

EIR

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EIR

From the Managing Editor

Shortly before we went to press this week, current events caught up with *EIR*'s cover. The *Special Report*, urging a second liberation of Europe from "decouplers" and the Soviet menace, commemorates the anniversary of D-Day, which began the liberation of Europe from the Nazis four decades ago. More accounts by leading patriots from both sides of the Atlantic will follow next week.

Instead of resting on their laurels, both General Revault D'Alonnes, a leader of the Free French liberating army, and legendary resistance heroine Marie-Madeleine Fourcade, interviewed inside, are fighting for beam-weapon defense as the pillar of the U.S.-European alliance.

But this week's cover photo reveals a different kind of invasion, one that underlines the need to rally the sort of patriotism Franklin D. Roosevelt evoked and which was courageously carried out by the anti-fascist resistance movements inside France, Italy, Germany, and other European countries during World War II. The Russian Orthodox prelates caught by our photographer preaching "peace in our time" (no kidding!) at a Washington gathering had exactly the same message as the "scientists," "think-tankers," "diplomats," and other divisions of Soviet peace envoys who have landed in waves in the United States. Their message is that the United States must immediately quit all plans to defend itself by new physical principles against Soviet nuclear missiles—and drop the Strategic Defense Initiative popularly known as beam weapons.

We caught the "KGB Democrats" we've been writing about in *flagrante* aiding the Russians in this. A ten-page package in *National Report* details the shocking story of how the Soviet embassy in Washington dots the i's and crosses the t's on the bills the KGB Democrats and Kissinger Republicans are ramming through Congress to stop beam defense. Meanwhile, the U.S.S.R. has the strategic edge and is elbowing the United States out of key regions of the globe. The Persian Gulf has been making headlines, but the big danger is still in Western Europe.

I recommend three other "scoops": the real story on the U.S. banking collapse (*Economics*); the gun-runner's arrest that confirms longstanding *EIR* charges of U.S. government involvement in Iranian terror (*National*); and the insider's report on how top U.S. officials dictated appeasement to the German Social Democrats (*International*).

Susan Johnson

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NSIPS/Stan Ezrol

Russian "peace" emissaries have been flooding the United States, building up the movement to stop beam-weapons defense in the West, including dictating bills to the U.S. Congress. Pictured is Metropolitan Juvenaly (bearded, left), the head of a KGB-deployed Russian Orthodox Church delegation, during a May 1984 stop at Georgetown University in Washington

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The banking crisis is out of control

by David Goldman

At 7:50 a.m. EST Thursday, May 24, *EIR* European Economics Editor Laurent Murawiec filed a report that Manufacturers Hanover Trust paper in London had fallen to a deep discount and that the bank had significant funding problems. MHT took the worst hit because it has triple its capital in Brazil alone, and the big European banks are responding to last weekend's declaration of an Ibero-American debtors' cartel. The Dow-Jones newswire broke a story at 11:27 a.m. the same day reporting rumors to this effect, which *EIR* had already confirmed. Thursday's panic against bank stocks then ensued.

An *EIR* Alert Bulletin of March 16 had already reported Manufacturers Hanover's problems:

"If a portion of Argentina's \$45 billion foreign debt is declared non-performing on March 31 as threatened last week by Manufacturers Hanover President Harry Taylor, 'Manufacturers Hanover may have to be merged to avoid further trouble,' a top accountant at one of New York's Big Eight accounting firms told *EIR* today. The source said he had heard this 'several times now from very high-level people. I'm beginning to be worried.'

"The Federal Reserve's plan, if a run does develop on Manny Hanny deposits or stock, would be to merge Manufacturers Hanover and another large New York bank 'which would be experiencing similar troubles' by that time, the accountant stated. 'That way they could consolidate the debt and only have to deal with one bailout situation.'"

Now general monetary warfare has begun against the United States, along the battle lines *EIR* described first in 1983 and continuously during the past several months. The United States, a net debtor nation for the first time since World War I, is now subject to depredations of European creditors. These propose to do the same thing to the United States that the Reagan administration has sanctioned in the case of the big Third World debtors: to use the leverage of a

shutoff of credit to dictate domestic policy, as well as contracting credit to dictate defense policy, to the United States.

That they mean to dictate domestic policy was made explicit by the chairman of the Bank for International Settlements, the command-center for such monetary warfare, Fritz Leutwiler of Switzerland. Speaking at a Swiss seminar just after Continental Illinois fell, Leutwiler warned that countries that engage in excessive foreign borrowing—referencing the United States—"are merely postponing the fight among their citizens for the distribution of limited resources."

Friday's markets calmed only because major banks bought their own Certificates of Deposit (CDs) off the trading floor to avoid steep reductions in the value of their paper. This is the rough equivalent of a corporation borrowing from loan sharks in order to prop up the value of its stock on the market.

The banking crisis is fully out of the Federal Reserve's control. To the extent that the Fed does what New York Federal Reserve President Anthony Solomon swore to do Thursday night, i.e., "stand by the banking system," it will produce an irrevocable crash of the dollar and collapse of the U.S. economy through excessive use of the Treasury printing presses.

The dollar's steep drop on the foreign exchange markets on the afternoon of May 24 gave a foretaste of what will happen if the Federal Reserve chooses this course.

Contraction of the Eurodollar market

On May 23, the London *Times* stated bluntly the reasons for Manufacturers Hanover's predicament: "Banks fear debtors' cartel over \$340 billion Latin [American] loans." The lead article of the paper's economic section, datelined Washington, reported: "Fears were growing among international bankers in Washington last night that Latin America is about to form a 'debtors' cartel.'"

The report continued to cite last week-end's joint com-

muniqué of four Ibero-American heads of state as "a signal [of] a new confrontation over repayments. . . . Some bankers fear that Argentina, which had earlier refused to meet scheduled loan repayments, is pressing other debtor nations to take similar action to increase the region's bargaining power with international banks."

The *Times* article mentions generalized rioting throughout the continent, the recent additions to the debt burden due to increased U.S. interest rates, and the call issued by Ibero-American leaders for an emergency debtors' summit meeting. "Although the tone of the communiqué was moderate, it nevertheless marks the first time Latin American nations have banded together to seek better terms."

In France, the daily *Le Matin* reported May 25 on the May 19 meeting of the Latin American Association of Development Finance Institutions (ALIDE), and its recommendations that there be "a joint renegotiation of debt," rather than a case-by-case situation that might lead nations to "unilaterally decree moratoria"—"a commented the French daily.

Le Monde, which gets its financial briefings from Lazard Frères of Paris, wrote in an editorial on May 23: "Latin America rebels. The impossibility to repay the debt is not doubted any more by anyone. In such circumstances, the appeal issued by moderate and reasonable heads of state might be the last chance before the establishment of a debtors' front that will wield the very real threat, this time around, of stopping all payments."

A London banker stated one day before the panic began: "A 5% contraction of the Eurodollar market might well be underway as a result of the Continental Illinois crisis, and with an interbank market of \$1 trillion on the Eurodollar market, that means well over \$50 billion that evaporated in ten days."

ting their internally-fixed lending limits to American banks; they are cutting down on the credit lines and other exposure to American banks—especially the smaller ones, since the Fed will bail out the huge ones—and U.S. banks cannot even get a rating in London; they could not sell a toothbrush with their name on it."

historical precedent for U.S. banks being unable to place their paper. In effect they have been quarantined by the rest of the world banking community.

The largest U.S. banks, as a result, are themselves calling in their loans to smaller banks in order to strengthen their own liquidity position, which is badly maimed by runs on deposits, an ongoing collapse of their share value, and the adamant refusal of non-American banks to buy U.S. bank paper unless punitive interest rates are paid to secure it.

Bringing down Reagan

A well-placed Geneva banker reported on May 25 the following evaluation of the political consequences of the Continental Illinois crisis: "Credit is going to be massively contracted, world-wide and of course in the U.S.A. Volcker

is preparing Reagan's non-reelection. He's preparing a super-squeeze. Ronald Reagan and this idiot Don Regan are totally unaware of what's going on. They're going to move on until they get badly bashed over the head. The European recovery is already vanishing; it's something of the past. Projections for economic growth are already beginning to be revised downwards. And the pressure of the Latin American heads of state won't work—the White House is the hostage of the banks. So, the game is going to blow. Next, everything depends on Volcker: If he monetizes the American banks' bad loans, it will drown the problem in an ocean of liquidity. If he does not, well, the only thing the White House could do is bump off Volcker. But then, the Democrats are protecting Volcker: He's doing their job, destroying Reagan's recovery. And this poor Reagan does not see the danger."

According to a London *Financial Times* guest writer May 23, New York money manager George Soros, who is close to the Morgan, Stanley investment house, the United States should drastically cut military spending in order to save the world from the debt crisis. Entitled "International debt—the danger of Reagan's imperial circle," the article explained that "the Reagan administration has developed a new form of economic imperialism which allows it to finance a high budget deficit at the expense of the debtor nations. The policy is likely to appeal to voters, but will have disastrous consequences."

Banks get in deeper

Friday's market quieted due to massive intervention by the banks themselves (the Federal Reserve not yet in evidence) to buy up their own CDs through intermediaries, in order to avoid the embarrassment of steep discounts or even a stoppage of trading. Rumors circulated wildly, e.g., that CDs of Chase, Manufacturers Hanover, and Continental Illinois were not trading at major brokerage houses. CDs were not trading because the banks snapped them up off the market. To do this, they borrowed heavily on the Eurodollar market, pushing the six-month Eurodollar rate up by $\frac{3}{16}\%$ on both May 24 and May 25.

The London six-month Eurodollar rate stood at $12\frac{3}{16}$ Wednesday, rising to $12\frac{1}{2}$ on Thursday, and an incredible $12\frac{9}{16}$ Friday. Earlier in the week, bankers said they were unable to borrow; as the crisis broke, they said they had no choice but to borrow Eurodollars at rates commensurable with or even higher than their prime lending rate.

Commented a senior U.S. official: "The decision has already been made. The Federal Reserve will float the banks off into the sunset on a sea of liquidity." Well-placed Democratic sources at the Joint Economic Committee say that "the Federal Reserve will print money to any extent necessary to bail out any bank, Continental, Manny Hanny, banks in Texas, any bank; you can't set a limit. . . . Shrieks of panic coming from the White House" FDIC will bail the banks out. So the White House isn't shrieking at Volcker any more, just biting its fingernails."

Debtors' cartel launched by Ibero-American presidents

by Robyn Quijano

Four Ibero-American presidents, representing over 70% of the region's population and \$231 billion in outstanding debt to Western banks, issued a joint declaration May 19 pledging common action to transform "international trade and financial policy" in order to assure "relief of the debt service burden" and "allow the flow of credit for development." The call was lauded throughout the continent as the first action of the long gestating "debtors' club," the formation of a joint command to assure the economic survival of Ibero-America.

The declaration, released simultaneously in Mexico City, Brasilia, Buenos Aires, and Bogotá, calls for an emergency economic summit of ministers from all of Ibero-America "to define courses of action." The Presidents blasted the interest-rate hikes and the "prospects of new hikes," and expressed their refusal to tolerate being "forcibly thrown into insolvency and economic stagnation. . . . Our countries cannot accept these risks indefinitely," they warned.

New interest-rate hikes in the last two months have cost the continent's debtors nearly \$3 billion. In the last two weeks alone, interest rates went up half a point, and word spread that they could reach 19% to 20%. Every 1% rise in interest rates costs Ibero-America over \$2 billion.

While the press throughout Ibero-America called the new pact a debtors' club, a debtors' cartel, or a union of debtors, Mexican Finance Minister Jesus Silva Herzog announced that it is a front against high interest rates, not a debtors' cartel. But by whatever name, the bargaining capacity of the continent's three largest debtors, Mexico, Brazil, and Argentina, who represent over one-third of the debt of the entire developing sector, is a power that has long been feared by the institutions of international usury.

This declaration was understood by the world's banking community as the first action of a "debtors' cartel" threatening to foil the achievements of years of manipulation. The cartel of international bankers has kept debtors isolated, each battling to be treated as a "special case" more deserving than the others, as the bankers dangle the carrot of a new "jumbo" loan package before their noses. Such an eleventh-hour operation of blackmail and promises pulled Venezuela, the region's fourth largest debtor, out of the accord.

The joint action was put into place after the tour of Mex-

ican President Miguel de la Madrid to these nations in early April; there followed continuous phone conversations between the presidents. The pact was signed days after de la Madrid returned from Washington, where he presented the continent's crisis to President Reagan, and got only higher interest rates as a going-away present.

The ministerial-level meeting to formulate joint action is now scheduled for Bogotá in the first week of June. On May 23, a Colombian press service (CIEP) revealed what it said was the draft of the agreement to be worked out at that meeting. The draft's main points were:

1) Amortization of debts to foreign private banks should be stretched over 15 years with a moratorium for the first 6 years.

2) "No more than reasonable percentages of export income compatible with preserving adequate levels of internal productive activity should go to debt payments."

3) "A drastic reduction in interest, commissions and other fees."

While all of Ibero-America is more or less in agreement that the interest-rate hikes represent "monetary vampirism of the creditors," as stated by the speaker of the Brazilian Chamber of Deputies, Nelson Marchezan, the level of courage—or treason—behind proposed solutions differs greatly from nation to nation.

