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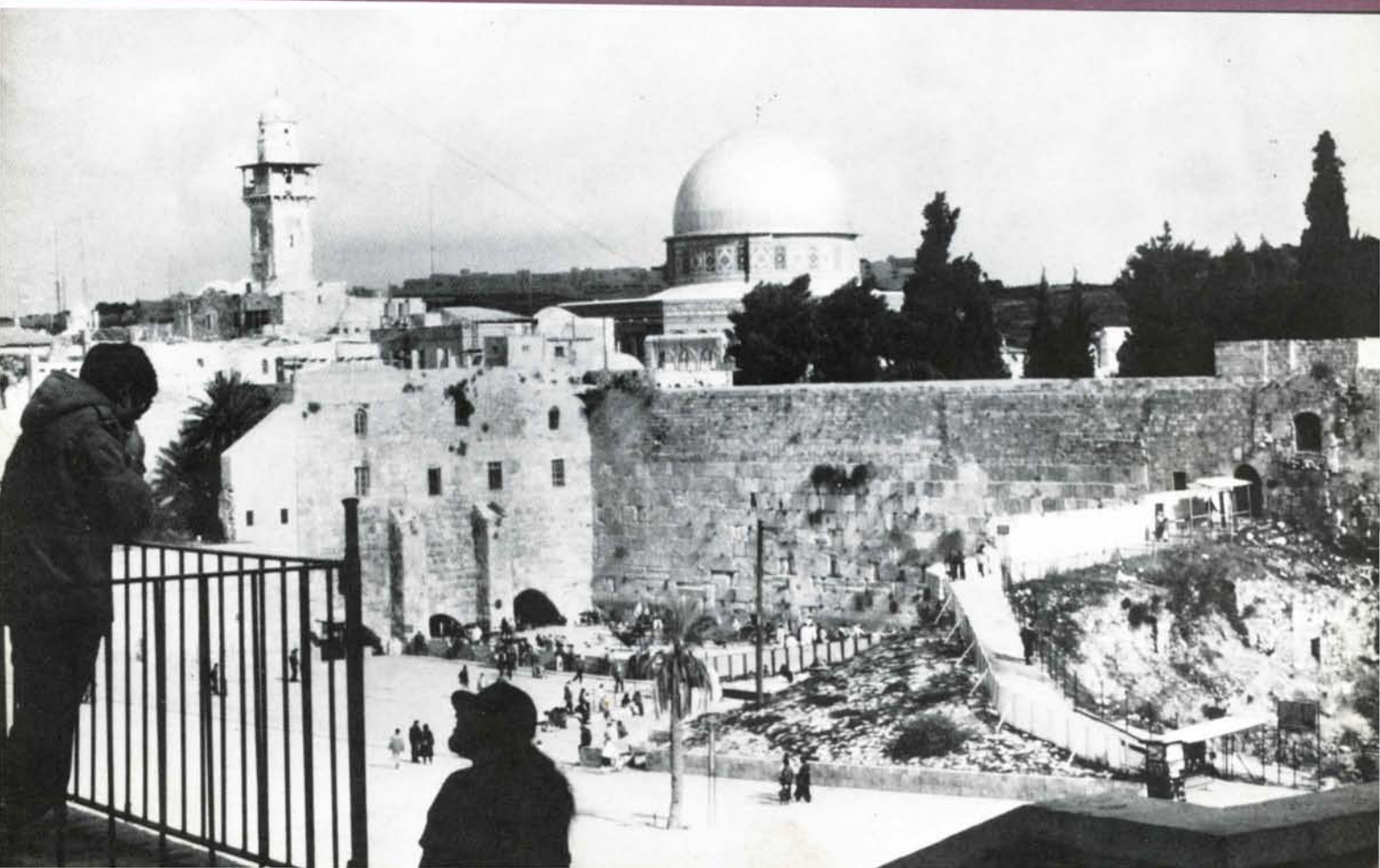
Executive Intelligence Review

January 31, 1984 • Vol. 11, No. 4

\$10.00

OECD predicts disaster for the economy
Kissinger fans tensions between America and Europe
Walter Mondale's 'secular humanist' connection

**Will the United States
let Israel survive?**



EIR Special Reports

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We hope you were able to see the half-hour CBS broadcast by this journal's founder and contributing editor, Lyndon LaRouche, on Jan. 21, and that this will be the first of many such addresses to the nation. The text of Mr. LaRouche's statement appears in our National section this week.

The week before the broadcast, beginning with Andrei Gromyko's bellicose speech in Stockholm on Jan. 19, Soviet news media outdid themselves in denunciations of "militarist," "warlike," "criminal" President Reagan, most U.S. allies, the warmongers and Hitlers of the West, speaking of "secret U.S. plans for a limited war," a Reagan plan for "pre-emptive strike against the Warsaw Pact," and other actions of the magnitude the Soviets themselves are planning.

It has become evident that the Soviets are building up a huge concentration of naval power in the Mediterranean. European defense analysts are talking about "phase two" in the Soviet military mobilization, a drive against NATO's southern flank; phase one was the operation against the northern flank in recent months, the spetsnaz sabotage deployments in Scandinavia and West Germany, the incorporation of Finland into the Warsaw Pact's air defense system, and so forth. Now there is said to be a sweeping intelligence and security alert in the Mediterranean.

Our Rome bureau has assembled an in-depth report on this situation. We also plan an analysis next week of the scandals that are destabilizing the pro-Atlantic Alliance government of France. We will provide further intelligence on the fight in Washington, D.C. over whether to challenge the Soviets' violations of the 1972 Anti-Ballistic Missile Treaty, and a critique of the Brookings Institution's extensive new study of beam-weapons potentials, which attempts to undercut the momentum for a Manhattan Project to develop full ABM defense for the West. It should be noted that laser ABM defense and other directed-energy weapons would not violate the 1972 treaty, which specifies that future new technologies are not covered by its provisions. Above all, it should be said again that there is little time left in which to mobilize every moral and material resource to defend the West and restore its civilization.

Susan Johnson

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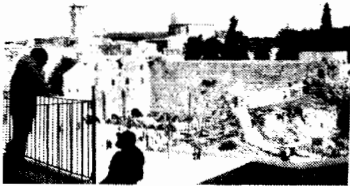
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End of recovery myth threatens U. S. position

by David Goldman

The Western nations' chief economics body, the Paris-based Organization for Economic Cooperation and Development (OECD), has threatened President Reagan with economic disaster should he refuse to cut the American government's budget. The OECD's demand, repeated in public statements by leading European Social Democrats during mid-January, is equivalent to unilateral U.S. disarmament. The same demand has been repeated since February of last year by International Monetary Fund managing director Jacques de Larosière, and since July 1982 by Bank for International Settlements President Fritz Leutwiler. However, the OECD report does more than demand American defense budget cuts; it reports, with some accuracy, on the means by which the economic ground may be blown out from under U.S. government finances.

The OECD report on the United States economy says that the supposed American recovery will be "short-lived," that the U.S. dollar will fall by about 20 percent, that inflation will rise by at least another 4 percent, and the stock market will collapse—wiping out roughly \$500 billion in paper wealth of American households—if President Reagan fails to cut the budget deficit.

Ill-motivated as the OECD report may be, the unpleasant reality is that it does not go far enough. As *EIR* documented exhaustively in our October Quarterly Economic Report, the Federal Reserve invented the industrial-production recovery out of thin air (raw data for physical production show a marginal decline of the real economy during 1983), while the Bureau of Labor Statistics faked inflation data to show better price results. It is not a matter of whether an existing "recov-

ery" will fail, but rather that an economy that has been dead in the water for a year will return to the rate of decline seen during 1982.

Political disaster for Reagan

The implications for President Reagan are drawn from the OECD report in a London *Financial Times* editorial of Jan. 16, which argues:

"One of the many ironies about the current recovery in the U.S. economy is that worldwide disapproval of the principles behind President Ronald Reagan's economic policies has grown in direct proportion to the success of these policies in practice. The survey of the U.S. economy published [Jan. 15] by the Organization for Economic Cooperation and Development is the latest example of this apparent paradox. . . a sustained critique of President Reagan's central policy failure, which 'bodes ill' for the medium-term future of the U.S. and the world as a whole.

"This failure is, of course, the U.S. government's inability to control its budget deficits. But the OECD is no more able than President Reagan's numerous other critics to identify specific penalties which he will face in the near future if his present policies are maintained. The overvaluation of the dollar 'may appear compatible with a sustainable balance of payments position'; high real interest rates may lead to a 'marked deceleration in house building'; a rise in personal savings may weaken consumption. In general the recovery may prove 'shorter-lived' and more 'modest' than the normal experience. But this is hardly the stuff of a supremely confident politician's election-year nightmares. . . .

"The question which critics of Reaganomics should be asking more forcefully is what happens when market sentiment turns? A fall of 20 percent in the dollar would raise prices by 3 to 4 percent, the OECD estimates. Household wealth has increased by \$500 billion or 23 percent of disposable incomes, as a result of the boom in the stock market between mid-1982 and mid-1983, the OECD mentions at another point in its report. What would happen to consumer spending if this windfall were to melt away as a result of waning confidence in Wall Street. . . .

"The latest news of slackening retail sales and money supply growth may even suggest that the long-awaited decline of the dollar and Wall Street is about to begin. But persistent critics of Reaganomics have lost too much money and prestige on such expectations already—for the moment they may be safer to blame the modest setbacks not on the deficits but on December's frigid weather."

Supposedly, the budget deficit, now estimated at \$200 billion plus an additional \$100 billion of "off-budget" financing, is the source of high interest rates which will abort the American recovery. The opposite is the case: Fed chairman Paul Volcker's high interest rates caused the budget deficit, creating a self-feeding spiral of Federal red ink. Not only does the OECD, a supranational institution staffed by the British Foreign Office, avoid attacking Volcker; it endorses Volcker's demand that Reagan throw out his defense budget.

Soviet assets attack U.S.

To the extent that the neutralist content of the OECD report were obscure, a barrage of attacks against the President from European Social Democrats made the point unmistakable the week of Jan. 16. Former West German Chancellor Helmut Schmidt, now a Soviet submarine in West German politics, warned at a Georgetown University meeting in Brussels Jan. 16 that "egoistic economic policies" pursued by Washington would wreck the Atlantic Alliance.

Schmidt said, "The economic mess today is a greater danger right now to the coherence and political stability of the alliance than the Soviet threat." He accused the Reagan administration of bringing about "the highest interest rates since the birth of Christ," blaming it all on the budget deficit.

Schmidt did not mention that the Soviet Union, with at least \$30 billion worth of speculative dollar purchases in the last two months, was one of the major factors driving the dollar up—and may be the principal trigger for a dollar crash early in 1984.

Arguing for American defense budget cuts as a means of reducing interest rates on behalf of the Atlantic Alliance makes Schmidt's argument ring hollow. Arthur Burns, American ambassador to West Germany, more frank in private discussions, suggests that since Europe will be pushed into "neutrality" in any event, the defense cuts should take the form of reduction of American troop strength in West Germany!

French President Mitterrand's finance minister Jacques Delors joined in the exercise over the weekend. He said that

over the course of the past year over \$150 billion in Western European capital has fled to the United States (probably a gross overestimate), in a speech to a group of Socialists in Paris Jan. 14.

Delors said: "If the speculative illness of the dollar continues, shouldn't Europe take measures to hinder the flight out of the European currency?" Delors did not specify what measures Europe might take to stop the outflow of capital. He went on to propose "a new issue of SDRs by the IMF because there is a lack of international liquidity."

Delors' point is identical to the OECD's: The supposed U.S. recovery is based on gouging Latin American and European economies, i.e., a total of about \$200 billion in capital inflows since Volcker's "Columbus Day Massacre" in October 1979.

However, these polemicists fail to mention that Volcker's Dracula-like policy of sucking up flight capital from the rest of the world was coordinated through the International Monetary Fund, the institution which they want to "cure" the problem. Once again, International Monetary Fund "surveillance" (supranational dictation of economic policy), a favorite plan of Delors, was offered as a solution to the mess, this time by Italy's central bank governor Lamberto Dini in a New York speech last week.

Swiss promote dollar crash

The OECD's conclusion concerning the imminent problems of the American dollar on foreign exchange markets is now popular in Swiss banking circles. The *Neue Zürcher Zeitung*, the Swiss Nazi bankers' leading daily paper, suggested Jan. 9 that "central bankers are concerned that the sharp rise of the dollar might be followed by an equally rapid and marked fall of the dollar." In sequence, the *New York Times* of Jan. 13 quoted Swiss banker Hans Mast warning, "The faster the dollar goes up, the more we fear a destabilizing collapse."

This apparently was the main subject of the meeting of central bankers at the Bank for International Settlements the weekend of Jan. 14. West German central banker Karl-Otto Poehl emerged from the meeting to warn that the dollar must go down, and it would be a pity if it went down too fast.

Well-placed New York banking sources point out that the vast majority of big European money has already moved into the dollar, and the last runup of the dollar represents a stampede of suckers attempting to get out of German marks and other European currencies. Once the Soviets cover their long dollar position, i.e., sell off the hoard of \$30 billion or more that they have accumulated, and the Swiss and British join in the bash, the dollar will collapse, forcing up U.S. domestic interest rates and generating chaos in U.S. bond markets.

Although President Reagan has resisted the blandishments of the European decouplers as well as their friends in the United States, a dollar crash will present him with the choice of cutting the budget to "preserve financial order," namely, accepting IMF controls over the U.S. economy, or declaring war-emergency measures.

Italy should reconsider participation in Soviet gas pipeline, build nuclear plants

Walter Galbusera, confederal secretary of the UIL, Unione Italiana dei Lavoratori, in charge of the UIL's industrial policy, was interviewed in Rome on Jan. 11 by EIR correspondent Maria Cristina Fiocchi. The UIL is one of Italy's three major labor confederations and is linked to the Socialist International. Excerpts from the interview follow:

EIR: You have stated that the Siberian gas pipeline to Italy could become an energy blackmail weapon against our country. How do you think the energy situation can be solved without falling under the influence of Moscow?

Galbusera: The principal reasons for objecting to the purchase of more gas from the Soviet Union are strategic, economic, and political. First of all, we must use economic cooperation as a weapon, a tool which works in a context of détente and facilitates a process of détente. The premises of this desirable phenomenon do not yet exist, therefore [relying on the Soviets for gas] in many respects risks being inopportune and counterproductive, leaving us without an important weapon to reach a better world equilibrium and prospects of cooperation and peace.

Beyond strategic considerations, however, there exist other, no less relevant, international political considerations, such as trade relations between Italy and the Soviet Union. Our country is a net importer vis-à-vis the Soviet Union. Until last year our exports were 1-2 trillion [liras] below our exports. This tendency has been somewhat corrected, but we have still not reached the objective, that is, a balance in trade relations with the Soviet Union.

Moreover, in many circumstances a treatment has been applied to the Soviet Union which we apply to developing countries, and this is another provision which is not easy to justify except in the framework of an international policy of cooperation and peace: This is not the situation we have seen recently, in particular given the Polish events and the invasion of Afghanistan. Another circumstance, which is also a concrete fact of economic nature, has to do with the effective necessity of buying gas from the Soviet Union. . . .

According to optimistic calculations, we would have a

very high demand for methane gas [in 1990], but if we look back at what has happened in recent years and months and the predictions of recent years and months, the two don't always coincide. There is a large stated need for methane gas, but consumption is always less. This has also been, let's make this clear, because some large-scale restructuring operations in the transmitting equipment above all in southern Italy, did not take place, and we are not even sure if they will be in the future. Also the suppliers' situation changes.

There is another fact which is significant in regard to the reliability of predictions of the consumption of methane gas, and that concerns the sale by [the state hydrocarbons company] ENI to the state electricity company of very large quantities of methane, 4.7 billion cubic meters, to be used in a way that had always been ruled out in the past as a matter of principle, i.e., for thermoelectric plants, replacing a product like fuel oil which is of rather low value. Methane gas is considered by everyone a high-grade product which should have more profitable uses. Doubtless some problems come up, often having to do with price. ENI obtained a large state subsidy to buy methane gas from Algeria, and it can sell it at absolutely low prices. In the future the state subsidy will be lower, and will disappear within three years. ENI will have to pay the market price for Algerian methane.

All these reasons lead us to consider buying methane gas from the Soviet Union, I am not saying superfluous, but something to be examined all over again. It allows us to make a reflection which is not, let us say, final, that is, *per se* precluding a trade operation, but which would let us re-evaluate the situation. Since methane is one of the principal energy sources used in our country, according to the presently adopted schemes the energy dependence of our country toward the Soviet Union would be more than one third in 1990. In a framework of stabilized world relations it does not matter, in fact, it could be a positive element, but in a different framework it becomes a negative element.

EIR: You have spoken of the need to construct nuclear plants.

Galbusera: This is an absolute necessity for our country,

having to do not so much with the availability of energy, but of energy at low cost, which affects definitively the competitiveness of the industrial system—I don't think that there will be much of a future for an industrial system like the Italian one, which is still one of the foremost in the world, if it has to buy energy at uncompetitive prices and higher prices than its French, British, Japanese, German, or American competitors.

EIR: You gave a figure of one third for Italy's potential dependence on imported gas from the Soviets by 1990. What would be the dependence for all electrical energy consumption?

Galbusera: The degree of our country's energy dependence on the Soviet Union could reach a maximum of 10 percent.

EIR: What is the role today of the trade-unions and the socialist movement?

Galbusera: The role of the unions is sometimes direct and sometimes indirect, in situations in which it is possible to create relations, operate, and even build up official ties. I refer to the case of Poland, which with all its limitations is a new element. It is an indirect political role of support and pressure in all the other situations. It is not a question of thinking of creating improbable clandestine networks by the union. It is a question of making the existence of a clear-cut, pressing initiative permanently felt in official relations with the official structures of the East bloc countries. And on the other hand to build in our country all those initiatives that can contribute, in relations between states, to favoring the conditions for evolution in the Eastern countries.

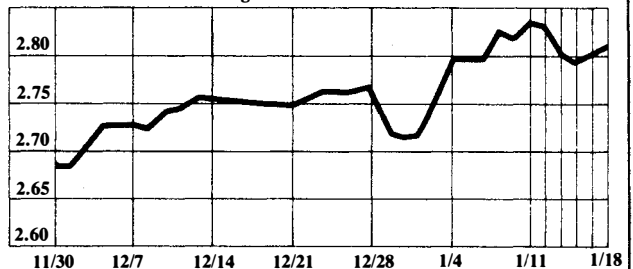
EIR: Given the current tensions and the grave strategic situation, the key problem posed is that of defense, as Lyndon LaRouche, candidate for the Democratic Party presidential nomination in the United States, has maintained and as was taken up by President Reagan when he announced his program for antiballistic-missile defense against nuclear attack last March 23. Can you comment on that?

Galbusera: We concern ourselves a bit with everything, but we are not always able to have sufficient knowledge on everything. Unfortunately one of the gaps in our knowledge has to do with the ability to discuss strategic military matters effectively and competently. I would just like to make one point. Every defensive weapon in general I think should be encouraged, all the more if, as I seem to understand, it is a defensive weapon limited to rendering inactive, or defusing, others' weapons. In principle I can only agree. In general, all weapons produce scientific discoveries and economic spinoffs. In general, certainly science is neither good nor bad in itself, but the use that one can make of the spinoffs of a defensive weapon of this type can go toward the development of the entire world. This is a positive aspect which we can support even if the purpose is effectiveness of a weapon, albeit a defensive one.

Currency Rates

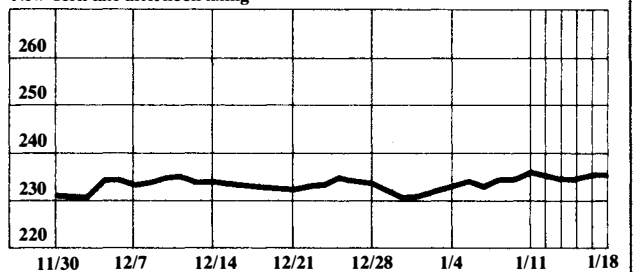
The dollar in deutschemarks

New York late afternoon fixing



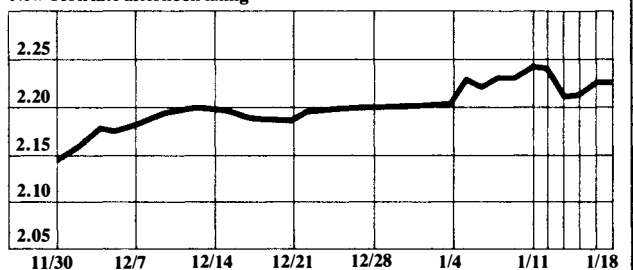
The dollar in yen

New York late afternoon fixing



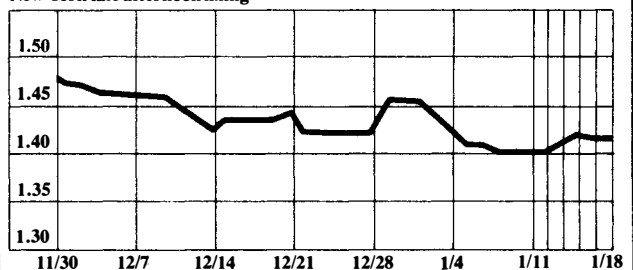
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Diplomats see chance for Thais' Kra Canal

by Stephanie Pauls

The first in a series of *Executive Intelligence Review* seminars on "The Kra Canal and the future of the Pacific Basin Economies," held in New York City on Jan. 16, drew the attention of diplomatic representatives of the ASEAN states and representatives of Korean and Japanese industry and banking.

Featured participants at the seminars were Pakdee and Sophie Tanapura, *EIR* representatives in Bangkok, who are presently touring the United States to test out support for this massive project, in which a canal would be cut across Thailand at the Isthmus of Kra, permitting expanded world shipping traffic and avoiding a potential 21st-century bottleneck at the Strait of Malacca. New opportunities to launch the Kra Canal project were opened up after the conference the Tanapuras organized with the Ministry of Communications in Thailand on Oct. 27, 1983, featuring *EIR* founder Lyndon LaRouche. That conference put the Kra Canal at the forefront of thinking among Thai military, business, and government circles. In the United States, the Tanapuras have held discussions with Washington officials and port and shipping representatives, meeting an enthusiastic response. Now that enthusiasm needs to be translated into action.

As *EIR* Asia editor Linda de Hoyos pointed out to the audience at the New York seminar, *EIR*'s promotion of the Kra Canal is one part of a package of great infrastructural projects put forward by LaRouche upon his return from Japan and India last summer. LaRouche issued a report on five development prospects for the region, as a motor for Pacific-Indian Ocean industrialization: 1) building a canal through the Kra Isthmus; 2) digging a second Panama canal; 3) building a North-South Canal in China; 4) development of the Mekong Delta in Vietnam; 5) development of the Ganges-Brahmaputra delta in India.

The seminar in New York City also featured *EIR* Contributing Editor Uwe Parpart-Henke, who has been involved in discussions on the Kra Canal Project for more than a year.

Parpart-Henke conveyed to the audience a detailed picture of prospects for Pacific Basin development in the decades ahead, demonstrating why this necessitates building the Kra Canal and digging a second Panama Canal. He presented *EIR* case studies which showed that even on the conservative

assumption of an annual rate of growth of trade of 5 percent over the coming 20 years—as compared to the actual annual growth rate of 10.6 percent in 1960-80—the Panama Canal and the Malacca Strait would turn out to have serious bottlenecks.

Parpart-Henke went on to outline the history of the Kra Canal proposal from King Ramses IV of Siam in the 19th century to the feasibility studies of the early 1970s conducted jointly by Japanese and American firms. He provided detailed arguments favoring a route south of the isthmus. If started now, he said, the canal could be ready around the year 2000.

Parpart-Henke made it clear that he was well aware of the political and strategic considerations that concern Thai leaders and neighboring countries. He stressed that with an influx of capital and technology, the industrialization of the area would help to unify Thailand, and assimilate the Muslim minority in its southern part, rather than divide the nation as some fear.

Worries about U.S. policy

Pakdee Tanapura pointed to the occasion of the 150th anniversary of Thai-American relations as the opportunity to re-evaluate American policy. Under the influence of Henry Kissinger and the Eastern Establishment, U.S. policy has helped to create inroads for the Soviets, who are now embarked on a course of "empire-building."

This is contrary to the tradition of Thai-American relations, which have been based historically on the principle of defending Thailand from takeover by colonialist looters. Mr. Tanapura cited the example of U.S. input of technology into Siam in the 1850s and the U.S. contributions to the Siam education system, as well as U.S. influence on the Meiji Restoration in Japan as a model for relationships between countries based on the principle of an "entente of sovereign republics."

A Thai representative stressed that despite the fact that the Kra Canal was a matter of sovereign Thai decision, Thailand would first have to consult with neighboring countries. Some concern with respect to the use of peaceful nuclear explosions to build the canal was raised because of the proximity of the project to international waters. Much of the discussion was focused on the issue of U.S. foreign policy; members of the audience asked whether protectionism would undermine any well-conceived project.

Parpart-Henke noted that U.S. policy is intermingled with the International Monetary Fund's conditionalities policy, which has already ruined Ibero-American countries and is undermining the Philippines and Indonesia right now. The problem to be solved in the United States is to reorient U.S. policy to support the kind of great projects *EIR* is proposing, he said.

Upcoming *EIR* seminars on the Kra Canal project will be held Jan. 25 in Chicago, Jan. 27 in Los Angeles, Jan. 30 in San Francisco, and Feb. 1 in Seattle.

The Soviet merchant fleet: weapon of economic and military warfare

by Renée Sigerson

The Soviet Union's centrally run "civilian" merchant fleet ranks as the sixth-largest cargo-carrying fleet in the world, surpassing the United States. It performs an essential role in the Soviet Union's military superiority. U.S. shippers, who are being bankrupted by a collapsing rate structure and the shrinkage of world trade, have been trying since the late 1970s to draw Western attention to the Soviet merchant fleet buildup. The West's response has been weak at best.

Since the 1960s, the Soviets have directed much effort toward expanding their "market position" in carrying cargo between "third parties," that is, in trade between countries outside the East bloc. They have used extensive activity by their merchant fleet at foreign ports to test with civilian vessels the "roll-on/roll-off" container technologies which are being simultaneously integrated into the Soviet navy. Around this shipping activity, a worldwide structure of insurance companies, joint-venture trading companies, and port-based "servicing" bureaus has been built up, through which espionage as well as illegal financial transactions is conducted.

The Soviets' effort to develop this "third party" capability has been evident since the late 1970s. In February 1977 *Fortune* magazine published an article on Soviet-owned Western corporations which described the Soviet merchant fleet as a "political and strategic capability." The article stated:

The Soviet Union's most spectacular success has been in shipping. Its fast and modern cargo-liner fleet is now the largest in the world, plying just about every major trade route on the globe. The ships are deployed mainly [to] . . . carry cargo between nations other than their own. During the first half of 1976, more than 10 percent of all cargo shipped between the U.S. West Coast and Hong Kong went in Soviet vessels; virtually none of this cargo originated in, or was destined for, the U.S.S.R.

More recently, the National Strategy Information Center (NSIC) in New York City, and the Aims of Industry group

in London jointly issued a pamphlet, entitled *The Challenge of Soviet Shipping*, which provides valuable information about the Soviet merchant marine, and its role in the Soviet military buildup.

Swiss military correspondent Juerg De dial writes in one contribution to the report:

In the shadow of [the] breathtaking build-up of Soviet naval forces, a no less startling expansion of the Soviet merchant marine . . . has taken place. . . . In terms of tonnage, since 1960 it has risen in world rank from 14th to sixth (ahead of the U.S.A.), increasing its volume six-fold in the process. Its equipment is extremely modern, with 90 percent of its ships less than 20 years old. . . .

The U.S.S.R. merchant fleet network:

At the core of the Soviet shipping sector are 16 international shipping companies, whose home ports overlap, in part, the bases of the Soviet navy. Around the tightly organized core, the Soviet merchant marine spans out, globally, into a vast international business enterprise, involving joint ventures with Western investors, intelligence outposts in major international ports, and dozens of small enterprises to service the shipping companies around the world.

In the NSIC pamphlet, the command structure of the Soviet fleet is documented by Dr. Hans Boehme of the Kiel Institut für Weltwirtschaft (International Economics Institute) of West Germany. Boehme describes three levels of control over the Soviet civilian fleet:

Level 1: This highest level of control is exercised by the All-Union (national) Ministry of the Merchant Fleet, or Ministerstvo Morskogo Flota in Moscow, which operates under the Council of Ministers. The founding of the ministry dates to 1946. Moves to create a global merchant shipping enterprise appear to date, however, from 1954. At that time, jurisdiction over inland waterway transport was removed from this ministry, which overtook international jurisdiction exclusively.

From 1954 until 1970, the Merchant Fleet Ministry was headed by Victor Bakaev, who Boehme says conducted the "breakout" of Soviet merchant shipping during the 1960s. Since 1970, the ministry has been headed by Timofei Guzhenko.

The ministry controls a number of specialized All-Union associations, including, V/O Sovfracht, and V/O Morpasflot, V/O Sudimport, V/O Soyuzvneshtans, as examples. The function of these becomes clear after looking at Level 3.

Level 2: Three Regional State Economic Associations of Maritime Transport operate on this level. They were created in the 1970s, to contend with the specialized problems of shipping from ports with different sea basins. They oversee the Northwestern fleet, or Sevzapflot; the Southern fleet, or Yuzhflot; and the Far Eastern Fleet, or Dal'flot. Each of these has its own budget, and coordinates the optimal allocation of

ships to shipping companies based in that region.

Level 3: This is the level of the individual shipping companies. The U.S.S.R. has 16 international shipping companies, plus nine inland companies, which are separate from this command apparatus (see table).

The All-Union Associations run by the ministry (see names above) handle, on a centralized basis, the brokering, forwarding, chartering, and servicing needs abroad of all 16 companies. Sovfracht, for example, is the only organization which lawfully can charter ships. Sovinfracht, recently made into a subsidiary of Sovfracht, acts as port agent for the companies. It is clear that these centralized bodies handle the intelligence activity spinoffs of the shipping companies. Additionally, however, Sovinplot has generated numerous joint ventures with Western firms.

These includes:

Transworld Maritime Agency (TWM), of Antwerp, Belgium. Established in August, 1970, it is 75 percent Soviet owned, and 25 percent owned by a Belgian group. It represents 20 lines, and has offices all over Europe. Also included is Saimaa Lines Ltd., of Finland. One of six Soviet joint-stock companies in Finland, Saimaa was set up in the early 1970s. It is 50 percent Soviet-owned. In 1975, it opened a line for transport of container cargoes from Western Europe to Iran, i.e., from Hamburg or Antwerp to Finland, from where the cargo was unloaded and shipped by rail across the U.S.S.R.

The transshipment routes between northern Europe and Iran are a hot trail for weapons smuggling, and there is every reason to assume that the Soviets are participating—if not controlling—this traffic. In fact, the Soviets' effort to expand their "third-party" market share in shipping has been inseparable from the growing Soviet position in the Western world's illegal, narcotics-based "underground economy." All the western routes where the Soviets now have a leading position are also prime transshipment points for the underworld. As Dedial notes in the NSIC review:

Russian companies, notably the Baltatlantic Line, at one point captured 13 percent of the general cargo between the U.S.A. and Western Europe, and no less than 25 percent of the goods traffic between America and Germany. In the highly profitable shipping lanes between the American West Coast and the Far East, the Vladivostok-based Fesco (Far East Shipping Company) has risen rapidly to clearly dominate a field of 24 competing firms, with a 23 percent lead in sales volume over its nearest competitor. The Soviets have registered a similarly spectacular success along the freight routes from Europe to East Africa, which were traditionally the domain of Western shippers.

Additionally, because of the rate-cutting advantages provided by Soviet railroads through Siberia, the Soviets are estimated to have gained control over at least 10 percent of the routes between Europe and the Far East.

