individual's and nation's perception of self-interest above the petty and hedonistic squabbles of venal individuals.

It has been and continues to be my proposal that the negotiation of agreement on the new strategic doctrine be the foundation for developing agreement for collaboration on these two larger tasks of the next hundred years.

My discussions of these matters with Soviet representatives affirmed what I know by other means. The Soviet government has no serious technical disagreement with any part of the strategic package I have outlined. The military doctrine I have proposed is consistent, in terms of military science, with what the Soviet school of Marshal Sokolovskii has adopted as its war-winning doctrine for approximately 20 years. The feasibility of the new species of strategic defensive weapons-systems is well-known to Soviet circles including Academician Velikhov and Major-General Basov; the Soviet Union is now working at the utmost speed to develop and deploy such weapons-systems. As a matter of economic science, the Soviet Union would not argue against the desirability of technology-transfer to developing nations—despite the fact that the Soviet Union has been the bitterest and most stubborn opponent of permitting developing nations to employ nuclear energy. Nor does the Soviet Union oppose scientific cooperation in development of thermonuclear fusion and space exploration. Also, the Soviet Union would agree that the technologies involved in beam-weapons systems, if spilled over into the economy, would prompt a significant rise in the productive powers of labor.

Nonetheless, the Soviet government rudely, even violently, rejected the President's offer of March 23rd. During the middle of April, "the highest political level" ordered a termination of discussions with me, and has subsequently classed me as the embodiment and leader of the "right wing" in the United States. However, before breaking off discussions, Soviet channels reported to me the Soviet government's reasons for rejecting the President's offer.

"Yes, the doctrine would work as you suggest," it was conceded, "but we will never accept it." The explanation for Soviet rejection of even noncommittal exploratory negotiations was given precisely and point by point.

1) "The Soviet Union will never negotiate strategic policy with an adversary. The United States is our adversary."

2) "The Soviet Union will never negotiate with President Reagan."

This is accurate. It has been consistent Soviet policy never to negotiate with President Reagan since the early summer of 1982, at the time Yuri Andropov was formally

adopted as successor to Leonid Brezhnev. The Soviet Union has made purely cosmetic offers of willingness to negotiate with the U.S.A., including back-channel discussions with Henry A. Kissinger, but has never made any effort at substantive negotiations with President Reagan. It is waiting to negotiate with one of President Reagan's seven pro-Nuclear Freeze opponents among leading candidates for the Democratic presidential nomination. The Soviet leadership has so far adopted the view that to negotiate substantive matters with the President might give Ronald Reagan's reelection campaign the kind of "statesmanlike" credibility with voters which Richard Nixon gained from the 1972 SALT and ABM treaty negotiations.

3) "The economic spill-overs of these weapons technologies will work as you propose. However, because of our economic bottlenecks, your country would leap ahead of us, and that we will never tolerate."

The great fear in Moscow is that the United States might resume the relative economic strength it enjoyed during the middle of the 1960s. It is implied that under those conditions, the United States could afford to outrun the Soviet Union in military spending—whereas, at present, the Soviet economy is outspending the United States on military accounts. The Soviet leadership is fearful of the United States' potential to pull off an economic miracle of recovery through aid of a high-technology crash-program like the early NASA effort.

Evaluation of the Soviet rejection

I interpreted the orders to break off discussions with me as crucial evidence of Soviet intentions to move quickly toward a thermonuclear confrontation with the United States, and so informed my friends in the U.S. government. I forecast that the Soviets would begin to escalate on a countdown toward a thermonuclear confrontation as early as August 1983. Events proved my spring 1983 forecast of such a Soviet posture to be correct; the countdown toward thermonuclear confrontation began during August, and has been escalating in various sections of the globe ever since.

The general evidence I had available in making and submitting this evaluation was essentially as follows.

The Soviet leadership knew that as long as superpower negotiations were defined within the setting of Nuclear Deterrence doctrines, that a new missiles crisis before the end of 1983 was probable, and virtually certain by spring of 1984. Unless some qualitatively new dimension in superpower negotiations occurred before December 1983, a chain-reaction of measures and counter-measures leading to a global missiles crisis as early as 1984 was almost unstoppable. Therefore, in flatly rejecting even exploratory negotiations on the basis offered by the President, the Soviets had manifestly committed themselves to an early thermonuclear confrontation. They had not merely accepted such a confrontation; they were consciously seeking its occurrence.