The most crucial questions of the accord will be:

1) if the nations will demand lowered interest rates within the context of brutal IMF adjustments, or if the recessive policies of this tool of the international oligarchy will be rejected altogether;

2) if the nations will accept a proposal put out by the World Bank and the creditor banks, as well as Anthony Solomon of the New York Federal Reserve, to "cap" interest rates at an artificially fixed level and add the difference on to the principal, extending the life of the loan—forever.

The feudal approach of indefinite debt-pyramiding, which has been the *raison d'être* of money merchants and usurers throughout history, is the solution compatible with the Kissinger debt-for-equity plan. First put forward by Henry Kissinger and friends at an August 1983 meeting in Vail, Colorado, the plan focuses on the grab-up of industry and natural

resources on the continent in lieu of interest-payments. With an ever-augmented principal, the takeover of anything worth owning in Ibero-America would be just a matter of time.

Sebastian Alegrett, permanent secretary of the Latin American Economic System (SELA), when questioned on the Presidents' call, said: "The countries of the region are being forced to present unilateral responses on how much, when, and how they are prepared to pay their foreign debt." In a sharp attack on the debt-for-equity plan, Alegrett said that high interest rates "are part of a manipulation designed to favor an arbitrary and abusive appropriation of the resources of Latin America."

While the IMF has been lauded among official circles as an institution essential to the developing sector, the trade union, industrialist, and most political circles of the continent have increasingly fixed their hatred on that institution over the last few months. The deaths of more than 60 people in three days of food riots in the Dominican Republic in late April, thanks to IMF-imposed increases in food and medicine prices, brought home to Ibero-America as a whole the true implications of capitulation to the IMF.

On May 25, the day after issuing a statement backing the four presidents' accord, Dominican President Jorge Blanco was forced to suspend the second phase of negotiations with the Fund; he refused to accept further austerity measures, including the IMF's demand that the government pay for imported oil at the "free market" exchange rate instead of a preferential one.

Massive internal political pressures led to Blanco's last-minute decision. The Dominican Chamber of Deputies approved a resolution May 23 asking the President not to sign with the IMF, while the Catholic Church hierarchy of the island called on him to join Mexico, Argentina, Brazil, and Colombia as the best way to "fight the IMF."

Bankers respond

The International Monetary Fund, too, answered the presidents' call. According to Jacques de Larosière, managing director of the Fund, there is little hope of fresh initiatives to ease the debt burden in the developing world. He suggested the nations under IMF domination continue the burden of "adjustments," since "access to new commercial loans will depend more than ever before on the quality of policies that borrowing countries have in place and are implementing."

While the international creditors' cartel, the Ditchley Group of bankers, has dictated a shut-off of credits to most of Latin America, de Larosière promised rescheduling with a long-term perspective for nations which have made progress in implementing the IMF's depression policies. "Such an approach, which should be applied case by case, would help the countries in question regain access to spontaneous financing in international markets," he said. The international markets have done nothing that even remotely resembles spontaneity since they created the Ditchley creditors' cartel in 1982.

The International Monetary Fund and the international bankers also have agents in place to turn the debtors' club into a debtors club; they are proposing that the debtors seek small concessions in exchange for submitting the continent to feudal policies. But the momentum and the necessity to ensure the sovereignty of the region's nations and the survival of its populations, is beginning to short-circuit enemy operations.

Raul Prebisch, special debt negotiator for the Argentine government of Raul Alfonsín, is one of those agents that could be in trouble. He has been negotiating a letter-of-intent with the IMF which the government has thus far refused to sign. While demanding lower interest rates, Prebisch owes his career and allegiance to the British banks, and suggests trading off sovereignty for a stretch out in debt payments. He holds up Lazard Frères' Felix Rohatyn and his reorganization of New York City as a model for Ibero-America.

But the Alfonsín government would not survive the IMF plan which would crush living standards in a nation with a militant Peronist trade-union movement. This week the President held special talks with ex-President Isabel Peron, the head of the Peronist movement, seeking the backing of her party for the government's economic program. But the Peronists violently oppose any encroachments on the nation's sovereignty, and Mr. Prebisch and the IMF are not well liked.

When Finance Minister Bernardo Grinspun praised Prebisch, his mentor, in the Senate last week, Peronist Sen. Vicente Leonides Saadi said that "the prestige of Prebisch has not served except to foment the colonization and exploitation of the country."

Should Prebisch come to dominate the debtors' club, the bankers' plan to take equity in lieu of interest payments would become a reality. But bankers' fears that he will not be able to control Argentina's role within the new debtors' group stem not only from the important role the Peronists are sure to play in any future agreements, but from the fact that Prebisch already lost one round when he couldn't keep Argentina from signing the original communiqué.

Prebisch has been championing the "understanding" nature of the IMF and de Larosière's desire to accommodate on the interest-rate question. He has also stated repeatedly that increases in interest rates are due to "the huge deficit in the U.S. budget." But this nonsense, an attack on the U.S. defense budget and precisely the cover-argument of the creditors, did not make its way into the first declaration of the four Presidents. The *Journal of Commerce* expressed its dismay at Prebisch's apparent impotence in a May 22 article which stated: "Well-known economic analysts were disappointed that the Presidents' statement made no reference to United States fiscal policy, which bankers argue is the biggest factor pushing up interest rates at present."

Perhaps the one thing that has the bankers most nervous is that Ibero-America's largest nation and largest debtor, Brazil, is throwing in its lot with the rest of the continent. Keeping Brazil's "special case" status, and using Brazil

against the rest of the continent, has long been the policy of the international oligarchy, and the specific assignment of Henry A. Kissinger for more than a decade.

Brazil's size and mineral and industrial wealth make it the most important country for the success of an Ibero-American common market. President Figueiredo's signing of the debtors' club accord could give the continent the clout they need in negotiations.

While Brazilian economic officials have protested that the declaration is not the first act of a debtors' club, that Brazil plans to pay every cent it owes, the reality is that the nation will not survive further austerity. In 1983, over 2½ million people died in the drought-stricken northeast, mostly children below the age of 5. Since then, outbreaks of malaria, meningitis, and epidemic gastroenteritis have created genocidal conditions in other areas, too. Brazil has paid its debt with the lives of its people.

Through drastic cuts in internal consumption, and slashing of imports, Brazil has hit record trade surpluses which have boosted its cash reserves to \$2.5 billion. But Brazil already lost over \$1.1 billion added to its interest payments this year through the 1½ point increase in interest rates in the last two months.

While Brazil's economic team, Finance Minister Ernane Galveas, Planning Minister Delfim Neto, and central bank president Celso Affonso Pastore insist that nothing has changed or will change in Brazilian economic policy, Pastore nonetheless warned that "capping interest rates is not a final solution for anything. It merely postpones paying the foreign debt, and I am not very enthusiastic about that as a solution."

Operation Juárez

The fact that the nations of Ibero-America are more solvent than their collapsing creditors is beginning to shape a new perspective for the debtor nations. Reality is on the side of the debtors. They cannot pay. And they still have enough power, enough fighting spirit among their trade unions and industrialists, that no plan for a new colonialization will be easily imposed.

It remains for the patriots of the continent to take control of the debtors' club, and use it to create a new world monetary system. Lyndon LaRouche, candidate for the U.S. Democratic Party's presidential nomination, put forward such a plan for reorganizing the Ibero-American debt in his now-famous 1982 document, *Operation Juárez*; the document is now circulating in its fifth edition throughout the region.

The communiqué

'We cannot accept continued stagnation'

The following joint communiqué was issued May 19 by the Presidents of Mexico, Colombia, Argentina and Brazil:

We, Presidents Raul Alfonsín of Argentina, Joaô Figueiredo of Brazil, Belisario Betancur of Colombia, and Miguel de la Madrid of Mexico, manifest our concern that the aspirations of our peoples to development, the progress of democratic tendencies in our region, and the economic security of our continent are seriously affected by foreign acts out of the control of our governments.

We have confirmed that successive interest-rate increases, the prospect of new hikes, and the proliferation and intensity of protectionist measures have created a somber outlook for our countries and for the region as a whole.

Our countries cannot accept these risks indefinitely.

We have consolidated our firm resolve to overcome the imbalances and restore the conditions for renewing and strengthening economic growth and the process of improvement of our peoples' standard of living.

We have been the first to demonstrate our commitment

to meet financial obligations, on terms compatible with the interests of the international community. We will not accept seeing ourselves thrust into a situation of forced insolvency and continued economic stagnation.

We consider it indispensable to begin, without further delay, a concerted effort of the international community, to the purpose of agreeing on actions and measures of cooperation which shall allow these problems to be solved, especially in the interrelated sectors of international trade and finance.

Therefore, we Presidents propose the adoption of concrete measures to attain substantive transformations in international trade and financial policy which shall broaden the possibilities of access of our products to the markets of developed countries, shall mean substantial and effective relief of the debt-service burden, and shall allow the flow of credit for development.

In particular, appropriate repayment schedules and grace periods are required, along with reductions in interest rates, margins, commissions and other financial charges.

For all the above reasons we call for a meeting, at the earliest possible date, of our countries' Foreign Ministers and Finance Ministers, to which meeting we shall invite the Ministers of other Latin American governments, to the end of defining the most adequate initiatives and courses of action, with a view to reach solutions satisfactory to all the nations involved.

'Now is the time for Operation Juárez'

The following "Open Letter to the Presidents of Ibero-America" is being circulated throughout the continent by the Mexican Labor Party and the Andean Labor Party; it has been published with the names of its signers in newspapers throughout Ibero-America.

We, the undersigned, back the call of the Presidents of Argentina, Brazil, Colombia, and Mexico, directed to the entire region, to agree upon and undertake common actions to "achieve substantive transformations in international financial and trade policy."

In resolute support for this call, we consider that the urgency with which it has been formulated is a signal of the gravity now reached by the crisis provoked by the usurious policy of the International Monetary Fund and the transnational bankers. The Presidents' call indicates that the time has come to put into practice the solutions which have been proposed and maintained since August 1982 by Lyndon H. LaRouche, candidate for the U.S. Democratic Party's presidential nomination, in his famous writing, *Operation Juárez*.

LaRouche maintains that the United States must negotiate a memorandum of understanding with the governments of the Ibero-American nations, in which the United States promises to support the total reorganization of the Ibero-American debt, the creation of an Ibero-American Common Market, and the necessary monetary reforms to create "hard" national currencies.

In *Operation Juárez*, LaRouche proposed that the Ibero-American nations, for their part:

- 1) Constitute a debtors' cartel, capable of adopting collective measures, including a moratorium on payments, to impose the renegotiation of the foreign debt, renegotiation which must guarantee not only relief in the conditions of debt payment, but the creation of a tremendous flow of credit for development. The debtor nations will issue a series of bonds at 2% interest and with whatever long-term payment schedule is necessary, which will be exchanged for the entire foreign debt now pending, whether overdue or not. The payment schedule of the bonds will be distributed in such a way that in no case will the foreign debt payments of any nation exceed 20% of that nation's yearly export revenues.

- 2) Found an Ibero-American common market which gives preference to regional trade over trade outside the region, uses mechanisms to protect the economies of the member nations, and foments the accelerated industrialization of the region. Thus, the participating states will form among themselves a true customs union.

- 3) Relaunch and initiate the great infrastructural projects

which the continent requires for its economic and physical integration, and which include large-scale utilization of nuclear energy, a second interoceanic canal, great hydraulic works both for irrigation and transportation (such as linking the three great South American river basins), a large-scale highway and railway network which could be the vehicle of progress, and the construction of great capital-goods production complexes.

- 4) Establish, as a complementary but indispensable measure, an Ibero-American polytechnic institute, which would work in the most advanced areas of science and technology (such as plasma physics, laser engineering, hydrothermodynamics and genetic engineering).

- 5) Create a common monetary unit—which could very well be called the golden peso—and a common defense mechanism for the region's currencies by means of the Ibero-American development bank through which the common market's accounts would be settled.

"If enough Ibero-American nations enter into such an accord," LaRouche added in *Operation Juárez*, "they will be setting up, by combining nations that were weak, one of the most powerful economies of the globe."

At the same time, to defeat the rentier-financier oligarchy, a war to the death must be declared throughout the continent against the illegal drug traffic. This requires:

- 1) Achieving an Ibero-American Pact against Illegal Drug Trafficking, which is open to all Ibero-American nations and which encompasses all possible forms of joint action against drug traffickers, without impinging on the sovereignty of each nation. This requires an intensification and coordination of the action of the armed forces of the region against drug trafficking, including the downing of illegal aircraft, bombing of laboratories and clandestine airstrips, etc.

- 2) Confiscating all the property of the drug traffickers, their family members and their front-men, including their bank accounts, in all and any of the Ibero-American countries which are signatories to the proposed pact.

- 3) Agreeing upon, at the same time, all possible forms of mutual support in technical matters, especially the use of herbicides such as paraquat, 2,4-D, etc., and the interchange of all police, banking, political or whatever other type of information required to combat drug trafficking.

Finally, we affirm that the Kissinger factor must be definitively eliminated from relations between Ibero-America and the United States. Kissinger in fact works for the usurious bankers who have provoked the financial crisis we are living through. Kissinger and his crowd are those who announced, in Vail, Colorado last year, their plan to collect the debt by grabbing the titles to public and private business firms in the region. Kissinger, as the report of his Bipartisan Commission on Central America explicitly announced, aims to impose the "Hong Kong model" on the continent's economy. Kissinger, the racist colonialist, says that "history is not made in the South." Henry Kissinger must be declared *persona non grata* on our continent.