Figure 1
Soviet international shipping association and companies
(End of 1979)

	Number of	
	Dry cargo ships	Tankers
Northwestern Fleet (Sevzapflot)		
Baltic Shipping Company, Leningrad	162	
Estonian Shipping Company, Tallinn	87	
Latvian Shipping Company, Riga	47	61
Lithuanian Shipping Company, Klaipeda	38	
Murmansk Shipping Company, Murmansk	61	
Northern Shipping Company, Archangelsk	145	3
Southern Fleet (Yuzhflot)		
Azov Shipping Company, Zhdanov	120	1
Black Sea Shipping Company, Odessa	242	
Georgian Shipping Company, Batumi	12	40
Caspian Shipping Company, Baku	37	39
Novorossisk Shipping Company, Novorossisk		125
Soviet Danube Shipping Company, Izmail	62	
Far Eastern Fleet (Dal'flot)		
Far Eastern Shipping Company, Vladivostok	245	
Kamchatka Shipping Company, Petropavlovsk-K	45	4
Primorsk Shipping Company, Nakhodka		55
Sakhalin Shipping Company, Kholmsk	72	
Total	1,375	328

Farm Bureau adopts State Department line: slash farms to fit low demand

by Marcia Merry

The American Farm Bureau's 65th annual convention, meeting in Orlando, Florida this month, was the occasion for a decisive shift away from the Bureau politics-as-usual. These new policies, as spelled out in speeches and resolutions, did not arise from the ranks of the over 3 million members and families who belong to the Farm Bureau, but directly from the State Department and related think tanks, and the international food cartel companies, based in Switzerland, which are maneuvering to impose a "controlled collapse" of world population and food output rates.

The altered Farm Bureau policies, couched in terms of "supply and demand," call for eliminating many thousands of U.S. farms, drastically shrinking food output, reducing U.S. power supplies for agriculture and industry, and imposing severe austerity on the Third World through the International Monetary Fund. These radical changes were never circulated to local Farm Bureau organizations in advance of the meeting, and were passed, in a sheeplike convention atmosphere, which precluded countermotion.

Whereas, in recent years, the Farm Bureau's guest speakers, including President Reagan, have stressed the role of U.S. agriculture in "feeding the world," this convention presented only the heavy-handed State Department line of world austerity and trade war through the speeches of Secretary of Agriculture John Block and Undersecretary of State Kenneth Dam. The speeches of Rep. Thomas S. Foley (D-Wash.) and others provided no alternatives.

Block sees food glut

In his opening day presentation Secretary Block repeatedly implied that many farmers should expect to go out of business as a fact of life, which would be desirable as well as inevitable, because food supplies now exceed shrinking demand. He called for major reductions in crop acreage, praising the 1983 Payment in Kind (PIK) reduction of 82 million acres (20 percent of U.S. fields) and for a permanent end to farm income support mechanisms by 1985. Block justified

this perspective in the name of budget-cutting.

Using his customary "Haigspeak," Agriculture Secretary Block said, "I make the following observations just to background this exercise. The public I'm seeing today is going to demand that we reduce the cost of federal farm programs, certainly below the levels of 1982 and 1983, and I firmly believe that we should. We have a huge deficit, and we have to work to get it under control, and agriculture is going to have to do its part."

At his press conference Block smiled, "We're not trying to bankrupt farmers. . . we have a temporary food glut." He announced the formation of a cabinet-level commission on food and farm policy, to be headed by his undersecretary Richard Lyng, which will presumably be used to brainwash President Reagan himself on the food and hunger issue.

Most of the over 7,000 Farm Bureau members and friends in the audience listened to Block politely, although without applause at anticipated moments, because they are traditionally Republican in outlook, voted for Reagan, and came together hoping for some good news about the economy. By the second day, the mood had turned to anger as the full import of Block's remarks sank in.

State Department Deputy Secretary Kenneth Dam continued the theme Block had been programmed to present. Dam called for an end to national government intervention anywhere in the world to support their farm sectors and ensure food supplies—in other words, a total "free market." His arguments were exactly the same as those used by Block and developed by USDA chief agriculture economist William Leshner, which in turn repeat the views of the food trade cartels. He called for "world levels" of prices for farm commodities to prevail everywhere, and attacked the Common Agriculture Policy (CAP), the Japanese national farm support program, and Third World agriculture programs.

Farm price supports (for example, CAP price supports proposed for extension to Portugal and Spain) must be stopped. "Such price increases will almost certainly lead to dramatic

production increases as those farmers invest in irrigation, fertilizer and even new farming systems,” he said disapprovingly. Sounding like a spokesman for the 18th-century colonialist British East India Company, he called for the United States to use its “comparative advantage” in agriculture to vanquish all competitors in the farm export trade.

Dam’s outlook sounded extreme even to those members of the Farm Bureau who bullheadedly adhere to the myths that “free-market forces of supply and demand” determine prices, despite their knowledge that the world food trade today is dominated by a small cartel of about five major trade companies (Cargill, Bunge, Dreyfus, André and Continental) which controls 60 to 90 percent of all the world grain trade and price trends—and that meat, dairy products and other commodities are similarly controlled. Though many people at the convention may have previously espoused the Bureau ideology of reducing “big government” price support and other interventions, they now want government help to avert the loss of their own farms. Traditionally, the farm family members of the Farm Bureau are better established, with less debt, than other farmers, but the farm crisis is now hitting everyone.

According to the American Bankers Association, 55,000 farms went out of business in the United States in 1983; *EIR* estimates the figure to be significantly higher. At his press conference Block claimed, “We are gaining farmers”—referring to the increase of hippie farms and survival garden operations. Under orders from the State Department and the USDA, the Farmers Home Administration (the USDA farm loan agency) is moving to accelerate farm foreclosures, despite rearguard federal court efforts to restrain them. The impact of the farm bankruptcies and lack of production credit will mean food shortages appearing even in the United States itself by 1985.

Farm Bureau members saw this impending crisis most clearly in terms of defense preparedness for the nation. A press release titled “War Threat Requires Emergency Defense and Food Measures” was circulated to the convention by representatives of Lyndon H. LaRouche, Jr.’s presidential campaign. These measures called for federal executive orders to build up military preparedness and full production of food output. LaRouche was quoted: “Farmers, as patriots, know that we face a situation far graver than World War II,” and most of the 4,000 receiving the release agreed with the danger. Even Block, answering a LaRouche press representative, said, “We have to be prepared,” but then insisted, “There is no immediate threat.” Kenneth Dam, appearing on “Meet the Press” the day before the convention, maintained that the intentions of the Soviets must be regarded as good, because there is no way to know otherwise, and therefore we do not need to prepare for the worst.

Treasonous resolutions

The convention resolution changes show the influence of the State Department.

Resolution 527, on “National Farm Policy,” stated before alteration that there should be a “market-oriented farm policy” to allow farmers to take advantage of sales opportunities at home and abroad. The new section specifies: “A market-oriented agriculture means that supply and demand rather than government action should ultimately determine production and prices. Toward that end, government-subsidized farm commodity programs should be phased out after the 1985 crop year. . . . Price support loan levels for all commodities should be established below world market prices as a means of ensuring price competitiveness for U.S. agriculture commodities.”

Resolution 504 on the Executive Branch of federal government calls for unprecedented legislation “to provide the position of an Undersecretary of State for Agriculture Affairs within the State Department.” Given the character of the State Department since especially Kissinger’s time there, this new position would do nothing else than facilitate the use of food “as a weapon” in foreign relations.

Resolution 526, on the World Bank, begins, “We recommend that the charter for the World Bank and its companion institution, the International Monetary Fund, be reviewed by Congress to determine if these institutions are operating according to their original purpose and in keeping with sound banking practice. It was augmented to state: “We oppose any moratorium of principle [sic] or interest on loans made by the International Monetary Fund.” The Farm Bureau’s national office, against the wishes of thousands of members, this year backed the congressional bail-out to the IMF of \$8.4 billion.

Resolution 640, on “Electric Power Generation,” had previously read, “We support an accelerated program for building nuclear power plants and for reprocessing. . . .” This was replaced with the opposite view: “We support the use of existing nuclear power generators, including those under construction, as a source of needed energy with adequate safeguards to ensure its safe and environmentally sound use. We do not support the development of any additional nuclear electric generating facilities at this time.”

The Indiana and Michigan Farm Bureau delegations led a fight against this proposal.

There were companion changes throughout the set of 675 resolutions, down to such details as deleting the name of the Washington, D.C.-based Institute for Policy Studies, which had previously been rightly condemned as one of those “self-appointed public policy groups who seek basic changes in our political and economic system.” Is an IPS member running the show in the Farm Bureau now?

Narcodollars on the border

A suitcase with an unexplained \$450,000 has led to the fall of a drug-money launderer. . .and there is more to come.

Although Arcadio Valenzuela resigned his post as vice-president of the Banco del Atlántico on Dec. 31, he may still have to pay a few visits to the executive offices of the bank, and perhaps, to the offices of the Attorney General of the Republic. The reason: He knew, or should have known, that for some time the branch offices of the Bank in Guadalajara and Tijuana have been implicated in illegal dollar transactions, involving the laundering of millions of dollars from drug trafficking.

Gustavo Petricioli, recently named chairman of the board of the Banco Internacional, will also be involved in the case, since the head of the bank's branch office in Tijuana is also involved in multimillion dollar frauds, linked to money-changing and brokerage houses.

This and much more came to light based on the end-of-December detention of Julio Jorge Galindo Sánchez, a courier who was found with \$450,000 dollars cash on him whose origins he could not explain. All he could say was that the money had been dispatched by the deputy director of one of the Banco del Atlántico's leading branches in Guadalajara; a deputy director who in turn insisted he had sent along the cash at the request of the manager of the Banco del Atlántico's Tijuana branch.

In his first statements to federal prosecutors, Galindo Sánchez also revealed the fact that the dollars were the property of the "La Mexicana"

money-changing house, owned by Gustavo Acosta Hernández. Acosta, it turns out, has a prison record in Baja California Norte for fraud, and has investigated by the U.S. Treasury Department for tax evasion.

According to nationwide press accounts, Acosta has not come forward to claim his dollars, after it was made known that he would have to prove where they came from.

Related questions are raised by the goings-on at the Banco Internacional. The current president of the Bank's Tijuana branch, José Lamas Flores, is under investigation for helping smuggle currency, gold, and silver out of the country in violation of the existing exchange controls. His activities continue an illustrious tradition: Neither of his two predecessors finished their terms in the post, the first going into hiding rather than face charges for illegal money dealing, the second brought into court for the same.

Strangest of all is that the man named to head the administrative board of the bank is Arturo Alvaradejo, a former private banker who scandalized the country in early 1982 with a public call for citizens to take their money out of pesos and put them into dollars. His call, made at the annual strategy session of Mexican oligarchs coached by Central European strategists known as the Atalaya Conference, preceded the February 1982 devaluation by two weeks and was a contributory cause of that devaluation.

Both scandals thus demonstrate

anew that the Mexican private bankers whose institutions were nationalized in September 1982 were in the thick of dirty flight-capital operations and drug-money laundering—and in some cases have remained so to this day, due to the negligence of Bank of Mexico director Miguel Mancera, who has allowed the appointment of the same networks to posts in the "nationalized" banks.

Valenzuela is the most important of his category; his fall may show that the bank clean-up begun in September 1982 still has some life left.

The most important drug corridor in Mexico, now in a phase of rapid new expansion, connects the Pacific states of Jalisco, Sinaloa, Sonora, and Baja California Norte, moving from south to north. The parallel financial corridor which runs from Guadalajara through the cities of Mazatlán, Culiacán, Los Mochis, Ciudad Obregón, and Hermosillo, ending in the Baja border cities of Mexicali and Tijuana, came under the overwhelming dominance of Arcadio Valenzuela in the five years preceding to the nationalization, through a series of expansions and takeovers involving amounts of cash far above the level of any transactions Valenzuela could publicly explain.

Valenzuela simultaneously set up his under-the-table ties to the National Action Party (PAN), today confirmed as the political godfathers of the drug resurgence in the Northwest. He became a great friend to sports fans in the region, through sponsorship of new baseball clubs and leagues, many of them exposed in the past two years as big drug money conduits.

The interlock of these Northwest banks, the baseball clubs, and the border money-changing houses, defines an extraordinarily fruitful area of investigation. Valenzuela may be only the first to fall into the net.

The Soviet connection revisited

With the Swiss and South Africans, Moscow will profit vastly when the dollar drops and the gold price leaps.

My predecessor as *EIR*'s gold columnist revealed for the first time in a July 22, 1980 column that the Soviets and South Africans collaborate on world gold markets. That column quoted European gold-market sources' comments on a trip of Consolidated Goldfields officials to Moscow, for the purpose of coordinating gold sales.

The column provoked not merely a furious blast against "Goebbels-style propaganda" in the Nov. 30, 1980 *Izvestiya*, but a discreet visit by officials of the Soviet embassy to the Board of Governors of the Federal Reserve System in Washington, D.C., to obtain information concerning this publication *by way of friendly channels*.

EIR said at the time: "Consolidated Goldfields, the London-based holding company that controls South Africa's second-largest mining group, Goldfields of South Africa, sent a team of gold experts to Moscow last week to confer with Soviet officials. A source at Consolidated Goldfields says the visit was at the invitation of the Soviet government, and marks the first time ever that the Soviets have shown a willingness to share intelligence on the market. 'If Consolidated Goldfields is going to Moscow, it is probably correct to conclude that they are discussing the coordination of gold sales,' commented a European gold source. 'In fact, they might even be seen as a semi-official representative of the South African government.'"

Now, with the gold price in the \$370s, it is important to recall that the Soviets do not worry about the price

of gold, since they depend for revenues, not upon the metal's price, but upon their own control of market mechanisms.

According to well-informed Swiss acquaintances, Soviet profits in gold and related trading operations are in excess of total gold exports (total gold exports were listed by the CIA at \$2.7 billion for the reported peak year, 1981, when the Soviets exported 280 tons, though there is some doubt about the CIA figures' accuracy).

For example, the chief gold trader for the Soviet-owned Wozchod Handelsbank in Zürich spends three months a year in Moscow, providing the Soviets with a detailed profile of major gold trading operations in Western financial institutions, down to the names and habits of all leading trading personnel.

The Soviets will dump physical gold on the Zürich market, making it clear to the press that they were dumping physical gold, while simultaneously buying heavily on margin in New York or Hong Kong futures markets, playing for the rebound effect. As the second-largest gold exporter after South Africa, and a close collaborator of the South Africans no later than 1980, the Soviets were fully capable of anticipating price trends. Although the profits are inestimable, it is believed that they were in excess of the total gold sales themselves.

The Soviets put a substantial portion of their trading profits into trust accounts at Swiss banks, adding to a portfolio of equity in Western institu-

tions estimated at about \$60 billion.

Soviet gold sales were relatively small before 1972, the year the price began to take off; this represented a crucial turning point in Soviet external finances. The CIA's estimates of Soviet gold sales:

Year	Dollar value of sales (in millions)
1970	negligible
1971	\$ 24
1972	\$ 289
1973	\$ 962
1974	\$ 683
1975	\$ 725
1976	\$1,369
1977	\$1,618
1978	\$2,522
1979	\$1,490
1980	\$1,580
1981	\$2,700

The total for 1972-81 is \$13.9 billion; to obtain the actual proceeds of gold operations over the period, roughly double this figure. Of course, the estimates of Soviet gold sales produced by the CIA are drawn from British investment-banking sources. The actual total of physical metal sales is likely to be larger.

Since the Soviets have committed the bulk of their trading activity to the accumulation of a \$30 billion long-dollar position since November, they cannot be unhappy about the low gold price; on the contrary, since they anticipated (and stimulated) the sharp rise in the dollar against European currencies since November, they doubtless anticipated the corresponding fall in the gold price as well. Is it too outlandish to expect that the Soviets, when they choose to cover their dollar-long position—pushing the dollar over a nasty precipice—will use their control of physical metal supplies to run the gold price up?

The dollar turnaround: how soon?

Other forecasters are now voicing our analysis (with dubious motives) that after Europe crumbles, the dollar is next.

Last October, when the American dollar was at the end of a two-month weak spell against European currencies, most commentators congratulated themselves on the accuracy of earlier predictions that the dollar would fall during 1983. *EIR*, citing the de facto bankruptcy of most European governments, warned that the dollar would undergo a "vicious snapback" at the end of the year. The dollar proceeded to appreciate by 20 percent against the West German mark.

After the spectacular rise of the dollar in the first two weeks of January, marked by Federal Reserve forecasts that European currencies would drop an additional 15 percent over the next several weeks, Swiss banking sources have begun to predict a dollar crash.

It is unlikely that any such thing will occur immediately, given the chaos in the West German political situation; the pullback of the dollar during the week of Jan. 9 from a previous high of about DM 2.85 to about DM 2.79 is probably *not* the beginning of a dollar "turnaround." But the ground for a dollar crash is already prepared, perhaps for the beginning of the second quarter of this year.

In New York City, some international monetary analysts at large commercial banks who had accurately anticipated the dollar's rise now believe that the currency could fall off precipitously at any moment. The argument is that all the major European funds who wanted to diversify into the United States have done so, and that the present capital movements represent the ragtag and bobtail of small investors

seeking refuge from the ominous West German political situation.

As *EIR* reported last week, Fed officials are suggesting that the West German mark could collapse by almost 20 percent in the early part of this year as a combined result of Soviet dumping of marks and rumors being circulated against West Germany by U.S. ambassador Arthur Burns. The mark, which started the year at 2.70 marks per dollar, could fall as low as 3.20 marks per dollar, one official said.

On the other hand, the Bundesbank in its most recent monthly report argued nastily for an international role for the mark, and for capital flows back into the mark, anticipating a reversal of the dollar's strength. According to the Bundesbank, the mark's reversal since 1979 represented a "correction" from unusually high levels. The West German central bank cited a net inflow of DM 7 billion in capital during the August-October period of last year as an indication that the mark is still capable of attracting foreign capital.

This may be perceived as whistling in the dark, considering the very good reasons West German investors have found since then to move money elsewhere; nonetheless, financial sources close to Britain's Lord Carrington argue that in a general panic against the dollar, even the mark stands to benefit.

Such themes has suddenly become popular in the central banking circuit. "Central bankers fear that the dollar will come down just as fast and markedly as it has risen," warned the Swiss financial daily *Neue Zürcher Zeitung*

Jan. 9. "The longer the dollar strengthens, the more we fear a destabilizing collapse," Hans Mast of the Swiss Credit Bank told the *New York Times* Jan. 13. "What goes up must, in the end, come down," sagely added the chief economist of the German-based Westdeutsche Landesbank.

These early advertisements of a dollar crash prefigure the underlying objective of the Soviets—who have bought over \$30 billion during the past two months—and their financial and political allies in Western Europe. These include the Swiss-based Nestlé Corporation, the secret joint owner with the Russians of a Swiss bank. The crash of the West German mark and other European currencies has already destroyed Europe's hopes for recovery, and now threatens to tumble the financial system of most of Western Europe.

Once the Europeans are forced into capital controls—i.e., open financial warfare with the United States—U.S. Ambassador to Germany Arthur Burns has told associates, the U.S. economy will go down along with Western Europe.

All that is needed to crash the dollar is a "non-political event" that discredits American policy, for example, destabilization of Mexico, argue financial sources close to Britain's Lord Carrington. Warning of a \$140 billion trade deficit in 1984, following last year's record U.S. \$100 billion deficit, former Carter administration official Fred Bergsten, now at the Institute for International Economics, warns of a collapse of the world trading system. "When the recovery begins to slow down and unemployment is no longer coming down and is even rising again, with a trade deficit of \$140 billion, then all hell could break loose," Bergsten told the *New York Journal of Commerce* Jan. 12.

Business Briefs

Food Industry

Armand Hammer bids for big meatpacking firm

Soviet-tied financier Armand Hammer's Occidental Petroleum, through its Iowa Beef Processors (IBP) subsidiary, made a bid in mid-January to buy a large Oklahoma meatpacking company, Wilson Foods. IBP, bought by Occidental in 1981, is already the nation's largest meat packer.

Occidental Petroleum spokesmen have made no secret of the fact that they anticipate global food shortages by the end of the decade. "Our strategy for the 1990s," said president Robert Abboud, "is to be prominent in the food area."

Competitors predict that Occidental will slash wages, break unionization, and drive costs down, forcing the same shakeouts in the pork-packing industry as it did when it took over IBP.

Hammer's involvement in the U.S. food sector is of concern in another respect. The son of Julius Hammer, who, together with Jay Lovestone was a founding member of the Communist Party U.S.A., Armand, now in his 80s, has enjoyed intimate ties with Soviet intelligence since he lived in Moscow during the 1920s.

Hammer made Occidental into a major company through his close ties with Muammar Qaddafi in Libya, where Occidental maintains a large presence. As *EIR* exposed in 1979, he was complicit in the hushed-up "Billygate" scandal about large Libyan pay-offs to then-President Jimmy Carter's brother through the Hammer-linked Charter Oil Company.

Nuclear Energy

Indiana utility cancels \$2.8 billion plant

Public Service of Indiana announced Jan. 16 that it had voted to scrap two units at its Marble Hill nuclear plant site, despite investment of more than \$2.8 billion to date.

One unit, Marble Hill-1, is more than 56 percent complete, while unit 2 is 35 percent finished.

The two nuclear plants, large 1,180 megawatt units from Westinghouse, were cancelled following issuance of a governor's task-force report which estimated a final price tag of more than \$7 billion for completing the twin units. Regulatory delays from post-Three Mile Island changes by the Nuclear Regulatory Commission, combined with related cost runups, have led to severe cash problems for the utility.

The U.S. nuclear industry received a second blow the week of Jan. 16 when the NRC told the nation's most experienced nuclear utility, Commonwealth Edison, that it could not operate its nearly completed \$3.4 billion Byron Nuclear Power Station near Rockford, Illinois because of inadequate construction quality controls. This kind of pre-emptive decision from the NRC has never before occurred.

The nuclear utilities have cancelled more than 100 reactors to date, putting future expansion of the nation's industrial base in severe jeopardy by constraints on cheap nuclear electricity.

East-West trade

Business back channels flourish under crisis

"East-West tensions will not prevent expansion of East-West trade," Soviet Trade Minister Patolichev is reported as saying in the Jan. 19 issue of the French weekly *La Vie Française*. The article documents some of the facts of East-West trade in the 20th century since Otto Wolff, Sr., the father of German Chamber of Trade and Industry Otto Wolff von Amerongen, initiated contact with Comintern envoy Karl Radek. Wolff's contacts helped create the 1922 Rapallo Treaty of 1922, and this channel has since remained operative.

In the 1920s, the Eastern Committee of the German Reich's Industrial Association—now the Federal Association of German Industrialists, BDI's Eastern Commit-

tee, chaired by Otto Wolff, Jr.—was an adjunct to the secret R Division of the German War Office.

East-West trade is now run from Moscow by such long-term officials as Patolichev, one of Stalin's pre-war secretaries, and KGB four-star general Pitrovanov, first deputy head of the Soviet Chambers of Commerce. Politburo member in charge of agriculture Gorbachev is now working on expanding a pilot project for agricultural production set up in conjunction with Finnish and German "agribusiness" experts, which has produced impressive yields over the past three years.

Britain's Eastern trade depends to a great extent, according to City circles, on the "Foreign Office's own bank," Morgan, Grenfell, whose former top officer in charge first made a career at the British Embassy in Moscow. "For some reason, our diplomatic representation in Moscow has the Number One on the car plates given by the Soviets," a British expert noted. Trade also depends on individuals who politically brokered business, such as Czech-born Robert Maxwell, the owner of Pergamon Press and a Club of Rome member, or left-wing Labour MP Ian Mikardo, and Lord Harold Wilson, who is taking lucrative fees in return for opening doors in Eastern Europe.

Oil

Will a price drop cause another crisis?

Oil-industry sources are predicting another replay of the March 1983 crisis, when demand drops off once winter fuel consumption ends. An OPEC spokesman said that the only way that the already sagging world oil price can be upheld is that the OPEC states cut output by 1.5 barrels a day, to about 16 million barrels per day (mbd).

However, oil exporting nations, including the Soviet Union and OPEC member Nigeria, may undercut this policy. The Soviets were forced to drop the price for Urals crude, which is sold on West European markets, by \$.90 a barrel to about \$28.60 in

December. The current OPEC marker price is \$29.00. With short-term spot prices for crude unusually low even in the high-demand winter months, the Soviets had to cut their prices in order to maintain their position in the competitive European market. Reportedly the Soviets privately assured the OPEC producers that this was not meant to upset the cartel.

Moscow, which relies for most of its foreign exchange on oil sales, would be seriously affected by a precipitous drop in oil prices. The Soviets have already expressed concern about a replay of the measures Washington took last March to drop the world oil price in small, controlled steps.

Heavily indebted OPEC oil exporters, including Nigeria, are already calling for production quota increases. The head of the new Nigerian military government stated the week of Jan. 16 that Nigeria's current 1.3 mbd quota must be increased by 50 percent to about 2 mbd. He stated that Nigeria may have to resign from OPEC if its membership is no longer in OPEC's interests. Nigeria made the same threat last year, but the far more serious economic crisis may force the break now. Acting on its own, Nigeria could set off an all-out oil price war. It is reported that the IMF and Nigeria's creditor banks are demanding that Nigeria either help destroy OPEC and increase its own oil production or devalue its currency, a step Lagos is resisting.

Ibero-American Debt

'Quito Document' begs IMF to be rational

The Latin American Economic Conference that took place in Quito the week of Jan. 9 involved representatives of 30 nations, including several presidents and vice-presidents and dozens of ministers. *EIR* correspondent Carlos Mendez, who was in Quito, reported that diplomats who had seen the "debt bomb" and the debtors' cartel debates lose all momentum over the last year left Quito "pessimistic."

The final "Document of Quito" appeals

to banks, the IMF, and the industrialized world to act "rationally," but sets no plan for stopping the looting of the Ibero-American economies. The declaration backs the Contadora Group's peace plan for Central America, emphasizing the need for economic growth as the only way to end the chaos in the region—without formulating any plan of action to ensure that economic growth.

Presidents at the conference detailed the unemployment, hunger, and economic collapse facing their countries, the results of the IMF's "adjustments" and the extraction of debt payments. All agreed that such economic dislocation would cause unprecedented political and social instabilities if it continued into 1984.

But the document merely stated: "The only way the continuity of payment of the debt service will be guaranteed," is if banks and international institutions allow "flexible and realistic criteria for debt renegotiation, including longer terms, grace periods, and interest rates compatible with the recovery of economic growth." The plan demands more money for the IMF, and a greater use of SDRs in creating world liquidity.

Debt renegotiation should take into account a "reasonable" percentage of a nation's export earnings for crucial imports "to maintain adequate levels of accelerated internal production" before debt-service payment.

Colombian President Belisario Betancur underlined the irrationality of idle capacity and unemployment in a region with resources, infrastructure, and a productive work force. He called for an increase in regional trade and "new mechanisms of compensation and financing" requiring "a monetary unit of account which would permit the use of convertible foreign exchange in the payment of goods and services not produced in our region."

A system of economic defense through common market-type mechanisms was agreed to in principle, and could be crucial as the first quarter payment's crisis hits and capacity for imports collapses even further. Food and energy security agreements were also quietly put into place, representing an important defense, but one totally inadequate to the continental crisis.

● **BRAZIL'S \$6.5 billion jumbo loan**, which was supposed to have been arranged in time for Brazil to pay off its arrears by Dec. 31, has been postponed again. The loan was to have been signed Jan. 16. The ostensible reason is Brazil's refusal to accept the \$6.36 billion committed, and its creditors refusal to put up the missing \$140 million. Citibank vice-president William Rhodes, however, is reported livid at Brazilian rumors that the banks are demanding more looting rights in Brazil.

● **JOSE MARTINEZ DE HOZ**, Argentina's former finance minister, was indicted for political crimes in mid-January. Investigating judge Martin Anzoategui found probable cause that Martínez de Hoz is guilty of fraudulently quintupling Argentina's foreign debt and of destroying national industry by overvaluing the peso and encouraging capital flight. The federal judge sent his report to President Raul Alfonsín and the Congress, declaring that "it is up to the other powers of the state to take appropriate measures."

● **A SWISS source** describes his colleagues' outlook as follows: "A powerful faction among bankers, financiers, and businessmen here has decided that the Americans are losers and the Soviets winners, and therefore they should accommodate themselves to coming Soviet hegemony." The source, closely linked to Swiss military industries, added that the powerful *Crédit Suisse* bank was at the center of this Russophile faction. The Basel-based Bank for International Settlements and the Swiss National Bank hold the Soviet gold accounts in the West, and help market Soviet gold, silver, platinum, and other rare metals.

Will the U.S. let Israel survive?

by Muriel Mirak

Beneath all the rhetoric filling corridors in Washington as well as Tel Aviv regarding the indispensable role Israel must play in maintaining Western interests in the Middle East, the irony of the matter is that Washington is currently undermining Israel's very ability to continue playing that role. Unless U.S. economic policy toward Israel changes radically, and rapidly, the tottering edifice of the Israeli economy will come crashing down, burying under it all cherished hopes of a durable peace in the entire region.

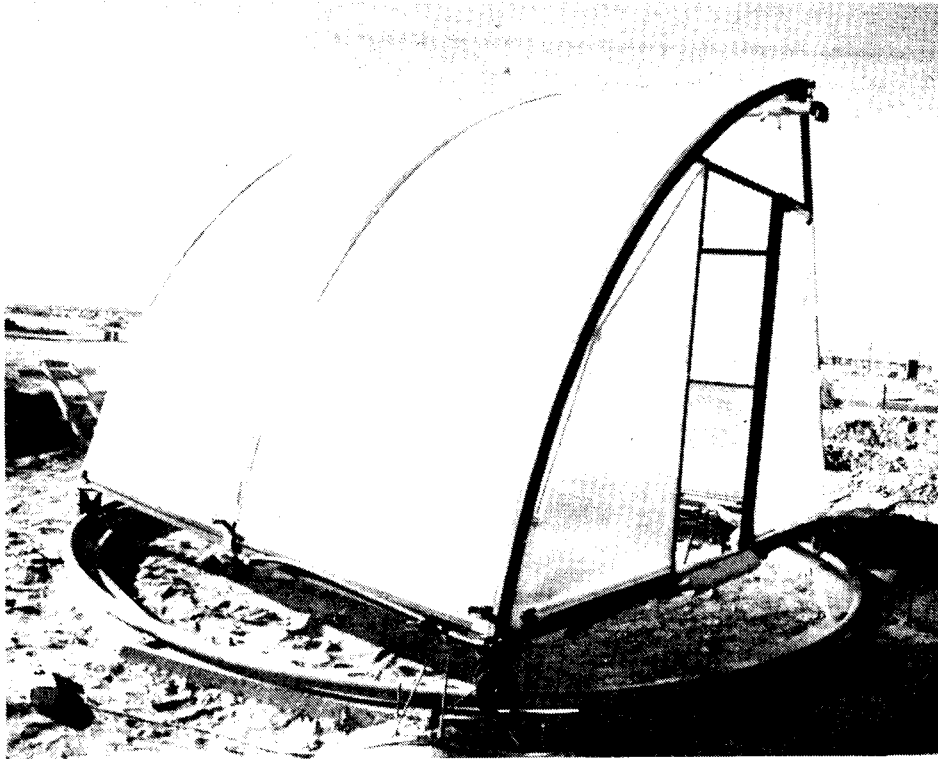
The facts speak plainly for themselves. When Israeli Prime Minister Shamir traveled to Washington in December, he concluded, among other arrangements with the White House, a loan for \$2.6 billion to be allocated roughly evenly between the civil and military sectors. According to the *Jerusalem Post* report on the conditions of the loan, "The request states that Israel hopes to lower its standard of living by 10 percent and to improve its balance of payments within one year." The conditions of the loan, in other words, are the same as those made infamous by the International Monetary Fund, conditions whose effects have been felt in the Third World in terms of total economic breakdown, impending genocide through epidemics and social disruption.

Is this what the United States consciously desires for Israel?

Although no such malicious intention can be attributed to the President, it is nonetheless true and certain that application of the IMF-conditionalities policy to Israel will destroy the nation. And if such devastating policies are what the United States, on whom Israel depends for foreign aid, has to offer, then that same economic outlook is certain to continue informing domestic Israeli policy.

Already the IMF mentality reigns supreme among Israel's economists. After the foreign debt and trade deficit figures broke all records in October, the cry went up to effect cuts across the board, in a desperate attempt to avoid bankruptcy.

When the trade deficit and foreign debt figures broke all records last November, the cry went up unanimously among Israel's economists that the only solution lay in drastic austerity measures. Indiscriminately, budgets were slashed in industry, agriculture, universities, and schools throughout the nation. Proposals for in-



The greening of the desert in Israel. This "greenhouse" in Avdat provides fresh water for irrigation by solar distillation of salt water in the roof of the structure.

creased taxes included burdening those families who have school-age children with state education fees; tax breaks for the first two children in a family were to be ruthlessly eliminated, as were tax exemptions on early pensions. Through these and similar taxation measures, the cabinet proposed to "save" the government 5.6 billion Israeli shekels (IS) per year. The tax measures discussed were so savage that the *Israel Economist* magazine in its December issue shrieked: "Israel remains the only country in the world in which industrial output is taxed instead of being subsidized."