Additionally, there are several leading reasons the Soviet

leadership views 1984 as the year of opportunity for probable Soviet success in accomplishing an historically decisive humiliation of the United States.

1) *The Shift in the Military Balance.* The Soviet Union is presently ahead of the United States in strategic military capabilities. This margin of Soviet advantage is such that the Soviet Union has more or less the acceptable military margin of calculated risk to launch a pre-emptive thermonuclear assault upon the United States, unless the United States combined missile forces were on full-alert status and the United States operating under a launch-under-attack policy.

The key point on which to concentrate to understand this Soviet advantage is the relevance of the Soviet SS-20 as an anti-submarine-warfare weapon, which is the principal military function of such a weapon within the Soviet missile arsenal taken as a whole. Simply, the nominal margin of U.S. missile strength vis-à-vis the Soviet forces is the submarine-launched second-strike arsenal. If this element of U.S. capabilities were eliminated, the relatively aged U.S. land-based missile arsenal is at a quantitative and qualitative disadvantage under conditions of Soviet first-strike assault. I won't go through the basic calculations, which military professionals here know at least as well as I do. I emphasize only that by aid of modern tracking and trailing of the handful for NATO nuclear submarines actually deployed at any one time, and the ability to locate those submarines' position within a range of 10,000 to 100,000 square kilometers, MIRVed SS-20s are an ideal counterforce capability against the nuclear-submarine fleet of the Atlantic Alliance, and are not the portion of the Soviet arsenal indicated for deployment against Western Europe.

2) Except for Southeast Asia, Korea, and Japan, the entirety of the section of the world economy under rule of the Bretton Woods monetary institutions is presently gripped by a deepening economic depression, which tends to prevent the United States and Western Europe from mobilizing to restore the military balance with Soviet forces.

The October 1983 Quarterly LaRouche-Riemann Forecast for the U.S. economy identifies the evidence proving that the reported 1983 economic upswing in the United States is a statistical hoax concocted chiefly by officials at the Federal Reserve System. Relative to 1982 levels, the physical output of the U.S. economy contracted by about 4 percent during 1983. The Federal Reserve System's fraudulent report turned a decline in the value of U.S. steel output into a 36 percent reported rise. It overstated auto production for the first three quarters of 1983 by 24 percent; it understated the inflation rate by 300 percent; and reported the worst U.S. food production since World War II as a "record

year" for agriculture. Meanwhile, the U.S. Bureau of Labor Statistics dropped more than 1 million unemployed from the labor force, to create the appearance of a decline in unemployment rates, and understated the gross cumulative level of unemployment by 100 percent. I do not suggest that President Reagan was in any way responsible for this hoax; I have evidence that the President was in fact the chief intended victim of this deliberate fraud by the Federal Reserve, as part of a scheme to induce him to tolerate policies and conditions he would not have tolerated had he been given honest figures.

The U.S. economy itself has been on a rollercoaster of ups and downs, overall downward, since Volcker introduced his policies in 1979. This, aggravated by the collapse of world trade under pressure of IMF conditionalities, has plunged the world into an economic depression resembling that of 1929-31.

3) Since the summer of 1982, the world has been walking along the crumbling brink of a 1931-style international financial collapse. Contrary to news-media accounts, the heart of this problem is not the approximately \$750 billion foreign debt of developing nations, but the nearly \$10 trillion of combined public and private debt of the industrial nations. We are presently at the brink of a chain-reaction collapse in North America and Western Europe, which would wipe out between \$1 and \$2 trillion of paper values in the first wave of a 1931-style collapse.

In the effort to delay by perhaps a quarter or two more the threatened collapse in the northern hemisphere, bankers maddened by desperation are ferociously looting the developing nations, creating in Latin America and elsewhere an economic, social, and political crisis of profound and ominously immediate strategic implications. The looting of the developing sector today, under the guidance of Lord Peter Carrington's firm, Kissinger Associates, Inc., is taking on the dimensions of horror of the Nazi looting of occupied countries during World War II.