Monetary decoupling to be set at Basel

by Laurent Murawiec

A secret meeting will take place on June 5 in Basel, Switzerland, at the headquarters of the Bank for International Settlements, which will bring together commercial bankers, senior BIS staff, and central bankers. The meeting will be a major step in a global policy aimed at replacing the dollar as the world's leading reserve and payment currency, decoupling Europe from the dollar, and establishing an East-West European monetary interface that will plug the economies of Western Europe into the Soviet world.

The subject of the Basel meeting is the ECU, the European Community's unit of account, created with the European Monetary System in 1978. Over the last three years, a sizeable international market has developed in ECU-denominated instruments, a *private* market which issues certificates of deposit, bonds, and other forms of debts. The ECU is a weighted basket of the European (EEC) currencies; it has no physical existence, is not issued by any national government's treasury department or central bank, but has gradually acquired a *de facto* existence in transactions. The ECU interbank market has reached the respectable size of about 10 billion (one ECU = \$0.82), and is growing fast. There are also ECU loan, bond, and savings markets, as well as ECU invoicing of trade within Western Europe and with the U.S.S.R. As a basket of currencies, the ECU has the advantage of greater stability, since the disorderly foreign exchange fluctuations between the component currencies tend to offset each other.

The ECU leads a double life, that of an accounting unit on the books of the EEC, where it is used as the monetary yardstick for the member-states' disbursements to and receipts from the Community, and that of a purely private instrument subject to no sovereign determination, one created virtually *ex nihilo* by the private banking system. A group of European commercial banks (Kredietbank of Belgium and its Luxembourg subsidiary; Credit Lyonnais of France; Societé Générale de Banque of Belgium; Lloyds Bank of London) has established a private clearing system which has vastly enhanced the marketability of the quasi-currency.

The next step will be taken on June 5. At the initiative of the European Commission, a working group was established by 18 banks (including the Istituto Bancario San Paolo of

Turin and Morgan Guaranty's Brussels subsidiary) in June 1982 to determine which measures should be taken to further develop the use of the ECU. The group will meet with BIS deputy general manager Alexandre Lamfalussy and his subordinates. Decisions are expected to result in the incorporation of an ECU clearing association, which will be an open-ended group. Both European banks, and non-European banks with subsidiaries in Europe active in ECU trading, will be able to join. Also expected are an agreement with the SWIFT electronic bank transfer system; the selection of the BIS as the central clearing bank; and the appointment of one bank per EEC country as the national ECU clearing house.

Major impetus has been given to the development of the ECU by the floating of an ECU-denominated Eurobond on behalf of the European Community by the three big Swiss banks, which thus signaled their desire to forge ahead with the new "currency." to become the Swiss clearer for ECUs.

Supranational currency

Clearly, the ECU is poised to become a supranational currency strictly in the hands of the private banking system, escaping the reach of sovereign, national jurisdiction. The "autonomy"

in most Western nations means that the BIS-centered system will become a key instrument in the supranationalization of international monetary affairs. "The success of the ECU has been thoroughly 'private,' in the sense that it has been anchored in the activities of entrepreneurs and investors rather than in the political will and the authority of governments," writes the Milan business daily *Il Sole*.

"The ECU is the unique manifestation of some political backbone in Europe," a banker withdraw intra-European international payments from the dollar. There is a complete consensus of the European financial technocracy for it. It could be very useful: In case there were an international banking panic, for instance, the dollar-denominated liabilities of European banks could be re-written in ECUs. This can be done on an entirely private basis; 80% of the intra-European interbank transactions are done in dollars. The ECU could replace the dollar easily."

A banking proponent of the ECU explained: "The impetus for its development and the current push came from the European Commission,"

Brussels, whose Malthusian leanings are as well-known as its fanatical determination to suppress national sovereignty. Former EEC director-general of monetary affairs Fabio Padua-Schioppa, a Venetian oligarch, played an essential role, as did his monetary affairs adviser Robert Triffin, who told *EIR* a few weeks ago that the development of the ECU would fulfill his lifetime ambition, the end of the dollar as the world's major reserve currency. Triffin's autobiographical essay stresses that his lifelong design has been to apply the theories of kook-Jesuit philosopher Teilhard de Chardin to monetary

affairs, including the "convergence toward world government" which is Teilhard's political hallmark.

Padoa-Schioppa has now returned to a senior job at the Banca d'Italia, which is one of the major forces for the ECU expansion among European central banks. His successor at the EEC, Massimo Russo, leans in the same direction. In a speech given on May 19, Trilateral Commission executive Gianni Agnelli, the man who boasted that the Commission had imposed Jimmy Carter as President of the United States, called for the establishment of a "Europe of the currencies." "I have not seen any better example of entrepreneurial vitality than the private use of the ECU," he said, "and a robust private market has emerged with this unit of account, which only needs a minimum amount of regulation." The ECU should be used massively in international settlements, Agnelli added.

Another boost to the ECU's fortune came when French central banker de la Genière went out of his way in his annual report to the French president, and called for "measures that would improve the status of the ECU as a currency. . . . Obstacles that still hinder its circulation between the EMS central banks should be attenuated. . . . The use of the ECU outside that circuit should be promoted." The vagaries of the dollar were used to support such proposals.

In short, the intent behind the BIS meeting is to decouple from both the sovereign governments and the U.S. dollar, and in fact, to prepare to economically integrate with the Soviet bloc.

The Soviet angle

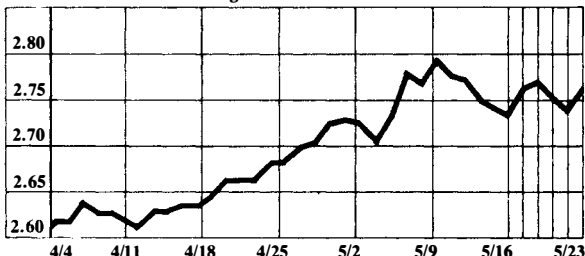
As *EIR* has reported, Soviet interest in the ECU has been avid. At an April week-long symposium held in Tashkent with top German bankers, Soviet financial officials pressed heavily for a massive development of ECU use and clearing, and its generalization as a privileged instrument of East-West settlement. "Their advantage is obvious: anything that reduces the role of the dollar is welcome, and the ECU would do that on a grand scale," a Belgian banker said. "It will cut the dollar down to size. The Russians have already billed trade agreements with French companies in ECUs. The loans were made in ECUs, settled in ECUs, they had to purchase ECUs to do so."

"Moscow Too Believes in the ECU," *Il Sole* entitled an article, which reported that the Soviet Foreign Trade bank, Vneshtorg, had just opened ECU accounts with leading ECU clearing banks. Beyond simple commercial transactions, Moscow is furthering at the monetary level its strategy of decoupling Western Europe from the United States. "It is the common interest of the Soviets and Western Europe to develop the ECU," a City of London expert commented. "All that is needed is that the European Commission gives its go-ahead." The name of the cited official in charge, Massimo Russo, meaning "the Great Russian" in good Italian, makes it hard to see how the green light could fail to appear.

Currency Rates

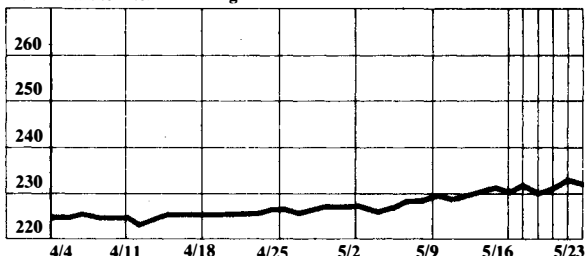
The dollar in deutschmarks

New York late afternoon fixing



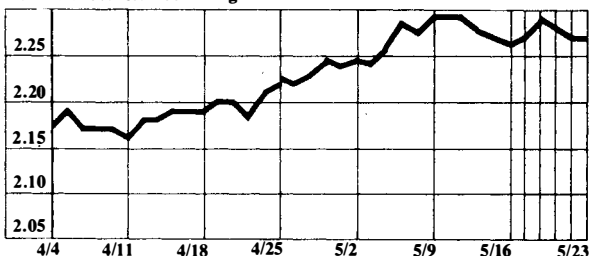
The dollar in yen

New York late afternoon fixing



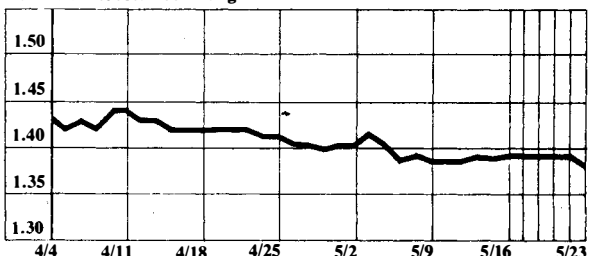
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



French foreign debt soars as asset-stripping of the economy begins

by Laurent Murawiec

Contrary to the contentions of French Finance Minister Jacques Delors, it is not 451 billion francs (\$53 billion) that France owes its foreign creditors, but a whopping FF630 billion (\$74 billion), a French Senate investigation revealed on May 16. Since the official external debt stood at a moderate FF123.7 billion by the end of 1980, a few months before a Socialist-Communist coalition took power, the slide into "risk-borrower" status has been precipitous. Its impact on the debt-sensitive French economy is already devastating; in three years of the Mitterrand government, the currency has been devalued thrice. By 1988, the country will have to disburse FF150 billion (\$17.6 billion) in foreign debt-service, and the only way to meet such commitments will be to auction off parts of the nation's remaining economic assets.

Socialism à la Mitterrand has been the proximate cause for the country's extraordinary slide into debt; there are deeper causes, but the political course of events should be examined first. One of the first moves of the government elected on May 10, 1981 was to nationalize big corporations and banks. To nationalize 12 major industrial groups, FF47 billion was paid out to expropriated owners in the form of long-term floating-rate bonds. These groups, with employment of 600,000, had negligible losses as a result, and some chalked up hefty profits. Losses since have piled up to FF50.7 billion. The newly nationalized groups have received FF25 billion in government funding. The cost of nationalization now stands at FF75 billion; the total cost of the vast nationalized sector since 1982 stands at FF177.7 billion.

The Mitterrand regime's first policy phase was deemed the "State of Grace," and lasted less than one year; it consisted of a massive redistribution of purchasing power, pump-priming measures to stimulate household consumption, and large-scale hiring of state employees. It mainly resulted in an extraordinary swelling of the imports of cheaper manufactured goods. Inevitably, the imbalances created in the trade and current accounts were paid in the form of currency depreciation, which in turn led, through several policy turns, to

the austerity policy—*plan de rigueur*—of Finance Minister Delors. "We are going to engineer a recession which will lower the import levels, which will stabilize the franc and permit us to return to equilibrium, even at the price of employment and industrial activity," a close economic adviser of President Mitterrand told us two years ago.

Debt and the dismantling of industry

What the Socialists had not expected is that money unproductively squandered does not return by the fiat of austerity: While the nonproductive sectors they had so boosted (civil service, leisure, etc.) absorbed credits that should have gone to industry, industry has been the first casualty of the successive waves of austerity. The target growth of the money supply, which had originally been set for 1982 at 12.5-13.5%, was lowered to 10% in October 1982, then to 9% in March 1983, and is now set at 5.5-6.5%, while interest rates stand at 14%. In the meantime, the franc has lost 59.7% of its dollar value, 43.15% of its Swiss franc value, and 29.2% of its deutschemark value. Budget deficits have been soaring, from 1980's FF31 billion to last year's effective FF130 billion, with more expected this year—in spite of the slash-and-burn fiscal measures announced a few days ago by the finance minister when he presented his FY1985 budget to the parliament.

Debt monetization has increasingly been the government's favored trick to fund the gaping deficit: Bank purchases of treasury securities have increased fivefold from FF35 billion to FF163 billion over the period considered; the fine terms these discount/lombard-eligible papers command have meant that the Banque de France, through bank mediation, has funded a huge part of the deficit. According to the cited Senate investigation, the external debt of public corporations soared to astounding levels in the 1980-83 period: that of the national utility EDF by 241%, that of the Telecom corporation by 123%, that of the national railroad system by 204%; the national natural gas company GDF's debt has

increased by 433%, that of the highways corporation by 224%, and so forth. The seven most-indebted public corporations' foreign liabilities went up from FF83.4 billion in 1980 to FF319 billion at the end of last year—they have virtually quadrupled in three years!

It is standard Socialist policy to encourage these corporations to accumulate foreign debt and to reap the foreign exchange thus gained without formally having to chalk up the amounts on the State's own debt blackboard. Another standard operating procedure is to incite the huge nationalized banking sector to pump in foreign deposits, which are then used to finance the current account deficit. A glance at the banks' net *short-term* external positions is particularly revealing (see table).