The only sector of the economy to escape the budget-cutter's knife has been defense. Indeed, as other sectors suffered, Defense Minister Moshe Arens declared that defense spending must increase, from one-fourth of the budget to a full one-third! His justification lay in the rising costs of the Lebanese occupation. Yet, ironically, even this bit of reasoning was to prove faulty, for, if the national economy grinds to a halt, no amount of military spending per se can assure adequate defense. It is the in-depth capability of a national economy and its citizenry, not the tanks and other hardware on the front, that count in modern defense thinking. Military strategist Dr. Eliezer Sheffer, in fact, was quick to point out the fallacy of continued deficit defense financing with a dwindling economic pie, and to warn that such an approach to military build-up at the expense of the basic industry and infrastructure of the economy would leave the nation defenseless in a not-too-far-distant tomorrow.

The other fallacy in the defense minister's thinking became evident in a more indirect but nonetheless powerful manner. As the austerity measures hit the country's tiny 4-

million-member working population, decimating wages in the face of Latin American-style inflation, social unrest exploded into full-fledged protest. Aside from the kibbutzim, who deliberated to inflict austerity on themselves and cut 10 percent of proposed investments in improvements of their own living conditions, the rest of the working population went on strike. Dock workers blocked the ports of Haifa and Ashdod, holding up not only revenue-bearing agricultural exports to a waiting European market, but also blocking the transport of necessary military supplies to the Lebanese front, leading to the defense minister's personal intervention to attempt to order them back to work. This single incident more than any other sounded the alarm implicit in Dr. Sheffer's analysis.

And yet, even this does not tell the whole story behind the defense spending paradox. The entire issue of Israel's defense must be reconceptualized on a higher level. As *EIR* founder Lyndon H. LaRouche, Jr. has stressed in a series of recent policy statements on Israel and Lebanon (see article, page 23), the only viable means to assuring peace in the region and the adequate defense of Israel's national borders lies in a series of economic cooperation agreements between Israel and its Arab neighbors, first and foremost Egypt. It is only through a cooperative effort at developing the economic capacities of Israel and its neighbors that the integrity of all the region's nation-states can be guaranteed, since it is through such development that each nation concretely understands its self-interest to be coherent with the self-interest of bordering nations.

This is a point which enlightened policy makers in Israel

will readily acknowledge. But to make it work requires a different brand of political economy than the Friedmanite quackery which has thus far ruled, not only in Israel but in the United States as well. If the United States wants to help Israel further develop as a sovereign nation state, it must intervene with credit policies shaped to favor the application of Israel's proven technological expertise and know-how to cooperative development of the entire region.

An inside view of the scientific experiment: Israel

It hits you as you leave the small but efficient Ben Gurion airport of Tel Aviv. As you board one of the waiting taxis, all somewhat the worse for wear, the cab coordinator tells you the price you'll have to pay, carefully repeating "971 shekels" so that there can be no mistake. The taxi-driver, a hospitable middle-aged man, immediately strikes up a conversation in halting English, focusing upon what you will soon discover to be the talk of the town. "Inflation!" he cries, throwing up his arms in despair. "It's terrible. 300 percent!" When you show polite signs of disbelief, he continues in earnest: "You know what a Coca Cola costs? 70 shekels! It's impossible." He struggles to find the right expression to communicate the dwindling value of the national currency and says, "It's not real money anymore. It's Italian money. You know what I mean!"

After the scenic drive through groves of rich orange trees, you reach the hotel, check in, and change a bit of money at the desk. The rate is 97 shekels to the dollar. After freshening up in your room, you descend to have a walk about the city and notice, on returning to the hotel some hours later, that the rate of the shekel has just been changed to 100, as the new day's quotations have just arrived. Within two days the hotel clerk will be forced to change the value again, boosting the dollar to 102, then 103 shekels. In the short space of a week, the currency will have been debased by a full 5 percent.

Walking through the city, you are struck again and again with the popular concern with inflation. Snack bars and restaurants tend to prefer blackboard menus to printed ones, facilitating adjusting prices to the unstoppable devaluation of the shekel; shops and hotels quote prices exclusively in dollars, so as to keep pace. Only one lone store window distinguishes itself from the others with a carefully penned sign reading: "Our prices are quoted in shekels"—meaning that the prices will be the most reasonable in town. Glancing at reports in the daily press you begin to grasp the dimensions of the crisis: Just last year on Jan. 1, 1983, the shekel was worth 3 cents, whereas now it is worth less than a penny.

The predictions of the country's authoritative voices are dire. Labor Party Knesset member and economist Gad Ya'acobi predicts that the rate of inflation between October 1983 and 1984 will be a full 220 percent, slightly more conservative than the taxi-driver. It began in October last year when the government devalued the shekel by 23 percent, and food prices shot up by 50 percent, and kept rising. Pro-

essor Eitan Shaminsky of the Hebrew University economics department foresees the danger of national bankruptcy if current trends are not reversed. The national debt, he calculates, could rise to \$41 billion by 1987, which would require \$8-\$9 billion yearly payments, something clearly beyond the nation's ability.

The cure that Professor Shaminsky and his colleagues have proposed is considerably more damaging than the disease. He has proposed cutting public expenditures by 12 percent, private consumption by 5 percent, and increasing exports by 11.5 percent. This way, the foreign debt would be "only" \$27 billion in 1987! Similarly, the conditions imposed on Israel for a \$2.6 billion loan from the United States demanded an outright cut in living standards of 10 percent, something which Finance Minister Yigal Cohen-Orgad readily accepted, promising a drop of even 12 percent, to reduce the balance of payments deficits by up to \$1 billion a year.

The crackdown of the economy to feed burgeoning debt is expected to take a heavy toll immediately on employment. Ya'acobi estimates that some 60,000 new unemployed will join the 40,000 currently jobless. Worse still, those being thrown out of the workforce are from the industrial sector, while the few new jobs which have been created over the past five years are almost entirely in the service sector. Thus the imbalance in the composition of the workforce, tilted toward nonproductive, bureaucratic jobs instead of goods-producing jobs in the agricultural, industrial and infrastructural sectors, is being aggravated with a cancerous tertiary sector threatening to crush the dwindling portion of productive operatives.

Those still fortunate enough to have a job are reeling from the effects of rising prices. The figures released in December for the previous month's cost of living index showed that food, transportation and postal costs rose by 19 percent, education and cultural activities, by 17 percent, and fruit and vegetables, by 7.8 percent. Added to the previous month's record inflation, this translated into a de facto cut in salaries of 40 percent. Although Israeli workers organized in the powerful Histadrut labor confederation do enjoy officially a cost-of-living escalator designed to keep pace with inflation, the recent spiraling increases have not been controlled. The COL payments arrive only three months after publication of the monthly indices, and then represent only 80 percent of the official figures. With the current pace of inflation, it is literally impossible for the working person to make ends meet.

This is the fact which triggered the wave of strikes erupting in December and continuing into the new year. The dock workers at Ashdod and Haifa who struck for three weeks were receiving a mere \$300 a month, and demanded a 27 percent raise to meet inflation. In a compromise agreement, the government was forced to concede an advance of 17.9 percent on the COL compensation due only in February, a move which temporarily stemmed the tide of unrest. But as the dock workers were going back to work, hospital workers and teachers were beginning a walkout of their own, followed

by postal workers, miners, tax collectors and workers in the welfare sector.

The most dramatic confrontation erupted between teachers and the government. The issue was funds, from kindergarten to the graduate school level. Private kindergarten fees had risen 63 percent since Sept. 1, and frantic parents staged protests. Then, as teachers heard that the municipalities would no longer allocate funds to hire substitute teachers in the first three days of illness, they also struck. At the universities, the situation was becoming untenable. Since the government was withholding promised funds due to the austerity squeeze, the universities found themselves unable to meet current payments, and threatened to close down completely. The government promised funds, but on IMF-style conditions. "Finance Minister Yigal Cohen-Orgad is practicing blackmail," complained Prof. Yoram Dinstein, legal expert and rector of Tel Aviv University. "He is holding up IS4.5 billion owed to us in this year's budget until we agree to cut our budget by 8 percent for next year. This is blackmail." After a meeting of all Israel's university leaders with the government, an agreement was reached in which the universities essentially backed down, to prevent the halls of learning from closing down.

The reasoning behind this assault against education was summed up in the words of Nissam Baruch, who has recently been named economic adviser to the prime minister. To solve Israel's economic ills, he proposed telling civil servants: "Your ship is overloaded with passengers and is sinking" and demanding they accept triage. Asked if this lifeboat economics were to apply to universities as well, he replied in the affirmative, adding, "Suppose that in two years' time the nation is assailed by mass unemployment. What good would all the higher education be then?"

To round out the austerity attack on education, government measures also started taking their toll on forms of mass culture. Although Israelis are avid theatre-goers, who regularly fill the halls of the Mann Auditorium to hear the Philharmonic and flock to fill the 1,000-seat Habimah theatre, they are being deprived of a new opera company. The New Israeli Opera, which had vowed to create a top-notch company under the American Sarah Caldwell, had to abandon the project for lack of funds. Devaluation cut the ministry's contribution to ribbons, and no funds could be made available from the debt-strapped Tel Aviv municipality. Simultaneously, the director of Jerusalem's Khan Theatre announced his resignation, explaining that budget cuts imposed by the government made his job impossible to fulfill.

The attack on culture

What makes such a catalogue of disasters doubly painful is the fact that by so curtailing productive activities and particularly culture, Israel is putting its identity in jeopardy. And here lies the crux of the matter. What, after all, is Israel?

For too long Israel has been conceived variously as a pawn of a larger strategic game, a mere piece on a chessboard, a marcher-lord or buffer state. This view, shared by

many leaders of the Zionist Lobby, has largely shaped U.S. policy toward Israel, as LaRouche has emphasized. What people lose sight of, particularly in the United States, is that Israel is a nation, with a national economy, and with the potential to play an important role in contributing to the development of advanced nation-states throughout the region.

Israel's greatest asset in this regard is culture, which is why the assault on education and popular culture is so self-destructive. From the beginnings of the British-backed Zionist push to colonize Palestine, through the 1948 struggle for independence, the backbone of Israel has been its cultured elite. It is well known that the large majority of Israel's elite comes from the educated strata of German, French, and other European intellectuals, but the deeper implications of this fact are not usually pondered. In the words of one Haganah veteran, Israel is "a scientific experiment," a unique approach to building a nation. The uniqueness lies in the fact that, leaving aside the intentions of certain oligarchical circles behind the British-Zionist thrust, Jews flocked to first Palestine, and then Israel from over 70 nations of the world, bringing with them over 102 different languages and representing as many different cultures. The approach adopted by leaders around Ben Gurion was to use the highest cultural achievement attained by the settlers to raise those coming from more backward environments up to that advanced level. Thus, as Israelis will proudly recount, communities such as the South Yemenite Jews, who had been living in primitive conditions for centuries before being flown into Israel in "operation flying carpet," were assimilated into a productive workforce through training programs and improved living standards. Ethiopians formerly living in abject poverty and backwardness have emerged as leading medical technicians and electronics workers, and so on.

The point of recounting such examples is not to exaggerate the success of the experience per se, but rather to drive home the point that such a "scientific experiment," having once proven successful, expresses a universal truth: that the only efficient means of achieving economic development is by mobilizing science and its application in advanced technologies to constantly upgrade the cultural level of the population which is assimilating it in practice. This lesson is what must be applied to the urgent task of developing populations in the Arab world and in Africa. Herein lies the real significance of Israel's "scientific experiment," as a model which Israel itself must continue to apply in collaborative economic development projects with neighboring populations in Egypt, Jordan, and in an emerging Palestinian nation.

Most educated Israelis will readily agree, stating, as one nuclear energy expert put it, "We have proven that we can provide the know how required to develop Africa." Or, as one Knesset member said, "Our only problem with the Arabs is that we represent different levels of economic growth; in order to live peacefully, it is in our interest to have prosperous, technologically advanced neighbors."

The problem in realizing this enlightened viewpoint

(which, it must be emphasized, is by no means unanimously embraced) has been up until the present, a political problem, identified as "the Palestinian problem" in shorthand. But, just as the Palestinian situation, since Arafat's departure from Lebanon, is beginning to present signs of hope for a broader Egyptian and Jordanian effort at peace with Israel, now the economic collapse is threatening from another quarter. Herein lies the real danger of the economic unraveling; herein lies the tragedy of Israel's finest achievement, its educational institutions and broad popular culture being sacrificed to austerity. To the extent that Israel's "scientific experiment" is allowed to be smashed in the laboratory, there will be no possibility whatsoever for exporting the scientific knowledge it has yielded, for the mutual benefit of other nations in the region.

Israel's experiment: greening the desert

by Paolo Raimondi

Israel's extraordinary technological and scientific capability, developed in less than 30 years, has made it the outstanding example of how to build an industrialized, advanced nation without "natural resources," using exclusively the power of the human mind. This in itself is reason enough for all to support the continued existence and development of the Israeli state. Israel's achievement could become the vehicle for the development of Third World countries, in particular the Arab world. It is in the interest of the Western world to preserve this potential for peace and development and defend it against the destructive policies of the International Monetary Fund (IMF).

At present Israel has about 4,000 active scientists. For a country with a population of 4 million, this compares favorably with the 200,000 scientists in the United States, 40,000 in the United Kingdom, 30,000 in West Germany, and 20,000 each in France, Canada, and Japan. Israel, according to recent reports, has as many scientists as both Poland and East Germany; it ranks 16th in the world in the number of its scientists. Israel invests 2.2 percent of its Gross National Product in scientific research and development, second only to the United States and Holland, each with 2.3 percent.

Needed: 63,000 engineers

Despite its recent devastating economic crisis, Israel's commitment to science and technology is still shaping its programmatic discussions. In a recent editorial, the Tel Aviv daily *Ha'aretz* voiced alarm over a report issued by the Ministry of Trade and Industry forecasting a manpower shortage

in various branches of engineering as early as next year. The ministry has projected that another 5,000 engineers and 8,000 technicians will be needed by 1985 to overcome potential bottlenecks in the country's technological and economic development.

This also presents a problem for Israel's defense forces. A military spokesman recently said: "The army itself needs a higher level of technically trained people today, and, of course, the need in the civilian market is steadily growing. We will need 63,000 more engineers, practical engineers and technicians, by 1990."

The application of Israel's technological and scientific methods, which have produced such remarkable results in all the leading industrial sectors, including the laser and computer industry, has fostered major breakthroughs in agriculture. Israel has become known for victories in the fight to conquer the desert—making unusable land arable and productive. Since Israel's founding, one of its major goals was to guarantee an independent food supply. This was achieved through massive capital investment and support for research and development in all the areas of agriculture. Though its available land and water resources have not expanded, Israel's agricultural yields have increased at a rate of about 5 percent annually.

Making the desert bloom

One of the country's early major challenges was to penetrate the Negev Desert, a region uninhabited for obvious climatic and economic reasons. The plan from the beginning was to create the conditions for urban settlements and agro-industrial centers to win over the desert for human beings. Now several small towns such as Beer Sheba, Dimona, Yeroham, are the best examples of human achievement in ordering nature for a higher purpose of development. In these centers, the Israelis have built some of their most advanced research institutes, where agronomists and other scientists are making major biological and chemical advances to improve dramatically the methods of cultivation and productivity.

Israel has devoted much attention to the problem of assuring plentiful water for cultivating desert areas. In 1952 Israel created the TAHAL, Water Planning for Israel Ltd., a government corporation entrusted with developing national water resources, and designing and planning all national and regional water supply systems. Now 80 percent of all water is allocated to the agricultural sector. Over the past 20 years, TAHAL corporation has focused the skills of more than 700 technicians and engineers to solve three major problems: 1) transporting irrigation water from the north to the south of the country; 2) pumping up water which averages 82 meters below ground level; and 3) developing desalination projects. (Israel's fresh water resources can provide for less than 40 percent of today's arable land—190,000 hectares out of a total of 440,000.)

Perhaps Israel's most significant achievement in this area has been the development of the drip irrigation system, which

is based on perforated plastic hoses laid along the crop rows, dripping the required amount of water directly to the roots of plants. The system ensures that only a predetermined amount of water is used. It can also incorporate a regular and controlled supply of fertilizers with the correct amount of air. Drip irrigation is usually totally automated with systems capable of controlling the irrigation process. Current systems also have special facilities for underground installation and filtration of salt or brackish water.

Since the first drip irrigation experiment in 1965 in the center of Hatzerim in the Negev Desert, TAHAL corporation has become an internationally known company called upon by many developing sector nations for planning and constructing irrigation systems and constructing agro-industrial complexes. Israeli companies have become leading world suppliers of such systems; the United States now has 600,000 acres irrigated with the drip method. The potential for the developing countries, and in particular for the Arab deserts, is extraordinary.

One of the technologies of irrigation developed and exported by TAHAL is the sprinkler method, which has produced excellent results. TAHAL has been engaged in several projects in Latin America, and in Iran it was involved in the Ghazvin Agricultural and Water Resources Development Project to reconstruct the region after the disastrous earthquake of 1963. This project did not survive the Khomeini regime.

All these technologies and systems are of great importance for agriculture in all arid and still-to-be-developed regions, and will undoubtedly make a vital contribution to man's struggle to solve the world food crisis.

Recent discussions in Israel have focused on an urgent program for developing nuclear reactors. Israelis are aware that they are 20 years behind in nuclear power development because of the 1963 decision to stay out of this sector, mainly for reasons connected to the war danger. But now Israel is in talks with the U.S.A. and France to pave the way to overcome the nuclear power gap. The discussions incorporate large projects such as the Mediterranean-Dead Sea Canal and others which could reverse the region's present trend toward economic collapse. It is important to note that the recent decision to stop the canal project, imposed by the IMF, came shortly after the Israeli government gave the green light last summer for the creation of the Mediterranean-Dead Sea Hydroelectric Project—the starting point of the canal project.

This technological potential of Israel is a reality nobody should allow the IMF to destroy. Irrigation, desalinization technology, the engineering for agro-industrial complexes, and similar scientific and technological contributions should become more the subject of strategic deliberation. If the United States and Europe want to truly contribute to establishing peace in the Mideast, they must put in the forefront the Great Projects idea which will allow Israel and the Arab world to join together to build up a future of economic prosperity and peaceful cooperation.

U.S. Policy Toward Israel

A much-needed shift in emphasis

by Lyndon LaRouche, Jr.

The following statement was issued by Democratic presidential candidate Lyndon H. LaRouche, Jr. on Dec. 30, 1983.

The sometimes disgusting, and sometimes immediately self-defeating feature of recent decades' U.S. policy toward Israel, is that Washington's visible policy-thinking degrades Israel to the status of a restive, and often troublesome Anglo-American "agent of influence," both in the Middle East and in other regions of the world in which Israel's intelligence capabilities are judged a significant factor.

Since the doctrine of "Flexible Response" was formally introduced to U.S. strategic doctrine, approximately 20 years ago, U.S. strategic thinking and foreign policy generally has focussed upon actual or probable local "hot spots" in various parts of the globe, and upon "local wars" associated with such "hot spots." This thinking is reminiscent of British colonial policy during the late 18th and 19th centuries. Accordingly, U.S. policy-thinking towards Israel has degraded Israel to the role of "agent of influence," as British practices defined "agent of influence" from Prime Minister William Pitt the Younger onward.

Only those features of Israel's policies and internal life which touch upon that nation as such a supposed "agent of influence" command serious attention in Washington and our nation's major news media. The internal development of Israel as a nation in which people live and raise families, appears just plain "uninteresting" among our policy-shaping circles.

Specifically, Israel's national economy is in a crisis. Week by week, the effects of a worsening economic and financial situation become more savage. Israel's economy is being cranked-down by the same kind of austerity measures suffered by many developing nations under "IMF conditionalities." True, Washington feels itself obliged to act occasionally to take some of the worst of these pressures off the back of Israel, but we do so only to keep Israel in shape for its assigned role as an "agent of influence." The question of measures needed to create a self-sustained economic recovery appear to attract no interest around Washington.

Earlier this month, two of my representatives spent a period of time in Israel, during which they had the opportunity for meetings with a fairly representative sampling of

government officials and other leading influentials. Among the foremost topics discussed was a paper which I had written and submitted on the subject of the economic development of Israel. Israelis were most energetically forthcoming on matters related to this proposal.

I had drafted that paper by putting myself mentally in the shoes of some Israeli citizen with my general philosophical world-outlook. If that citizen knew what I know, what would he or she desire for Israel's internal development? From that standpoint, what would such an Israeli citizen resent deeply about the kinds of pressures his nation received from both private and official circles in the United States? From the reports relayed to me through my representative, my own thinking and theirs on this subject is not far apart.

Of course, I have certain advantages in taking up that kind of work. Since April 1975, I have been constantly involved in proposing U.S. and Western European economic policy for economic development of Israel and its Arab neighbors as the only pathway to durable peace in that region of the world. I have worked with both Israelis and Arabs to the purpose of understanding their nations and their aspirations more exactly, to learn to put myself mentally in their shoes on the matter of economic-development policies. At the same time, helped by the fact that the fellow-members of my international philosophical association are patriots of various countries, I have worked on questions of economic-development policies for many nations, including those of the Americas, Africa, Western Europe, South Asia, Southeast Asia, Japan, and so forth. In each case, I have attempted to determine where the vital interests of those nations and of the United States properly coincide. So, personally, I had important special advantages in composing the report I circulated to leading circles in Israel on the subject of that nation's prospects for economic development.

True, the United States has supported certain elements of Israel's policy generously, even over-generously, and sometimes wrongly. Yet, at the same time, we have badly mistreated Israel, especially on matters which affect the internal condition of Israel over the long run. Not only have we imposed an "agent of influence" role upon Israel through official channels of policy-shaping; we have mediated our relationship to Israel's internal life through what is often called the "American Jewish Lobby," often to the point of making Israel a virtual captive of that "Lobby." The point is: Israel's policy ought to be a sovereign power of the people who live in Israel, not something controlled by people from Minneapolis, Chicago, or New York, who sometimes go there to visit—and to fly back here to safety whenever trouble breaks out in that region. The key lever by which this "Lobby" dominates Israel's policy-making so frequently, is money. By leaving Israel's internal economic development and survival significantly dependent upon the so-called American Jewish Lobby's financial power to reward and punish the Israeli people, we place Israel to a very large degree under the control of foreigners. The foreigners may happen to have Jewish names and pedigrees—at least, the visible leadership

of this private interest, but their own fate is not tied up with Israel's fate; they are not citizens of Israel who must share the fate of that nation. Moreover, this "Lobby" is not representative of some average among pro-Israeli American Jews; control over the fund-raising and flow of funds to Israel has been held since the formation of the "millionaires club," back during the late 1960s, by a very small grouping of picaresque gentlemen, who are not the sort of people one might regard as "philosopher-kings."

Financial realities being financial realities, as long as the internal economy of Israel continues to be dependent to a significant degree on the good will of the small clique controlling the money-flows of the "American Jewish Lobby," Israel cannot afford the luxury of untainted sovereignty over its own policy-making. As long as this continues, a U.S. president can never be quite certain whether he is negotiating with the government of Israel, or perhaps with Max Fisher, Burton Joseph, Meshulam Riklis, or the Bronfmans instead. This arrangement will tend to exist until Israel develops the sovereignty of successful internal economic development. The development of Israel's sovereign qualities of internal economic development ought to be a focal-point of U.S. Middle East policy in general.

The flaw in U.S. policy-thinking toward Israel is not caused by some special treatment of Israel in particular. We make the same fundamental mistake in policy thinking about the republics of the Americas, about Western Europe, about Africa, and all of Asia.

The fundamental strategic interest of the United States requires the establishment of unchallengeable world-hegemony by a network of sovereign national republics: what Secretary of State John Quincy Adams defined as a republican "community of principle" in his arguments for adoption of the 1823 Monroe Doctrine. We require a world-system of scientific and technological progress, maintained by fully sovereign national republics, such that each republic fosters the development and opportunities of each and all of its individual persons, and does so in a political system consistent with the heritage of Solon of Athens.

The rock-bottom of the proper policy of the United States toward each and every nation of the world, is our desire that it become such a republic, and that we help to create a climate of opportunity for it to achieve that goal. This must be our fundamental relationship to other nations, the foundation of our foreign policy. We require no "empire," no "colonies," no nations degraded to the rank of "agents of influence." We require something more durable than a mere system of treaty-alliances. We require a conscious commonality of vital self-interests among an aggregately republican community of principle, a community of republics made powerful by the highest rates of scientific and economic development, cooperating with one another to establish and maintain the community and its strength as a whole.

This must also be our policy toward Israel and its neighbors. That must be the foundation of our policy, from which the rest follows quite logically.

Founding father describes the pioneer days: 'how we made cities from swampland'

Interview with Oved Ben Ami, founding father of Israel, builder and former mayor of the city of Netanya.

EIR: Mr. Ben Ami, you count yourself among the founding fathers of Israel, having built two of her cities, Netanya and Ashdod. Can you tell us how this began?

Ben Ami: I am actually one of the few real natives of Israel, coming from a family of colonists who never left Israel. I was born in Petah Tikne, which was the first Jewish settlement at the beginning of the century. I remember the story told about purchasing the land from the Arab sheik owner. When he finally agreed to sell the land, despite fear of reprisals, he quoted a very high price for what was then essentially swampland. When asked why the price was as high there, east of Jaffa, as it was in the cities, he replied: "Well, we have been holding this land for you for almost 2,000 years, you know!" The land was settled by 60 families, who turned its 150 acres into farmland for orange growing.

EIR: What about your own role?

Ben Ami: Later, I became a close friend of Hamar Ben-Avi, the son of Eliezer Ben-Yehuda, who was the man responsible for shaping Hebrew into a national language. He and I traveled abroad together in search of funds to expand the existing settlements, and to build new cities. This is how we met Edmond de Rothschild, who did a great deal to build Israel. I remember Rothschild, when I first met him in his enormous Parisian office. There he was, hunched over a huge map of Palestine laid out on the floor pointing to various sites and saying, "Let's build a settlement here, that will be the eastern boundary; another settlement there, and that will be the southern boundary," and so on.

EIR: Is that the kind of settlement policy you followed?

Ben Ami: When I built my first city, Netanya, I did not think of it as a settlement only. Already back in 1929 and 1930, when I built it, I conceptualized it as a city capable of housing 200,000 people. On the 25th anniversary of the founding of Netanya, I received a letter of congratulations from Ben Gurion who told me I should not only be a patriot of Netanya, but should also think of doing something for the southern part of the country. I made an agreement with the govern-

ment, that if it would agree to build a second deepwater port (the first being Haifa), I would agree to build a city around it. Ben Gurion presented the plan to the cabinet, immediately gaining its approval, and the work began. I wanted to call it City of David, but he refused to have anything named after him, so I called it Ashdod.

EIR: How do the two cities compare?

Ben Ami: I learned from my first experience and tried to improve on it. Ashdod is built around the port, which now handles as much traffic as Haifa. I tried to ensure better traffic facilities, with wide avenues, commercial centers in every neighborhood, and plenty of park areas for children.

EIR: What kind of industry is there?

Ben Ami: In addition to the citrus fruit production, I introduced the diamond industry to Netanya, which has become the center of it in Israel. I had good relations with the British High Commissioner, who gave me advice in 1939 and 1940, on how to help people from Antwerp to leave the war-endangered area and emigrate to Israel. Since it was war-time, it



Oved Ben Ami, in front of the Museum of the Diaspora in Tel Aviv.

NSIPS/Muriel Mirak

was not easy to fulfill all the legal requirements, but I had a friend in London, the father of Lord Carrington, you know, who just became head of NATO, and he helped out with visas. Weizman was also important in mediating with the British. Then we developed links to the diamond industry in Johannesburg, the Oppenheimers, and so on.

EIR: What other fields are you active in?

Ben Ami: Mainly journalism.

EIR: That's interesting. One thing that strikes the visitor to Israel is the unusually high proportion of the population which reads newspapers and periodicals. For a population of only 4 million people to have 25 daily newspapers in 12 languages is extraordinary. And I am told that the leading papers have a circulation of about 150,000 to 250,000 daily.

Ben Ami: Yes, people read a good deal. When I was working with Ben-Yehuda's son, I started writing for the first Hebrew language newspaper in Israel, which was the *Daily Mail* in Jerusalem. The paper was forced to close in 1933 for lack of advertising. At the time, I was very busy with Netanya, but later I met with a man who had emigrated from Leipzig, named Karlbach, who proposed that I publish an evening paper. I accepted his conditions, which stipulated that the editor and publisher together would hold 51 percent, while the workers held shares too, and on February 15, 1948 the first issue of *Ma'ariv* appeared. Now we have a circulation of about 180,000, with 220,000 on weekends, and are planning to move to a new, expanded office in Tel Aviv, with all the latest technology typesetting equipment. You have to keep up with the times, you know.

An adequate defense strategy for Israel

by Meir Pa'il

Meir Pa'il is a leading figure in Israeli military, political, and academic circles. He served in the Israel Defense Forces (IDF) until his honorary discharge in 1971, having been a brigade commander, commander-in-chief of the Armed Forces Military Academy, and chief of the Department of Tactics and Operational Doctrine of the Armed Forces Supreme General Staff. Dr. Pa'il was a member of Israel's Knesset from 1973 to 1980 and was a professor of military history at Tel Aviv University and at Hebrew University.

The following are excerpts from a reprint of an article by Pa'il, originally published in Can the Palestinian Problem be Solved?, A. Hareven, editor, The Van Leer Foundation, Jerusalem, 1983.

... Given the offensive and mobile character of the IDF's operations in the Six-Day War and in the second, strategic stage of the Yom Kippur War, it becomes a relatively simple matter to defend Israel even without applying Israeli political and military sovereignty in the West Bank and the Gaza Strip. This could be achieved by Israel's adopting an offensive strategy in the West Bank and the Gaza Strip where the perception of certain shifts in the military or political status quo would prompt the IDF to move forward at once and re-occupy the territories. This strategy is graphically illustrated in [the accompanying map], which indicates how the ostensible potential threat of an enemy attack ... could be neutralized from the outset.

While it is self-evident that in this conception the IDF would act swiftly and vigorously should the need arise, the doctrine's chief objective is to deter the enemy and to obviate any intention by the neighboring states to violate the political and military arrangements concluded in a peace treaty.

The military clauses of a peace treaty

To execute this strategy, which views the West Bank and Gaza Strip as strategic depth for forward movement in time of war, the following eight military clauses should be incorporated into any peace treaty relating to these territories:

1) Israel will evacuate the West Bank and the Gaza Strip in agreed stages, and not at one stroke.

2) In the course of the Israeli withdrawal, the future Arab governing authority in the West Bank and the Gaza Strip will establish a Palestinian police force outfitted with modern mechanized means (including armored vehicles, helicopters, and light aircraft) whose numbers and quality will be agreed on mutually by Israel and the Arab government to be formed in the West Bank and the Gaza Strip.

3) The West Bank and the Gaza Strip will be demilitarized of saliently offensive military forces, both Israeli and Arab. No armored formations, no artillery units of any kind (barrel or rocket-based)—including field, anti-tank, or anti-aircraft artillery—will be permitted to deploy there.

4) No large new airfields will be constructed beyond the one at Kalandia. The Arab government in the West Bank and the Gaza Strip will not establish an offensive military air force.

5) No fortifications will be erected in the West Bank and the Gaza Strip, be they permanent, field fortifications, or minefields.

6) Mixed Israeli-Palestinian or Israeli-Palestinian-Jordanian supervisory units and observation points will operate in the Jordan Valley, along the Gaza Strip coast, on the Gaza-Egypt border, and at the Kalandia airport. These units and points will be equipped with state-of-the-art electronic technology for detection, control and communications, and with suitable means for land, sea, and air transport.

7) In addition, a joint Israeli-Palestinian or Israeli-Palestinian-Jordanian border police force will be set up to supervise the borders, chiefly against terrorist activity. This force

will have the right to operate on both sides of the border.

8) Jerusalem will remain unified municipally, although part of East Jerusalem may be transferred to Palestinian or Palestinian-Jordanian sovereignty. It is quite possible that in order to preserve ongoing security in Jerusalem, a joint Israeli-Arab police force will need to be established, which could be incorporated into the joint border police. . . .