4) The political system of alliances centered upon the United States is crumbling. The Middle East and North Africa are being destroyed. The subcontinent of Asia is now in the opening phase of a massive and potentially generalized destabilization through deployments of various integrist insurgencies from Iran and Europe. The Philippines, Indonesia, and Malaysia are presently either undergoing destabilization, or are targeted for early eruptions of Islamic fundamentalist destabilization. The Republic of Korea is now massively targeted for early destabilization and possible outbreak of renewed war. Latin America's relationship to the United States is being demolished under the

Izvestia attacks LaRouche and beam-weapons policy

The Soviet daily Izvestia of Nov. 15 published an attack on Lyndon LaRouche and the conference on beam weapons strategic defense, which LaRouche addressed in Rome on Nov. 9. A translation of the article, which ran prominently on the international news and feature page of Izvestia under the headline, "Sabbath at the Hotel Majestic," appears below.

Izvestia correspondent N. Paklin fails to note that all Soviet representatives present at the conference, including himself, walked out of the hall when LaRouche began to speak and returned after he had finished. The article is thus a distortion of the event, since it ignores what was actually said by the main object of the attack, LaRouche. N. Paklin and the Izvestia editors evidently find that reporting on LaRouche's address would be inconvenient for the lies they choose to tell about the beam defense policy of the United States.

The reader is afforded a glimpse into the current intentions of leading Moscow circles by comparing Izvestia's distorted coverage with the adjacent actual text of LaRouche's address to the conference.

Outwardly, they in no way looked like cavemen. They were well-dressed, clean-shaven and their manners were courteous and polite. And the conference hall in the chic Roman Hotel Majestic where they assembled in no way resembled a cave. But all it took was to turn up in that hall and listen to the speeches, and no doubt remained . . . you were among the troglodytes. They came to Rome from various countries, on invitation from a certain Lyndon LaRouche. In the United States, this economist by profession sought to advance his presidential candidacy in the last presidential elections, but burned out in the very first steps. Now he is once again trying to run. As the hobbyhorse of his electoral campaign LaRouche has chosen . . . space weaponry. He was delighted with the proposals Reagan made on March 23 of this year, to fill near-earth space with lasers and other types of "total weaponry," and now he is sparing no effort in the propaganda of this misanthropic idea. The get-together at the Hotel Majestic showed that both Reagan and LaRouche have followers in the Old World. . . .

The first to come up to the microphone was the proper-looking Signora Fiorella Operto. On the program of speakers, she was identified as a member of the "Club of Life," financed by the same LaRouche. The theme of her presentation sounded like this: "Why Western Europe

should join in the production of space weaponry."

Why, indeed? In order, proclaimed Fiorella Operto, to counter the "Soviet threat." As for the nuclear "Pershings" and "Tomahawks," which Washington is bestowing upon the Western Europeans, they—so she said—can help the West only partially.

"You should get space weaponry"—that was the leit-motif of the presentation of the American Paratroop General V. Warner. But something else, too. . . . "Alongside the creation of space weaponry, it is necessary in the future to increase the production of nuclear missiles and all types of conventional arms." He finished his presentation amid the applause of those present, among whom there were several high-ranking representatives of the Italian Defense Ministry. The elderly Italian General G. Macri, who used to serve in special units of the American army in the Federal Republic of Germany, spoke in the same vein. "We will answer the Soviets with space weaponry"—he appealed to the audience. Of what deadly sins did the enraged orator not accuse our country!—including that the Soviet Union has outstripped the West in the creation of space weaponry. The general, naturally, kept quiet about the fact that it is precisely the Soviet Union that is coming out against the militarization of space, and, at the last, 38th session of the U.N. General Assembly, introduced a draft treaty to ban the use of force in space and from space against the earth.

It was shameful and horrifying to listen to the French Col. M. Geneste. This warrior was presented as the "father of the French neutron bomb." He talked breathlessly about how his offspring kills, accompanying his story with slides. "It is necessary to immediately supplement neutron weapons on earth with laser weapons in space"—this was the conclusion of M. Geneste. He was supported by Bundeswehr Colonel G. Seuberlich and other speakers—military men, pseudo-scientists, and journalists who have put their pens to the service of military business.

In Rome, LaRouche and his supporters held already their second sabbath of recent weeks. Setting aside the personal ambitions of this unsuccessful aspirant for the presidential office, then the aim of these get-togethers is to propagandize among the Western European public the "advantages" of the Reagan proposal to spread lethal types of weapons in space. Understanding that naked propaganda will not accomplish anything, Western European industrialists are being asked to join in the creation of "global space weaponry." They are being seduced by tens and thousands of billions of dollars, which the U.S. is not skimping on allocating for the militarization of space. The Reagan Administration wants to bind Western Europe even more closely to its criminal policy in the area of nuclear and space armaments.

influence of the policies of Lord Carrington's Kissinger Associates, Inc. Within Western Europe and North America, the political will of governments and the alliance itself are being ruined by the combined impact of Western Europe treachery and the Nuclear Freeze and Peace movements.