In short, the banking system is not only the domestic credit cow milked by the government; its external position is equally used as a major stop-gap funding source. Domestic indebtedness represents more than FF600 billion. Of this, the short-term public debt represented FF147 billion in 1980 and FF358 billion now, with the increase in Treasury bills held by the public soaring by 460%. Public medium- and long-term debt has doubled from FF117 billion to FF234 billion. If we add sight deposits held by the Treasury (local authorities, the postal system, the national savings system, and the Treasury's net position with the Banque de France), the total domestic public debt represents FF800 billion (\$100 billion). Worse, debt has grown three times faster in three years than Gross Domestic Product. Fifty percent of the new savings accounts created last year supposedly to channel funds into industry, the "Codevi" (industrial development accounts), have gone directly and indirectly to fund the state budget.

According to official statistics, external debt service should increase from FF40 billion in 1982 to FF90 billion in 1986. According to the much more realistic view of the Senate investigation, it will be FF150 billion by 1988. To counter the explosive effect of the senatorial revelations, Delors announced that France will seek to borrow \$7.1 billion per annum in the next five years, and claimed that the 1988 debt service burden will only be FF89.6 billion, a very dubious proposition based on wildly optimistic projections of the parity of the French franc, and the trade and current accounts. The minister concedes that perhaps the debt-service burden will increase to FF119 billion.

Short-term external position of French banks

	Assets	Liabilities	Net Position
Dec. 1980	408	497	- 88
Dec. 1981	509	689	- 179
Dec. 1982	594	831	- 236
Sept. '83	571	861	- 289
change	+ 163	+ 364	201
% change	+ 40	+ 73	+ 228

Bankruptcy and unemployment

Brazil, for the debt it piled up in the 1970s, has real assets to show: It has used much of its debt productively, in spite of the later subversion of economic growth by usurious interest rates. No such fight for industrial development has been attempted in France in the last years. To the contrary, in spite of the extraordinary advantage of cheap and abundant nuclear-produced electricity—48.3% of total energy consumed—the country's industrial record is now abysmal. Bankruptcies were occurring at an annual rate of 17,000 a year in 1980; they are now at 24,000 annually. Leading industries have announced major layoffs: The steel industry is in the process of laying off 30,000 workers over two years; the shipbuilding industry is cutting one-third of its capacity; 60,000 additional layoffs will be needed in the auto industry, says National Industrial Commission head Fr. Dalle, while a leader of the CGC white-collar workers' union speaks of 150,000 jobs on the chopping block.

Unemployment has grown more in the last 5 months than in the previous 22 months. Renault's RVI truck-manufacturing division has announced 3,750 layoffs, the Michelin tire manufacturer 6,000, the Talbot auto plant 3,000, and truck-maker Iveco 1,350. In the auto spare parts and equipment industry, 25,000 workers will lose their jobs, as well as an estimated 15,000 Creusot-Loire workers, since the leading high-technology engineering company is tottering on the edge of liquidation.

Industrial employment has been collapsing continuously. The 1982-89 scenario plotted by the national statistical institute INSEE calls for the further loss of 800,000 industrial jobs, after more than 400,000 lost in the last few years. There will officially be 3 million unemployed by year-end.

The loss of industrial capacity is appalling. The government's latest steel plan calls for a reduction of steelmaking capacity to 18.5 million tons, compared to 27 million 10 years ago. Shipbuilding will reduce capacity by 25%. The tremendous expenditure of "pump-priming" state monies had barely resulted in stagnation of industrial output as a whole—and this is now coming to an end. Sales of the major car manufacturers represent an unmitigated disaster: Citroen's dropped by 21.5% in March and fell again by 7.5% in April; Renault's were down 34% in April, and 20% over the first four months of this year; Talbot's sales dropped 56.5%—a harbinger of worse to come. Foreign orders of aerospace equipment, a traditional mainstay of the trade balance, dropped by 46% in 1983 to FF23.8 billion. Whole regions have been devastated, such as the north, which has lost one-fourth of its industrial jobs. According to INSEE, no fewer than 190,000 jobs were lost in 1983, and 240,000 will be lost this year.

The government panics

Shortly after his sojourn in "post-industrial" Pittsburgh, President Mitterrand took the final decision to slash the steel

industry, targeting especially the Lorraine region. To sugar-coat the decisions, Industry Minister L. Fabius canvassed industrialists offering bribes for those who would open plants, workshops, or offices in the region—or even for those who would announce their intention to do so. Painstakingly, 4,000 quasi-jobs, proto-jobs, and would-be jobs were piled up to allow the minister his triumphant announcement. “You don’t solve in two weeks a problem that is 15 years old,” an expert commented. True enough, but the government’s response has been panic and improvisation. Faced with the combined FF10 billion losses of the two nationalized steelmakers, the government decided to strike—at industry.

After the flurry of wage increases and lavish budget allocations of 1981-82, the successive austerity plans led to a 0.9% drop in consumption in 1983. Farm income dropped by 3.1%. Wages and prices have been forcibly “divorced,” and purchasing power of households will additionally be diminished by increased social transfer payments. Investment is hampered by the low self-financing capabilities of the corporate sector, the high interest rates, and the “crowding out” effect of government borrowing, denounced in a recent report to the president by Banque de France governor de la Genière. The public sector had accounted for 50% of productive investment under the previous Giscard government. In its present financial shape, it is nowhere near being able to fulfill that function. Some large infrastructure projects will continue, in the form of high-speed trains and urban transit, but not nuclear equipment, which the Socialists have sharply slowed down. Mitterrand’s number-one priority is now the preposterous “telematique” fad, a combination of telecommunications and computers, wrongly supposed to be the “third industrial revolution.”

Only exports could pull the economy ahead, but would require large, continuous devaluations of the French franc, since the inflation differential with competitor nations such as Germany is still high—in the 3-6% range. The country’s terms of trade will have to deteriorate if the balance of trade and the current account are to improve. And while at the end of 1983, the International Monetary Fund had given one precious brownie point to the French government—the external account was supposedly improving—the first-quarter 1984 results have dashed the finance ministry’s hopes: A FF12.8 billion trade deficit and a FF15 billion current account gap spell disaster for the year. It seems virtually impossible to avoid at least a FF30-35 billion trade deficit and a FF40-50 billion payments gap.

The government’s reaction has been spelled out by Delors: “The 1985 budget will be incommensurably more rigorous than that of 1984.” Planned is a 10% cutback in government investment, which will end up as a 16.5% cutback once inflation is taken into account; state employment will be cut by 1%, and operating expenses of the state will drop by 8.5% in real terms. Already last March, large government investment programs were abruptly canceled, and the favor-

ite game in ministerial offices ever since has been to juggle declining amounts of credit from one budget to another, according to the fluctuations of presidential moods and the riot-capability of the social layers affected.

Asset-stripping

Aside from the cybernetic fantasies of chief presidential adviser Jacques Attali, whose “technetronic” leanings have been the subject of numerous cocaine-inspired books which have earned him several unprintable nicknames, the new fad in government circles is “sharing the work.” Work-time should be shared to “save jobs,” and some approximation of a 35-hour work-week should be introduced, Social Affairs Minister Pierre Beregovoï has repeatedly insisted. Sops have to be found: A massive strike wave is presently hitting the auto industry, complete with sit-ins and violence, and its principal backer, the Moscow-controlled CGT labor union, wants government blood.

But another way out is being dangled in front of the Socialist government’s weary eyes: *asset-stripping*. The nationalization of large chunks of the corporate sector and many private banks has fundamentally represented a *redployment of funds* rather than a “socialist” move. Shareholders have been lavishly bought out; the state has been loaded with loss-generating sectors, and, in the words of one commentator, “The losses have been nationalized,” and the buck passed on to the taxpayer, whose lot the finance ministry is presently working at worsening.

The looting mechanism is breathtaking in its sheer imaginative power: Capital fled France before and after the Socialist-Communist assumption of power; the franc collapse worsened the terms of trade as the import bill soared. France had to borrow abroad, from the creditors that had pulled out the means to repay its accumulating debt in the first place. The time is now approaching when foreign creditors will be able to buy up large chunks of that same nationalized industry very inexpensively, and which the government will have to sell under the pressing diktat of immediate financial requirements.

Nationalization will have meant a vast redistribution of power which, for two years, has given the misleading impression of benefiting either the poorer layers of the population or the state. The former have already been despoiled of whatever they briefly acquired in terms of purchasing power; the latter will disengage itself from ownership, whether under a “revisionist” Socialist government or a new regime manned by the opposition, which announces loud and clear its intent to massively denationalize, à la Britain’s Margaret Thatcher. This will be the price for redeeming the foreign debt. The current adventures of Creusot-Loire (see *EIR*, May 15) are just a first signal in this direction. New waves of panic and improvisation can easily be forecast. “Buy dear, sell cheap”—such is the motto of the incompetent crowd presently running French economic policy.

Dollar crisis returns with a vengeance

The banking collapse has become the principal world strategic factor, and the dollar is the victim.

After nearly returning to its January high point against leading European currencies during April and early May, the U.S. dollar dropped a sudden 2% the afternoon of Thursday, May 24.

Thursday's dollar crash, from about DM2.76 to 2.70, occurred in a matter of minutes due to massive selling in Europe, according to our contacts on the floor of the Chicago International Money Market. For a while there was no market for the dollar with bid-asked spreads of 0.4-0.6%.

The panic quality dissipated on Friday, May 25, as traders left for the holiday weekend, but the dollar barely recovered a pfennig of the ground it had lost.

Dow Jones reported at the end of trading that night:

"The dollar plummeted as a strongly denied rumor that Manufacturers Hanover Trust Co. is having funding troubles aroused fears of widespread instability in the U.S. banking system. Adding impetus to the dollar's sharp drop was the announcement by Deputy Treasury Secretary R. T. McNamar that the U.S. won't roll over its commitment of a \$300 million bridging loan to Argentina beyond the current May 31 expiration date. He later clarified his statement, saying the United States may roll over the loan if Argentina is near an agreement with the International Monetary Fund on an economic reform program. Later McNamar called today's currency markets 'disorderly,' implying possible Fed intervention to support the dollar."

In short, the usual nonsense concerning interest rates and inflation expectations is now ignored even by the wire services, and the principal consideration is the danger that the Federal Reserve will have to pump huge amounts of liquidity into the banking system.

What is impressive about the dollar crash is that it occurred during days on which six-month Eurodollar rates rose a clear $\frac{3}{8}\%$, the second-largest jump of the year, and also on the worst day of escalation of the Persian Gulf war, threatening European and Japanese oil supplies.

Previously, strategic factors, such as fear of an oil crisis and of Soviet military designs on Western Europe, had supported the dollar at a time at which every economic or financial consideration dictated a decline in the range of 30%. Now that the international banking disaster has become the principal strategic factor on the world stage, the dollar has become the victim.

This is precisely the situation which *EIR* foresaw in an *Alert Bulletin* released Dec. 17, 1983, when it became clear that the Ibero-American debt crisis would be postponed past the Dec. 31, 1983 deadline for Brazilian payments:

"Senior U.S. government officials warn that the patch job conducted to prevent a general banking crisis on Dec. 31 merely tracks the crisis to March. Although the Brazilians will have managed to avoid the Dec. 31 disaster, a confidential U.S. govern-

ment study shows that many of the banks who committed money to the project (still incomplete with only \$6.2 billion available) did so with no intent of ever disbursing that money, since the Brazilians' clear inability to meet IMF economic targets under the IMF's present 'stabilization' program for Brazil gives them an escape clause.

"The collapse of the Brazil package would trigger a run against the dollar, triggered by Soviet and allied European banking interests, as a form of strategic bombardment of the U.S. economy, and of the President's defense budget in particular."

The enormous danger to the dollar is shown by the following:

Total Federal Reserve bank credit, i.e., the balance-sheet size of the Federal Reserve, is only about \$180 billion. As a bank, the Fed is smaller than Citibank and Bank of America combined.

The explosive growth of the Eurodollar market to about \$2 trillion, of which almost \$1 trillion is in interbank deposits, has permitted the total size of the credit system to expand much faster than central bank credit. This ensued because every \$1 of central bank credit could become \$10 or more of Eurodollar deposits, since the offshore banks must hold no reserves against deposits.

However, when banks lose deposits during a confidence crisis, the Federal Reserve will have to replace lost deposits virtually on a one-for-one basis, as it did in the case of Continental Illinois.

The Eurodollar fluff will disappear as a "reverse money multiplier" takes hold, and the Federal Reserve will have to replace the fluff with obligations of the U.S. government. It is thus no surprise that West German central bank head Karl-Otto Pöhl warns that the dollar will "overshoot" its appropriate value on the way down.

The strike wave threatens social chaos

Metalworkers' "selective strikes" threaten to bring much of European industry to a halt.

On May 14, the German metalworkers began their pre-announced strike to demand the 35-hour work week, sparking a process which could lead to the disintegration of Europe. Although they first put no more than 13,000 workers on strike, the effect has been maximum, because the strike hits the key suppliers of parts to the automobile industry. If the auto industries run out of material before the strike is over, 580,000 auto workers and another 900,000 in the supply industries will be out of work within two or three weeks. In some cases, where companies have not built reserve stockpiles, they will cease production by the end of May.

Not just Germany's auto industry is paralyzed by the strike, but also that of most of the other European countries: In Holland, the Opel (General Motors) and Volkswagen branches are threatened with short-time because they depend on deliveries from Germany. In addition, 40% of all cars sold in the country are of German origin, and salesmen maintain only smaller inventory stocks because of high maintenance costs.