Once it has been illustrated that not every solution entailing territorial concessions constitutes a security risk to Israel's survival, it becomes possible to discuss the Palestinian problem on its more important—political and ideological—planes.

Like any self-respecting national liberation movement, Zionism excelled in attracting to its ranks Jews holding divergent worldviews who nonetheless envisaged the realization of one shared goal: the ingathering of the Jewish people to the Land of Israel, the building of a resurgent Jewish nation based on Jewish creative labor, and the establishment of Jewish political independence in the Holy Land. From the earliest days of the movement, all Zionists believed that the Jewish people had full historical rights to the Land of Israel. At the same time, however, most Zionists recognized that the Palestinian Arabs were endowed with identical prerogatives by virtue of the natural rights that accrue to any person or to any group of people and the land where they live and the soil they are cultivating. This moral and political concept regards it as a principle to respect and esteem neighboring national movements—and their right to self-determination—even if they continue to evince enmity, zealotry and intolerance toward the Zionist movement. For after all, the Arab enemy, too, is a human being, formed in the divine image and endowed with full natural rights—and the way must be found to coexistence. Nor is this to be achieved through self-effacement, but rather through a readiness for political bargaining and a military struggle, while stressing our insistence that both the Arab national movement as a whole and its Palestinian branch must give recognition to the Jewish people's right to self-determination in Palestine, just as the Palestinians have the same right. . . .

Let us launch a political initiative for a solution of the Palestinian problem, based *ab initio* on the principle of the two peoples' natural and historical rights. Such an initiative might proceed along the following lines:

An Israeli peace plan recognizing the Palestinians' right to self-determination

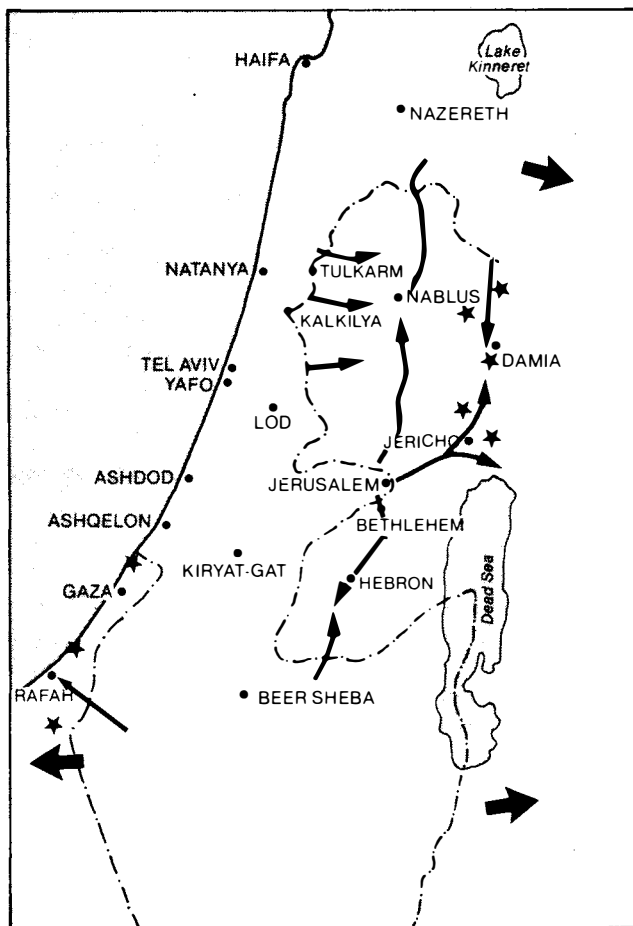
The Government of Israel views with favor the establishment of a national home for the Palestinian Arab people alongside the State of Israel, with peaceful relations and mutual recognition being maintained between the two nations. This, on the basis of the following principles:

The Political Principle: The State of Israel recognizes the right of the Palestinian people to self-determination, including their right to establish an independent Palestinian state alongside Israel, provided the Palestinian state recog-

nizes Israel's right of existence on a reciprocal basis.

The Geographical Principle: In order that the political principle may be realized, Israel hereby declares its readiness in principle to withdraw from the West Bank and the Gaza Strip, in order to allow the Palestinian people to exercise in these territories their right to self-determination, whether through the establishment of an independent Palestinian state, or by the establishment of a Palestinian autonomous republic in a federative relationship with Jordan, or through the establishment of a Palestinian autonomous republic in a federative or confederative relationship with Jordan and with Israel alike.

A plan for the defense of Israel



- ★ Control posts
- ➡ Possible preemptive-preventive attack directions
- ➡ Probable preemptive-preventive attack directions

Israel could be defended without exercising sovereignty over the West Bank and Gaza Strip, provided those areas were maintained as a forward strategic space for a preemptive-preventive Israeli offensive in case of a threatened enemy attack.

Source: A. Hareven, ed., *Can the Palestinian Problem Be Solved?* Jerusalem, 1983.

Kissinger stages a new confrontation with Europe

by George Gregory in Brussels and Lonnie Wolfe in New York

Within sight of the NATO headquarters in Brussels, Henry Kissinger, the former Secretary of State and professional traitor, has once more exerted himself to undermine the policies of President Reagan in Europe and to foment a split in the Atlantic Alliance.

The scene of Kissinger's dirty work was a Jan. 12-14 conference organized by his Jesuit friends at Georgetown University's Center for Strategic and International Studies (CSIS), whose title was "The Future of NATO and Global Security." What transpired was a stage-managed brawl between the "Americans," represented by Kissinger and his clones such as Helmut Sonnenfeldt, and the "Europeans," led by former West German Social Democratic chancellor Helmut Schmidt. The brawl was amply chronicled by the international press, as headlines on both sides of the Atlantic read: "Parley Exposes Rifts Between U.S., Europe."

The Brussels conference was part of a campaign for decoupling Western Europe from the NATO alliance, a campaign whose public sponsors include the Aspen Institute for Humanistic Studies and the New York Council on Foreign Relations. All are directed toward affecting the split as rapidly as possible.

In Brussels, Kissinger set the tone for this staged confrontation. His remarks were designed for maximum effect on a European audience.

To give his speech an official U.S. policy stamp, Kissinger boasted that the Reagan administration had moved away from confrontationist postures, insinuating that it was now listening to his advice. As if to demonstrate his power, he argued for the creation of "private channel" discussions with the Soviets. Hours later, word came from Washington that the Reagan White House was actively considering such an

approach to East-West relations and would probably make such a proposal in the meeting between Soviet Foreign Minister Andrei Gromyko and Secretary of State George Shultz in Stockholm. The message: Kissinger has clout, so listen up, you Europeans.

Brandishing limited nuclear war

Only if European leaders openly accept the risk of limited nuclear war—i.e., of a nuclear exchange that would destroy Europe, without the total backup of U.S. strategic forces—will Soviet planners be deterred, he continued. Europeans should not indulge in the illusion that the threat of all-out nuclear retaliation would dissuade the Soviet Union from ever attacking Europe, Kissinger intoned. This threat has lost its credibility.

With these words Kissinger pronounced President Reagan and Secretary of Defense Caspar Weinberger to be liars. Both had within the last month reaffirmed the inviolability of the U.S. strategic nuclear umbrella over Europe and denounced the idea of limited nuclear warfare on European soil.

At the same time, Kissinger criticized Europeans for "creeping neutralism" and pacifism, singling out the NATO two-track strategy of linking deployment of new missiles to progress in arms control. Whatever problems Europe was experiencing were its own fault.

Kissinger's statements terrified and enraged his European counterparts, as they were intended to. Next Helmut Schmidt rose to defend Europe's honor in this stage-managed show, launching into an hour-long vilification of the United States the day after Kissinger's keynote.

Attacking U.S. budget policies for creating "the highest real interest rates since the birth of Christ," Schmidt demand-

ed that the deficit be cut, including cuts in the U.S. defense budget. Britain, France, and West Germany have a “grand strategy towards the Soviet Union,” while the United States has constantly reversed its policies.

All this no doubt amused Kissinger. While railing at the United States, the pitiful, cowardly, terrified Schmidt had not stated one point which Kissinger did not privately agree should be U.S. policy. Kissinger had succeeded in provoking the Europeans to attack Reagan, as he had misrepresented the President’s policies.

As Schmidt fell back into his seat puffing on his pipe, James Schlesinger, the former defense secretary who is high on Europeans’ list of detested Americans, rose to defend the honor of the United States. Schlesinger, the RAND robot who imposed the limited nuclear war doctrine on Europe, attacked the NATO partners for taking America for granted. The United States, he said, might just pick up its marbles and go home, leaving Europe to fend completely for itself. Americans have a fundamental distrust of “entangling alliances” like NATO; this is especially true of people in the present administration, he claimed, and might assert itself at any moment.

The West Germans, he declared, are unable to defend even their own border and refuse to share adequately in the NATO defense burden. How dare they attack the United States? “Candor should be a two-way street,” said Schlesinger, looking at Schmidt, and asserting that many Americans share the view that Europeans act like “damned ingrates.”

The current crisis of confidence in NATO, Schlesinger continued, is more severe than any in the past because the “level of disenchantment” is higher.

Kissinger accomplice William Hyland, soon to become the editor of the Council on Foreign Relations’ journal *Foreign Affairs*, repeated that disenchantment with Europe is mounting in the United States, and “there are questions from serious people about the wisdom of continuing this alliance.” Hyland declined to mention that his CFR has set up a study group to plan the decoupling of the United States from Europe (see box). Nor did he mention that Kissinger is among those “serious people” who question the value of the alliance.

All this speechifying was accompanied by private cocktail parties and smaller seminars. The seminars were uninteresting; stars like Kissinger and Schmidt didn’t bother to show up.

At the corridor discussions and cocktail parties it was the “Americans” against the “Europeans,” with some foolish individuals intermittently attempting to mediate. “Some of the guys were so angry that they couldn’t get any sleep,” said Rep. Tom Foley (D-Wash.), a member of the Kissinger “American” team.

Kissinger’s ability to pose as a representative of the administration comes from the assignments President Reagan has given him, like his recent chairmanship of the Central America Commission. It is enhanced by his friends George Shultz and Bud McFarlane of the State Department and sections of the National Security Council, and by the role of

Kissinger ally Brent Scowcroft in shaping strategic policy.

It is fair to say that Kissinger in Brussels came close to undoing whatever good might have been done by the President’s recent *Le Figaro Magazine* interview stressing the U.S. commitment to defend Europe. The Soviets are no doubt delighted. Their reading from the Brussels sideshow must be that the NATO leadership is at war with itself. The European appeasers will pursue their own “grand strategy,” as Schmidt termed it, while the United States will not defend Europe—Reagan’s statements are lies, didn’t Kissinger say so? Thus the decouplers move the world closer to nuclear war.

Kissinger in Brussels

We publish here excerpts from Henry Kissinger’s keynote speech at a conference in Brussels, Belgium on Jan. 13 sponsored by Georgetown University’s Center for Strategic and International Studies. The meeting was titled “The Future of NATO and Global Security.”

There are two conventional ways of speaking about NATO. The first is to praise its achievements: the peace that has been maintained for 35 years; the cooperation among 16 sovereign nations that has been sustained for longer than any modern alliance; the crises that have been overcome; and most recently the decision that was upheld to redress the nuclear balance in Europe.

Alternatively, it is also possible to deplore the unresolved issues: the gap between the announced military strategy and what is being implemented; the imbalance between détente and defense; the pace and direction of arms control; and the growing mistrust—nurtured by the Soviets—between a generation of Americans and Europeans who have lived their entire lives sheltered by the alliance they assault.

Both interpretations offer elements of the truth. NATO is one of the most successful alliances in history. It has also increasingly maintained the appearance of unity by evading some fundamental issues. The newly elected Secretary-General of NATO, Peter Carrington, walked the fine line between optimism and despair with elegance and wit in a seminal speech at the Institute of Strategic Studies last April. He will no doubt lead NATO with vigor, intelligence, vision, and humanity; he is in fact one cause for optimism. I tend to be—let us be frank—somewhat apocalyptic. What I say hopefully reflects the spirit of his remarks; but freed of the responsibilities that inhere in a diplomat, I am more explicit about some of the unsolved problems of NATO as I see them. . . .

The premises of NATO strategy have thus been systematically eroded partly by choice, largely by inevitable trends. But NATO doctrine did not change. Lip service was paid to increased conventional defense; some increase in fact did take place, though never enough to catch up with the massive Soviet rearmament effort. Flexible Response, based on the gradual though systematic escalation up the nuclear ladder

has remained the NATO doctrine. . . . No leader of the West today dares to affirm what his strategy dictates: that to avoid defeat he would be obliged to resort to nuclear weapons. President Reagan and Secretary Weinberger were widely condemned in Europe when they referred to the "winnability" of nuclear war. The idea of "winning" a nuclear war was hardly felicitous. But the verbal formulation probed for an elemental truth: unless some rational military objective can be assigned to nuclear strategy, both leaders and publics will become increasingly demoralized by the still firmly enshrined NATO doctrine.

Since then, both the President and his cabinet have not only retreated; they have explicitly disavowed their claim that nuclear war is winnable. It is a tragic symptom of the gap in understanding between our administration and its European critics that these fervent affirmations are disregarded and disbelieved; that most of our critics insist on holding President Reagan and Secretary Weinberger to their original declarations. . . .

There can be no question that NATO should be in a position where it is not forced to resort to use nuclear weapons

at an early stage of a conflict. . . . It is one thing to advocate a strengthened conventional defense—as I have consistently done with many others here. It is quite another to renounce the first use of nuclear weapons. If history teaches anything, it is that deterrence with conventional weapons is a chancy enterprise. . . . If the no-first-use doctrine makes any sense it must mean that we and our allies would rather be defeated with conventional weapons than resort to nuclear weapons. But once the readiness to accept defeat is granted, why should it matter with what weapons it is accomplished? . . . If an aggressor analyzes the implications of the no-first-use doctrine in this manner, he would have an incentive to warn that any war will quickly become nuclear. This would face the West with the choice of surrender or the kind of war of which our countries will then be incapable as a result of years of stigmatizing the weapons around which their defenses are built and with which our adversary's arsenal is replete.

But if we are prepared to use nuclear weapons rather than see Europe overrun, we are back to our original problem: the proper mix between conventional and nuclear forces and the appropriate strategy for the use of nuclear weapons, albeit as

Council on Foreign Relations plans for a post-NATO world

The New York Council on Foreign Relations (CFR) has put together a project focused on "redesigning the U.S.-European relationship at a point when that relationship is falling into disarray," as a CFR source describes it. "What are the possible benefits for the United States that might result from a decoupled Europe or a Europe less dependent on the United States? These are not necessarily things to be feared, if we are prepared for them, if we steer the process."

The Council group, chaired by CFR director Andrew Pierre, is governed by a 35-member board which consults with others in government positions—including U.S. Ambassador Arthur Burns in Bonn, an active decoupler.

The board is co-chaired by former Secretary of State Cyrus Vance and former Carter Deputy Secretary of State Robert Hormats. It includes investment banker George Ball, a former undersecretary of state and advocate of sweeping population reduction for the Third World; former Defense Secretary Robert McNamara, who has repeatedly sounded the theme that the United States should not and will not use nuclear weapons to defend Western Europe (or itself); "neo-conservative" Irving Kristol; Helmut Sonnenfeldt, Henry Kissinger's "Soviet expert" during the SALT I negotiations; David Aaron, the adviser to

Walter Mondale who was accused of being a security risk during his tenure at the Carter National Security Council; Venetian banker Nathaniel Samuels; former congressman John Brademas, president of New York University; former Carter State Department spokesman Hodding Carter III; and Amalgamated Clothing Union official Murray Finley, an intimate of AFL-CIO president Lane Kirkland. Sitting in on meetings are Andrew Pierre and former *Foreign Affairs* editor William Bundy, Dean Acheson's son-in-law.

The project, begun early last year and scheduled to last for two more years, was described by CFR spokesmen as a "mini-1980s Project." The original 1980s Project, also chaired by Cyrus Vance, advocated the "controlled disintegration" of the world economy. It was a CFR project in the 1950s that excreted the policy of "flexible response" and "limited war."

The steering group "assumes that the NATO alliance will undergo a fundamental transformation involving strategy and concepts of defense. This must also be guided. . . . All of this will be dominated by the redefinition of the East-West relationship," said the CFR source. "There is no problem that is not influenced by the search for a new relationship with the East."

The study plans to produce 10 books. The first, to be released in late January, will deal with NATO nuclear strategy and will feature contributions by former Carter arms-control negotiator Paul Warnke, Kissinger aide William Hyland, West German Social Democratic Party leader Carsten Voight, and British nuclear strategy "expert" Lawrence Freedman.

a last resort. The question of how nuclear weapons should be used without destroying mankind remains unavoidable. . . . Politics and morality both demand that so long as nuclear weapons exist and nuclear war is at least conceivable (not to say built into our strategy), governments seek ways to limit their use and to terminate such a war before it turns into a world holocaust. In a world of tens of thousands of nuclear weapons, it is reckless to teach that any nuclear incident must automatically escalate into a cataclysm. If the worst happens—for whatever reason—governments have an obligation to humanity and to history to limit the consequences. Only nihilists or abstract ideologues can shirk that duty. . . .

[The consensus on defense policy has broken down, which] could not happen but for two comforting illusions. Europe chooses to believe that in the end America will either prevent aggression or resist it with its ultimate weapon if it has no other choice. America chooses the illusion that with intensive consultations Europe will be induced to increase its defense contribution in the conventional field. Neither expectation is realistic—the European one only slightly more so than the American.

If present trends continue we run the risk that we will be left with no coherent defense posture, with a precarious combination of the formal NATO doctrine of Flexible Response which, however, now—unlike when it was first developed—has to be applied under conditions of nuclear stalemate, growing nuclear pacifism, and continuing inadequacies in conventional forces. Left with no coherent defense policy we will ourselves have crippled our capacity for military response while sitting on the most destructive stockpile of weapons the world has seen and against an adversary whose political and economic system seems to have lost all vitality. . . .

The *détente* of the early 1970s was assaulted by an odd and unprecedented coalition of liberals and conservatives who could never have been united but for the collapse of executive authority caused by Watergate. . . . [In the United States] the trouble has been that each new administration has felt no responsibility to the legacy of its predecessor, indeed has prided itself on starting all over. Each reassessment of American policy left victims among European leaders who—trusting American representations and briefings—had committed themselves to the previous dispensation. Each reassessment shook confidence and encouraged European neutralism to become less dependent on our restless quest for novelty. . . . While it is easy to compile a record of ill-considered remarks of the Reagan administration, it is difficult to point to much in the way of rash actions. Beyond muscular rhetoric the Reagan administration has actually behaved with considerable restraint. What has it actually *done* to earn such opprobrium among our European critics? . . . Why has the recent change in tone of the Reagan administration—sometimes verging on the repentant—been largely ignored by critics and most allied leaders? Is it because the critics seek an excuse for a barely disguised neutralism and the leaders require—or believe they require—at least the

pretense of “moderating” American obtuseness and intransigence as a unifying element in their domestic policies? . . . The appropriate model is the period prior to World War I when client states pursuing regional rivalries drew their protectors into a holocaust by gradual increments, the full significance of which was not understood until it was too late. . . .

Whatever the invective of Soviet leaders, when convinced that the current administration is likely to be reelected, they may well make some agreement by summer. A reelected administration, hence unconstrained, may be a prospect they would prefer to avoid. But it is also possible that the Soviet leaders are under domestic pressures which prevent any policy adaptation or *any* farsighted policy for that matter. Before we yield to this proposition, however, we must test the possibilities of a dialogue systematically and persistently. . . .

[One has to start at the highest level, but not a summit, which is too risky, and can only put the seal on that already achieved behind the scenes.] One way to avoid this dilemma would be for each side to designate a special representative enjoying the full confidence of its head of government and foreign minister. He should be authorized to conduct private, exploratory conversations on their behalf, preferably without publicity. Each of these special representatives should have access to the head of state of the other side. Both parties would commit themselves to a global review of their entire relationship. As soon as the conversation between the special representatives demonstrates hope for progress, preparations would begin for a summit meeting which would then approve a full-scale work program for coexistence. . . .

The Soviet Union must decide whether it is a country or a cause. It must be willing to define security in terms other than the impotence of potential adversaries. . . . Such a process requires the restoration of bipartisanship in the United States and an end to the constant “reassessments” that disquiet our friends and confuse when they do not embolden our adversaries. The national interest does not change every four or eight years; at some point it must be fixed in the public mind if we are not to become an element of instability through our endless quest for ever new dispensations. And it is time for our European allies to abandon the charade that their principal foreign policy goal is to moderate an intransigent America—a role more appropriate for neutrals than allies. Those committed to the proposition that the precondition for peace is to insist on the moral equivalence of the two superpowers are in fact tempting a continuation of tensions by abdicating their judgment. . . . The Soviets are realists. Sentimentality on the left tempts them into aggression; sentimentality on the right tempts them to exploit domestic and allied divisions. . . .

Too rarely—if ever—is there a real attempt to project a strategy for the rest of this century. . . . I do not believe the present structure of NATO lends itself easily to such an effort. . . . The Reagan administration has in practice abandoned its confrontational style. Our allies need now to avoid using the past as an alibi to avoid difficult choices.

Lebanon partition danger mounts

by Thierry Lalevée

When Malcom Kerr, the president of the American University of Beirut, was shot and killed on Jan. 18, he was the latest victim of the appeasers in Western Europe and in the United States who are giving the Middle East to the Soviet Union under the cover of “bringing the Soviets in for a dialogue.” Ongoing investigations suggest that, although the murder was claimed by the Iranian-created “Islamic Jihad” sect, the murder was a professional East bloc intelligence operation. This coheres with earlier reports that Soviet and East German agents were directly responsible for recent terror actions, using an Islamic or other covers. Kerr’s murder was Moscow’s latest signal to President Reagan that, unless he backs down now, the Soviet Union and its allies are ready to push the Mideast crisis to its limit, as part of their planned global confrontation.

This had been made clear a few days earlier in Damascus where the “Palestino-Soviet Friendship Association” was convened on Jan. 16 under the leadership of the Soviets. The meeting, which assembled the Palestinian radicals opposed to the leadership of Yasser Arafat, was chaired by Libya’s Major Jalloud, who predicted that life for the American and French multinational forces (MNF) in Lebanon would become an inferno. As Jalloud was speaking, the MNF came under intense artillery bombardment from the Shi’ite and Druze militias of Walid Jumblatt, who had just arrived in Damascus from an extended visit to the Soviet Union, requesting more military support. The shellings were also Soviet ally Hafez al-Assad’s answer to his meeting with U.S. Special Envoy Donald Rumsfeld, to whom al-Assad had delivered an ultimatum a few days before, urging that the American troops withdraw and that Washington recognize Syria’s historic rights over Lebanon.

The European appeasement crowd

What has made the Soviet Union and its Middle East satraps so arrogant is their belief that they can rely on important political farces within Western Europe to side with them against the United States, and their conviction that Secretary of State Shultz can be relied upon to amplify to Reagan the pressures coming from these European allies to force an American capitulation. At the core of this conspiracy lies a secretive, recently created group called the “European Study

Group on Middle Eastern Affairs.” The group is based primarily in Great Britain and West Germany, around the aging Lord Caradon, a British Arabist; Udo Steinbach, director of the Hamburg-based “Orient Institute” and a long-time corporate associate of the Club of Rome; and Rudolf Hilfe, who serves as an adviser to the Bavarian government of Franz-Josef Strauss. In discussions, Lord Caradon, the “father” of the U.N. 242 resolution—the internationally recognized U.N. resolution for solving the Middle East refugee problem—has been adamant on the “need to oppose American policy in the Middle East. These policies are simply unacceptable. We need to bring the Soviets in for a dialogue.” But the real concern of the “European Study Group,” as revealed by Rudolf Hilfe in an article published on Jan. 13 in the *Neue Zürcher Zeitung* and in subsequent discussions, is not peace in the Middle East, but the opportunity to “use the Middle East as a lever to decouple Europe from the United States.”

Attempting to accomplish that has been the task of Britain’s Foreign Secretary Lord Geoffrey Howe, who recently visited Egypt, Saudi Arabia, Jordan, and Syria—but not Israel. On returning, Howe emphasized that he was now in a position to mediate between the United States and Syria, as well as between Washington and Moscow, a topic, which, according to Lord Caradon, Howe immediately discussed with Soviet Foreign Minister Gromyko in Stockholm.

What this mediation will mean was shown by several demands for an immediate withdrawal of the MNF and its replacement by a United Nations force. Such a replacement, U.N. Secretary General Javier de Cuellar asserted, should be organized through another U.N. sponsored Middle East conference, bringing together the United States, the U.S.S.R., and others parties to the conflict. It is obvious that the MNF’s replacement by a U.N. force will simply mean the official partition of Lebanon between Syria, controlling the north, and Israel, controlling the south, with various sub-enclaves. Major East Coast establishment banks in the United States, such as Morgan Guarantee Trust, Continental Illinois, and First National Bank of Chicago, are backing such a process, and most have already pulled out of Beirut in recent weeks, most likely advised to do so by Shultz’s State Department. Shultz himself, while visiting Britain and meeting with Foreign Secretary Howe and NATO Secretary-General-designate Lord Carrington, has reportedly sent a letter to Syria’s Hafez al-Assad recognizing Syria’s historical rights to Lebanon. In Shultz’s wording, Syrian occupation of Lebanon is “different from Israel’s”! Assad’s reply to the letter was the murder of Malcom Kerr.

At the same time, the British government has released its 1953 papers, including notably letters from its Beirut embassy emphasizing that “Lebanon is not a nation; it is a small municipality.” If these papers contribute to the present push for a Lebanese partition, this fact also underlines what many Lebanese have known for some time—that Britain has been fostering such a policy all along.

Moscow keeps up pressure on Japan

by Linda de Hoyos

Although Japanese Foreign Minister Shintaro Abe has made public statements on his hopes of meeting with his Soviet counterpart Andrei Gromyko, and although Prime Minister Nakasone has recently reaffirmed that one of Japan's primary goals for the new year will be nuclear disarmament, Moscow has come forth with no reciprocal encouraging signs on these issues.

To the contrary, the Soviet Union has not let up on the pressure campaign against Japan that began with the Sept. 1 downing of the KAL-007 airliner. The Soviets have adopted a habit of reminding the Japanese people that Japan could be quickly obliterated by nuclear weapons. Nearly every day, a squadron of up to 10 Soviet Backfire bombers armed with nuclear warheads flies right to the edges of Japanese air space and skirts the coast of Japan. On some days, the Backfires violate Japanese air space, and the Japanese have been forced on several occasions to scramble the fighter planes to chase the Soviet bombers off. The intended effect of these sorties is to terrorize the Japanese, whose memories of the nuclear bombings of Hiroshima and Nagasaki have been used to create a deep strain of pacifism within the population.

The Soviets are not taking this belligerent posture in answer to provocations coming from Japan. The goal is to prevent an upgrading of the U.S.-Japanese alliance in which the Japanese would more actively contribute to their own defense, especially if that defense is based on high-technologies that leapfrog current conventional modes. President Ronald Reagan's trip to Japan on Nov. 9-12 significantly increased this potential. Under the leadership of Prime Minister Nakasone, Japan tightened its security ties to the United States and with South Korea, and Nakasone agreed that Japan would increase its defense spending.

Kissinger no-defense policy

Moscow would prefer that the Japanese revert to the policy dictates of Henry Kissinger. In a speech to the Hong Kong Trade Fair in late October, Kissinger declared that the United States could rely strictly on the People's Republic of China for a deterrence in Asia and that Japan should under no circumstances rearm, since that might revive Japan's World

War II militarism. Japan should instead rely on South Korea as the front line of its conventional defense and upon the U.S. nuclear umbrella, an umbrella everyone admits is full of holes.

The elections of Dec. 18 for the Lower House of the Diet, resulting in a loss of seats for the ruling Liberal Democratic Party to such an extent that the party could not on its own hold a majority, have served Kissinger's purpose. Although Nakasone has declared his intentions to seek re-election as the LDP's president in November 1984, making him prime minister automatically for another term, it is generally considered that he will be replaced. His most likely successor is Ichi Miyazawa, leader of the Suzuki faction who is known to be a Kissinger man and a "dove." In the meantime, Nakasone has been forced to check his policies much more closely with the other contending factions in the LDP.

Within a week after Nakasone had chosen his new cabinet at the end of December, his reappointed foreign minister Abe, considered the "crown prince" of the LDP faction led by Takeo Fukuda, declared that Japan would set as a priority for the new year the seeking of closer ties with the Soviet Union. Following in step with the U.S. State Department, Abe further let it be known in party conversation and to the press that he wanted to meet with Soviet Foreign Minister Gromyko at the nearest available opportunity, probably in a third country.

There is now talk in Japan that the increase in defense spending for 1984 will be the lowest in nearly 20 years, despite Soviet provocations in the area that include increased deployment of SS-20s and the build-up of Cam Ranh Bay in Vietnam into a major Soviet air and naval base. By constitutional law, the Japanese have limited themselves to building up forces for strictly defined self-defense purposes, and the government has held spending on defense to under 1 percent of the country's GNP. This year's request of the Japanese Defense Agency for a 6.9 percent increase in spending has been knocked down by the Finance Ministry, which is demanding an increase of only 4 percent. The predictions are that the increase will come in under 6 percent—for the first time in two decades.

In addition, recent polls show that although 90 percent of the Japanese people view the Soviet Union as their number-one hated enemy, a full 75 percent of the population would rather be "red than dead." In large part, this is an attitude borne of defeatism, of the belief that Japan is indefensible militarily.

Beam weapons: the real issue

The only sane defense policy for Japan is not an upgrading of its conventional forces, contrary to the prescriptions coming from the Heritage Foundation, but the joint development with the United States of defensive-beam weapons. Given its advanced technologies, particularly in the areas of fifth-generation computers that would be required for the

successful targeting of incoming missiles by beam weapons and its advanced laser system, Japan would be one of the most important of the American allies to join in the cooperative development of such systems. In addition, given that beam weapons are purely defensive systems, their development in Japan—unlike the procurement of nuclear weapons—in no way violates the Japanese constitution. A potential avenue for collaboration in these areas was officially set up the day before President Reagan arrived in Tokyo with the formation of a joint U.S.-Japan Military Technology Transfer Commission. While the details of what the United States, who pressed for the commission's formation, may be particularly interested in have not been revealed, it is known that the Japanese have developed highly sophisticated defensive technologies that would revolutionize the battlefield.

This potentiality has not gone unnoticed by the Soviet Union. On Jan. 18, *Pravda*, laying bare the real content of its military incursions and threats to Japan, warned that if Japan helps the United States develop laser defense systems, it will face dire consequences.

Meanwhile, the Soviets intend to continue their provocations, operating through the North Korean regime of Kim Il-Sung. Despite Kim's strong ties to China, it is the Soviet Union—not Peking—that backed up the North Koreans 100 percent in the aftermath of the Rangoon bombing. This week the press played up a peace offer from the North Korean government for tripartite talks between the United States, and the two Koreas for the reunification of the peninsula. Not mentioned in the U.S. press, but noted by the Japanese Jiji wire service, is the fact that the condition for the talks is the United States' withdrawal of its forces from South Korea—the same “You get out, then we'll negotiate” that Soviet surrogates have taken in the Middle East.

The North Korean “peace offer” could also be a prelude to further provocation on the ground. The North Koreans first made their offer on Oct. 8, when Kim Il-Sung asked China to deliver the proposal to President Reagan for him. The next day, 17 officials of the South Korean government, including four cabinet members, were murdered in the bomb explosion at Rangoon. This fits with traditional North Korean patterns of behavior. One week before its invasion of South Korea in 1950, the Pyongyang regime had made headlines with an offer for reunification talks.

If the North Koreans move militarily now, they will use as their pretext the “Team Spirit '84 exercises” involving South Korea and the United States, with limited observer involvement from Japan, scheduled to begin Feb. 1. Echoing the global propaganda line emanating from Moscow, the North Korean press has charged that “nuclear war for Korea” is the policy of President Reagan, and that the “Team Spirit exercises” are the “nuclear rehearsal” for such a war. This is a signal that the Soviets are holding open the option of a preemptive move into South Korea. That in turn would put Japan to the decisive test.