5) The United States is presently seized by the inward-looking delusions traditionally associated with a presidential election campaign, in which the majority of the President's opponents are variously Democratic and Republican liberals, massively supported by the news media generally, who openly proclaim Andropov the peace-lover and Reagan the warmonger.

These five conditions add up to what must be seen from Moscow as an historic strategic opportunity. For, if President Reagan were reelected, beginning November 1984, he would without doubt unleash a massive economic mobilization modeled significantly on the precedent of the 1939-43 period, to the effect that the Soviet strategic advantage of the present moment would rapidly evaporate. This present period of twelve months ahead as a period of the United States' greatest strategic vulnerability to a Soviet thermonuclear confrontation which has ever existed is or likely to exist in the foreseeable future. If the United States is sharply confronted now, some in Moscow delude themselves, it will lack the political will to do anything but capitulate massively to Soviet demands. It might be imagined in Moscow, therefore, that through such concessions the Soviet Union could secure for itself a proverbial thousand years of global military hegemony.

I shall not present here the extent of the intelligence which I had at my disposal this past April and May when I assembled my evaluation of Soviet response to the President's March 23rd address. It is irrelevant, for our purposes here, to examine the reasons which, during April of this year, prompted me to select August as the point that the Soviet escalation toward thermonuclear confrontation would begin.

The point to be made is that there is no hope of avoiding thermonuclear war during the period ahead unless the Soviet leadership enters into negotiations of the sort implied in the President's March 23rd announcement. It should also be clear that the Soviet leadership will continue to reject such negotiations as long as Moscow believes that it might gain a historic strategic political victory in the course of the ongoing escalation toward confrontation now in progress.

Since April of this year, and most emphatically since this past August, there has been a raging battle within the leading Washington circles between those forces which agree more or less with my evaluation and those opposing forces which accept the strategic assessment offered variously by Henry Kissinger and leading circles of the U.S. State Department. Up until the terrorist killing of nearly 300 soldiers

in Beirut and the murder of Prime Minister Bishop of Grenada, those who more or less shared my view were in a decided minority. Now, the correlation of factional forces has shifted significantly in favor of my strategic estimation. I do not know whether those who share my general outlook are presently a majority, but the actions taken in Grenada show that the present direction of developments in Washington, and among the American citizens on the streets around the nation, is shifting toward my view.

The essential problem is that for a long time, since the middle of the 1960s, the United States has ceased to be a politically credible strategic force in the eyes of other nations and its own citizenry. The Kissinger years and the disaster of David Rockefeller's Carter administration bequeathed a disaster to the Reagan administration, a disaster which the President did not begin to significantly reverse until his address of March 23rd. Now, by his stubborn defense of the principle of sovereignty of nations in the case of Lebanon, and his assistance to the threatened state of the Caribbean in the case of the Soviet military coup d'état in Grenada, the President has begun to win back the lost credibility of the U.S. government from among growing portions of the citizenry and among portions of the United States' allies. Congressmen long stubborn opponents of the President on these issues are beginning to capitulate begrudgingly to the President under pressures from an angry citizenry in the streets.

With this renewed credibility, and a clearer picture of Soviet posture and intentions than ever before, it is probable that the President will proceed in the direction of actions which have the twofold effect of causing the Soviet government to rethink the matter of thermonuclear confrontation, and to consider more seriously the offer which the President made on March 23rd. The best way to persuade the Soviet Union to accept the new strategic doctrine of the United States is to act to implement that doctrine now.

Let those of us more fully aware of the dangers threatening us act now to influence the governments of Western Europe and North America to enter jointly into a cooperative economic mobilization modeled upon the U.S. mobilization of 1939-43, and in that context reequip and retrain our defensive forces with the new kind of strategic and tactical defensive technologies we are discussing here today.

Is it still possible to avoid thermonuclear war? No one on earth knows. Perhaps it is already too late, but we have no available course of action but to try. Nothing can possibly succeed except negotiations on the basis of the strategic doctrine of March 23rd. As we say in the vernacular of the United States, "It's our best shot; let's put everything we have into making that effort succeed."