In England, a stoppage in the delivery of Volkswagen engines will freeze sections of car production at British Leyland. The same holds for Belgium, where 37,500 autoworkers will be idled if their companies don't receive crucial parts from Germany. Sweden's two main car producers, Saab-Scania and Volvo, are affected because they depend on deliveries from West Germany.

Even the machine and machine-tool sectors are hit: In Finland, the three major producers in this branch, Valmet, Waertsila, and Ahlstrom will shut down if the parts from Germany don't arrive. In Austria, Voest-Alpine, the country's largest machine-producer, depends on parts delivered from West Germany.

Thus, the strike in Germany has already launched a wave of potential paralysis of one of the key industrial sectors of Western Europe. Even in France and Italy, where automobile production is largely independent from German deliveries, the sector is hit by strikes. Though not directly connected, these strikes are considered an integral part of the general strike wave coordinated by the European Trade Union Congress (ETUC) headquartered in Brussels. At its last European congress in April 1982, the ETUC called for the "reduction of weekly work time to 35 hours," to be implemented in all European countries: "At the national and sectoral levels, trade union organizations will carry out parallel actions to achieve these objectives."

While the aim of the 35-hour work week has been said to create more jobs, since each individual worker would work less, the final aim is a new social order in Europe. Franz Steinkühler, the deputy chairman of Europe's largest union, the German metalworkers with 2.5 million members, said in an interview to the Dutch daily *Algemeen Dagblad* that the German strike was "just the prelude to a long battle for

power between labor and management on a European scale . . . it is a fight for a new balance of power in Europe's society."

Referring to his union's influential position within the European labor movement, Steinkühler warned that in case German management tries to collapse the strike through mass lock-outs, the union's "sister organizations in the neighboring countries will not abandon us." He predicted solidarity strikes throughout Europe, which would mount into a head-on clash with most of the governments whose austerity policies have ignited labor's rage.

The German metalworkers seem to want to provoke such a situation. One of the strike leaders in Germany, the chairman of the Stuttgart metalworkers district, Eisenmann, said on German TV: "We hope that management loses its head soon, because that would help us in our solidarity mobilization!" Indeed, the management of the German metal sector has already locked out 65,000 workers, and another 30,000 are to follow on May 30. Since several of the country's main automakers, such as BMW, Audi, and the largest tire producer, Continental, have announced short-time for another 40,000 workers, more than 200,000 German metalworkers are idle—either through strike or lock-out. By the end of May, this figure is expected to jump to between 300,000 and 500,000, if not more.

This might be the tripwire for European-wide solidarity strikes and other actions coordinated through the ETUC. As things line up now, the results of European-wide action will be politically suicidal, since it will demand the dismantling of U.S. nuclear missiles in Europe, as well as the 35-hour week. Is there a political alternative? That question will be taken up next week in this column.

Unionbusting and violence in Toledo

The onslaught against labor should bring no joy to business—it is designed to inaugurate the “post-industrial age.”

The incidents—described in press reports as “the worst labor violence since the 1930s”—that hit Toledo, Ohio on May 21 were actually a major escalation in the war to wreck American labor, business, and industry. It was a conspiracy designed by the *Toledo Blade* newspaper and its anti-industrial cronies to jerk the knees of every free enterpriser and right-to-work advocate into a class warfare-style attack against labor.

When 100 police stormed into a crowd of 3,500 workers who were demonstrating outside the AP Parts plant in Toledo in support of the company’s locked-out union members, the *Blade* and other media played the incident as an anarchic labor riot, with the labor movement shifting beyond mere economic demands that imperil the “recovery” and toward violence that threatens the economic and social fabric of the nation.

But exactly the opposite is true. The city of Toledo has been targeted for the most brutal union-busting drive since the 1930s, as a model for a national operation to destroy labor unions and workers’ standards of living and to put the coffin nails into America’s industry.

What the press called a labor riot was actually set off by the security goons hired by the AP parts management, which has been out to break the union and impose massive wage cuts for months. At a press conference May 24, the presidents of the Toledo Firefighters Union and Patrolmen’s Benevolent Association blamed the Nuckohls, Inc. “security” squad hired by

AP for the display of violence.

“They are goons,” said Firefighter head Paul Horn. “They deliberately provoke and taunt the strikers. They wanted violence. They are responsible. The wisest thing that AP could do would be to fire those goons.” Police union leader Bill Dunn added that Nuckohls had a known record of inciting violence in labor-management disputes. “These goons fan the flames themselves,” said Dunn.

The union, Local 14 of the United Autoworkers, was forced to strike May 2 when AP Parts imposed wage and benefit cuts of up to \$5.84 per hour upon the expiration of their labor contract. The company threatened to move the plant south as the twin to its already non-union shop in North Carolina, and began to hire scabs at bargain-basement wages.

AP Parts’ labor-management relations head Richard Deming said he had expected a strike much earlier. On March 5, the company, a major supplier to General Motors, abrogated its labor contract and implemented 170% speed-up on the production lines. Two tiers of barbed wire were strung up around the plant, two new “observation towers” constructed at the plant perimeter, and 40 security guards, armed with baseball bats, were brought in from Nuckohls, Inc.

The demonstration was called only after the company refused to seriously negotiate with the striking union—which had already accepted major wage cuts—and brought in more than 250 strikebreakers to man the factory.

The rally was tense but peaceful,

until the police captain in charge fired a tear gas cannister. The missile hit a worker’s leg, and the violence erupted. Forty-one workers were arrested. Most were charged with aggravated assault and, in some cases, were kept locked and chained in vans for three hours.

In a recent interview with *EIR* investigators, Ken Gavin, a spokesman for the Toledo Chamber of Commerce, emphasized that “one way or another, the wage structure must be lowered to make Toledo competitive.” He made clear exactly why when he praised one Randall Root, the author of *Toledo Towards 2000*.

Root is a peddler for the worst of Toledo’s “conservative” anti-industrialists, led by *Blade* publisher John Block, a devotee of the British aristocracy and of population reduction. Root’s report, produced according to Block’s specifications, makes explicit the connection between union- and business-busting by prescribing for Toledo the “creative destruction” of factories, a “move from the Industrial to the Information Age.”

“I agree with Gary Hart,” Root told our investigators. “Unions must make major concessions [because] industry must be competitive. We have seen the passage of the era of good and plenty. . . . Steel mills? A steel mill is an expression of national macho; it is not necessary to have so many steel companies. . . . The nature of warfare has changed. It is not hardware-intensive but information-intensive.”

The AP Parts violence occurred 50 years to the week after the famous Toledo Auto-Lite strike of 1934. Like that event, which marked a milestone in labor organizing during the Great Depression, the AP violence presages the emergence of a new strike wave by Americans who are resisting the “post-industrial society” onslaught against both industry and labor.

Business Briefs

Debt Bomb

Leutwiler worried about U.S. interest rates

Fritz Leutwiler, president of the Swiss National Bank and the Bank for International Settlements, said on May 24 that the rise in U.S. interest rates has added new strains to the debt crisis. "Central bankers must be on guard," he warned.

Leutwiler declared that he saw a positive side to the Continental Illinois bank crisis. The action of U.S. authorities in coming to the aid of Conti demonstrated the power of the authorities and their will to intervene in a major crisis, he said.

In an interview published in *EIR* March 1, 1983, Leutwiler had said that the U.S. Federal Reserve had no idea what it was doing and that "the hope of a U.S. recovery is ill-founded, wishful thinking."

Colombia

Liberals, bankers fear debtors' cartel

Colombian President Belisario Betancur's support for joint efforts by the Ibero-American debtor countries to solve the debt crisis has drawn the angry attack of the nation's liberal news media.

"Colombia is the only nation which still gets short-term credits for trade. To continue encouraging a meeting where a debt moratorium would most likely be posed as a reaction to the increase of interest rates which affect us very little, might be a good gesture of Latin American solidarity, but could become fatal for Colombia," declared the drug-mafia-backed liberal newspaper *El Tiempo* on May 25. The paper complained that Colombia, unlike Venezuela, had responded to recent moves toward a debtors' cartel with "great excitement."

El Tiempo echoed statements made May 24 by Chase Manhattan Bank's representative in Colombia, James Therrien, who threatened an international credit cut-off in the "near future" were Colombia to be in-

cluded in a "debtors' cartel." Colombia now enjoys a uniquely "favorable" status, he said.

Venezuela

Goldman, Sachs brings in Kissinger, McNamara

EIR's correspondent in Caracas, Carlos Mendez, issued a press release May 21 revealing that the New York investment house Goldman, Sachs & Co. is enlisting the services of Henry Kissinger to line the pockets of his banker friends and himself, at the expense of the nation of Venezuela.

Goldman, Sachs is proposing to Venezuelan businessmen that it become their adviser in negotiations with foreign creditors, in view of the fact that "it has at its disposal the talents of the members of its Advisory Committee, amongst whom are found Dr. Henry Kissinger, Mr. Robert McNamara, and Mr. Henry J. Fowler, who are available to be consulted on all aspects of the international business of the company."

The memo states that these advisers will give Venezuela's private debtors the power required to force "creditor banks" to give the best conditions to their Venezuelan clients.

Full details of this scam will appear in next week's *EIR*.

East-West Trade

Italy signs gas deal with Soviet Union

Italy and the Soviet Union will sign a 25-year agreement for the annual delivery of 8 billion cubic meters of Soviet natural gas to Italy, Radio Moscow reported on May 23. By the end of the decade, Italy will be 40% dependent on Soviet natural gas.

The Soviets reportedly promised the Italians that they would use revenues from the gas deal to import Italian products.

The trade deal further consolidates Italy's recent opening to the East. Carlo De

Benedetti, a director of the Olivetti corporation, recently stated, according to *La Repubblica* newspaper: "There can always come a time when, brushing away ideological preoccupations, it will be understood that Russia is an integral part of Europe, that the split of Europe—at least the economic one—can come to an end."

International Credit

Japanese, Brazilian leaders to meet

Japanese Prime Minister Nakasone and Brazilian President Figueiredo will discuss Ibero-America's debt problems during the Brazilian President's tour of Japan. Figueiredo will visit Japan for five days beginning Wednesday, May 23.

The primary topic of discussions will be the Quito Declaration adopted by 26 Ibero-American countries last January, which called for continental cooperation on economic development, a Japanese Jiji wire reports. The topics are certainly likely to include the four-president call for joint Ibero-American action on the debt, which Figueiredo signed, as well as Japanese economic aid, an accord on scientific and technological cooperation, and Japanese cooperation in specific Brazilian development projects.

Health Care

Budget cuts raise infant mortality rates

Cuts in federal health-care programs have dramatically increased inner-city infant mortality rates, according to a study by Penny H. Feldman, a researcher at the Harvard University School of Public Health, UPI reports.

Inner-city infant mortality rates in Boston rose 34% between 1981 and 1982. At the end of 1982 in the Boston areas studied, 16 infants per 1,000 died before their first

month and 21 per 1,000 died before their first birthday. Similar results were reported for New York and Detroit.

The 1982 national average was 7.6 deaths per 1,000 before the first month and 11.2 per 1,000 before the first year.

The Invisible Hand

Italy in first place in cocaine consumption

Italy, whose "unofficial economy" has won ample praise from the Milton Friedman school of economics, boasted 34 deaths from drug overdose in the first 20 days of this year, triple the number of the same period in 1983. The statistic was part of a report issued recently by the Italian Interior Ministry, which also admitted for the first time that Italy has been turned into "the biggest heroin refinery of the West." No fewer than 23 Italo-American "families" were identified as controllers and masterminds of narcotics traffic on the peninsula.

Italy's drug laws are among the most liberal in the world, although they have not quite reached the status advocated by Milton Friedman, of full legalization of all drugs, including heroin. According to Judge Ferdinando Imposimato, whose brother was killed by the mafia last year, narcotics "kills more people [360 in 1983] than subversive organizations." The judge described in a press conference earlier this year how "powerful clans move to destabilize the country; they use drug trafficking to rake in huge amounts of capital which they then invest in ultra-sophisticated weapons which end up in the arsenals of the Red Brigades or the [right-wing terrorist] Black Order."

Imposimato said: "In 1973 there were 5,000 addicts; now there are more than 250,000. The present law has certainly influenced this explosion of the phenomenon. It is time to change it. We have to send even those who just use drugs for personal consumption to jail."

In addition to hard-core addicts, about 1 million Italians are estimated to be in a pre-addictive phase, among them 500,000 ha-

bitual marijuana users, while about 110,000 youths in the age group 17-29 are habitual heroin consumers.

Italy also has the highest per capita cocaine consumption in the world, surpassing even the United States, as well as West Germany, France, and Britain put together. The increase in cocaine consumption has not led to any reduction in heroin use, but quite the contrary.

Organized Crime

The 'camorra' moves into West Germany

A television documentary shown in the Federal Republic of Germany on May 24 revealed that the mafia of Naples, known as the "camorra," is moving into West Germany in a big way.

Investigative journalists from the ZDF television network described the case of a counterfeiter arrested in Düsseldorf who committed suicide in prison recently. His lawyer warned the journalists to keep their noses out of the affair. When asked by the reporters whether the mafia was behind the counterfeiting operation, the lawyer replied: "No." "Well then is it the camorra?" "I told you, I am under an oath of secrecy," the lawyer answered.