Libya attacks LaRouche

by Mary McCourt

The military leadership in Moscow has used its primary terrorist asset, Libyan dictator Muammar Qaddafi, to threaten President Ronald Reagan and Lyndon H. LaRouche, Jr., a candidate for the Democratic presidential nomination. In a partly incoherent commentary Jan. 9, Qaddafi's Libyan news agency charged Reagan with launching an anti-Libyan campaign in Italy, financed by “American businessman Lindon Larussin [sic]” on a recent visit to Italy. Qaddafi's statement, intelligence sources told *EIR*, was the initial step of a known Libyan *modus operandi*: first naming an intended target and then attempting an assassination.

Qaddafi's threat was ordered by Soviet and East German intelligence, analysts in France, Britain, and North Africa stated. “The Russians are using the Libyans to do this; the Libyans were tipped off by the Russians, they would not have done this otherwise,” one told *EIR*. LaRouche has been Moscow's “Public Enemy Number One” since he initiated the strategic doctrine of “Mutually Assured Survival” with the development of antiballistic missile defense systems, which the President adopted in his historic speech on March 23, 1983. The Soviet response to the President's offer has been a drive for thermonuclear showdown.

LaRouche's trip to Rome was in fact to keynote an *EIR* conference on “Beam Weapons: The Implications for Western Europe,” on Nov. 9, 1983. Six days after the conference, the Soviet daily *Izvestia* published an article calling LaRouche and other participants “troglodytes” for saying the Soviets had outstripped the United States in space weaponry and for calling for an adequate defense of the West.

Qaddafi's threat

Qaddafi's threat ran: “Preparations are currently underway in Italy for an intensive propaganda campaign against the Jamahiriyah [i.e., Libya], to be financed by the head of the U.S. administration himself with the aim of stepping up psychological pressure on the Libyan Arab people by leveling false accusations and using fabricated allegations.

“American central intelligence services are preparing to launch this blatant campaign, which is in harmony with U.S. terrorist policies against Libya, firmly opposed to America's hegemony and endeavoring to bravely confront and thwart all American conspiracies.

“According to reliable facts from the Italian capital of Rome, it was learned that American businessman Lindon

over defense policy

Larussin [name as received], who belongs to the American Republican Party's extreme right wing [sic], has visited Italy to finance this campaign according to instructions issued by Reagan so as to fuel the campaign of hostility against Libya. The same facts also indicate that the U.S. administration, in accordance with its anti-Libyan policy, is working towards undermining the existing relations between Italy and the Jamahiriyah. This has been primarily stressed in the allegation campaign to be launched from Italy, as the Reagan administration is trying to attribute the terrorist activities perpetrated by the mafia and the Camorra gangs to Libya, activities which Libya has continuously and openly condemned.

"Thus, the Reagan administration steps up its aggressive confrontation against Libya, this time by choosing the Italian scene to spread more fabrications and poison, hoping to gain from the stands of the Libyan Arab people and break the link between its stands of principle and struggle on various levels. It is worth drawing attention here to the fact that the Reagan administration has once more proven that it is against the peoples who are displeased with Washington's path and who want to work independently towards adopting their legitimate choice for progress."

This threat was only one of the terrorist operations set out at the mid-January Congress of Libya's Revolutionary Committees, a Libyan analyst said. The congress meets every year to define the targets of Libya's foreign policy. The congress is slated to end Jan. 25 with Qaddafi making a speech endorsing the proposed resolutions and calling again for the elimination of Libyan exiles.

"The threat is very serious," commented a North African source, "but they will decide whether it is worth it for them to try to assassinate Mr. LaRouche, depending on the response you generate. Their denunciations already indicate that you have been hitting the Libyans and the Soviets where it hurts. The way you and your friends react will determine what happens next. Qaddafi is crazy and dangerous, but behind him, there are the Soviets and the East Germans."

Target: defense of the West

The second item on the agenda of the Revolutionary Committee conference was how to sabotage the deployment of U.S. cruise missiles, to be installed in Comiso, Sicily. The same week that he made his threat against LaRouche, Qaddafi made clear that his real object is to attack the faction

in NATO and Western governments which is fighting for defense preparedness. Qaddafi made a speech declaring that "Libya is going to face the dangers coming from the Comiso nuclear threat with the solidarity of the Italian people."

On Jan. 18, organizers for the European Labor Party (POE), LaRouche's co-thinkers in Italy, were attacked on a Rome street by a gang of "peace demonstrators" just returned from Comiso. One member of the gang, who revealed that he was a police agent, attempted to prevent Rome police officers from stopping the assault. POE organizers has been attacked before when party leaders launched a campaign to stop Qaddafi's terrorist operations. Sources in Italy report that the Libyan government delivered an ultimatum to Italy demanding that the missile deployment be stopped, or Libya will take steps against Italy.

Libyan terrorist capabilities are now being reorganized under direct Soviet control. Libyan Prime Minister Abdel Salam Jalloud was in Damascus during the week of Jan. 16, where he held a press conference in the office of the Soviet-Palestinian Friendship Association after meetings with members of the anti-Arafat wing of the Palestine Liberation Organization to threaten the peacekeeping troops in Beirut. "The Americans," he said, "are trying to decrease the level of tension in Lebanon until the presidential elections. We will not let them do this; we will make this year a year of explosion. We advise President Reagan and his allies to withdraw their forces from Lebanon, or Lebanon will become hell for them. These are not empty words—we are men of action."

'Italian-Libyan relations are improving'

Italian foreign ministry press official Panocchia declared that neither his ministry nor Foreign Minister Giulio Andreotti will do anything to counter Qaddafi's threat against LaRouche. "These are journalistic initiatives, and have nothing to do with the policy of the Libyan government or with the diplomatic relations with Italy"—although he acknowledged in answer to an Italian *EIR* correspondent's question that at least three Libyan refugees had been assassinated in Rome after Qaddafi's last "journalistic initiative." But relations between Italy and Libya have "been clarified," Panocchia declared, "so they are going to improve." Andreotti himself may be visiting Tripoli soon, Panocchia admitted, since "Things are clearer now."

Recent press reports in Italy have revealed that the kidnapping of a small child, Elena Luisi, was an espionage operation run by the Libyans for Soviet intelligence. The real ransom requested by the kidnapers, the Sicily-based Movimento Armato Sardo, which is funded and armed by the Libyans, was how to reproduce a special type of glass—used by NASA for the Space Shuttle—discovered and produced by the firm where Luisi's father works. The chemist who developed the glass was recently savagely beaten by a Libyan terrorist squad.

The case of Karl Prinz: terrorist clearing house in Bonn's U.S. embassy

by *EIR's Investigative Leads* staff

Research during the middle of December 1983 has revealed that a considerable part of the coordination between the German and American peace movements has been developed through the assistance of an official in the higher diplomatic service in the German embassy in Washington, D.C. This assistance includes establishing contacts, financial and logistical support, and participation in the information network of the pro-terrorist German newspaper *tageszeitung (taz)*.

This connection became apparent when it was confirmed that the founding of a project called **U.S.-Euro-Links**, formed by *taz* activists and their American counterparts, took place in the private home of the third press secretary of the German embassy, **Karl Prinz**. The West German embassy in the United States is under the direction of Hans-Dietrich Genscher, Germany's foreign minister. U.S.-Euro-Links was established around September-October 1983, at 2801 Mexico Avenue, Washington, D.C., and was founded by the following individuals, all of whom have direct contact with Karl Prinz:

Martin Kilian: Kilian has been responsible for reporting on the United States for *taz* for some time. In the spring of 1981, Kilian wrote an article for *taz* on the unsuccessful assassination attempt on President Reagan in gleeful tones. During this time, the **Yippie Organization** gave the Berlin office of *taz* as its German contact address. The Yippies held a meeting in New York shortly before the assassination attempt which featured posters reading, "Now Is the Time to Kill Reagan," "Reagan is Already Dead," and "Shoot Bush First." When in the Federal Republic of Germany, Kilian usually stays with his *taz* co-worker **Stefan Schaaf**. In Berlin, Kilian also knows **Ekkerhart Krippendorf**, well-known as a theoretician of the Autonomist movement and active in the Berlin Free University (FU). Presently, Kilian is seeking, with Prinz's help, to gain accreditation as a journalist for press conferences at the White House. Kilian also carried out research along with a *Stern* journalist in Washington on CIA financing of German individuals such as Axel Springer.

Sylvia Sanides-Kilian: married to Martin Kilian, active in the American women's and peace movements.

Phil Hill: Hill accompanied **Rudolf Bahro** on his brief tour of the United States, which was arranged by U.S.-Euro-Links. During Bahro's tour, **Klaus Wolschner**, also of *taz*, stayed in Prinz's home. Wolschner took over the job of re-

porting on Bahro's tour, after which Bahro emphasized the need for a "new stimulus" for the Greens, to come from the **Bagwan** sect, a mystical, aquarian cult founded in India, now based in a small city in Oregon. The sect has branches throughout Europe, especially Germany, and is much admired by Green Party members. Karl Prinz also seems caught up in this Bagwan fever, and himself made a visit to Baghwan headquarters in Oregon, and seems to have taken up listening to "Bagwan music."

Rita Dommermuth and Linda Bullard.

Michael Fischer: Fischer is active with *taz* and lives at Prinz's home when in the United States. He earns his living through import and sales of Mercedes-Benz vehicles in the United States, using the garage at Prinz's apartment house for storage. Fischer is also active in the Anthropological Institute of the Free University in Berlin, and is noted for his frequent travels. In October he was in Sicily and had contact there with the anti-Comiso groups, groups mobilizing to block the installation of U.S. cruise missiles in Comiso. He probably met there with the leader of the Italian **Partito Radicale**, Marco Panella. Afterward, he was again in the United States, and, since the middle of December 1983, he has traveled in the Federal Republic.

The address given for the office of U.S.-Euro-Links on its stationery is that of Prinz. Extensive telex communication has taken place between that office and *taz*, the office of the Greens in Bonn, and so forth. Prinz's residence is one of the contact points for any greenie, peace movement member, or individual connected with *taz* who wishes to travel in the United States and who requires information about contacts and other kinds of support. All "prominent" greenies who have traveled in the United States are well acquainted with U.S.-Euro-Links and have, for the most part, stayed at Prinz's residence: This includes, among others, **Rudolf Bahro**, **Petra Kelly**, **Gert Bastian**, **Otto Schily**, **Roland Vogt**, and **Eva Quistrop**. Such individuals are not restricted to the so-called "Salon Grünen" [respectable greenies]; there are also extensive contacts with groupings of the American and German terrorist fringe.

U.S.-Euro-Links is in contact with the following American groups and persons:

Mother Jones magazine, a counterculture outlet with a

preaching-moralistic style and content comparable with the anarchist **Pflasterstrand**.

Pacifica Radio, a group of radical "alternative" radio stations.

The Progressive, a left-liberal magazine.

The Institute for Policy Studies, (IPS) well known for years as coordinating activities on the extreme-left scene, and has important international connections. IPS activists such as **Richard Barnet** and **William Arkin** have been for some years important sources of ideas for the German peace movement. Barnet was a speaker at the landmark Berlin peace conference in May 1983 (see *EIR*, June 14, 1983); Arkin was one of those who produced the first version of the notorious "Map of Nuclear Placements," which was published in *Stern* magazine and also in *taz* and which has served as the master plan for actions and attacks against military installations in the Federal Republic. Arkin has contacts with the Political Division of the West German embassy in Washington which, according to its own reports, furnishes him with intelligence.

Coalition for a New Foreign and Military Policy, an American group that is part of the freeze movement.

Additionally, there are contacts with left-liberal congressmen and the **Black Caucus** of the Democratic Party.

Connections with the terrorist fringe

U.S.-Euro-Links also has relations with individuals which indicate connections to the German and American terrorist fringe.

First of all, *taz* itself must be considered as part of this spectrum. *Taz* is still the co-publisher of the Berlin propaganda magazine **Radikal**, best characterized as the propaganda

rag for the **Revolutionary Cells** and the so-called Autonomous Groups. A whole series of *taz* activists comes out of the RAF (the Red Army Faction; formerly the Baader-Meinhoff gang) or its periphery. *Taz* and *Radikal* have been and continue to be the object of numerous intelligence agency investigations on questions of national security.

On the American side, U.S.-Euro-Links has connections with the following individuals:

Murray Bookchin, leading activist in the anarchist group **The Black Rose Collective**.

Juliet Ucelli, active in the **New York Marxist School**.

Katrin Greve, German citizen from Berlin, resident for approximately nine months in the United States and active in the **Peace Center** and **Action Reconciliation**, the sister organization of the German group **Aktion Sühnezeichen**.

Murray Bookchin's Black Rose Collective has been the object of investigation since the early 1970s by Canadian authorities. The American professor of linguistics **Noam Chomsky** is a member of this Montreal-based group, which has numerous connections within the United States, as is the Greek **Dimitrios Roussopoulos**. Connections with the Black Rose also lead to the Vancouver, British Columbia-based magazine **Open Road**, which had contact with the terrorist group the **George Jackson Brigade**, active in the mid-1970s. The Seattle-based **Partisan Press**, which has published various pro-terrorist books, such as *Without a Trace—A Manual of Disorder*, belongs to the same circles. Founder of the Partisan Press is **Helen Ellenbogen**, who translated the book of the Berlin terrorist "**Bombi**" **Baumann** into English.

The New York Marxist School is a linchpin for the entire spectrum of the American extreme left. It overlaps with the group around the New York **Semiotex** magazine and an older



The peace movement in action: disrupting the city of Hamburg, autumn 1983.

group, the **Committee Against Repression in Italy**. Both provide support for **Toni Negri** and the Italian **Red Brigades** and Autonomous Groups. Juliet Ucelli of the New York Marxist School also had a meeting with Rudolf Bahro during the latter's stay in New York City.

Katrin Greve of Action Reconciliation identifies herself, according to her own statements, with the violent, extreme-left group **Revolutionary Communist Party (RCP)** (see article, p. 59). Greve, whose profile is that of the action-oriented Autonomous Groups, is also in contact with the **Schweizerischen Friedensrat**, (Swiss Peace Council), in Zürich, which among others is identified as the contact place for the Anti-Comiso groups and is connected with the **Plasterstrand** in Frankfurt, a.M.

She also stands in close connection with the circles around Prinz, Kilian, and Fisher, and reports on the blockades and other activities of the German peace movement in great detail in the RCP-journal **Revolutionary Worker**.

The RCP is also ideologically congruent with the committee **World Without Imperialism**, which has its headquarters in Berkeley, California. A group of RCP activists has been traveling since November 1983 in the Federal Republic, and participated in actions against U.S. military installations. The contact point for this group in Germany is the "World Without Imperialism Contingent," reachable through the General Student's Committee of the University of Cologne, Universitätsstrasse 16, Cologne. In a newsletter which was published by this group in the United States, Katrin Greve's address is given as a contact place. The theme of this newsletter was, "Withdraw from war-mongering America—Form a front with Europe! Down with the Pershing and cruise missiles and all war preparations in West and East! For a world without imperialism, against imperialist war!"

This RCP grouping traveled to Berlin at the end of October, where they stayed for some time in the **Mehringhof** building, the Berlin center for the general counterculture and anarchist scene. Contacts also exist to the group around **Radikal**, the group referred to above on which the American RCP has reported.

In the beginning of November, the RCP group participated in the Cologne Action Conference. Along with participation in various actions, the emphasis of the group has been on contacts with American soldiers. In Cologne, Berlin, and Frankfurt the group has contacts with the Turkish organization **ATIF**, which is part of the RAF periphery. The ATIF group belongs to the supporters of the armed occupation of the Cologne Turkish General Consulate in November 1982 and probably has connections with the Düsseldorf attacks at the beginning of September.

During the violent actions during the blockade in Frankfurt-Hausen, an American was noticed mixing in with the members of the Autonomous Groups. This American belonged to the Frankfurt group **American Citizens in the Federal Republic of Germany Against the Pershing and**

Cruise Missiles. Members of this group are the Americans **Ruth Turner** and **Keith Chamberlain**, who live in Frankfurt. Chamberlain is the student-minister of the **Frankfurt Evangelical Church Student Union (ESG)** and has connections with the Mainz ESG-minister **Hans Michael Arndt**. Arndt is one of the principal activists of the Mainz/Wiesbaden Revolutionary Cells scene, which has activities throughout the Federal Republic. Additionally, material on the **Fight Back** group is obtainable through Arndt's office. Fight Back, the "revolutionary voice of GI in the USAREUR" is also allied with the RCP.

Financial sources of U.S.-Euro-Links

The following organizations and individuals have surfaced as contributors to U.S.-Euro-Links:

The German Marshal Fund (GMF). The GMF is a prominent private American foundation which is to create "exchange of ideas and practical experiences" between the United States and other countries. The outlook of this foundation was essentially determined by **Willy Brandt** from the German side and by **Averill Harriman** and former occupation High Commissioner **John J. McCloy** on the American side. The GMF has contributed importantly in the past to the dissemination and consolidation of the greenie, counter-culture, environmentalist, and peace movements. In August 1983, a conference in Berlin was held by the Aspen Institute entitled, "Do Extra-Parliamentary Movements Endanger Democracy?" The Aspen Institute cooperated closely with the GMF. **Wolfgang Sternstein** who had already vociferously announced that the Federal Republic would be made "ungovernable," and, in accordance with that announcement, introduced a new phase to the "resistance movement" with the break-in at Mutlanger, appearing there along with **Jo Leinen**, who has connections with U.S.-Euro-Links. One of the Berlin contacts, who works closely with the GMF, is **Monika Schmidt**, who also recommended that the visitors from the U.S.A. form contacts with U.S.-Euro-Links and Karl Prinz.

Pennsylvania Council for Humanism, Philadelphia.

The Funding Exchange, New York.

Bread and Roses, Philadelphia, an organization to which **Abbie Rockefeller** has connections.

Carlo and Ping Ferry, New York.

A. J. Muste and Wendy Schwartz, New York.

Other organizations and individuals which have emerged as financial sources are: **the Mott Foundation**, **the Veach Foundation**, **the Carnegie Endowment**, **Graham Wisner**, **Glenn Stassen**, and **the Wade Green Organization**.

One of the short-term goals of U.S.-Euro-Links is the creation of an "advisory board," formed out of "interested" persons and organizations—up to now, among others, the **BBU**, the **Green Party**, **Eva Quistrop** and from the American side **Jim Cohen** of the Environmental Task Force, **Jane Midgley** of the Euro-Missile Group, **Dave Cortright** of SANE, and **Robert Borosage** of the Institute for Policy Studies. Such are the networks of Mr. Karl Prinz.

Mexico's PAN party prepares insurgency

by Hector Apolinar

Approximately 3,000 shock troops of the Mexican National Action Party (PAN) massed in front of the government offices in the state of Puebla on Jan. 17 for the express purpose of sabotaging the third "State of the State" address of Puebla governor Guillermo Jiménez Morales. During his presentation, a PAN fanatic rose and called the governor a "swine."

Simultaneously, members of the PAN led by the party's former candidate to the Puebla municipal presidency threatened the elected candidates of the ruling PRI party against assuming their elected offices. Puebla, just two hours from Mexico City, is one of the four largest industrial cities in Mexico.

These are the latest incidents in a campaign of terrorist insurgency against the government of Mexico, intended to render the nation ungovernable and pave the way for an Iran-style coup. Mexico has not experienced this level of political terrorism since the period of the 23rd of September League, a Red Brigades-style group that carried out hundreds of assassinations during the mid-1970s. The PAN's campaigns are designed to discredit the democratic system, while building an illegal "parallel government." Last December, the PAN "appointed" its own parallel municipal governments in the important cities of Mazatlán, Culiacán, and Mexicali, as well as in Puebla. The pattern of its "electoral" tactics shows that the PAN is not a political party exercising its legitimate right as the opposition, as the U.S. media present it, but a Nazi movement, working in alliance with the communists and the Soviet KGB to overthrow a Western government and undercut U.S. strategic capabilities.

The Nazi-communist nature of the PAN was identified by *EIR* last year and denounced by *EIR* founder Lyndon H. LaRouche, Jr. in a Jan. 5 press release in the United States, Mexico, Europe, and Latin America.

A chronology

Last September, the PAN used the "Puebla" terror tactics in the city of Mexicali, bordering on Calexico, California, against the mayor-elect of that city, Santana Peralta. In Mexicali, Santana received innumerable telephone death threats, and his family was victimized by threats from PAN members in the area.

In the city of Mazatlán, Sinaloa, on the Pacific coast, the

president of the municipal election commission was threatened with death if he did not give a municipal election victory to the PAN.

In San Luis Rio Colorado in the state of Sonora, a small city on the border across from Yuma, Arizona, the mayor is a member of the PAN and a protégé of the notorious drug-trafficking clan of Olegario Meráz. Olegario Meráz is currently being sought by the U.S. Drug Enforcement Administration for having ordered the assassination of two DEA agents in the early 1970s.

Last November, PAN members blocked the bridge between Nuevo Laredo and Laredo, Texas for two hours, producing a chaotic situation.

The growth of the PAN, mostly in the northern states of Mexico, overlaps with the increase of drug trafficking all along the border with the United States, in particular in the Sonora-Sinaloa-Baja California Norte corridor. Sinaloa has been one of the leading producers of marijuana, heroin, and cocaine. According to information from Mexican and U.S. authorities, the return of the international drug mafia to the northwest of Mexico has produced near-open warfare; the drug traffickers are supporting "their party," the PAN, in hope of controlling large portions of northwest Mexico.

On Jan. 11, the PAN and its backers were publicly denounced in the city of Mexicali, Baja California, by Khushro Ghandhi, representative of the National Democratic Policy Committee (NDPC) founded by Lyndon LaRouche, and by Ricardo Olvera, a leader of the Mexican Labor Party. Both political leaders stated to the press that the PAN and the network of drug trafficking which finances it are part of an infrastructure used by terrorists to carry out the assassination of Gen. Robert Ownby, which took place last week in San Antonio, Texas (see article, page 59).

Ghandhi's trip forced Mexico's national media to cover the charges against the fascist PAN for the first time. On Jan. 12, the PAN leader of the state of Coahuila, Lorenzo Burciaga, responded that Ghandhi's statements were false. The pro-PAN newspaper *El Heraldo*, in its political column "Café Política," commented, "The charge that the PAN is involved in the death of General Ownby verges on slander."

The PAN has found broad support among liberal academics in the United States associated with Charles Manatt of California. On Jan. 18, Clint Smith, deputy coordinator of the Mexican-American Project of Stanford University in San Francisco declared the fascist PAN Mexico's new hope for democratic government. Said Smith:

"I think that the emergence of the PAN as a responsible and effective opposition party will not have the effect of weakening the social fabric, but in fact could even strengthen it."

The chief coordinator on Smith's project, Clark Reynolds, was an adviser to the Carter administration on Mexico. Reynolds is also closely associated with Julian Nava, Carter's ambassador to Mexico. Nava and his group are part of the Charles Manatt group inside the Democratic Party.

W. R. Grace sabotaging Peru's industry: the effort to reconquer Paramonga

by Luis Vásquez

A Peruvian industrial city, Paramonga, was shaken in the middle of the night of Jan. 11 by the explosion of a bomb placed at the door of the Banco de Credito branch. The next day on the city's outskirts appeared a banner with this message: "We Disagree with the New Mayor." It was signed "Pukallacta," which means "red land" in the Quechua language spoken by Indians in Peru. Pukallacta is a section of the Sendero Luminoso (Shining Path) terrorist group and the name of one of their clandestine publications.

The threat was directed against the recently elected mayor, Cesáreo Pérez, a founder of the Peruvian chapter of the Club of Life, an international anti-Malthusian institution founded in Rome in 1981 by German political leader Helga Zepp-LaRouche. Mayor Pérez had just returned from a visit to the United States, sponsored by the Club of Life.

When the narco-terrorists of Sendero make a threat, Peruvians take it seriously. At the beginning of the year Sendero demanded that another recently elected mayor, Victor Espinoza Arevalo, in the town of Colcabamba, not take office. The day he was sworn in, his mother was tied to a chair and burned alive.

Sendero is nothing more than the tool of foreign interests seeking to wipe Western civilization off the face of Peru. The Paramonga case offers an example of the way in which the Rockefeller interests traditionally predominant in the region have deployed with KGB-primed terrorists against the national industrial development program put in place by the nationalist military government of Juan Velasco Alvarado.

Before Velasco nationalized it in 1969, Paramonga was run in feudal style by W. R. Grace & Company, which kept its sugar-cane workers under subhuman conditions. With the 1969 agrarian reform, 120,000 acres of Grace's cane lands were expropriated and made into a worker-managed cooperative. The government took control over the paper and chemical factories in 1970. After the nationalization, leftist groups run by the Jesuits and the KGB began a continuing stream of maneuvers to frustrate Paramonga's industrial development.

Sendero's deployment to Paramonga is the most recent of these operations. Its primary objective is to prevent the new mayor of Paramonga from carrying out a program based

on the ideas of *EIR* founder Lyndon H. LaRouche, as he promised during his electoral campaign. The Pérez victory has come to be an unexpected obstacle to the plans of Grace to reconquer Paramonga.

Rockefeller's men on the scene

It is not hard to explain Grace's desire to take Paramonga back. Paramonga is the largest chemical industrial complex on the Pacific coast of Ibero-America. The 12-factory complex produces refined sugar, alcohol, liquors, 60 types of paper, and various chemicals, including polyvinyl chloride.

To reconquer Paramonga, the old Grace interests bank on the complicity of Rockefeller's man in Peru, Manuel Ulloa. Ulloa became powerful as an official of Chase Manhattan before being inserted back into Peruvian politics. This chief of the ruling Acción Popular party is openly committed to the "reprivatization" and "denationalization" program imposed by the International Monetary Fund under which Paramonga would be given back to the same financier interests which were expropriated, and partially compensated.

In 1982, Ulloa, then finance minister for President Fernando Belaunde, looked the other way when the Paramonga industrial complex was to be sold to the Vollmer group of Venezuela. The deal would also benefit W. R. Grace and Ulloa himself. Ulloa and Vollmer had been part of Nelson Rockefeller's ADELA consortium, an operation designed to asset-strip capital-short Latin American private sector industries. The Paramonga complex was to be sold off to Vollmer at \$25 million, a tenth of its real value.

Paramonga would have complemented the paper industries Vollmer has in Colombia. The deal was worked out by one Ismael Benavidez Ferreyros, a Friedmanite who was manager of the government's industrial holding company, COFIDE (Financial Development Corporation).

Just before the contracts were to be signed, a scandal erupted over a similar operation, the so-called "Irrigación Chimbote" fraud. The Vollmer group had bought an irrigation company in the North of Peru at a price far below its value. Prime Minister Ulloa had also been the godfather of this operation. When the scandal hit the press and the Congress, the sale of Paramonga had to be suspended.

But Paramonga is now the target of another effort. Javier Alva Orlandini, now president of the Peruvian Congress and well known for his links with the narcotics mafia in his home region of Cajamarca, has just proposed the total elimination of the tariff protection which permits the paper industry to survive in Peru. Free imports of paper would result in the closing of the Paramonga paper factory, and condemn the city to destruction. The recommendation of Senator Alva, a member of Manuel Ulloa's Acción Popular, is the first step on the path to the bankrupted company going back into the hands of Grace and Rockefeller, for a song. This maneuver fits into the way in which the Peruvian economy as a whole is being worked over by Economics Minister Carlos Rodríguez Pastor. Peru's product declined by over 13 percent last year—by official admission—under the management of Rodríguez Pastor on behalf of Peru's creditors and the International Monetary Fund (IMF).

Paramonga has been brought to the edge of bankruptcy by high tariffs, credit reductions, tax increases, and the elimination of fiscal incentives imposed on Peru by the IMF. The polyvinyl chloride plant was just closed down; out of a total population of 30,000, there are 10,000 unemployed. The IMF policies have also caused 11 projects planned under the Velasco regime to expand and diversify economic activity to be abandoned.

In tandem with these policies have appeared a string of leftist operations to stop the advancement of development plans based on an alliance between the workers and the state. Ever since Paramonga was expropriated 15 years ago, the KGB, through its local tools and with the approval and support of the networks Grace left in place among the workers, began to torpedo the nationalist plan.

Completely artificial splits between leftist unionists and unionists influenced by the AFL-CIO's American Institute of Free Labor Development—the latter funded and presided over by company chairman Peter Grace himself—have prevented the agricultural and industrial functions of the complex being run by a single administration. The sugar-growing operation is run by a worker-managed cooperative, while the industrial aspects are under state management. Grace operates through its agents left among the workers and engineers to take advantage of the artificial rivalry between the sugar cooperative and the industrial entity by spreading the line that things would be better if the old boss came back.

The terrorist threat

Ever since the nationalization, leftist groups lead by Maoists and Jesuits have fought tooth and nail against any modernization of production processes. Pérez's victory in the mayoral election on the ticket of the moderate APRA party was a big defeat for Sendero Luminoso, who had ordered that everyone in the city abstain from voting. According to reports from Paramonga, Sendero uses the city as a safehouse and acts in tight coordination with the drug traf-

fickers who have flourished as never before in the last two years. From time to time members of the Pukallacta section of Sendero roam through the city demanding food and money for the Sendero guerrilla terrorists locked up in the jails of Lima.

As stated in its sinister communiqué, Sendero Luminoso—its masters, that is—“we disagree with the new mayor.” They are telling the truth, because Pérez is committed to carrying out a program to rescue the people of Paramonga from the cultural pessimism and enforced backwardness in which they have been drowning.

The new mayor, a physics instructor and member of the Club of Life, carried out an electoral campaign in which he promised to raise the educational level of the population. “What I have in mind,” said Cesáreo Pérez during his campaign, “is a plan to organize a center to spread science and technology for the benefit of the youth. . . . We are going to throw out the Aristotelian methods which are being used in schools throughout the world. Instead, we will reformulate education following a neo-Platonic methodology, basing ourselves on the contributions of Gottfried Leibniz and Bernhard Riemann.”

He also announced that his educational program would be directed especially toward the children from the poorest parts of the city. After announcing the results of the elections which he had won, thanks especially to the fervor of the youth on his behalf, Cesáreo Pérez said that he would dedicate all his energies to carrying out his cultural plan based on the ideas of LaRouche, and with it rescue from drugs and terrorism a youth already disillusioned by the terrible economic crisis hitting Paramonga and all of Peru, in order to achieve the kind of society outlined by Plato in his *Republic*.

Cesáreo Pérez announced that the first phase of his educational campaign would be to set up a Pedagogical Museum in Paramonga in March. For this he is counting on the professionals of the Peruvian chapter of the Club of Life. In such a museum the most advanced concepts of Platonic method and the science of Cusa, Riemann, Karl Gauss, and LaRouche are demonstrated in a thoroughly palpable way. The opening of the museum will go along with a series of seminars on the polytechnic curriculum developed by Wilhelm von Humboldt which made German's schools the best in the world in the 19th century. These seminars will be directed towards the teachers of the region, who are poorly prepared by any standards. Pérez announced that in March there will also begin an open discussion among the citizens to prepare a program of alternative industries and productive employment potentials to ameliorate the economic decline Paramonga is now suffering.

Therefore, it is hardly surprising that two days after Pérez returned to Paramonga to take office, Sendero began its terrorist actions there. To a certain degree, the immediate future of the Peruvian nation will be defined by what happens in Paramonga.

Betancur faces down coup threat

Colombia's president withstood a challenge to his rule from tainted military ranks, and came out strengthened.

In his second major victory since the new year began, Colombian President Belisario Betancur has rebuffed a coup threat led by his own defense minister, and emerged not only unscathed but significantly boosted in the public eye.

Less than three weeks ago, Betancur dethroned the country's number-one dirty-money banker, Jaime Michelsen Uribe of the Gran Colombiano financial group, forcing him to flee the country as a fugitive. The second week in January, President Betancur laid down the law to his rebel military subordinates, prompting a crisis in the armed forces command which led to Defense Minister Landazábal's resignation from the service, and a military reorganization.

The confrontation with the military began weeks earlier, when Landazábal and Armed Forces chief Gustavo Matamoros d'Acostagave televised interviews challenging Betancur's domestic and foreign policies. The defense minister denounced the President's efforts to negotiate a truce with the nation's several guerrilla organizations, and pledged that the military would "annihilate" the guerrillas. He added, "The Colombian people must get used to hearing their generals, because they know what they're saying, and why."

Matamoros, asked to comment on rumors of rapprochement between Colombia and Cuba, replied: "In the president's palace is a man who is a true patriot. . . . Logically, he is very aware that we cannot have relations with a government led by a Commu-

nist dictator. . . . [Relations with Cuba] I believe to be a moral impossibility."