A new policy for the alliance

I conclude this presentation with one final point, a point most appropriately made among those assembled on the his-

toric soil of Italy, the Italy of St. Ambrose, St. Augustine, Dante Alighieri, Nicholas of Cusa, and Leonardo da Vinci.

I do not think that what I have to say in this final point can be rightly described in any way as chauvinistic. I have demonstrated often enough my love for the nations and people of the Arab world, of victimized Iran, of Pakistan, of India, of Africa, and Southeast Asia, my concern for the well-being of the people of China, and my affectionate respect for the people and achievements of Japan. Yet, that love and respect does not permit me to blind myself to the special and precious contributions to civilization of Western European Judeo-Christian culture.

Amid the ruins of the evil which St. Augustine rightly recognized in the Roman Empire, and the sordid degeneracy of Byzantium, on this soil of Italy there arose around the persons of St. Ambrose and St. Augustine, an affirmation of the highest truths of both Apostolic Christianity and of the Judaism of Moses and Philo of Alexandria. Expressed in that precious Latin term, *filioque*, was a conception of the Creator, of the lawful ordering of our universe, and of man's place in that universe under the Creator. Although much evil has invaded and sometimes ruled European nations since St. Augustine lived, the heritage of St. Augustine and the *filioque* has produced repeatedly new insurgencies of the noblest qualities of which mortal man has shown himself capable.

When the work of Charlemagne was destroyed, in the evil dark age of the 14th century, around the political heirs of the great Dante, there arose, centered in Italy during the 15th century, the greatest efflorescence of culture which has ever occurred at any known time in any place. Centered around the powerful personality of the great scientist and lawgiver Cardinal Nicholas of Cusa, there arose a new conception of political society, of universal natural law, and an eruption of scientific progress unlike anything the world has seen since. Those of us who share that heritage—in Western Europe, and in the Americas—are both the sons and daughters of St. Augustine and of Cusa's circle of collaborators. Today, as that great heritage seems almost at the verge of extinction in Italy, as in most of Europe and North America, it is our duty to remember who we are, what heritage we represent, and to act as those great predecessors of ours would have acted were they alive to act today.

In the great struggle between East and West which grips the world today, we should think back to the city of Florence in 1439, when the friends of Cusa met with the representatives of the Paleologues to the purpose of uniting East and West under the common banner of the *filioque*. Poor Russia, brutalized by the worst of Byzantium and emerging from the long dark ages of the Mongol Yoke, then served as the chief bastion for the destruction of the great ecumenical agreement made at Florence. Despite the efforts of Russia's great heroes of attempted "Westernization," the dark grip of the brutalized past grips most of that nation still today.

Among Soviet spokesmen I have met, there are many

who are likeable individuals, toward whom as individuals I could wish nothing but good. Yet, even in those cases, as I look deep into their minds, there is a great emptiness there, a lack of that ennobled conception of man's divine potentialities which we should associate with the tradition of *filioque* in Western culture. Whether they profess to be religious or not, they are gripped by a dark, paganist kind of mysticism, which makes them sophisticated and rational on the surface but confused savages underneath. They are incapable of that special quality of love for mankind which those of us share who walk in the tradition of Augustine, Dante, and Cusa.

This presents us with a twofold problem, a twofold task. Our first task is that of reaffirming and defending that precious spark of continuity we associate with the tradition of Augustine. We must do that, not only for ourselves, not only for our nations, for our posterity, but for the sake of all humanity. Imagine the fate of a world in which this spark were lost to humanity! That we could not tolerate at any price. Yet, while defending this heritage against such brutish mysticisms as we encounter as commonplace in the East, we must extend to the people of the East that same ecumenical policy which the Council of Florence displayed more than 500 years ago.

Nations, in and of themselves, are not worth defending at any price. What must be defended is that heritage, a heritage embodied in those nations and peoples which further it. If we are moral, if we share that heritage efficiently, the ugly work of warfare, when unavoidable, must never be anything but a necessary, incidental means to that higher purpose.

We are immediately the bearers of more than 2,500 years of republican tradition since Solon of Athens, of nearly 2,000 years of the heritage of Philo of Alexandria and Apostolic Christianity, the tradition most efficiently identified by the single Latin word, *filioque*. If that precious tradition, that spark, were to be removed from among nations, mankind as a whole would degenerate into the moral condition of beasts.