The reporters traveled to the town of Otaviano, the camorra headquarters, in search of information about camorra boss Raffaele Cutolo, who owns an ancient 130-room Medici palace there. Cutolo is currently overseeing a far-flung crime empire from his jail cell (since his imprisonment in 1979, Cutolo has reportedly made an estimated \$1.8 billion).

The journalists interviewed Italian television reporter Luigi Necco, who was recently shot in the knees because of his own reports on the activities of the mafia and the camorra. Necco declared that the camorra is now expanding its worldwide operations, particularly into Germany, where it is running the drug and kidnapping trade. Profits earned in Germany are reinvested into operations in Germany itself, France, and the Netherlands, he said.

Briefly

● **BANKHAUS** Julius Baer & Co. of Switzerland is moving into Toledo, Ohio: SVP Peter Widmer of the Zürich bank will be running the trust department at the city's largest bank, the Toledo Trust Co. The Swiss will take control of the bank's pension and other funds, including the pension fund of AP Parts Co., the firm which locked out its workforce and gooned demonstrators in May. Toledo Trust will be Baer's agent in Ohio, Michigan, Indiana, Kentucky, and Florida. Widmer recommends that U.S. regional banks invest in the European and Japanese stock and bond markets, in view of the weakness of the U.S. banking market.

● **McGEORGE BUNDY** warned at a press breakfast on May 24 that the world debt crisis may cause "a major disruption of the banking system." Robert McNamara, in a television interview the same day, predicted "a major eruption of social or political chaos in Latin America and Africa." Both Eastern Establishment leaders called for lessening of austerity measures to prevent a disaster like that which followed the Versailles Treaty.

● **THE FACTORIES** of the United States experienced a sharp decline in orders for their heavy-duty products in April, a 6.4% fall that was the worst in nearly four years, the Commerce Department reported May 22. While most of the \$6.7 billion shortfall was in defense orders, the total would still have been down 2.2% were they not included. Orders for durable goods, from automobiles to machinery, were worth \$98.1 billion, down from the March total of \$104.85 billion.

● **SHRIDATH RAMPHAL**, the secretary general of the British Commonwealth, blamed the Reagan administration for the austerity policies of the International Monetary Fund, in a speech May 21. The IMF has become an adjunct of the Reagan administration, he said, and its policies are aggravating, rather than alleviating, the economic crisis in the developing world.

D-Day anniversary: The second liberation of Europe

by Philip Golub

Forty years ago, on the eve of Operation Overlord, more familiarly known as “D-Day,” Europe East and West stood enslaved to the Nazi occupation forces which in 1939 had overrun Poland and in 1940 had completed the conquest of continental Western Europe. Although the Soviet victory at Stalingrad signaled the shift in fortunes of the war, the liberation of Europe would still require two years of enormous effort by the Allies and the resistance.

On June 6, 1944, after months of preparations, the largest military operation in history was finally set into motion; eight Allied divisions landed in Normandy. Two days earlier, on June 4, the armies of Gen. Mark Clark had liberated Rome. But it was not until July that the resistance of German forces was broken at Avranches, opening a path for Gen. George Patton’s Third Army, which spearheaded the offensive which finally crushed the Third Reich.

On Aug. 15, the Free French First Army landed in Provence, and combined with the U.S. Seventh Army in late August to liberate Toulon and Marseille. They proceeded to link up with Patton. On Aug. 25, 1944, the Leclerc Division entered Paris, liberating the French capital. Strasbourg, the Lorraine, and Belgium followed quickly.

The victories were not easily achieved. Conflicting interests dictated conflicting Allied strategies. The United Kingdom had repeatedly postponed the opening of the Second Front in favor of a strategy in the Balkans and the Middle East uniquely tailored to British imperial interests. Churchill and the British elite knew—hence the essential reason for postponing the Second Front in Europe—that American victory and British bankruptcy meant the end of the Empire. Field Marshal Montgomery’s errors and arrogant incompetence during the European campaign—the failure to close the Falaise gap, Operation Market-Garden, and the tragic battle of Arnhem—were viewed as sabotage by more than one observer. General Eisenhower’s chairman-of-the-board approach, his conflict resolution and relative lack of imagination, contrasted starkly with the dynamic offensives of Patton or the brilliantly led Pacific campaign of MacArthur.

One need but compare the strategy, tactics, and results of these giants of the



By saving Europe from the Nazi Dark Age, the Allies saved Western civilization. That European-American alliance is now in grave jeopardy. Shown is General Charles de Gaulle marching down the Champs-Élysées on the day of the Liberation of Paris, August 25, 1944.

French Embassy Press & Information Division

war with the Strategic Bombing Survey's terror bombardment of German population centers, which were supposed to destroy "enemy morale" but instead, stiffened bloody resistance. The strategy of revenge is not a part of the art of war fighting, which instead must center on limiting casualties to their strict minimum, rapidity of deployment and victory, and, ultimately, winning over the populations of defeated nations to higher forms of social and political organization.

This being said, the Liberation of Europe from the dark ages of Nazi barbarism saved Western civilization and awakened hopes for all of humanity. Colonialism and 19th-century imperialist policies crumbled along with the fascist regimes of Europe. President Roosevelt, according to his son's account in *As He Saw It*, sought to accelerate the dismantling of European imperial power. General de Gaulle likewise, in his famous speech in Brazzaville in 1944, spoke of the liberation of colonial peoples. Finally, General MacArthur tried to bring republican principles throughout the Pacific rim and south Asia. India was soon to achieve independence after many sacrifices. Britain was to lose Palestine and the state of Israel was to be formed. Asia entered into a new era. After de Gaulle's return to power in 1958, the Francophone African countries would achieve independence.

In Eastern Europe, however, the hopes of the Liberation were crushed by the brutal and rapid assertion of Soviet power. Raped and plundered by both the Nazis and Russians, Poland was to lose its independence once again, and for a still unending time.

One can ask now, 40 years later, whether the great hopes awakened by the defeat of fascism and the beginning of the

collapse of colonialism have been fulfilled. Although we won the war, we still have failed to win the peace. The 40th anniversary of D-Day symbolizes the unity of Western civilization. Yet even as we celebrate the anniversary today, the sacrifices and achievements of the war are threatened by a daily intensifying world crisis which, once again, endangers civilization itself.

The erosion of the Alliance

Along with the constant evolution of Soviet military power, there has been a deepening erosion of the Atlantic Alliance and the principles underlying Euro-American relations. A process of "decoupling" is occurring which could lead to the third great tragedy in European history in this century, and perhaps world conflict. The present British leadership is made in the image of Neville Chamberlain; devious toward its wartime American ally, it is again acting on secret deals with the aggressor. Official NATO policy is now made by the heir of Lord Mountbatten, Lord Peter Carrington, one of the architects of a "New Yalta" which would cede large areas of the developing sector to the Soviet Union, and would also cede them Europe.

Britain is but an island, treacherous but neither European nor American. The essential conflict of ongoing European history is being, and will be played out in Central Europe.

The fight for Germany

The Federal Republic of Germany's present policy and political crisis most acutely reflects the crisis in Euro-American relations. A significant part of the policy-making elites

of the Federal Republic have come to identify survival with a significant, long-term rapprochement with the East. Unthinkable under Adenauer and the pro-Western "consensus" years through 1969, until Willy Brandt's chancellorship, this eastward shift is no longer restricted to marginal left-wing or SPD circles.

The hard core of extreme right-wing and Nazi layers are acting as direct agents of the KGB; the alienated anti-Americans of the ecologist and pacifist left ironically converge on the extreme right-wing. But there is a much more influential grouping of appeasers, who believe that realism and self-interest dictate accommodation with the East: Krupp's Bertold Beitz, von Amerongen, and Salzgitter industries are representative of this current, as are foreign minister Hans-Dietrich Genscher, and former chancellor Helmut Schmidt. There remains a significant body of pro-American opinion, but it is weakening as the crisis grows. The pacifists are but the most noticeable part, therefore, of a much larger shift in West German thinking.

Like Chamberlain in 1938, there are those in England and the United States who are promoting this shift: Kissinger's recent proposals for the "reorganization" of NATO, the advocates of the Mansfield doctrine that America concentrate on the Pacific, the Aspen Institute, and many others have given their imprimatur to this suicidal policy. Not astonishingly, these latter circles are the heirs of those who, once we had won the war, made us lose the peace.

MacArthur's occupation policies in Japan sought, while preserving Japan itself, to uproot and destroy the feudal oligarchical elements which led Japan to conquest and racist policies. But the destruction of Nazism was not made into a liberation of Germany from the pagan, racist insanity of the founders of the Nazi Party. First, the partition of Germany was arranged: Field Marshal Montgomery, acting on a "secret Yalta" deal between London and Moscow, diverted Patton's army south to Bavaria on a pretext, and allowed the Red Army to take Berlin. Germany's surviving population was starved for an extended period ("the turnip winter," etc.). Nor did we spare ourselves the hypocrisy of proclaiming Germans' collective guilt at Britain's Wilton Park "re-education" program, while at the same time integrating Abwehr and SD intelligence elements into our own services. Today, those remaining hard-core Nazi elements are predominantly working for the Soviet Union, as is illustrated in the case of Gen. Otto Ernst Remer, head of the battalion which crushed the 20th of July uprising in Berlin, a Soviet agent no later than 1949, and a Soviet agent today.

At present, the Soviets have overwhelming military predominance in the European theater. To their uncontested conventional superiority is now added the array of middle-range nuclear missiles—the SS-20, SS-21, SS-22, SS-23—deployed since 1977. These weapons serve as a powerful means of extortion in Europe as a whole, and West Germany in particular.

The pressure which the Russians have been building up

since the invasion of Afghanistan in 1979 is daily increasing, leading to a palpable rise of tension and fear in all leading European circles. Most recently, violations of the Berlin air corridors, the deployment of SS-22s in East Germany and Czechoslovakia, the buildup of elite forces in East Germany aimed at northern West Germany, have all contributed to fueling appeasement sentiment. The Soviet leadership is currently convinced that the crisis in the West offers them unprecedented opportunities for domination, if not conquest.

This contemporary European crisis is intimately linked to the failure of the countries of the Atlantic Alliance to continue the immediate postwar process of liberating the countries of the Third World from underdevelopment. The moral task of the war was betrayed afterwards by the International Monetary Fund, the World Bank, the Club of Rome, and the colonial atavisms of our postwar elites.

A Rooseveltian policy

At the outbreak of World War II, the United States army numbered 113,000 men. U.S. forces were one-third the size of the Polish army, the equal of those of Portugal. By the end of the war, through the continuous struggle of Franklin D. Roosevelt and other crucial leaders, the armed forces of the United States numbered over 10 million men. An unprecedented industrial, technological, and political mobilization made possible the victory over the immense Nazi war machine.

Roosevelt was the architect of victory. He knew that for civilization itself to survive, Europe had to be saved. In contrast to most American opinion, he called for the quarantine of Nazi Germany in 1937, at a time when only de Gaulle among Western leaders had yet called Hitler a true menace to civilization, and most Americans were indifferent, with some even calling upon the United States to support Hitler.

Today, the Alliance needs precisely such a design to preserve peace, reaffirm as essential our historical ties to Europe, and fulfill the unfinished moral task of the post-war era in developing areas of the world. As leading French strategist Col. Marc Geneste put it in a recent conversation with *EIR*, "Our duty, for the sake of peace, is to defend Europe from invasion, and to defend the Russians from temptation to use their crushing military power. The only cheap solution has to be found in modern military defense technologies." By breaking beyond the presently defined "defense industrial base" through military and industrial applications of laser- and kindred energy-beam technologies, we can not only move rapidly out of the age of thermonuclear terror, but also rebuild our rotting industrial economies, and target their output on the development of the backward areas of the world. Beam-weapon technologies, developed in concert with NATO allies and France, will provide the means for continent-, area-, and point-defense against missile attack—including in Europe—while its spill-over effects on industrial and agricultural productivities mean an economic renaissance for our culture.

'Beam weapons will assure the defense of Europe'

The following interview of Mme. Marie Madeleine Fourcade, one of the historic leaders of the French Resistance during World War II, was conducted May 17 in view of upcoming celebrations of the 40th anniversary of D-Day. Mme. Fourcade, a longstanding leader of the Gaullist movement, directed the Alliance intelligence resistance network which is credited with playing a crucial role throughout the war, specifically in intelligence breakthroughs on the German V-1 and V-2 deployments. It was also key in preparations for the invasion of Normandy. Mme. Fourcade is the president of the Action Committee of the Resistance (CAR), a commander of the Legion of Honor, and a leading member of the association La France et Son Armée. At present, she is active in preparations for the transatlantic celebrations of D-Day. The interview was conducted by Philip Golub.

EIR: Mme. Fourcade, as a leader of the resistance you participated directly in the coordination of intelligence preparatory to D-Day. In little more than two weeks, transatlantic celebrations will commemorate the 40th anniversary of the Normandy landings. Could you tell us what it meant for you then and what it means today?