The highly placed protectors of the Colombian drug mafia have frequently used charges of Betancur's "communist leanings" to try to destabilize his government and thwart his anti-drug efforts.

Betancur, on the eve of his trip to Quito for the Latin America Economic Conference, decided not to respond immediately to the military challenge. The anticipated result materialized: A debate arose in the national media on the unconstitutionality of armed forces' intervention into civilian politics.

Once home, President Betancur demonstrated the same masterful control and timing he had shown in chopping off the head from the Gran Colombiano hydra. Addressing the National Security Council Jan. 18, attended by the full cabinet and all three armed forces commanders, Betancur issued a forceful but diplomatic warning to the military that they "neither are nor can be deliberative," a responsibility and right reserved for civil leadership.

Betancur was particularly astute in choosing extensive quotes from a speech by former President Alberto Lleras Camargo, given in 1958 to commemorate the end of the only Colombian military regime in this century, that of Gen. Gustavo Rojas Pinilla: "There is a difference between leading a university and a regiment. All your lives have been dedicated to learning to obey, and thus, to knowing

how to lead people who neither deliberate on their orders nor discuss them; in practice, radically different from leadership in civilian life."

"Politics is the art of controversy . . . the military, the art of discipline. . . . Remaining outside of public deliberation is not a whim of the Constitution, but a necessity of [military] functioning."

Defense Minister Landazábal got the message and went into an immediate all-day huddle with the entire military command. Naval commander García Motta and national police chief Delgado Mallariño broke ranks early on, walking out of the summit to demonstrate their support for the President. Landazábal's letter of resignation was submitted to the President shortly thereafter.

An outpouring of popular support for the President's action was registered in the media, in the Congress, and in the streets. Apparently confident that the lesson had been well learned by his military subordinates, and with the full support of both the Liberals and his own Conservative Party, the President has adopted a conciliatory approach. His letter accepting Landazábal's resignation was laudatory of the would-be coup maker.

Going even further, Betancur named as his new defense minister Landazábal's collaborator General Matamoros. Although Matamoros immediately pledged full allegiance to Betancur, he is generally considered a hard-line opponent of Betancur's amnesty offer to the guerrillas.

At least three three-star generals have been replaced in the shakeup following Landazábal's resignation, including the commanders of the Army and Air Force, and the head of the joint chiefs of staff Gen. Bernardo Lema Henao. More changes are expected.

Qaddafi backers target Northern Africa

Upheavals in Tunisia and Morocco are part of a scenario to create a Muslim fundamentalist Saharan empire.

The five days of riots which swept Tunisia beginning on Dec. 29 were the first steps in carrying out a project to tear up the nation-states in northwest Africa and replace them with a loosely-knit empire which one Mideast source refers to as "The Greater Sahara." This empire is to fall under the domination of Libya's Muammar Qaddafi and his Muslim Brotherhood apparatus.

Sources in Europe have warned of upcoming political assassinations and social upheavals in Morocco, another moderate North African state. The overthrow of the Moroccan government would be a necessary ingredient of the projected destabilization of northern Africa. It is rumored that an assassination operation against King Hassan II is being set up for the month of February, one year after the assassination of his reputed right-hand man, General Dlimi. Food price increases have also opened the way for unrest.

The economic crisis in the region has created a tinderbox which the Islamic fundamentalists can successfully ignite. In Tunisia, a small but well-organized underground Muslim Brotherhood subversion network is agitating against the government. Worsening balance of payments crises, compounded by International Monetary Fund (IMF) conditionalities demanding the elimination of subsidies on consumer products, have created a volatile political environment, as the Tunisian riots—provoked by a near doubling of the price of bread—demonstrated clearly.

Tunisia, the most secularized of Islamic countries in the Mideast and North Africa, with one of the highest standards of living in Africa, is considered the weak link in North Africa because of the confluence of its economic difficulties and the struggle over who will gain power in the country after the departure of 83-year-old President Habib Bourguiba, who has ruled for 27 years.

The world economic depression has caused a decline in tourism and oil revenue, and has reduced the demand for Tunisian guest workers abroad. The drop in these primary sources of foreign exchange set the country up for the IMF treatment.

Sixty percent of the 6.5 million population of Tunisia is under the age of 20, with a relatively high level of education and therefore high expectations. High unemployment thus creates a fertile recruiting ground for the destabilizers.

Bourguiba has rescinded the big increase in the price of bread and other consumer items, but remains confronted with his original economic predicament. Last year nearly one-fourth of the budget deficit came from food subsidies. If prices are not increased, the subsidies in 1984 are expected to account for over 10 percent of government spending.

This is complicated by the succession struggle which is pitting those who want to maintain a one-party structure against those who want to open the country up to a multi-party system. Both Bourguiba's wife, a significant

force in Tunisian politics, and the present prime minister and designated successor, Mohamed Mzali, favor the latter approach. They also favor making a pragmatic deal with Qaddafi that would allow Tunisian workers to go to Libya, alleviating economic pressure on the country.

Tunisia's secular history is no reason to discount the danger of Muslim fundamentalism there. Prior to the recent legalization of two smaller parties, the Mouvement de la Tendance Islamique (MTI) had become the most prominent pole of opposition in the country. The MTI was established in 1981, and calls for the "resuscitation of the Islamic personality of Tunisia."

Although the MTI has dismissed Qaddafi as a trouble-maker, it is intensely hostile to Western influence, particularly that of the United States. During the recent well-organized riots, the chants of the crowds included: "There is only one God, Bourguiba is the anti-God." In Tunisia, Morocco, and Egypt, the suppression of the riots by the police and armed forces tended to drive more of the population, originally motivated primarily by economic considerations, into the grasp of the subversive organizers.

The United States, unfortunately, is doing nothing to counter this process. State Department policy since the beginning of the Reagan administration, as relayed primarily by special envoy Vernon Walters, has been marked by a significant decrease in economic aid and a dramatic increase in military assistance to North Africa.

The reduction of economic aid has augmented the potential for unrest, giving the anti-American radicals the opportunity to denounce the military aid as building up the apparatus of repression. U.S. policy has thus played into the scenario for polarizing these nations.

International Intelligence

The Baltic: a Soviet springboard to Scandinavia

In time for the Stockholm Conference on "Confidence-Building Measures," the Baltic World Council, based in Washington D.C. and New York City, published a comprehensive report on the Soviet build-up in the Baltic Military District, including Soviet-occupied Eastern Prussia as well as the Baltic Republics of Estonia, Livonia, and Lithuania, which fell to the Soviets as a result of the Hitler-Stalin Pact. Under the headline "Scandinavia in the Crosshairs of the Soviet Union," the German daily *Die Welt* on Jan. 19 published excerpts from this report.

In 1981, there was a four-month secret military maneuver in Estonia, simulating the occupation of Scandinavia. The kinds and numbers of armaments, as well as the troop strength concentrated in the Baltic, would show that, according to *Die Welt*, "Soviet military planning provides for the occupation of Scandinavia as a whole. They are ready any time to take control of the Danish straits. All troops in this region are part of the second strategic echelon whose task is the occupation of Central Europe."

Thus, of eight Soviet airborne divisions, two are deployed in the Baltic. The Baltic Military District also includes "spetsnaz" and "reydoviki" units. "The tasks of these units are sabotage deployments in the depth of the enemy territory and assassination of leading layers. The airborne divisions and special units do not report to the chief of the Baltic Military District, but to the Moscow Chain of Command directly."

Soviets ready to test powerful booster rocket

According to reconnaissance data, the Soviets are readying a first flight test of a large booster rocket which has been under development for at least the last fifteen years.

Aviation Week reported Oct. 31 that the booster was on the pad at the Tyuratam facility, or Baikonur Cosmodrome, which is used to launch military and civilian payloads. This booster is presumed to be able to place about 300,000 pounds in Earth orbit with a probable thrust over 11 million pounds. The Saturn V rocket which carried men to the Moon delivered about 7 million pounds of thrust. The Space Shuttle can carry 65,000 pounds to Earth orbit.

In December, the Soviets acknowledged that the booster and new, larger space-station elements to be launched by it were under development, and hand-held photographs taken by Shuttle astronaut John Young on the last Shuttle mission showed large areas of new construction at the Cosmodrome.

Under construction is a new runway which will probably be used for the Soviet space shuttle when it has completed its development. There have been three successful tests recently of a scaled-down prototype shuttle.

The Soviet space booster could be used to deploy larger space station modules in Earth orbit, or anti-satellite weapons into geosynchronous orbit, where they could disable U.S. military communications satellites. The *Washington Post* speculated Jan. 19 that a test may take place within a month.

Carrington seeks "identity of purpose" with East

Incoming NATO secretary-general Peter Carrington told the *International Herald Tribune* on Jan. 18 that he "still disliked bellicose statements by leaders either in the East or in the West, and he promised that he would work as hard on disarmament as he would on any subject."

He also stated that it seemed to him "extraordinary, and against the dictates of common sense and the evidence of our own eyes, for anyone to claim that the West, in military terms, is in any danger of sinking to its knees."

Carrington stressed the "mutual distrust between East and West that has caused relations to deteriorate alarmingly, and NATO has to try urgently to remedy that situation." The cause of the trouble is perception, says Carrington, and some manipulation of such perception is his solution.

The geopolitician's closing gem: "Any identity of attitude is impossible because of differing history, geography, and economic interests, but an identity of purposes can be rebuilt if both will stop to think."

Will French move against Qaddafi in Chad?

Soviet-asset Libyan dictator Muammar Qaddafi is in the process of annexing northern Chad, it was charged on Jan. 16 by General Poli, head of the French forces presently in Chad. Poli's job is to prevent Qaddafi from extending his zone of occupation from northern Chad to the rest of the country. Qaddafi invaded Chad on June 24.

The French belatedly sent troops into Chad on Aug. 10, and now deploy defensively to prevent a further advance by Qaddafi's legions. Some U.S. intelligence sources suggest that Poli's blast is an indication that the French are ready to move against Qaddafi's occupation.

Poli reported the extent of the Libyan military buildup in the North, as well as the way in which the northern part of the country is being integrated into Libya. Schools in the area which are under Libyan control no longer teach French, but use only Arabic.

Craxi grilled on Socialist International

The vice-president of the Christian Democratic group in the Italian Senate, Sen. Vincenzo Carollo, submitted a parliamentary question to Italian Prime Minister Bettino Craxi on Jan. 17, opposing the meeting of the Brandt and Palme Commissions scheduled to start in Rome on Jan. 20. Four parliamentarians have joined in calling for an

official inquiry into the Socialist International conference, after scandals exposing the International's chairman Willy Brandt as an agent of Soviet intelligence broke into the Italian press (see *EIR*, Jan. 24).

Craxi, who gave the welcoming speech to the conference, must respond to the following question:

"Whereas the Italian government, through statements released by the prime minister's office and through the offices of the ministry for foreign affairs, welcomes and is organizing in Rome for the session of the Brandt and Palme joint Commissions of the Socialist International; and given that the two authoritative representatives of German and Swedish socialism are pushing a policy of unilateral disarmament in accordance with the Soviet proposal, which contrasts with the goals of the European people and governments that want real peace through general disarmament of the two blocs and not of only one of them.

"Considering that among the participants to the above mentioned session of the joint commissions of the Socialist International there are two authoritative representatives of the Communist International and of the KGB, [Georgii] Arbatov and [Mikhail] Milshtein, I request the Prime Minister to promptly inform the Italian Parliament about the result of the work of the commissions. . . ."

Clues to the Soviets' foreign policy guidelines

EIR has just received a startling tape, allegedly of two unidentified Soviet officials recorded by covert bugs placed in a high-level Kremlin office. The officials are identified here as **A** and **B**:

B: Boris, I think there must be something wrong with you this morning. Drinking again?

A: No, comrade minister. I admit I'm distracted by a minor family disturbance.

B: Your wife still having sex with the woman in the next apartment, Boris?

A: Not that, comrade minister. It's my daughter. She killed her baby brother with

an axe last night.

B: Why does this disturb you?

A: She said, "He made me do it." She said he cried too much, and that left her no choice but to kill him.

B: Did she warn him she'd kill him if he didn't stop?

A: She said she did.

B: Then it was his fault, Boris—don't you see? That's your problem, Boris; you could never make it to the top.

Rumors mount of U.S.S.R.'s Iran invasion plan

Six months of heavy Soviet military buildup in Afghanistan appears to be aimed at an eventual Soviet invasion of eastern Iran.

Aside from estimates that Soviet troop strength there has nearly doubled to 200,000, the Soviets have also begun sending in equipment like SAM-3 missiles and more sophisticated aircraft—hardly the kind of equipment used to fight anti-Soviet Muslim rebels.

A source at Georgetown University's Center for Strategic and International Studies remarked to *EIR* that the recent negative turn in Soviet-Iranian relations is setting the "pretext" for a Soviet move into Iran. Since they installed Khomeini, Kissinger-linked circles at CSIS have long toyed with the idea that they could eventually partition Iran with the U.S.S.R.

Moscow could move, said the source, on the pretext, as a matter of fact true, that Khomeini is backing the rebel force which is threatening Afghanistan, and which some say is trying to stir up trouble in the Muslim sections of the U.S.S.R.

The *London Telegraph* warned in early January that the Soviet buildup was aimed at Persian Gulf oil flows. Saudi Arabia has begun unprecedented stockpiling of oil, thought to be in preparation for a disruption of Gulf oil. As of now, the Saudis have stored over 50 million barrels of oil and has rented storage facilities in Okinawa and tankers from Japan.

● **KING HUSSEIN** of Jordan has undertaken two initiatives towards future negotiations with Israel over the occupied West Bank and Gaza strip. On Jan. 9, Hussein changed his cabinet, bringing more Palestinians into the cabinet. Just days before, Hussein resurrected the Jordanian parliament which had represented both the East and West Bank and was made defunct after the 1967 war when Israel seized the West Bank.

● **BRUSSELS**, the site of NATO headquarters in Europe, will host *EIR*'s fourth conference on beam-weapon anti-missile defense on Feb. 22, following Bonn, Rome, and Oslo. Paris is next in a series of events, which has become a major factor in the calculations of governments East and West.

● **GEN. GIULIO MACRI** (ret.), of the armored forces of the Italian army and a leading proponent of beam-weapons defense in Europe, recommends strengthening the Atlantic Alliance by immediately shipping some 1,000 neutron bombs from storage in the United States to military depots in Europe. In a Jan. 12 interview, General Macri described the Federal Republic of Germany and the northern European countries as "the soft underbelly of NATO," because they have taken the lead in rejecting President Reagan's project for Mutually Assured Survival based on directed-energy defensive weapons.

● **MURIEL MIRAK**, co-author of this week's cover story on Israel, was interviewed in the Jan. 3 issue of *Ma'ariv*, Israel's second largest circulation Hebrew-language daily, which describes her as an enthusiastic associate of the "prominent and distinguished American Democrat, Lyndon LaRouche."

President Reagan leaves the trap door open

by Richard Cohen in Washington, D.C.

On Jan. 15, the day before a heavily promoted presidential address on U.S.-Soviet relations, a senior White House spokesman officially confirmed at a White House background briefing that the administration's proposed fiscal year 1985 budget will include a sizable program for Ballistic Missile Defense (BMD). In the same breath, however, the official specified a dangerous proviso which, having been accepted by the President and his inner core of advisers, will, according to sources close to the White House, be difficult to reverse. The proviso is that the public will not be mobilized behind the BMD effort, nor will it be a visible feature of administration budget testimony in 1984.

Reportedly, the decision to keep the BMD effort under wraps was an offshoot of an election-year package which included a decision to tone down presidential "anti-Soviet rhetoric." Reagan's new image was to be the high-visibility feature of his internationally televised Jan. 16 address. The speech itself was to be a step in advancing a plot choreographed by White House Chief of Staff James Baker III, Undersecretary of State for Political Affairs Lawrence Eagleburger, and Eagleburger's mentor, Henry A. Kissinger, then seconded more cautiously by Secretary of State George Shultz, National Security Adviser Bud McFarlane, and Assistant Secretary of State for European Affairs Richard Burt.

Angling for a new channel

The broadcast plus a unilateral U.S. arms concession were scheduled to provide Shultz with enough tribute to appease Soviet Foreign Minister Andrei Gromyko at their Jan. 19 meeting in Stockholm. A successful Shultz-Gromyko meeting would then provide Kissinger and his collaborators

enough leverage to convince a resistant President to allow what he has opposed up to this point—an official Kissinger-dominated channel to Moscow.

The Kissinger effort was unveiled at a meeting of the Center for Strategic and International Studies (CSIS) in Brussels on Jan. 15. There, Kissinger proposed that the United States and the Soviet Union appoint special envoys to embark on a "global review of the entire relationship" in order to begin preparations for a summit meeting between the two heads of state. He added that the representatives should have total access to the U.S. President and the Soviet Politburo.

Operating through the Aspen Institute's Preparatory Group on East-West Relations, the former Secretary of State has already set up private back channels to Gromyko's foreign ministry. Short of an official revival of talks, Kissinger has promoted what U.S. Ambassador to the Intermediate Nuclear Force (INF) talks Paul Nitze identified at a Jan. 17 Washington press conference as "back-channel" negotiations with Moscow aimed at replacing the frozen Geneva talks with behind-the-scenes dealing. Nitze reported that the scheme had been discussed within the administration but was rejected.

At a Jan. 13 National Security Council meeting, President Reagan and certain advisers blocked a key aspect of the Kissinger plan, a proposal for a unilateral revision of the U.S. position at the Mutual and Balanced Force Reduction (MBFR) talks in Vienna. The anticipated MBFR concession had been pushed by Baker and Eagleburger as necessary to satisfy the Soviets' overtures. Such a signal would have significantly lowered the Soviets' perception of the risk to themselves in provoking a confrontation with the United States.

To amplify that point, a senior State Department official

reported on Jan. 13 that during the following week, the administration would present to Congress a 55-page report detailing "Soviet violations or probable violations which have occurred with respect to a number of arms control commitments and obligations." Coming at the same time as the crucial NSC meeting and only hours before the Kissinger-staged operation was to move into high gear, the long-awaited administration report on Soviet SALT violations documents seven major areas of possible break-out, including the construction of a large radar station near Krasnayarsk in central U.S.S.R., "almost certainly" a violation of the 1972 Anti-Ballistic Missile Treaty.

Following the Jan. 13 NSC meeting, the White House engaged in a balancing act, trying to garner the supposed political benefits of Reagan's performance of Jan. 16 and Shultz's discussion in Stockholm while moving to nullify their strategic impact.

On the day before Shultz's meeting with Gromyko, addressing a Stockholm meeting of the Committee on Disarmament, the Secretary of State echoed a speech given by Vice-President George Bush in the fall of 1983—a speech which brought exceptional Soviet attack at that time. Shultz assailed the "artificial and cruel" division of Europe since World War II. Indirectly attacking the Yalta agreements, the Secretary argued that Moscow was responsible for the "barrier that has cruelly divided Europe."

Even before the Shultz-Gromyko session, Paul Nitze, after meeting with President Reagan, contradicted the dangerous hype coming out of Baker's operation and State Department sources, stating, "I've seen nothing that they've [the Soviets] said, and no direct indications other than that they are serious about having broken them off [the arms control talks]. It is not that hopeful."

A balancing act

If the President had capitulated to Kissinger's requests at the Jan. 13 NSC meeting, the perception of presidential weakness and manipulability that would have registered in Moscow would have been calamitous. However, while the President stubbornly resists the Pugwash arms-control trap, he has refused to push it out of the way.

Sources close to the White House say that the President under pressure has been bamboozled by recent White House and private polls which "reflect heightened popular concern about nuclear war" which translate into electoral vulnerabilities for the President. These polls, manipulated by Baker and his West Wing collaborators, dovetail with similar arguments from the State Department regarding fears in Europe. The Jan. 16 speech, timed to reach the maximum European audience, showed a potentially fatal logic accepted by the President and his advisers, a logic which leads them on the one hand to promote a 17 percent increase in the FY85 defense budget, a massive antiballistic-missile defense program, and reported rapid advances in three offensive systems that could greatly enhance the U.S. deterrent by the end of 1984—and on the other, to do everything possible to hide

these actions from the public.

Indeed, Reagan campaign planners have decided that to ease the President's "warmonger" image in the United States and Europe, the real threat of nuclear war itself must be discounted as a central feature of the campaign.

The President keynoted what promises to be a central theme of his re-election campaign on Jan. 13, speaking before a group of Republican women in Washington. "I don't care how many presidential candidates are out there telling you that we're threatened by imminent nuclear war. We have never been as far removed from that possibility as we are today." Reagan went on to argue that the reversal can be attributed to his rearmament program.

In his Jan. 16 internationally televised speech, the President went even further, arguing that "1984 finds the United States in its strongest position in years to establish a constructive and realistic working relationship with the Soviet Union." He emphasized that Moscow must be "reassessing" its previous provocative posture for fear of the administration's \$1.7 trillion rearmament program, the new assertiveness exemplified in Grenada, Lebanon, and the successful emplacement of the Euromissiles, and a strong foundation based on the so-called U.S. economic recovery.

Because of this, Reagan posited, "America's deterrence is more credible and is making the world a safer place; safer because now there is less danger that the Soviet leadership will underestimate our strength or question our resolve." The President went so far as to assert that we are further from war than we have been in a generation.

Yet, although the President has presided over a serious process of rearmament—the MX missile, B-1 bomber, Trident II missiles, and stealth aircraft which could enhance U.S. deterrence—these weapons systems are still two years from deployment. Although intelligence sources reported the deployment by no later than early 1985 of significant classified offensive systems that would challenge existing Soviet superiority, 1984 is left as a year of acute vulnerability.

In this context, on Jan. 21, *EIR* founder and candidate for the Democratic presidential nomination Lyndon H. LaRouche plans, during the course of a nationwide television address, to outline an urgent program for a national emergency mobilization, centered about the crash development and deployment of advanced ballistic missile defense (see page 48).

Mr. LaRouche's intervention will come on the heels of a dramatic revelation in the Jan. 17 issue of *Aviation Week* magazine (see excerpts, page 54). Quoting an informed White House source, *Aviation Week* reported on the existence of a classified CIA report which details a Soviet effort to construct a nationwide ABM system. The report, which the White House source calls "unusual in its strength and clarity," warns that a Soviet "breakout" (open abrogation of the commitment to the Anti-Ballistic Missile Treaty) is possible this year. Administration strategic planners agree that if such a "breakout" were to occur, it would mean a situation in which the Soviet strategic advantage would become decisive.

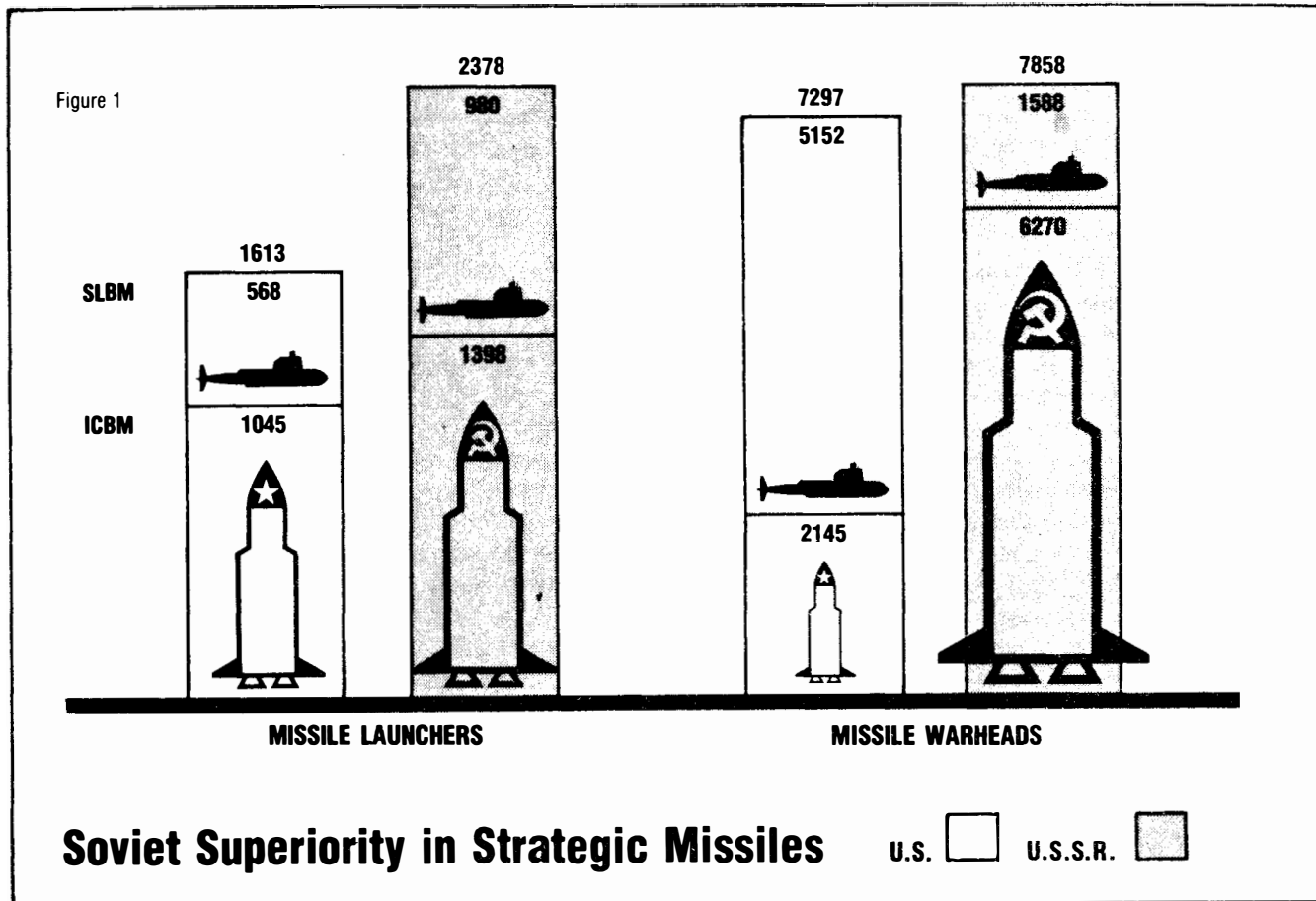
LaRouche makes emergency address to the nation

Lyndon LaRouche, candidate for the Democratic presidential nomination, delivered this televised address to the nation Jan. 21. The transcript of the broadcast was provided to EIR by The LaRouche Campaign.

Nearly two years ago, during a two-day seminar in Washington, D.C., I proposed a new strategic doctrine for the United States, to an audience which included Soviet officials as well as representatives of our government agencies. I proposed that we dump Kissinger's and McNamara's Flexible Response doctrine, and end the age of thermonuclear terror, through deploying the kinds of anti-missile defenses which science had made possible.

My proposals caught fire immediately among influential circles. With the knowledge of our government, I conducted exploratory discussions privately with Soviet representatives for a period of over twelve months. When Dr. Teller announced similar proposals in the fall of 1982, our news-media was no longer able to suppress the information about the fact of this discussion and the new doctrine from the American public.

On March 23, our President not only announced such a new strategic doctrine for the United States itself; but in that same nationwide television broadcast, he offered to negotiate with Moscow to bring the age of thermonuclear revenge-weapons to an end. If the Soviet leaders had accepted the



President's offer at that time, tonight you and your family could sleep in knowledge that the age of thermonuclear terror was being brought to an end.

But, the Soviet Union did not wish peace. They rejected our President's offer with a violence we have not seen from there since Nikita Khrushchev was kicked out. Soviet leader Yuri Andropov dropped out of sight in August and has remained so for nearly five months; in the meantime, a Soviet military junta has come to power over there. Since August, beginning with incidents including the shooting-down of the Korean civilian airliner on September 1, the Soviet rulers are moving step by step toward a global thermonuclear showdown with us—in Europe, in the Middle East, and elsewhere. At the same time, the Soviet KGB's First Directorate is deploying scads of terrorists into the United States itself. The situation today, in general, is far worse than it was at the outbreak of the Berlin crisis or the Cuba crisis under President John Kennedy.

Soviet leaders are very good in military planning. While Henry Kissinger and Robert McNamara have been brainwashing politicians and newspaper editors into the delusion that thermonuclear war is impossible, since 1962 Soviet leaders have been steadily and carefully and competently planning, building up Soviet forces to the point that Moscow could survive and win a thermonuclear war against the United

States. My military advisers tell me that Moscow has not yet reached the level that it could actually guarantee itself a victory in a thermonuclear war against us. But, Moscow believes that its military superiority has grown so large that our President would have to back down to a thermonuclear confrontation if this occurred during 1984 or 1985.

Moscow believes the time has come, and has believed this since June 1981, that it no longer needs to negotiate on terms proposed by our government. At present, they have deployed military units designed to take over Scandinavia. At the same time in East Germany they have deployed units trained and equipped for the special task of taking over West Germany. Soviet puppets such as Syria and Iran are being used against us. Right on our southern borders, the Soviet KGB controls the leadership of an opposition political party in Mexico called the PAN, and through the PAN circles, drug-linked circles, the Soviet KGB is deploying terrorism directly into the United States. Moscow's policy at present can be fairly described as: "We do as we please; there is nothing you can do about it, except submit to our unconditional terms." Generals in Moscow dream the old Russian dream of Moscow as the world-capital of a new Roman Empire.

We must change this picture. As President Franklin Roosevelt said, so I say again to you today: we have nothing

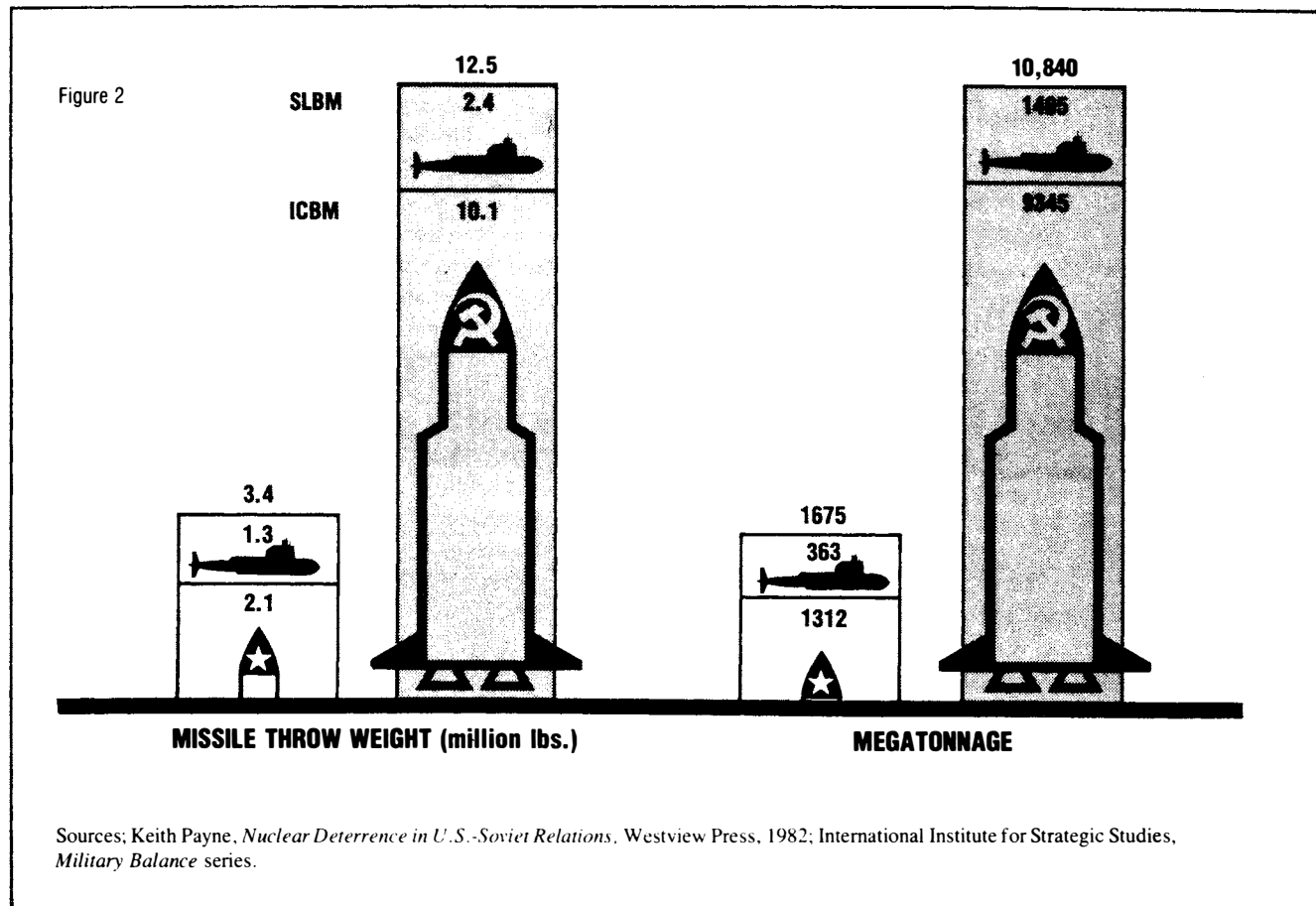
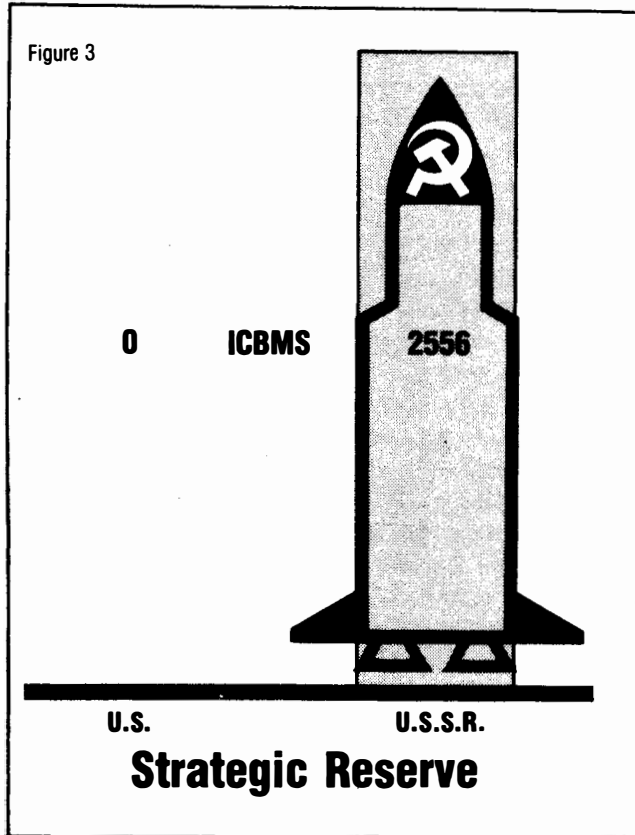


Figure 3



so much to fear as fear itself.