Our mortal lives are as nothing in themselves. We are born. We live briefly. We die. The memories of pleasures enjoyed in the flesh die in our graves with us. It is only that of our mortal existence which outlives us, which serves a higher, continuing purpose, which makes our having lived worth while. The conception of man and society implicit in that Latin word, *filioque*, expresses everything which coincides with such a higher purpose, the only quality which makes the entire human species worth saving. To defend that principle, the higher purpose of our individual existence, there is no price too high if that price must be paid.

Let us rise above the conception of military alliances which our nations have practiced during the past decades. Let us become nations united to a common higher purpose, the purpose expressed by our precious tradition. Let us do what is necessary to fulfill the requirements of that purpose. With that, I believe that I am understood by most here. I need say no more.

Editorial

Worse than Jimmy Carter

Walter Mondale, the Vice-President in the unfortunately unforgettable Jimmy Carter administration who is now running for U.S. President, has proven an easy mark for the news media, ever ready to sniff a loser. Mondale "blew his cool" in Tulsa, as the *New York Post* later phrased it, under reporters' questioning about his adviser Robert Pastor's ties to the Marxist Revolutionary Military Council in Grenada.

The London *Observer* of Nov. 13 scored Mondale for his indecisiveness on the Grenada issue, noting with apparent relish that his career has been "built on patronage and hallmarked by caution," and twisted the knife by quoting Eugene McCarthy that Mondale has the "soul of a Vice-President."

But—and it's a very big *but*—the press has characteristically dodged the real issue. As insists the National Democratic Policy Committee, which forced into the media the scandal of Mondale's dirty Grenada connection, Mondale is an "Andropov Democrat," whom a group of traitors around AFL-CIO president Lane Kirkland and Democratic National Committee chairman Charles Manatt are seeking to impose from above, to lead the United States into surrender to Soviet world domination.

From the Kremlin's standpoint, Mondale's credentials are unexceptionable.

- Mondale's advisers' involvement with the mass-murdering Soviet puppet Gen. Hudson Austin is neither an isolated case nor new in the Mondale political profile. His links to the genocidal cults created as "experiments" in the Caribbean came into the public spotlight exactly five years ago. In the aftermath of the Jonestown massacre of Nov. 18, 1978, the Guyanan government released a letter from Vice-President Walter Mondale praising the Jim Jones People's Temple cult as a "great inspiration to me" for its "deep involvement in the major social and constitutional issues of our country."

- Mondale mouths Moscow's favored "nuclear freeze" proposal and refuses to back the President's strategy for beam-weapons defense to end the threat of nuclear war. But this is no surprise. He has been since 1981 a board member of Control Data of Minneapolis,

the high-technology firm that set up the notorious U.S. tour of Soviet KGB representatives to build the peace movement, which was kicked off in May in Minneapolis with many Mondale advisers on hand. The Russian target of hatred at that conclave was the potential for a U.S. crash beam-defense program.

- Mondale, the friend of Jimmy Carter's Agriculture Secretary Bergland, is also the asset of the huge grain speculation companies that own Twin Cities, Minnesota and run the Midwestern grain interests. They have a policy of wiping out the American farmer in order to reduce the population of the world and institute political control over the U.S. and other governments through food control.

The United States, and the world, somehow survived Jimmy Carter, those four years of Sodom and Gomorrah at home and humiliation abroad, capped by that triumph of the Carter administration's "Islamic card," the Khomeini coup and the Iranian hostage crisis. But if we somehow survived Carter, we could not survive a Mondale presidency, or indeed, a Mondale candidacy—for reasons Lyndon LaRouche, the one non-"Andropov Democrat" among declared candidates for the Democratic presidential nomination, specifies in his Nov. 9 address, published in this issue.

Since August we have been in a countdown toward thermonuclear war. Unless Moscow changes its mind and decides to negotiate with President Reagan, we are heading into an unprecedented strategic crisis. The men in the Kremlin look at Kissinger's persisting influence in the Reagan administration, and the blindered pragmatism of the non-Kissingerians, and conclude that 1984 is the opportune moment to proceed toward show-down. The Mondale candidacy encourages them to believe they can continue to commit monstrous acts with impunity. The national disgrace of Congress passing a quota increase in funding for the genocidal IMF broadcasts that the United States will continue to march to its economic and moral destruction.

- We need a bipartisan agreement among non-liberal Republicans and honest Democrats for rebuilding and defending the nation. To open the way for that, Walter Mondale has got to go.

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