Fourcade: Soon it will be the 40th anniversary of a fantastic event, a breathtaking event for France: the Allied landing in Normandy. I remember the indescribable emotion which gripped us all at dawn on D-Day, the unbelievable effervescence of the "warriors of the shadows" at the approaching liberation, the wild hopes which filled the detainees and prisoners in the prisons and extermination camps, the passion and ardor of our youth in the Maquis who redoubled their efforts to assault the enemy, between the fronts, in the action and intelligence networks. From the depths of my soul I knew that our untiring efforts, accomplished with sweat and agony and fraught with danger, were being crowned. We had triumphed against all ambushes and odds; we restored our honor, our army, our national identity; we had defeated the Nazi Europe Hitler wished to impose on us and succeeded in the enormous effort of rebuilding France. This unprecedented renaissance placed us at the armistice table along with the three other great victors of World War II and was accomplished through our sweat, our tears, our blood.



Marie-Madeleine Fourcade, 1940.

Today, now, our tasks will perhaps be different; yet one must think of the world which is still in motion.

EIR: Could you expand on the role of the Alliance network during the course of the war and then before and after the landing? In R. V. Jones' book, *The Wizard War*, you are credited in particular with discovering the emplacements of the V-1 and V-2 missiles of the Nazis.

Fourcade: Our efforts to prepare the Liberation began in 1940, for it was the principle of liberation which made us act. We aided the Allies in their day-to-day struggle. The Alliance intelligence network suffered 30% of the losses and casualties. We had a specific role as far as D-Day itself was concerned: We prepared the map for the landing, an 18-meter-long map which described the entire array of enemy forces in Normandy, and this map was used for Overlord. And of course, military intelligence furnished other crucial information—there were many such networks, 250 in all—on the "new secret weapons," for example. And we had to know all of this for the landing so as to protect the armadas which were advancing towards the coasts of France and the troops which landed, wave after wave. In this latter domain, the contribution of [Free] French Intelligence was considerable, for had we not discovered the deployment locations of the V-1s and V-2s which were aimed at London and Allied troops, they would have caused a great sacrifice. This is, of course, what Professor Jones refers to in his book on the secret war. The woman who first divulged the secret of the rocket battalion was called Amniarix in my network and is presently the Countess of Clarens. She is an absolutely remarkable woman who at the time was 23 years old. She infiltrated the services of the Nazi chiefs of staff, succeeded in gaining the trust of many, and managed through skillful questioning as well as playing the devil's advocate—"you cannot win now, you don't have the forces"—to ascertain the existence and emplacement of the new weapons. Hence, one day, Professor Jones received a document which astonished him, and he ran into Churchill's office saying, "Look here, now we have the right story."

After the landing, we played yet another role, this time with Patton's army. As you know, on Aug. 2, Patton's army, after the battle of Avranches—before that Patton's army had

been kept further back on the front—was launched into Brittany with the terrain already prepared by action and intelligence networks of the resistance of Brittany, particularly the St. Marcel network. The Brittany offensive had also been prepared by the innumerable parachute operations worked out jointly by General Koenig and Eisenhower's command. After Brittany this extraordinary General Patton pushed on with considerable speed, by-passed Paris, arrived at Verdun in Lorraine with his army, and that is where I met him. His offensive up to Verdun had been facilitated by the regular transmission of intelligence coming from the teams that I had sent on forward missions which helped him to avoid enemy traps.

EIR: In other words, your teams were the eyes of his army.

Fourcade: Yes, right. He was very satisfied with all of this and subsequently asked us to prepare the crossing of the Moselle and to send missions throughout the Moselle region to determine the strength and emplacement of Nazi forces which had regrouped. We thus sent a mission with a radio broadcasting device which transmitted no fewer than 54 highly detailed telegrams to Patton's forces, detailing roads, access, forces, etc. Then one fine night, we woke up his command to warn them that the Germans were reintroducing themselves into France from the Eifel plateau through the Basin of Pouilly! They all found this unbelievable—"No, no it's not true, it cannot be," but we persisted and said, "Wake up, wake up at least your front line posts," which happily was done. We have the photos of the tanks which were destroyed as a result! It was marvelous to have worked with Patton.

EIR: What do you think of Patton himself, as a man, a general?

Fourcade: He is one of the great generals of the war. A man of great courage who had a marvelous moral authority over his men and who had a remarkable idea of the strategy of the front.

EIR: General de Gaulle played a crucial role, of course, in the liberation of Paris and of France. How did French and American efforts go together?

Fourcade: Yes, de Gaulle arrived in time. You know the famous story about his forces being out of gas? Well, he landed in Normandy only to find himself out of gas, and rushed back to find Eisenhower when he learned that Paris was going to be by-passed. After a tough discussion which, however, ended on a very amicable note, de Gaulle succeeded in getting the means necessary to have French troops enter into and liberate Paris. It was crucial to do so. Von Choltitz, the German commander in Paris, had personally given up on the idea of burning down Paris. He explained this to us when I and Paul Bretz interviewed him at the time of the film, "Paris, brule t'il?" ["Is Paris Burning?"] He said that Hitler had promised him some kind of new artillery, a larger and

more modern Big Bertha, to destroy Paris. He never sent it and, on top of this, to burn down Paris meant to use available gasoline reserves necessary for the retreat and the evacuation of troops which were flowing in from all parts of France. It was not out of love for Paris or France that he did not carry out his orders. But Paris had to be liberated.

EIR: Looking now at more contemporary events, in the present European and world context we are witnessing the development of Soviet efforts to decouple Europe and the United States and the development of a neutralist pacifist movement in many countries including Germany, Holland, Denmark, etc. Don't you think that the celebration of D-Day is very important to reaffirm both the moral and defense purposes of Franco-American and Euro-American unity?

Fourcade: Yes, that is why the French government and the French President have laid a special emphasis on the 40th anniversary and we will see an extraordinary participation in Normandy in June. Similar ceremonies will occur during the summer in the Midi to commemorate the landing in Southern France, and analogous events will occur in Alsace . . . in short, throughout France as a whole. This is not to reanimate the courage of the French people which, I believe, remains intact—there is very little neutralism in France—but rather, through a process of osmosis to reaffirm the Europe of the resistance. I myself, and many of my friends, believe that Europe is the heritage of the resistance, the heritage of the martyrs who fought for a free Europe, of those who from concentration camps sent us messages begging us to create a Europe of peace and liberty and for which they died.

EIR: Let me ask you personally, Mme. Fourcade, what led you to found the Alliance network?

Fourcade: I lived before the war in a milieu of military officers and thus entered more easily than others into the resistance. Of course, what I lacked, as we all did, were the technical means, the specific knowledge, some expertise. We had to learn minute by minute; specialists were sent to help us from London. Training occurred. We sent our agents into England. What was difficult was to form the real network, cells acting to know what was happening minute by minute in the enemy camp.

EIR: Lastly, if you had a message to send to the American people today, what would you say to them?

Fourcade: First I would express my gratitude. We have never fought against the American people, and our fraternity of arms goes far back into our histories. We are grateful for 1917, for 1944, and for what the United States continues to do today in Europe, for you are still here. The troops of occupation have become troops of protection for Europe. Ultimately our protection must be assured by the elimination of nuclear weapons by new technologies, such as the weapons of defense which President Reagan has put forward, beam weapons.

'The Soviets' peace movement is an act of war against the West'

General Revault d'Allones (ret.) is a leading Gaullist and was a close collaborator of Gen. Charles de Gaulle, both during the war and after the Liberation. He participated in the regroupment of the Free French armies in Africa, was part of de Gaulle's General Staff in London, and was in Leclerc's army, which liberated Paris. General d'Allones is a defense expert of the RPR, the leading opposition party in France, a leading member of the association La France et son Armée, and last year published a report on the Defense of Europe. He is a Compagnon de la Libération. The interview was conducted by Philip Golub.

EIR: General, you played a significant role in the French armies which regrouped after the invasion of France. We will soon be celebrating the 40th anniversary of D-Day. Could you tell us of the role the Free French played in the liberation alongside the Allies?

D'Allones: It would be incorrect to separate the roles played by the military forces of the Free French abroad and those at home. From the very start until the end of World War II, there were Free French forces in combat. If the soldiers of the Free French were at first but a handful of brave men and women, our ranks grew month by month and year by year in spite of the losses we sustained. The forces inside France were also at first very small, yet they too entered the struggle in 1940 and their forces never ceased to grow in spite of ferocious repression. Their role in the Liberation? Well, one must appreciate their role from the very start of the occupation: The constant flow of intelligence transmitted to the Allies was indispensable for their bombardments, operations, and finally, the Normandy and southern landings.

The role of the resistance in preparing D-Day through the sabotage of enemy installations is well known. The resistance also played a great role in the liberation of Paris. The forces of the First Free French Army which landed in Provence, southern France, or the action of the 2nd armored division of General Leclerc which landed with Patton in Normandy and then liberated Paris, Strasbourg, and Berchtesgarden, concretized and symbolized the renaissance of France and of its armed forces. Nothing would have been possible without our allies: Our weapons were American after having been British

in Africa and elsewhere. At the same time, our own participation in the battle was indispensable to our allies and cannot be vulgarly measured. Lastly, I cannot fail to remember the courage and role of the volunteers from our ex-colonies who fought and died at our sides in the struggle for liberty. General de Gaulle intended that France be present on the day of victory; the Free French Forces and the resistance made that possible.

EIR: What was your personal role, how did you participate in these events?

D'Allones: I landed in Normandy with the 2nd armored division of Leclerc. We engaged in the gigantic battle of tanks and airplanes which led, in the month of August 1944, to the destruction of the two most prestigious armored divisions of the Third Reich. Our division was part of the Third Army of General Patton who was a prestigious chief who knew how to command. With Leclerc, we could have gone to the very end of the world . . . and we almost did!

EIR: If you look at Europe today, 40 years after, one is struck by the growing resignation and spirit of capitulation, the fear which has grown alongside the growth of Soviet power. This fear is expressed in pacifism, neutralism. What do you think has caused this and what can be done to reverse it?

D'Allones: Neutralism is one thing which we cannot expand on here. Pacifism is another. Your question in reality refers to the growth of pacifist movements and actions which profit from what you correctly characterized as a "spirit of capitulation." We know that it is the product of an offensive led and animated by Soviet Russia using extremely powerful means of finance and propaganda. As always in operations of subversive warfare, the aggressor has an enormous advantage in that its victims believe credulously that they are fighting for their own ideas and their own interests, and hence refuse to admit that they are nothing but the ridiculous puppets of a diabolical manipulator. The Soviets' pacifist offensive is geared towards two areas: first, towards what is generally termed the "second circle," the Warsaw Pact countries partially occupied by Soviet troops, and, second, of course,

Western Europe. Among the Warsaw Pact countries, there are significant fissures. Even if one cannot see motion occurring there now, there is nonetheless motion there.

Russia's central aim now is to reorganize German politics, to "Finlandize" central Europe at least up to the Rhine. For the moment, France is less directly threatened by pacifism. However, the Communist Party is in power with the blessing of Moscow. Nonetheless, the CP's action in favor of the so-called peace movement is limited by their desire to stay in the government, and hence, what the Socialists will or will not tolerate. The French CP, for example, was forced to tone down its attacks on the deployment of American Euromissiles once Mitterrand had come out strongly in favor of deployment.

What can be done about this? First, people must realize that the "peace movement" and the pacifists are deployed as an *act of war* against the West. People must also realize that strategic problems will not be solved all by themselves.

There is no question that this offensive has found fertile ground in our Western nations, apparently exclusively preoccupied with materialism. It is doubtful that a nation would rise to fight for the right to a good weekend or the right to have a television! This being said, I am convinced that it would be an enormous error [for the Soviets] to believe that Europe's peoples will not react. If fundamental, transcendent moral values are threatened, if our civilization itself is threatened, we will have to react with violence, enthusiastic energy, even fury. Look at what is happening in Afghanistan and Poland. There is no doubt that resistance would grow in the Federal Republic, in France, even in Holland, if fundamental values were to be deeply endangered. Wilhelm II mistook the will to fight of France in World War I. Moscow today would risk a great deal in attempting to renew wars of conquest.

EIR: The strategic context has, of course, changed. Deterrence is rapidly dying as new defense-weapons systems are developed; I mean the Strategic Defense Initiative or beam-weapons. What do these changes mean for strategy in the European theater?

D'Allones: Nuclear deterrence proved its efficiency for a time. Global war was avoided. Today, however, the value of deterrence is being questioned, and it is wise to think about this issue. We cannot destroy our nuclear arsenals yet. That would be madness! Yet, for how long will nuclear weapons be able to prevent aggression? That is the real issue. There are two areas of answers: One is strategic and the other technical.

The strategic answer revolves around varying conceptions of the use of strategic nuclear weapons. The West has generally held the idea that war can be avoided and aggression deterred through the deterrent value of nuclear weapons that we do not desire or intend to launch. Soviet doctrine, on the contrary, makes nuclear weapons a central factor in a policy

of conquest of Western Europe and advocates the massive use of nuclear weapons to make such a conquest possible. It would take us too far to examine this in further detail. Let us look at the technical issue.

You know of course, and your publication has done much to make it known, that a new generation of weapons are under development in Russia, the United States, and elsewhere. These new weapons will render short-, medium- and long-range ballistic nuclear missiles inoperative. They will thus remove the danger of all missile-launched nuclear attacks. The new weapons will thus finally permit us to develop a real defensive deterrence rather than the present doctrine of Mutually Assured Destruction. I, for one, am an advocate of these new weapons and desire that France provide itself with laser- and beam-weapon defense systems as quickly as possible. Until we have deployed the new weapons, we must continue to modernize and develop our nuclear arsenal. We must develop the formidable reconversion to beam-weapon defense in close collaboration with the other members of the Alliance, particularly the United States. Peace cannot imaginably be maintained if there is not a strengthening of cooperation and links between France, West Germany, and the United States.