I must show you first the dark side, so that you understand what we must do, and why we must do it.

We'll go through five successive charts—three charts, a map, and another chart. And in this we'll look briefly at the overall balance in strategic missile capability between the United States and the Soviet Union today, as reported by agencies such as the London International Institute for Strategic Studies.

Now look first at this present chart (Figure 1). On the left we see a comparison of the number of launchers which the United States, the white bar, and the Soviet Union have. The Soviet Union is slightly superior to the United States in the number of land-based and submarine-based launchers. The picture looks somewhat better as you go to the right set of bars. You see that the white bar is almost as high as the gray bar, which means that we have almost as many warheads in service, ready for deployment, as the Soviet Union. You also see that our strategic strength is concentrated presently in our submarine-based missile systems. Whereas, the Soviet Union's capability is concentrated largely in the land-based missile systems although their naval capability is rapidly increasing.

Now let's look at the second chart (Figure 2). Now you see in the second chart that the situation begins to look rather disastrous. On the left-hand side, we're comparing the number of millions of pounds of throw-weight of the two super-

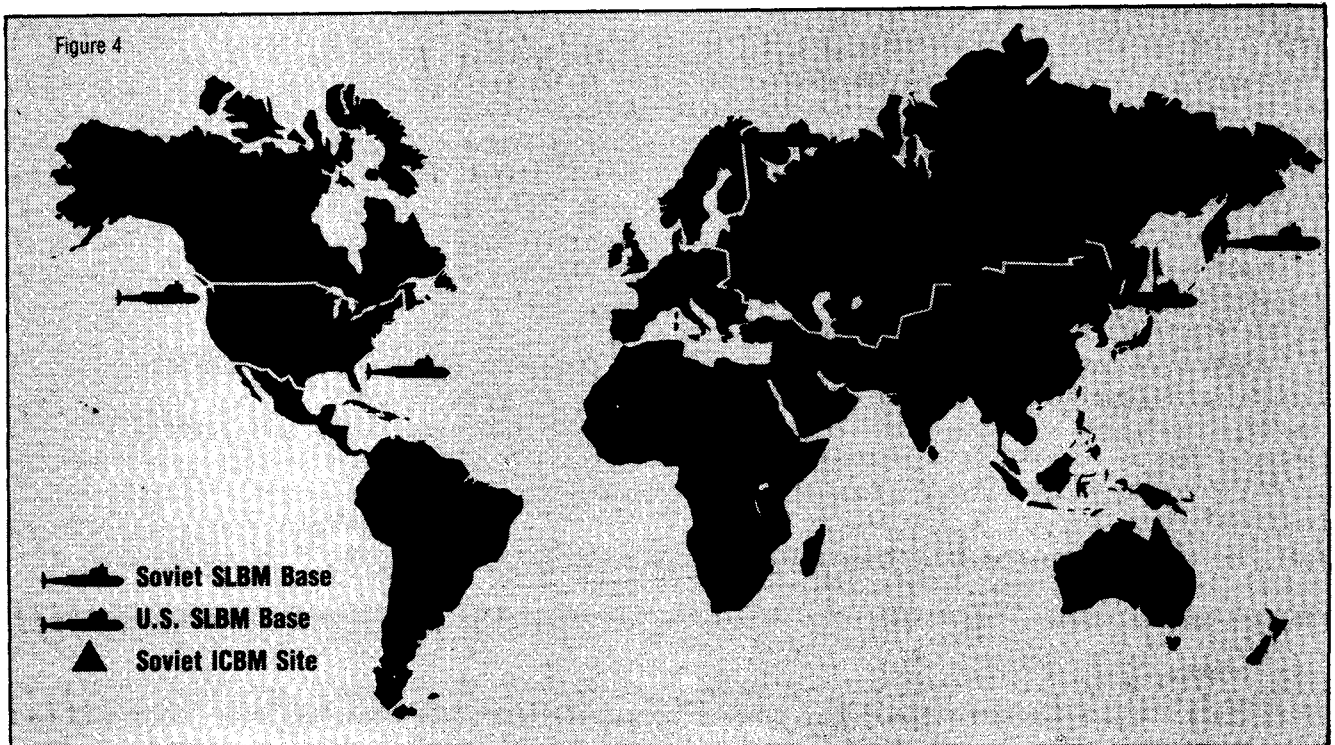
powers. And you see that we are outnumbered in that by an order of magnitude of more than 3 to 1. Now you look onto the right and compare the amount of megatonnage, effective megatons, which the Soviet Union and the United States, respectively, can deploy against the other. And you see here, for instance, that we have less throw-weight in megatonnage than the Soviet Union does in even the submarine fleet. The Soviet Union way outclasses us in megatonnage. The significance of this will come in a moment as we come to the map.

But let's proceed first to the next chart (Figure 3), which takes into consideration another factor which is not much discussed but very important in the long run. Now this third chart is not a mistake. There is no white bar. This refers to the reserve missiles in the possession of the two superpowers. The United States has none. And you see that the Soviet reserve is in the same order of magnitude as a major component of their regular first-line deployed missile capability.

Now let's look at the map (Figure 4) and we'll discuss what that begins to mean. I show you this map to indicate a very particular problem. These deployments mainly indicate the position of the Soviet land-based missile force, strategic missile force. Now our strategic submarine system, based in large part under the Arctic ice, has the assignment to reach and destroy these missiles particularly with counterforce weapons. Now the point is that without rearming our submarine fleet, number one, with the Trident system of submarine launched ballistic missiles, we have a little bit of trouble in trying to reach these Soviet targets we have to. Number two, if we for some reason should have most of our submarines in the ports, the naval ports of the United States, or off-station, otherwise, or if the Soviets could knock out our submarines, then we'd be in very tough shape and the Soviets would have preponderance over us. I'll indicate to you in just a moment what the problem is there. The point is that we must have an upgrading of our Trident submarine system or we'll lose most of our strategic capability, and we must have, very quickly, hunter-killer attack submarines, both to hunt down Soviet submarines, but more importantly, to get rid of Soviet attack submarines which are trying to track, trail, and kill our submarines. We can go with that, and go to the next chart (Figure 5).

What I'm going to show you is the calculations made by my military advisers of what it would look like, in terms of weapons systems capabilities, after a first strike against the United States by the Soviet forces with presently known capabilities, and what the losses would be to the Soviet Union by our immediate response.

Now let's look at the percentile of the U.S. capabilities destroyed and then after that the Soviet capabilities destroyed under condition that the Soviets launch a pre-emptive first strike against the United States. In the event of a Soviet first strike of this type, my experts calculate that 90 percent of our land-based ICBMs would be destroyed by the Soviet Union in the first strike, plus 70 percent of our submarine missile capability plus, as you see, 80 percent of our strategic bomber

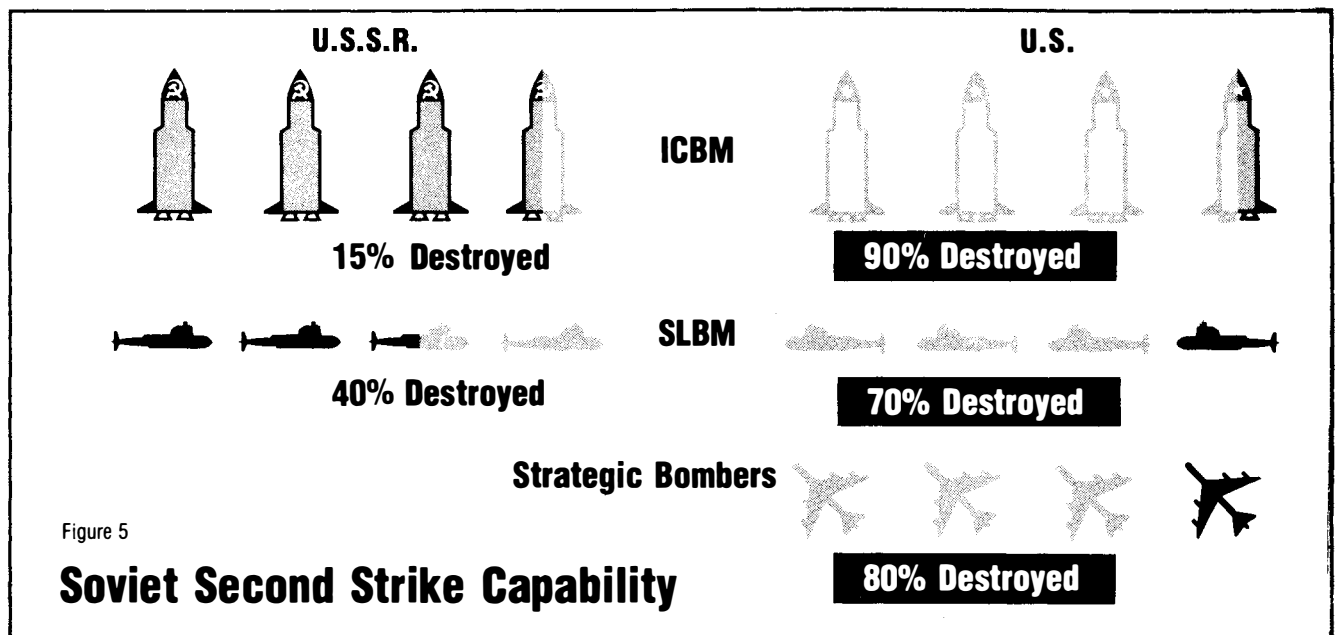


capability. In this case, we see that the Soviet Union has expended only 15 percent of its land-based missile fleet to do this first strike and has expended, we see, only 40 percent of its submarine-based missile launched capability to do the first strike. This leaves us guess where.

Now on this point we'll just quote two sources as to why the United States was permitted to drift into this condition against the Soviet Union. First we'll quote from Henry Kissinger a passage from a press conference he delivered in

Moscow in July 1974. And I quote Henry Kissinger. "What in the name of God," said Kissinger, "is strategic superiority? What is the significance," he said, "politically, militarily, operationally at these levels of numbers? What do you do with it?" So much for Kissinger.

Now let's go to the Carter administration, to a National Security Council official in the Carter administration in 1979. And I quote, "Even if the United States could attain strategic superiority it would not be desirable," he said. "Because I



suspect we would occasionally use it in some very risky ways. It is in the United States' interest to allow the few remaining areas of strategic advantage to fade away." I suspect this is not really fading away that this man is talking about; he's talking about letting us fall into strategic inferiority.

This situation reminds us of the year 1938, when Prime Minister Neville Chamberlain returned from his pact with Adolf Hitler. [film clip]

Chamberlain: "I trust that all concerned will continue their efforts to solve the Czechoslovak problem peacefully, because on that turns the peace of Europe in our time.

"We regard the agreements signed last night and the Anglo-German naval agreements as symbolic of the desire of our two peoples never to go to war with one another again."

Today, there are many Neville Chamberlains in Europe and the United States. Moscow is bragging that these Nuclear Freeze sympathizers will pull out our President's teeth and drive Caspar Weinberger out of the Defense Department. This is Moscow's political "fifth column" in our news-media and in our political parties.

These Neville Chamberlains call our President a "warmonger." Soviet agents around the world whisper the lie that our President is a "new Hitler" and "worse than Attila the Hun." Soviet newspapers and stooges say that I am much more dangerous than our President. Moscow hates me because of the generous offer the President made to them on March 23, and because Moscow is afraid that I might rally you, the patriotic sons and daughters of our Democratic Party, to support the policies I report to you now.

1. The President must use his powers under our Constitution and statutes, to declare a National Defense Emergency Mobilization.

We must mobilize as President Franklin Roosevelt led us between 1939 and 1943. [film clip]

Roosevelt: "I should like to see this nation geared up to the ability to turn out at least 50,000 planes a year. I ask for an immediate appropriation of eight-hundred-and-ninety-six million dollars. And may I say that I hope there will be speed in giving the appropriation."

Our Federal Reserve should be federalized under Article 1, Sections 8 and 9 of our Constitution. Its power to print money and to operate an inflationary "Keynes multiplier" must be suspended for the duration. Congress must authorize an initial issue of \$500 billions in Treasury gold-reserve money, at \$750 per ounce of gold.

These gold-reserve currency-notes must be loaned at between 2 and 4 percent discount through our private banks for investments to put our idled farms, factories and unemployed to work producing needed physical goods.

2. The President must launch a \$200 billions crash-program, like President Kennedy's successful Apollo space-program to give our nation a first-generation anti-missile shield by 1988.

3. The Congress must support a crash-program to fill up the gaping holes in our 1984-1985 defenses. The patriotic

citizens of this country must force the members of Congress to support this.

4. We must change our policies toward our friends in Latin America and elsewhere immediately. We must negotiate a sensible reorganization of their debt-payments, at between 2 percent and 4 percent interest. We must pour in the needed capital-goods-exports for their economy's development—so they can meet these requirements, and so that we can increase industrial employment in the United States by about three million new jobs producing capital-goods for export.

During the recent ten years, we have been ruining and losing our friends in Europe, in Asia, Africa, and Latin America, at the same time that many politicians have been lying to you that we were giving away gigantic charitable contributions to other countries, most of which never arrived. If we do not change this policy, Moscow will take over the world piece by piece, and we will have no one to blame but ourselves.

For just a moment, forget the election-campaign. My duty, election or no election, is to be the leader of the patriots of the Democratic Party, to free this party of ours from the grip of Neville Chamberlains like Charley Manatt and Walter Mondale. My duty is to mobilize you to help save our nation in a moment of its greatest danger.

It is true that the Reagan administration has disagreed with me on the economy. I see our farms, factories, unemployed, minorities, and national defense as suffering from Paul Volcker's Federal Reserve policies. I ask you to support me to change that.

I disagree angrily with the policies of Henry Kissinger and our State Department toward Europe, Asia, Africa and Latin America. I ask you to support me in changing these policies. Above all, I ask you to help me bring the friends and patriots of both parties into support of a bipartisan defense policy, and to rally our nation against the growing menace of international terrorism.

I hope that we can force Moscow to reconsider its foolish rejection of my own and our President's offer to end the age of thermonuclear terror. We must mobilize, yes: to convince Russia to abandon its mad nuclear adventures. But we must also continue to offer peace within the framework of the President's offer of March 23.

To those top Soviet officials who will be studying copies of this broadcast within the next days, I say this:

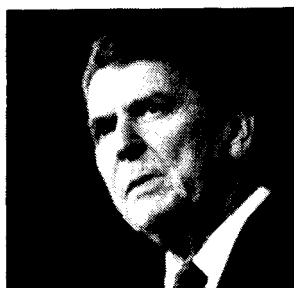
In my quest for peace between our countries, I have proven myself consistently forthright and honest with you. I have warned you accurately of the consequences of the events you have permitted to occur.

If the Kremlin's hierarchy chooses to punish or to ignore those who have borne the discussions with me, you Soviet leaders do so at your own peril. By now, you know, as my government knows, I do not deal from the bottom of the deck, and I am always open to honest dialogue.

To you my fellow-citizens, I say:

For the sake of our country, and everyone's grandchildren everywhere, help me now. If you are one of that majority which still cares about our country, telephone or write our President tonight. Tell him and the Congress that there are many, many patriots around this nation who will support a National Defense Emergency Mobilization. Do that tonight, and help to save this nation and the world from thermonuclear war.

Thank you and bless you all.



President Ronald Reagan, March 23, 1983, Televised address to the American people

Reagan: "Isn't it worth every investment necessary to free the world from the threat of nuclear war? I clearly recognize that defensive systems have limitations and raise certain problems and ambiguities. If paired with offensive systems, they can be viewed as fostering an aggressive policy, and no one wants that. With these considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace—to give us the means of rendering these nuclear weapons impotent and obsolete."



Lyndon H. LaRouche, Dec. 31, 1983 address at Arlington, Va.

LaRouche: "The problem is the Soviet Union is committed, and manifests its commitment as of April of this year, to reject any of the kinds of negotiations which the President had indicated were offered and to commit itself to immediate thermonuclear crisis. The Soviet Union is preparing to risk thermonuclear war now. And the Soviet Union will not be deterred by what we do 3 to 5 years from now, it will only be deterred by what we do now."

"The only way to stop war is to increase the risks and penalties to the point that that bunch of scoundrels—who have only one element of rationality in them, and have proven that—that bunch of scoundrels is able to calculate risks and penalties of warfare. That's the only rationality and morality they have. And I will do whatever is necessary in the short run to increase those risks and penalties to the point they say, 'no confrontation'—and they're not going to negotiate until then.

"If anyone told you that the Soviet Union is interested in negotiating with the United States, they lied to you. The Soviet Union has had a policy of not negotiating on any substantive questions with the Reagan administration in power, since July 1982.

"What happened is the President's address of March 23 of this year did two things. It terrified the Soviets, because it implied to them that we had more clout in the United States than they thought we had. Second, this took the mask off their issue of the so-called Euromissiles. They immediately demonstrated they didn't care about the Euromissiles all along—who could blame them, they've got SS-20s, SS-21s, SS-22s, SS-23s, coming out all over the place. It is not the U.S. planting of Euromissiles in Europe which has enraged the Soviets. They don't give a damn about it. They don't care.

"We actually face a genuine war. They are perfectly capable of launching war. If there are certain rules or certain principles involved, there are certain conditions under which they won't and certain they will. But we're in the area, where, if I were President of the United States at this moment, I would have to crank this thing up and say, 'I may be fighting a war as of March. I hope I won't be. But I'm going to be prepared.'

"When you're dealing with this crowd, you've got a military dictatorship in the Soviet Union now. They are rational on military policy—therefore I can only deal with them as realists. I have got to convince them that the United States will destroy them if they continue in this direction, but if they are willing to negotiate, we have a basis of negotiation. Just as Machiavelli specified the fundamental principle of strategy in his critiques of the ten books of Livy.

"Give them an out. We have a great, big beautiful out. The President gave it to them essentially on March 23. They turned it down. The best offer they'd ever had from the United States. They turned it down. Because they wanted war. They turned it down because they thought they could win. O.K. Now we have to get them back to the negotiating table. How? I didn't push them into this. I tried to stop it. And we succeeded in influencing the environment to the point the President made the offer. The President of the United States made the offer, and they turned it down. When they turned it down, they chose war. And when they chose war, they demonstrated their moral character, and you cannot assume that their moral character is other than they demonstrated it to have been when they chose war."

Aviation Week on the Soviets' ABM buildup

Aviation Week magazine published in its Jan. 16 issue a special report by Clarence A. Robinson, Jr., "Soviets Accelerate Missile Defense Efforts," detailing a Central Intelligence Agency report to the President of "heightened activity, which comes as U.S. reconnaissance satellites face a funding shortage."

"The CIA's position on Soviet ballistic missile defense activities is unusual in its strength and clarity—an alarm bell that we must watch the situation very closely," a White House official said.

"The U.S. could be witnessing a Soviet move to place itself in a position to abrogate the Antiballistic Missile Treaty and rapidly deploy a system to defend key areas such as intercontinental ballistic missile fields," the official added.

The U.S.S.R. is permitted by the treaty to operate a ballistic missile defense system with up to 100 interceptor missiles and six radars to protect Moscow. It is also permitted research and development for defensive systems and to apply advances in technology to upgrade that system. . . .

Factors focusing U.S. attention on Soviet ballistic missile programs include:

- Construction of new Pushkino phased-array antiballistic missile defense battle management radars. One site is north of Moscow and others are under construction. . . .

- Pechora-class ballistic missile detection radars located at sites around the periphery of the Soviet Union except for one new radar located internally at Abalakova in the vicinity of SS-18 intercontinental ballistic missile fields. These phased-array radars are positioned for early warning, detection and tracking.

- Production of SH-04 and SH-08 nuclear armed interceptor missiles with deployment of the weapons in silos around Moscow as part of improvements to the system there. The SH-04 is an exoatmospheric missile, and the SH-08 a hypersonic endoatmospheric missile that together provide weapons for a layered defense.

- Tests at Saryshagan of the SH-08 interceptor in rapid reload configuration, firing two of the missiles from the same silo within two hours.

- Production of the Flat Twin tracking and Pawn Shop missile guidance radars . . . to form the ABM-X-3 defense system. The radars are designed modularly so that compo-

nents can be produced and stored until required. They can be concealed and assembled rapidly for use.

- Testing of the SA-12 surface-to-air missile against ballistic reentry vehicles. The SA-12 is called a strategic air defense or tactical ballistic missile defense system because of the inherent dual-mode capability in the weapon.

- Netting of command, control, communications systems, air defense and ballistic missile defense radars to tie together elements of a national defense system. . . .

Evidence presented clearly shows that the mutual assured destruction (MAD) concept may be on the way out, a White House official said. The President wants, as an optimist, to offer the nation a way out of Mutually Assured Destruction through a U.S. ballistic missile defense system. But the President concluded that the Soviets are doing everything they can with ballistic missile defense to bring the U.S. to its knees.

The President offered the hope of a damage denial ballistic missile defense system last year, the official added, "but the bureaucracy is not responding to what he wants."

The official said the administration is equally as concerned over a lack "of national technical means to accomplish first-rate reconnaissance of Soviet ballistic missile defense developments."

National technical means is a euphemism for electronic ferret satellites and photographic reconnaissance spacecraft used to monitor the Soviet Union, including compliance by that nation with arms-control agreements.

It took the U.S. more than 18 months to detect and photograph the large phased-array radar at Pechora, and more than a year after construction began at Abalakova to detect construction of the radar there. Neither radar was detected until the U.S. was told to conduct reconnaissance of those areas. . . .

Balance of power

The Soviets have a fundamentally different view of strategic weapons and the balance of power, according to the official. The U.S.S.R. is building a war-fighting capability starting with its offensive strategic forces by modernizing them over the past 10 years. "The U.S. has essentially limited itself to research and development with ballistic missile defense technology while the Soviets bought the time they need-

ed to develop a layered defensive system with the ABM Treaty," the official said.

He added that the system now unfolding in the U.S.S.R. is not only one with overall improvements in each segment, but one largely based on new technology. . . .

"What seems clear is that there is in progress a pattern that places [Soviet] activity very close to the line in terms of a breakout," [the official] said.

Breakout . . . means that a national ballistic missile defense system is being covertly deployed in violation of a treaty. "It appears that the Soviets are close to that point, but that they are positioning themselves to withdraw from the treaty and then deploy the layered system." . . .

Members of the National Security Council are calling for a major evaluation of both Soviet offensive and defensive strategic weapons systems combined and how they affect the balance between the superpowers. "The arms control treaties tended to divide offense and defense, and we have not accomplished a study linking the two. This gives us the perfect opportunity to take a close look at the impact of linking them," the official explained.

The Soviet Union is building the infrastructure for a multitiered defensive program, including the capability to deploy space-based, directed-energy weapons for boost-phase intercepts. The U.S.S.R. also has a ground-based beam weapons program that could be integrated with the program.

There are three separate directed-energy weapons complexes, each with a different type laser device, at Saryshaghan where weapons tests against targets are being conducted, including tests against reentry vehicle targets.

Useful defense

The Defense Department contends that a U.S. ballistic missile defense system is not useful unless it can destroy 99.9 percent of the hostile warheads fired by intercontinental ballistic missiles. "The Soviet Union, on the other hand, believes that a system that can engage and destroy 40 percent of the attacking force is worth deploying," the official said. . . .

Politics in an election year make it difficult for the President to call attention to the Soviet Union's ballistic missile defense program, and what appear to be violations of the treaty—testing a dual-mode air defense/ballistic missile defense weapon such as the SA-12 and deployment of the radar at Abalkova where it can protect ICBM fields.

"Arms control is a growth industry in the U.S. and we can sell anything in the name of arms control, especially this year. The U.S. tends to view the world in the prism of arms control agreements and neglect threats not specifically covered by some arms control agreement," the official said.

"We might find this year that we have zero time to respond to an ABM Treaty breakout by the U.S.S.R. with no way to provide in a timely way a parallel capability. There is no way to accelerate a defensive initiative in the U.S. to duplicate the Soviet capability."

'The Russian military will make a deal'

Below are excerpts of a discussion with a former Carter administration official and senior strategist associated with former New York Governor W. Averell Harriman. They were obtained by EIR from a policy analyst associated with defense intelligence.

As the discussion demonstrates, the Harriman cabal has been shaken by recent Soviet behavior. The Soviet Union is indeed a military dictatorship, they state. But rather than staring the beast in the face, they have chosen to pretend that the Soviets will still play by the rules of the arms-control game defined by Harriman, the late Bertrand Russell, and the like. The Harriman adviser's argument: all we must do is demonstrate to them that we, the oligarchy, control the West, not upstarts around Ronald Reagan. We must manipulate and control the Reagan administration; then we can negotiate a "New Yalta" with our fellow oligarchs in the Kremlin.

Q: How do you think the Soviets will respond to the conciliatory tone in Reagan's [Jan. 17] speech?

A: They will denounce it strongly. They will reject it because there has been no real change in Reagan policy. It is only cosmetic. The Soviets recognize that Reagan will not change his commitment to the strategic rearmament program. They are disturbed by Reagan's obsessive commitment to a strategic weapons build-up and programs like his Star Wars scheme. He just refuses to play by the accepted rules of the superpower game. In that way, the Soviets are right that Reagan represents a threat to peace.

Q: Would the Soviets ever deal with Reagan—no matter what he offers them?

A: That really depends on the offer. If the Soviets can get things in a realistic package, they'll deal. They always do.

Q: Who do you think is in charge in Moscow?

A: The same people who were in charge for the last several years of Brezhnev—the military people, the generals. That is obvious—the way Orgarkov is making policy pronouncements, the way Ustinov reflects the generals' thinking. We made a fundamental error back in the Carter administration

of not realizing that the military had really consolidated power, at least back in 1978 or so, but especially since 1980. If you don't understand who you are dealing with, you make errors in how you package things and in how you think the other guy will respond in certain crises. We made all the errors and learned the hard way. Andropov, whether he is alive or dead, is not the issue. The military are running things, and you have to adjust your thinking accordingly. It is not such a bad thing, at least not necessarily a bad thing. They understand things in simple terms. That is how we must operate. I have always thought that it would be the military who might accept the terms of a New Yalta, a comprehensive plan. They have less to cling to ideologically. They are interested in power, in a practical sense.

Q: Will the military become more assertive against the West?

A: I think they have concluded that there is nothing to do business with in the administration. But does that mean that they will be adventurous and assertive? Not necessarily. They will talk that way and probe. But they have time to force a change or to see if things change on this side. The MX and D-5 are years away and will be kept that way—there is no fast-track program for these things. So what will they do—invade Europe or something stupid like that? Why should they bother? They will respond to the Pershing deployment by taking certain overt steps. They are going to deploy new missiles in the bloc. They will probe the northern flank because it is weak. They will station missile subs off our coast. But so what? They will sit and wait and see what happens—unless Reagan does something stupid, like totally overreact to something slight. Like Grenada. If he did something like that in an area where the Soviets think it counts, then there is a big war crisis. Grenada was his bathtub.

Q: The Kissinger Commission report seems to accept that reasoning.

A: That's right. Kissinger is not stupid. He knows the Soviets don't give a damn about Central America. They use it to harass the United States. The same with the whole Latin area. They will write off client states, because that is the U.S. bathtub. But challenge them on their border or in Europe and you have problems. Kissinger knows it is a safe game, more or less—if you can navigate the political minefields down there. The Soviets are cynical bastards about this.

Q: What about the Mideast?

A: That's different. As the game goes, it is an open zone—both sides cannot afford to give up influence in the region. There must be balance. You can't have a plan to push the Soviets out like some people in the Reagan administration think. It is not in the game and the Soviets won't tolerate it. But I don't think that anything that the U.S. is doing right now would lead to a Soviet military countermove. Why should it? We have ourselves in a real mess. The only thing the Soviets would respond to is something that moves directly

against the Syrians, and I hope we are not that crazy. Even Weinberger knows that that is insane.

Q: What is the thinking among your people about Lebanon?

A: We should never have gone in. Syria must be given part of Lebanon, because that is what is required to restore a balance in their eyes and the Soviets' eyes. Then we can talk about peace. Let Gemayel go down. Let him grab what he can. Let the Israelis take the south or set up a protectorate of some kind. There is absolutely nothing we can do about this. Let history take its course. Let's restore the balance to things.

Q: What is your reading on West Germany? It appears headed toward a political collapse and worse.

A: In the short term, the very short term, the Kohl government appears stable. The SPD commands probably no more than 10 per cent of the vote in reality because it has shifted so far left. The German people see no preferable alternative to Kohl right now. . . .

The change in government could come as soon as next year, and it will be a change toward chaos. Unemployment rises, the Soviets put the screws on, scandals hit the government, there is violence against the U.S. and its missile deployment. Germany begins to shift away from the alliance, not a total break, but a shift away from pro-Americanism. All of Europe shifts with it and you have a new Europe emerging, less dependent on the U.S. and willing to deal with the Soviets. The only thing that slows this down is an agreement with the Soviets this year, and I think nothing will happen in that direction.

Q: Do you think the Soviets will move to accelerate this by making an offer to negotiate directly with the Europeans and split them away from the U.S.?

A: They should already have done that, but they haven't. They [the Soviets] are still afraid to break out of the super-power game. They will make some offers at Stockholm, but nothing that goes as far as they could. The nuclear-free zone idea is really a Nordic concept. It doesn't appeal to everybody and the other proposals are small stuff.

Q: Going back to the U.S. elections, do the Soviets or yourself really think that Reagan can be beaten?

A: That is a real problem. The Democrats have no real candidate of substance. Mondale is a problem, he takes all sides of all issues. I think Gary Hart is a better spokesman for policy, but he has no chance, at least not this time. So Reagan looks good. Also, the American people don't seem to want to change things. Not that they like Reagan; they just want to keep things the way they are. . . .

There is only one way things could become close, though even then I don't know if the Democrats would win. You would have to get three pieces to come together: a failure to reach any arms control agreement, a total collapse of the economy, and a total and loud rift with Europe. These things

are all going to happen—but they will not happen soon enough to make a difference.

Q: So if that is the case what are you and people like Mr. Harriman going to do?

A: The only thing we can. We have to build a big hedge, so to speak. We have to build a bipartisan consensus to place the so-called Eastern Establishment back in control of the GOP and all policy matters. And if we want to deal with the Soviets, we must demonstrate that we are back in control. We have to show that whoever is in power in Washington will play by the rules of the game, the rules the Soviets understand. Then we work for a bigger change in 1988.

There are realists in the GOP, people like Bob Dole. Rumsfeld is a realist. So is Shultz. Kissinger and his people. We are really part of the same family of thinkers. There is one elite. We have differences of opinion, but so what? Reagan and his people are outside this. If the GOP comes back out of the cold, they will be better off in the long run as a party, because there is no one to lead them after Reagan.

There are certain things going for us. We can box Reagan in by taking over the Congress, winning the Senate for the Democrats. That will force concessions in a big way or paralyze everything. Also, Reagan will be weaker in a second term because he will be a lame duck.

Q: Do the Soviets see things this way? Is this what they say in the back channels?

A: There are no real open back channels. They are shut down, because they don't function unless there is a front channel. That is what the fight is right now. The Soviets have told us in some private discussions that the front channel must open or we can't and won't talk about substance. That is what has to be done and we can't wait for the election. We must push Reagan in that direction. Until then—wait.



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Mondale's 'secular humanist' links

by Kathleen Klenetsky

Walter Mondale has built a political career by attacking the foundations of the American republic. From his opposition to a strong U.S. military—most recently displayed in his endorsement for the nuclear freeze and attacks on President Reagan's beam-weapons defense proposal—to his support of Federal Reserve chairman Paul Volcker and the Carter administration's genocidal *Global 2000 Report*—Mondale's record is clear.

How did Mondale, an allegedly grass-roots politician based in the U.S. heartland, acquire an outlook so contrary to his country's interests?

The friends of Walter Mondale

By Mondale's own account, one of the key sources of his political outlook has been the so-called "humanist movement," a conspiracy spawned earlier in this century which, under the guise of scientific rationalism, has battled to eradicate the Judeo-Christian underpinnings of Western civilization.

Its founders include some of the most immoral individuals of the century: Bertrand Russell, godfather of the Pugwash arms-control group which has played such a key role in undermining U.S. strategic interests; Julian Huxley, whose scheme for selective breeding and eugenics outstripped Hitler's race policies; and Rosicrucian Margaret Sanger, the organizer of the birth-control movement, who called for sterilizing the racially "impure" and the handicapped.

It should be clear that all this has nothing whatsoever in common with the humanism espoused by St. Augustine and his heirs, who view man as created in the image of God and charged with perfecting himself through use of his creative abilities. The Russell-Huxley grouping, who sometimes go by the name secular humanists, see the human race divided into a vast majority of inferior beings, little more than animals, and the tiny elite—themselves—who manipulate and control that majority.

In 1970, Mondale publicly announced his affiliation in a keynote speech to the Fifth Congress of the International Humanist and Ethical Union, the Netherlands-based umbrella group for the movement. To an audience which included such notables as Noam Chomsky and Lord Ritchie-Calder of Great Britain, Mondale declared: "Although I have never

formally joined a humanist society, I think I am a member by inheritance. My father was a humanist—in Minnesota they call them Farmer Laborites and I grew up on a very rich diet of humanism from him. All of our family has been deeply influenced by this tradition. . . .”

Moreover, as Mondale stressed in his address, his elder brother, the Rev. Lester Mondale—now working full-time for Mondale’s presidential campaign—has been a leading figure in the American humanist movement for decades. A Universalist-Unitarian minister trained at Harvard Divinity School, Reverend Mondale helped establish the American branch of the “humanist” movement and for decades headed one of its principal branches, the Fellowship of Religious Humanists.

Operating through a network of organizations that includes the Population Crisis Committee and the National Educational Association (the leading teachers’ union which has endorsed Mondale), the movement’s basic precepts were laid out in the Humanist Manifesto II. Published in 1973, the manifesto endorsed the “individual’s right to die with dignity, euthanasia, and the right to suicide,” attacked nuclear power and the “exploitation of natural resources,” and called for a world government to replace the nation state: “We deplore the division of mankind on nationalistic grounds,” it declared. “The best option is to *transcend the limits of national sovereignty* and to move toward the building of a world community based upon transnational federal government. . . . Ecological damage, resource depletion, and excessive population growth must be checked by international concord. . . . [emphasis in original]”

The document was signed by race scientists H. J. Eysenck

and William Shockley; Herbert Schneider, an American philosopher and fervent admirer of Mussolini; Petra Kelly, leader of West Germany’s KGB-tainted peace movement, and Lester Mondale.

As the above excerpt suggests, Mondale’s friends in the “humanist” movement are among the loudest promoters of the “better red than dead” defeatism which has been elevated into official Democratic Party policy.

In a Jan. 3 interview, Reverend Mondale, who says he is “extremely active in Fritz’s campaign,” revealed what lies behind his brother’s accusations that President Reagan’s attempt to beef up U.S. defenses is irresponsible provocation. Reverend Mondale stated he would prefer to see the Russians run the world than to have the United States use nuclear weapons: “I am 100 percent against any resort to atomic weapons under any circumstances. If there is a war, it would be preferable to let the Soviets win than to try to counter them with nuclear weapons, even if this meant Russian world domination.”

Asked whether his brother agreed with this view, Reverend Mondale assured the interviewer: “Fritz is horrified by the thought of nuclear war.” (See *EIR*, Jan. 14.)

Lester Mondale currently contributes a regular column to *The Humanist* magazine, chief propaganda organ for the American Humanist Association. Its pages are filled with articles endorsing drug decriminalization, euthanasia, population control, and immigration control. Under the editorship of Paul Kurz in the 1970s, the magazine revived the debate over the “genetic intellectual inferiority of blacks,” and in 1981-82 created another furor with a series by population researcher Stephen Mumford defending Carter-Mon-

A brave new world

In 1948, shortly after the Nuremberg tribunals had condemned Nazi race policies as crimes against humanity, Julian Huxley, one of Walter Mondale’s “humanist” preceptors, wrote a blueprint for UNESCO, the United Nations organization from which the United States has recently proposed to withdraw. Huxley, who became its first director, conceived of UNESCO as a principal channel for the anti-Western Malthusians. “Even though it is quite true that any radical eugenic policy will be for many years politically and psychologically impossible,” Huxley wrote, “it will be important for UNESCO to see that the eugenic problem is examined with the greatest care and that the public mind is informed of the issues at stake so that much that now is unthinkable may at least become thinkable.”

In a 1962 speech titled “Eugenics in Evolutionary Perspective,” Huxley urged the creation of sperm banks, arguing that these were the only means through which such “genetically superior” types as himself could reproduce themselves *en masse*, while simultaneously preventing their “inferiors,” racial minorities, the physically handicapped, and so forth, from having any children at all.

Huxley and his cohorts insisted that a centrally dictated, global population control program was essential. In his 1953 Malthusian tract demanding such a program, *The Impact of Science and Society* (1953), Huxley’s close collaborator Bertrand Russell wrote: “I do not pretend that birth control is the only way in which population can be kept from increasing. There are others. . . . War, as I remarked a moment ago, has hitherto been disappointing in this respect, but perhaps bacteriological war may prove more effective. If a Black Death could be spread throughout the world once in every generation, survivors could procreate more freely without making the world too full. . . .”

dale's Global 2000 and fulminating against the Catholic Church's "pro-natalist" policies. Recently, it has published a plethora of articles promoting the peace movement and has anointed anti-war activists Carl Sagan and Helen Caldicott "Humanists of the Year."

All this took place under the suspicious eye of Lester Mondale, who sits on the magazine's editorial board along with such luminaries as Betty Friedan, founder of the National Organization for Women; euthanasia advocate Joseph Fletcher; and Lester Kirkendall, the former head of the American Humanist Association and a major financial contributor to the United Nations' Temple for Understanding, a theosophist cult tied to the pagan Lucis Trust.

Promoting genocide

Walter Mondale wasn't simply paying lip service when he declared his allegiance to the humanist cause back in 1970. His entire legislative record parallels the official policy pronouncements of the various "humanist" institutions.

The population issue is a case in point. Since its inception, the "humanist movement" has been in the forefront of the campaign for population control and eugenics (see box); its members founded and continue to run most of the major population control groups. Mondale has been extremely active in promoting various population control schemes, as demonstrated by his sponsorship of the *Global 2000 Report*, which proposes to reduce world population by 2 billion by the turn of the century. In 1970, Mondale played a pivotal role in securing passage of one of the most important pieces of Malthusian legislation, the Family Planning Services and Population Research Act of 1970. In a speech at the time, Mondale declared that "our hopes for peace are threatened by the twin forces of runaway population and escalating poverty" and called for "fundamental changes in our economic habits, social values and national priorities in order to solve the environmental crisis." The root of this crisis, Mondale intoned, is "a culture which seems to value quantity above quality; self-interest and expedience above the beauty and mystery of nature."

Mondale's advocacy of health-care "cost containment" similarly reflects the official "humanist" stand. Mondale has issued a series of campaign statements recently announcing that he plans to cut national health-care costs by \$15 billion, by reducing "expensive technology" and promoting health maintenance organizations (HMOs) which save money through the simple expedient of limiting medical treatment.

Since the late 1960s, Mondale has been an honorary fellow of the Hastings Institute, one of the first groups to promote euthanasia as a respectable issue. The *Humanist* magazine's Joseph Fletcher is also associated with Hastings. President emeritus of the Society for the Right to Die, Fletcher recently declared that "Nobody in his right mind thinks life is sacred," and insisted that "it won't be long now before society accepts the need for terminating the lives of its non-productive members."

Ownby assassination proves terror threat

by Jeffrey Steinberg

Less than one month after Federal Bureau of Investigations director William Webster proclaimed on nationwide television that the United States has nothing to fear from international terrorists, the youngest major-general in the United States Army, Robert Ownby, Jr., was killed at his headquarters office building at Fort Sam Houston in San Antonio, Texas.

The commander of a 4,500-man reserve unit attached to the Rapid Deployment Force, the 47-year-old major general was slated to assume the post of Commander of all U.S. Army Reserve forces at the next rotation in 1987. A former head of the Presidential Honor Guard, a military interface to the presidential security detail of Secret Service, Ownby was described by numerous colleagues interviewed by this news service as one of the fastest-rising, most talented young officers in the U.S. military.

Early on the morning of Jan. 11, an employee at the Army Reserve base discovered the body of General Ownby hung by the neck in a stairwell with his hands tied behind his back. A note attached to his body read: "Captured, tried, convicted, sentenced, executed for U.S. Army crimes against the people."

Terror alert in effect

Forty-eight hours before General Ownby's murder, all active-duty senior grade U.S. officers and numerous retired officers still holding A and B class security clearance were advised to take personal security precautions in anticipation of some terrorist action.

This represented an upgrading of an alert in effect since the summer for Soviet and Soviet-surrogate terrorist acts, including sabotage of U.S. power stations and other vital infrastructure, and kidnappings or assassinations of military personnel. This alert was particularly in effect along the U.S.-Mexican border as the result of extensive evidence in the hands of U.S. and Mexican intelligence agencies that

East German, Cuban, and Soviet advisers were running terrorist training camps in the northwest states of Mexico, particularly in drug- and gun-traffic-infested frontier areas controlled by the PAN (National Action Party).

At least four other active-duty U.S. military officers, all involved in either coastal defense or the U.S. strategic missile command, have either disappeared or been killed in the past six weeks in the continental United States, *EIR* has learned. This time-frame coincides with the period of increased White House and Pentagon concern over the activities of the “spetsnaz,” the special sabotage and assassination section of the Soviet GRU (military intelligence).

Despite this overwhelming pattern of circumstantial evidence that Major-General Ownby was the victim of a sophisticated terrorist assassination, the FBI tried to cast the incident as a “likely suicide” or a murder carried out for personal or business reasons—unrelated to terrorism. This judgment was formalized in a two-page FBI statement released to the press and to local law enforcement agencies and military intelligence on Jan. 12. The FBI has systematically suppressed any evidence suggesting terrorist involvement and, according to local sources in San Antonio, pressured the local medical examiner to facilitate the FBI’s “suicide” coverup in his autopsy report.

Defending the KGB

On Dec. 18, 1983, FBI Director William Webster, in a nationwide television interview, stated that the threat of terrorist violence inside the United States was exaggerated. He went so far as to assert that the report of a Libyan hit squad deployed to assassinate President Reagan and other administration officials was a lie, “strategic disinformation manufactured by a foreign government.”

Webster’s televised lies prompted *EIR* founder Lyndon LaRouche to call for Webster’s immediate resignation at the first instance of a terrorist action in the U.S. Since his appointment as FBI director by Jimmy Carter in 1977, Webster has steered the Bureau into a treasonous alliance with such enemies of the United States as the Savama of Iran’s Ayatollah Khomeini and the Soviet KGB itself.

In July 1980, at the height of the Teheran hostage crisis, Webster’s FBI facilitated and then covered up the assassination by Khomeini terrorist squads of Ali Tabatabai, the leading anti-Khomeini Iranian exile in the United States.

In May 1983, Webster’s FBI escorted a 28-man Soviet delegation packed with KGB and GRU agents on a nationwide tour of the United States. The tour, coincident with Gov. Averell Harriman’s private Moscow talks with Soviet President Yuri Andropov, saw the Soviet contingent deliver pointed marching orders to the U.S. “freeze” movement to destroy President Reagan for his March 23 call for beam weapon defense.

The PAN aspect

A strong motive for Webster’s hasty coverup of the as-

sassination of General Ownby may be the FBI and State Department’s documented role in protecting one of the KGB’s prime “Nazi-Communist” assets, the PAN. Any competent investigation into the networks responsible for General Ownby’s death would begin with the gun and drug-smuggling cesspool along the northern frontier of Mexico controlled by the PAN. Mexican and U.S. authorities alike have confirmed to *EIR* that in the border states of Sonora, Chihuahua, and Baja California Norte, all gun-for-drug trafficking can be directly linked to political and business circles associated with the PAN.

A vehemently anti-Semitic neo-Nazi party preaching the solidarist ideology of the Strasserite wing of Hitler’s National Socialist Workers Party, the PAN has seized control over major sections of the Mexican northwest frontier. This has been accomplished through an alliance with a Lebanese-dominated drug-smuggling apparatus in place since the heyday of former Mexican President Miguel Alemán; with an increasingly active Cuban (Castroite) and Colombian narcotics mafia; with the Trotskyite PRT (Revolutionary Workers Party); and with the PSUM, the umbrella organization of the communist party of Mexico. Many of these groups are part of the Endangered Peoples movement, the international “action anthropologist”-run separatist apparatus drawing together outright Nazi and Communist groupings under a common funding umbrella of Libya’s Muammar Qaddafi. This unholy combination—a literal Nazi-Communist apparatus—is an asset of Directorate One of the Soviet KGB, operating through particularly East German (Stasi) state security networks, many of which trace their roots in Mexico to the same Hapsburg-tied families that gave birth to the fascist PAN in 1939—when its founding coincided with the signing of the Hitler-Stalin Pact.

It was this PAN-centered network straddling the U.S.-Mexican border that prompted the high-level security alert just days before the Ownby assassination.

Among the prime suspects in the actual assassination should be included the Revolutionary Communist Party, formerly the Revolutionary Union. A split out of the same RYM II faction of SDS that produced the Weathermen, the RCP has for the past seven years focused its activities on building a terrorist underground in the United States, and on deploying many members into the U.S. military in both the U.S. and West Germany. A recent delegation of RCP members toured West Germany, establishing direct links to the Revolutionary Cells, successors to the Baader-Meinhof gang and known assets of the East German secret service, the Stasi.

RCP personnel in the San Antonio area are believed to be at the center of a weapons theft ring which has penetrated Fort Sam Houston. In a Defense Intelligence Agency report issued in the fall of 1983, Fort Sam Houston was identified as one of the weapons armories looted of large numbers of sophisticated weapons, some of which subsequently surfaced in gun-for-narcotic transactions in the PAN-controlled regions of northwest Mexico.

PBS's own Sports Sunday: the Dartmouth debate

After all these years, the highbrow Public Broadcasting System, which frowns on any television program not made in London or Moscow, has finally bowed to popular demand. Maybe it's because PBS is starved for cash.

In any case, on Jan. 15 PBS finally went into competition with the networks and inaugurated Sports Sunday. The commercial networks have the Rose Bowl, the Orange Bowl, the Super Bowl. PBS had the Toilet Bowl. And when it was all over, each of the participants was flushed with victory.

It was called the Dartmouth debate. It featured eight candidates for the Democratic presidential nomination—every announced Democrat except Lyndon H. LaRouche, who was excluded from the proceedings by the anti-democratic Manatt-Mondale combination.

Running for three hours, it was the occasion of one of the few cogent remarks ever made by ABC's Ted Koppel. Moderating the first half, Koppel quipped that at the outset, 3 p.m. on the nose, they probably drew the largest viewing audience of any broadcast in PBS history, and by 3:15 p.m. they probably had the smallest.

Politically, the most striking thing was that every man jack of them fell all over himself to sound more-arms-control-than-thou, more-appeasement-than-thou.

Alan Cranston has made the nuclear freeze his *raison d'être*. He wants to do it the day after he's inaugurated

President, he said. Awkwardly for him (as George McGovern pointed out), although he's 100 percent for the freeze, he backs the B-1 bomber. (It's made in California.) So Cranston's formulation was a little feeble: "I support the B-1, but I support the freeze and the freeze would stop the B-1."

Poor old John Glenn, who's been telling anyone that would listen that he is the author of the Nuclear Non-Proliferation Act and that he's as good a freezer as the next man, said it again. Jesse Jackson (for a Libyan patsy, he gave a pretty smooth performance, by the way) tried to explain why the world would be so much better if only President Reagan would meet with the Syrian president, Soviet proxy, and terrorist controller Hafez al-Assad.

Mondale reminisced about sitting in on the "Camp David process," and how well *that* worked. A brave man, Mondale, even mentioning the Carter era.

The debate opened with an absurd interchange on The Woman Question. Everyone rushed into the breach to register his absolute commitment to the importance of A Woman On the Ticket. No one asked the only sensible question: "Which woman?" George McGovern got in the best line: "I don't know who my running mate will be, but I just want to make one pledge: This time I'm going to be careful."

The baloney vs. gobbledygook exchange

Under the tender touch of Phil Donahue, who moderated the second half of the debate, the Mondale-Glenn dogfight broke into the open. First Mondale declared his intention to "scale the defense budget to reality"; "impose a very strong program of health care controls"; "bring those [agriculture budget] costs down dramatically"; "restore revenues"; "add something—in terms of education and

science"; "reduce the Reagan deficits by more than half."

Glenn erupted: "Let me point out that it's the same vague gobbledygook of nothing we've been hearing all through this campaign. Let's just get rid of it. . . . Is this going to be a Democratic Party that promises everything to everybody and runs up a \$170 billion a year?! . . . Let me finish! . . . I'm disgusted and tired of all the vague promises. I wish that the former Vice-President would in fact get some figures down. . . ."

Mondale cuts in: "It's because you voted for Reaganomics."

Glenn: "Twenty-one percent interest rates. . . ."

Mondale: "Who has the floor here?"

Glenn: "Seventeen percent inflation rate, and that's why we lost the White House, and it's why. . . ."

Mondale: "Wait a minute now. Mr. Donahue, may I have your. . . . There's just been about a six-minute speech—all of it baloney. . . . Mr. Glenn voted to create these \$200 billion deficits that we're suffering from. . . . By voodoo—now wait a minute now—by voodoo numbers. . . . Those are baloney figures. My position is responsible and we're doing just fine."

Heaven knows *that's* not true. Reubin Askew had a point: "What I'd like to say is you're both right. They're both right in what they say about each other."

Capturing the flavor of the whole shebang is a wisecrack from Ernest Hollings, who went after Reubin Askew when the latter, who is afflicted with a nervous facial tic, tried to get the floor. Said Hollings: "What's the matter, Reubin? You have a tic in your ear, too?"

That pretty well expresses the unity of these Democratic candidates, their manners, and their morality.

The whole debate was like that, only more boring.

National News

Whose agent is Arthur Burns?

EIR announced publication on Jan. 19 of a new multi-client special report titled "Is Arthur Burns a Soviet Agent?"

The dossier on the 50-year career of the present U.S. ambassador to West Germany will reveal what lies behind the ambassador's advice that Germany should leave NATO:

- Burns is a leading promoter of the Nazi-run Green Party in West Germany. Burns helped arrange the September visit to the United States and high-level meetings there by Green Party leaders Petra Kelly and former general Gerd Bastian.

- Burns was a factor in the near-assassination by terrorists of Vice-President George Bush last May in Krefeld, when he encouraged reduction of U.S. security.

- Burns smiles on a return to power of Willy Brandt's pro-Moscow Social Democratic Party (SPD); he believes that the SPD will come back to power as early as this year—to pull West Germany out of NATO.

- Burns is helping to bring the Brandt Socialists to power by collapsing the West German mark.

- Burns is lying to European leaders that President Reagan's beam-weapons defense policy is anti-European.

The dossier will also include a chapter—"The Profile of a Nazi-Communist"—on Burns' 50 years of work for the Hapsburg Empire's Pan-European Union, the Swiss-based Bank for International Settlements, and the Carrington-Kissinger faction in NATO.

LaRouche: 'Fire Webster for Ownby coverup'

EIR founder Lyndon H. LaRouche, Jr. issued a statement on Jan. 15 demanding the resignation of FBI director William Webster. The FBI has issued a press release stat-

ing that suicide is the most probable cause of death in the case of U.S. Army Major-General, Robert G. Ownby, Jr., found hung on Jan. 11 with terrorist's note pinned to his chest.

"The only available explanation for the FBI's wild propaganda campaign in the case of General Ownby's murder is political corruption at the very highest levels in the FBI itself. This comes soon after FBI Director Judge Webster's December television announcement, in which Webster lied by asserting that there is no serious terrorist problem inside the United States. Judge Webster must therefore resign, and President Ronald Reagan should appoint an honest cop to replace him," stated LaRouche.

On the FBI: Printing the unprintable

From the newly discovered 'Webster's Dictionary of Crime':

"The mere detection of crime, and apprehension of perpetrators, is the duty of state and local law enforcement agencies, whenever we permit them to perform such functions. The Bureau must dedicate itself to higher matters. Special Agents are instructed to limit their investigations to crimes conducted under the direction of the Bureau itself."

—As quoted in Terence Thickett, *A Quaker Looks Lovingly At Our FBI*, Quire, Phagot, & Knutkake, Philadelphia, 1973.

"There is no man so innocent he cannot be indicted by the ignorant clods of a grand jury."

—Lou Gatto, *Career Management in the Legal Profession*, Morgan & Thau, New York, 1974.

"We must fight the enemy with his own weapons. Our enemy is crime."

—Joseph W. Zilch, *The Revolution in Ethics*, Burr, Perkins & Booth, Boston, 1978.

"Terrorism is a myth invented by a wicked conspiracy which is working behind the scenes to conceal from the public our major national crime problem of the 1963-

1983 period, lone assassins and diabolically clever suicides."

—An unnamed high FBI official to a visiting team of Soviet police officials, in B. A. Jerke, *White Collar Crime and Detente*, Literaturnaya Gazeta Publishers, Moscow, 1982.

"'Unauthorized crime' is a term employed by the Bureau to include, murder, rape, perjury, grand theft, and treason, in such cases the acts are not authorized by approval of a Form 396-C by the Special Agent In Charge."

—*FBI Handbook*, as cited by Charlene Buonaparte, in *The FBI, Too, Has A Sex*, Crook & Snook, New York, 1976.

U.S. Malthusian causes a stir in Brazil

"When any species, in a given territory, supercedes a certain number—which could vary tremendously in each case, depending on environmental factors—then, the excess must disappear," according to Prof. Rudolph P. Atcon's book *The Population Density Syndrome*.

The author of this incompetent and genocidal statement is an American residing in Rio de Janeiro, masquerading as an "educational planner" who worked with UNESCO and the OAS, and who is connected to the newly formed Rectors Council of Brazilian Universities.

Folha de Sao Paulo reported on Jan. 8 that 50,000 copies of the book are about to "invade" bookstores and the newspaper stands throughout Brazil.

In an article titled "A Libel Against Reproduction," *Folha* observes that Atcon "launches the theory that when the excess of individuals becomes intolerable in a defined space, a biological and spontaneous tendency to self-extermination emerges—which then re-establishes the numerical equilibrium. . . ."

By Atcon's account, humanity has an excess today of 3.5 to 4 billion people. Wars have been the most rapid and efficient means for eliminating this "excess." Atcon, like

Bertrand Russell before him, laments that the 40 million deaths caused by the Second World War "... did not 'even scratch the surface of the equally insane overpopulation of the planet.'"

"For Atcon," continues *Folha*, "the ideal would be to 'prohibit procreation worldwide for 20 years.'"

Barring this, Atcon goes on, "at least we should have abortion, venereal disease . . . impotence provoked by stress, homosexuality . . . sadomasochism, as an additional source of violence without reproduction, [and] mass orgies without inseminations."

Debra Freeman to run against Mikulski

Characterizing incumbent Rep. Barbara Mikulski as a "traitor to this nation," LaRouche Democrat Debra Freeman announced her candidacy for the Democratic nomination for Maryland's Third Congressional District in mid-January. It is the second challenge Mikulski has had to face from Debra Freeman, this one in a race that may decide the congresswoman's chances as a vice-presidential running mate to Walter Mondale.

Freeman cited in particular Mikulski's announced plans to initiate impeachment proceedings against Defense Secretary Weinberger when Congress reconvenes, and her call for immediate withdrawal of U.S. troops from Lebanon.

The candidate also nailed Mikulski on her prior record including her support for: "the genocidal doctrine of Global 2000 that calls for the elimination of 2-3 billion people; the International Monetary Fund, the international institution charged with implementing Global 2000; the murderous high-interest-rate policy of Federal Reserve chairman Paul Volcker; and also her peculiar, vehemently anti-male social policy."

But Freeman, who has made U.S. development of a beam weapons anti-missile defense system and upgrading of its deterrent force the most important plank of her campaign, said that the present world crisis

overshadows all other considerations.

Gen. Danny Graham pursues spoon-benders

The Jan. 17 issue of *Time* magazine draws attention to advocacy by Danny Graham, "the general with the Mr. Carvel hairdo," of Defense Department involvement in lunatic ESP and psychic studies, in an article titled "An ESP Gap, Exploring Psychic Weapons." *Time* reviews a recent book by Jack Anderson investigator Ronald Rae, *Mind Wars*, which details several bizarre DOD projects conducted "between the Pentagon and the so-called psychic community."

The article refers to an extensive Soviet-linked penetration operation into the U.S. Army and Pentagon launched in 1976 which ultimately involved several Assistant Defense Secretaries—"Operation Delta Force" founded by Marilyn "Aquarian Conspiracy" Ferguson, Willis Harman of Stanford Research Institute, and the est and Transcendental Meditation cults.

According to McRae, the DOD has spent up to \$6 million in the past on projects such as maintaining Navy liaison with a "Madame Zodiac" to detect Soviet submarine movements by clairvoyance. A DOD spokesman says that no money has been allocated in two years for psychic research. Danny Graham, leader of the "High Frontier" organization, contends that the intelligence community "would be remiss if they didn't" investigate ESP and psychic researches.

There are legitimate U.S. intelligence concerns about Soviet development of brainwashing capabilities and espionage penetration of the U.S. defense community under the cover of their deployment of the "psychic community." Graham's odd remarks draw attention to the possibility of his own "psychic alteration" by Soviet-contaminated Delta Force operations. One close Graham associate, beam-weapons opponent Maj. Robert Bowman of the Institute for Space Studies, for example, was a leading member of the Delta Force.

Briefly

● **THE AVIATION WEEK** report that the CIA believes the Soviet Union is on the verge of deploying a first-generation antiballistic missile defense system was confirmed in its essential features by a "senior administration official" quoted in the *Washington Post* Jan. 20. While the CIA estimated that the Soviets are months away from such a breakthrough, the administration official stuck to a three to five year timetable. "The Soviet Union may have the capability in three to five years to begin deploying a sizable antiballistic missile (ABM) system that could shoot down incoming U.S. missiles, according to a senior administration official," the article states. "The official, in a briefing for journalists on U.S.-Soviet relations. . . called 'terribly worrisome' the possibility that the Soviets are completing all the research, development and testing work on various components of an ABM system, such as radars and surface-to-air missiles, so they could confidently and quickly field 'a very effective ABM system' well ahead of the United States."

● **HELGA ZEPP-LAROCHE** will give a Jan. 27 briefing in Washington, D.C. on "The Battle to save the Atlantic Alliance," in which the European Labor Party chairman is a protagonist.

● **FAUSTO CHARRIS**, president of the National Anti-Drug Coalition of Colombia was interviewed Jan. 20 by the Latin American Broadcasting Corporation of Fort Worth, Texas. In the interview, Charris described the control over drug-running and terrorism exercised by the Nazi-communist networks of right-wing anthropologist Jacques Soustelle. Newscaster Lydia Rhodes responded that the Colombian community in Texas "is presently sleeping, and you could wake them up."

Outlaw institutions

When Lyndon H. LaRouche, Jr.'s nationwide television address calling for the declaration of a national defense emergency by the United States was aired Jan. 21, the broadcast took place despite coordinated attempts by Federal Elections Commission, NBC, and the FBI to prevent it. Charles N. Steele, general counsel of the FEC, issued a memorandum to the FEC Jan. 18, urging denial of matching funds to The LaRouche Campaign, which sponsored the television program, on the basis that LaRouche (like the Reagan and Kennedy campaigns) is still being asked for nit-picking audit repayments. That memo completely ignored the fact that LaRouche and his 1980 campaign committee are presently in federal court challenging the FEC's rulings concerning the 1980 campaign.

According to FBI-linked NBC "investigative reporter" Brian Ross, the denial of matching funds was to have been used by CBS-TV as a pretext to deny the air time the LaRouche Campaign had purchased. But the FEC was forced to announce on Jan. 19 a one-week postponement of its decision on certification of LaRouche for primary matching funds.

Steele acted despite the favorable recommendation of the Audit Division of the FEC, which ruled that The LaRouche Campaign had met the threshold requirements. On Dec. 30, The LaRouche Campaign submitted over \$137,000 in contributions from 22 states for matching funds certification.

Especially disappointed by the FEC action was the Kissinger-linked NBC television network, which had conspired with the FBI and the FEC to try to generate a nationwide "news" scandal against LaRouche, which was to have been broadcast as a prelude to LaRouche's address on Jan. 19. The campaign would then culminate on Jan. 20 with a ruling from the FEC that The LaRouche Campaign was not entitled to receive federal funds to "match" financial contributions made to LaRouche's campaign by private citizens. Under this scenario, the cry would go up that "LaRouche is not a bona fide candidate" and the CBS broadcast would be cancelled.

For months NBC has been preparing a slander pro-

gram on its "First Camera" show under the immediate direction of NBC reporter Pat Lynch. Lynch has admitted to LaRouche's representatives that she is working with lobbyist "Chip" Berlet of *High Times* magazine and Dennis King, who has built his career on slandering LaRouche and the political organizations with which he is associated.

FEC commissioner Thomas Harris and Steele have both been involved since 1977 in blatantly corrupt political harassment against LaRouche campaign organizations. Harris was for 25 years an official of the AFL-CIO, which has tried to prevent its state and local officials from supporting LaRouche; Steele is Harris's protégé.

Steele consulted with the Justice Department in his attempt to block the LaRouche matching funds, sources told *EIR*. And on Jan. 17, NBC reporter Brian Ross appeared at a LaRouche campaign event in New Jersey to claim that the CBS show would be cancelled. Ross has been on the receiving end of FBI leaks for the past decade. He was the reporter who appeared on the doorstep of former New Jersey senator Harrison Williams—the night before the Justice Department handed down its Abscam indictment against Williams.

"The FEC should use this week to clean up its political corruption immediately," said Edward Spannaus, treasurer of The LaRouche Campaign, commenting on the FEC decision. LaRouche's own response was that Thomas Harris had acted as a contender rather than an arbiter. "If he wants to be a contender," LaRouche challenged, "he should resign from the FEC and run for office against me like an honest man, rather than contrive to carry out illegal, unethical, libelous political vendettas from his position at the FEC."

"Steele has engaged in blatant misrepresentation," said Spannaus. "In particular, LaRouche's 1980 committee has charged in court papers that the FEC fraudulently induced LaRouche's committee to settle the 1980 investigation and pay a civil penalty while at the same time the FEC was working against LaRouche behind the scenes with the only U.S. government agency which may be more corrupt than the FEC—the FBI."

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