EIR: From that standpoint, how do you conceive today of the idea of a Gaullist Europe?

D'Allones: For me, Europe is, first, an idea, an expression of our common will. We must work toward common goals, common policies. The institutions will come later, and any attempt to impose institutions before having created the political base for Europe is at best useless. Europe is an economic, political, and military necessity. Europe is responsible for the survival of our civilization, and that must be its essential role. My idea of Europe is that of a dynamic, enterprising, living, creative continent, the very opposite of a Malthusian, destructive Europe.

The defense of Europe requires a bold push for the development of new weapons and their applications. This demands scientific and technical collaboration with the United States. We must courageously enter into the space-exploration age, we must develop the Third World, we must reverse our demographic decline. But I am not merely talking about Western Europe. I am not merely talking about the small peninsula which ends at the Iron Curtain. If Europe is only that, it becomes merely the target of one side or the bridgehead for the other! No! Europe is a continent which stretches to the Ural mountains. We must have a design and that project cannot be anything less than the liberation of the nations presently enslaved in the East of Europe. I would like to see Europe's politicians show courage and affirm this clearly.

EIR: On the occasion of the 40th anniversary of D-Day what message would you send to the American people?

D'Allones: [In English] Don't drop Europe! Thank you.

The Second Front in Europe and the Russians today

by Webster Griffin Tarpley

The 40th anniversary of the Normandy landings coincides with a campaign of bellicose hysteria on the part of the Soviet propaganda apparatus designed to equate the United States and its present allies, especially the Federal Republic of Germany and Japan, with Hitler and the Nazis. Current Soviet propaganda has embarked upon an unprecedented denigration of the American contribution to the defeat of the Nazis. The psychological dynamic governing such excesses of the Big Lie emanating from Moscow in this period has to do primarily with the fact that the Soviet leadership is presently engaged in an enterprise of world conquest and empire exactly parallel to that of Hitler. The Soviet need to project the Nazi label on the United States is further increased by Moscow's connivance with every known Nazi and neo-Nazi organization in Europe, from Genoud's Switzerland to East Germany, the classical Nazi-Communist state.

The recurrent themes of Soviet historiography regarding the Second World War include a litany of Soviet losses during the conflict, the idea that only the Soviets made any substantial contribution to the defeat of Hitler, and vituperation on the issue of the delayed Second Front on the European continent. A random sample can be taken from the editorial, "Victory Day," in the May issue of *New Times*:

Often enough the compilers of American "scenarios" for a third world war casually mention the possibility of that war taking a death toll of 100-200 million. But the World War II death-toll of 50 million is not a speculative statement, it is a gruesome fact. To this day, it haunts the homes left never to return by those 50 million, 20 million of whom were citizens of the Soviet Union.

Later in this article we read:

And it was the Soviet people who broke the back of the fascist beast. Hence, we can only smile at the efforts of numerous Western propaganda mongers to make it appear as if the opening of the Second Front in Europe, the 40th anniversary of which they are preparing to celebrate, all but decided the outcome of the war.

New Times continues:

We have the greatest respect for the fighting men of the armed forces of the United States, Britain, and other countries who made their contribution to the defeat of Nazi Germany. It is not they but the political leaders of the West who were asked, and who are asked now: Why was the Second Front not opened before 1944?

The blatant lying and self-righteous hypocrisy of such typical Soviet commentary become obvious most especially in the context of events to which the Soviets seldom refer, and of which they continue to deny certain salient facts. This involves the Ribbentrop-Molotov Pact of Aug. 23, 1939, and the Nazi-Soviet Boundary and Friendship Treaty of Sept. 27, 1939, with the secret protocols to each of these, which existence is indignantly denied by the U.S.S.R. until the present day.

The opening of a Second Front in Europe was indeed unduly delayed, largely because of British influence on the matter. But whatever can be said about the United States' conduct of the war, this country was never allied to Hitler, as the Soviets most emphatically were from August 1939 until June 1941. The United States never drew up a bill of territorial demands as a precondition for joining the Rome-Berlin-Tokyo Axis, the Tripartite Pact of September 1940. This is exactly what Soviet Foreign Minister Molotov did, in the fall of 1940. And the Axis, of course, was an aggressive alliance directed against the United States.

Stalin's policy after the Munich sell-out of Czechoslovakia by Britain and France in September 1938 was to control Hitler through raw-material dependency and to employ his services as a marcher-lord satrap against the Western powers. It was the Ribbentrop-Molotov Pact which permitted the desperate Hitler to unleash World War II, as it was the Russian deliveries of vital oil, raw materials, and foodstuffs that permitted the functioning of the Nazi war-machine during those years in the face of a British sea blockade that otherwise might have debilitated the sinews of German aggression. The NKVD and the Gestapo worked in synergy

against opposition elements in both countries. Stalin promised Hitler a naval base on the Arctic Ocean. The Soviets negotiated the purchase of German warships, hoping to obtain the battleship Bismarck.

It was during the period of the Hitler-Stalin alliance that the Nazis completed the conquest of continental Europe, with absolutely no interference, but rather active support, from Russia. Half of Poland, all of Latvia, Lithuania, and Estonia ceased to exist because they were incorporated into the U.S.S.R. Denmark, Norway, the Netherlands, Belgium, Luxembourg, Yugoslavia, Greece, and France were all conquered by Hitler during the time of the Nazi-Soviet alliance. Romania and Finland had parts of their territory detached by Stalin and were thus driven into the Axis camp.

The question of a Second Front in 1942 or 1943 must thus be preceded by the recognition that a Second Front in the West had existed until the fall of France in June 1940, and that Stalin had deliberately and willfully allowed that front to be terminated. Just as he had allowed Hitler to eliminate the 50 divisions of the Polish army in 1939, when they were fighting the Nazis, Stalin permitted the Wehrmacht to destroy the 100 modern divisions of the French army in May-June of 1941. This was the second front that Stalin would call for later, when it had to be recreated through an amphibious operation that represented the greatest logistical exertion in history.

Stalin's geopolitics were unquestionably based on the traditional Slavophile dualism of Mother Russia, on the one hand, and the putrid West on the other. Stalin regarded the total of all the divisions west of his border as the enemy. From his point of view, the positive feature of Hitler's conquest of Europe was that this total was continuously in decline. It is indeed remarkable that as Hitler extended his conquests, and became more and more awesome in Western eyes, Stalin became more aggressive and demanding, simply because the military arithmetic, by Slavophile reckoning, was more and more favorable to Russia.

Similar considerations apply to the question of Soviet human losses in the war. The 20 million Russian war dead are martyrs whose honor and memory will live in history. But to a bloody tyrant like Stalin, human losses were never a paramount consideration. His own regime slaughtered a comparable figure in peacetime. In addition, during the period of the Ribbentrop-Molotov Pact, the U.S.S.R. absorbed some 21.2 million people—11 million Poles, 12% of the population of Finland, and others in Romania and the Baltic states. Thus, from the point of view of Stalin's monstrous demographic calculations, the losses suffered by the U.S.S.R. during the hostilities had been amply pre-discounted in advance.

The Nazi-Soviet alliance of the Ribbentrop-Molotov period is often attributed to Stalin's purported desire to gain time in which to prepare Russia's defenses. Such expla-

nations are ludicrous. In the spring of 1940, when Hitler was preparing to attack France with some 135 divisions, total German regular army divisions in the east were but four divisions, with six additional territorial divisions. Arrayed against these were at least 100 Soviet divisions. Had Stalin indeed been looking for the right moment to deal the Nazis a knockout blow, that was obviously the moment, with military success fully guaranteed. But Stalin wanted to use Hitler as his satrap, and did not attack.

Comparative Soviet and American losses during the war are a favorite Soviet propaganda theme. It is summed up at its crudest in N. N. Yakovlev's "CIA Against U.S.S.R.," published by the Molodaya Gvardia publishing house in 1983. Molodaya Gvardia, it will be noted, is the publishing center for a clique of anti-Semitic, Great Russian Third Rome imperial chauvinists. Yakovlev writes: "We lost 20 million infinitely precious lives, the Americans, 400 thousand men." Yakovlev then stresses that this means that Russian losses stood in a 50 to 1 relation to U.S. losses. The Russian losses were unquestionably very severe, and do reflect the preponderant part of the fight against the Nazis that was assumed by the Red Army. But inordinately severe losses are not necessarily in proportion to military effectiveness. They may also reflect the tenets of military doctrine. It would have been very easy for Douglas MacArthur, for example, to roll up extravagant casualty lists in the Pacific war through a series of frontal assaults on Japanese-held islands, but he regarded the substance of generalship as the avoidance of such losses wherever possible. Such speculation is in any case beside the point: no hecatomb of American dead would placate the Soviet commentators, whose essential starting point is Slavophile hatred of the putrid West.

The one point on which the Russians are unquestionably right is that of the Second Front. The cross-channel invasion should have been carried out in 1943, as demanded by Gen. George Marshall and other American commanders. Sir Winston Churchill's bitter and partly successful delaying action against Sledgehammer-Roundup-Overlord reveals through its hopeless contradictions the irrationality of oligarchical methods applied to military strategy. Churchill wanted the Germans and Russians to bleed each other white to enhance the power of the British Empire. Stalin's charge that Churchill was a coward is also telling: Churchill was convinced that large-scale land operations on the European continent would lead to the greatest slaughter, like the decimation of the British army wrought by Field Marshal Haig at Passchendaele in World War I. Churchill saw in every large-scale amphibious effort a reprise of his own fiasco at Gallipoli. He wanted to employ troops in peripheral and coastal areas, behind geographic barriers that prevented the full weight of massed land armies from being brought to bear, and where sea and air support would have its greatest relative

effect. His chimera of Aegean and Balkan operations were a combination of these premises and a desire to keep the Russians away from the Dardanelles and the Bosphorus.

Churchill's machinations were irrational: Every delay of the Second Front meant that the Russians would advance farther and farther west into the heart of Europe, erecting a hegemony that stands to this day. A cross-channel attack in 1943 would have spelled American conquest of Berlin, Prague, Vienna, Budapest, and other vital centers of Central and Eastern Europe. This would have saved a whole series of countries from Soviet-vassal status, and might have avoided altogether the division of Germany, the single greatest source of European instability and pessimism. Because of his personal background, Franklin D. Roosevelt himself thought prevalently in terms of naval strategy, and did not force through the cross-channel invasion at an appropriate, early date.

The Soviet response to the delay in the cross-channel invasion was to attempt to open separate peace talks with the Nazis through Stockholm. In December 1942, an NKVD agent told a German diplomat: "I guarantee you, if Germany accepts a return to the 1939 border [the Molotov-Ribbentrop line] you can have peace in one week." Only the fanatical stupidity of Hitler prevented these peace feelers, which were repeated over the course of 1943, from yielding more concrete results.

Stalin formally stated to Roosevelt and Churchill at Tehran that, without American Lend-Lease shipments, Russia could never have held out in 1941 and 1942. No Russian official, however, ever acknowledged this fact in public. Lend-Lease, which permitted the President to order delivery of all types of supplies and materiel to countries designated as vital to United States security, was one of Roosevelt's greatest triumphs. Lend-Lease began with the "garden hose" press conference of December 1940 and the "arsenal of democracy" speech of that same month. Churchill defined its passage by the Congress as one of the great climacterics of World War II. Lend-Lease deliveries to all countries eventually reached the titanic sum of more than \$50 billion. Of this, \$11 billion was earmarked for embattled Russia. U.S. deliveries to the Soviets included, among other things, 12,000 tanks, or more than twice as many as Hitler was able to muster for Operation Barbarossa. It included 75% of all the jeeps trucks and tractors used by the Red Army in the course of the war, food supplies equal to more than half of the Red Army's consumption during the war years, 8,200 anti-aircraft guns, and more.

In March 1943, U.S. Ambassador to Moscow Standley, a military man by background, stated in public that the Stalin regime was systematically suppressing any information regarding U.S. Lend-Lease deliveries, and was cultivating the public impression that Russia was fighting wholly unaided. Standley was soon replaced by Averell Harriman.

In the present hysterical phase of feverish Soviet preparations for planetary aggression, all pretensions of historiography are thrown out the window in favor of an unprecedented surge of fantastic slander and vituperation. Professor N. N. Yakovlev of *Molodaya Gvardia* and the Russian Party writes in the already cited May 1984 issue of *New Times*:

Upon landing in Normandy, American troops promptly earned the deplorable reputation of being an army of robbers. Their progress across Western Europe was one of a long series of murders, robberies, and rapes.

In reality, such atrocities were the official policy of the Red Army, sanctioned in the pages of

Pravda by the blood-thirsty Ilya Ehrenburg, who urged Russian soldiers to exact revenge from every German who crossed their path, and who dreamt of the obliteration of Paris, Rome, and the other Western capitals.

In the article mentioned, Yakovlev quotes the historian David Irving as follows:

Patton and Montgomery had said in private that if there were a danger of war with Russia, it would be better to tackle that danger now than to postpone it: At present, the British and the American forces were on the scene and fully mobilized. In a letter, also dated May 1945, Patton described the Russians as "a scurvy race and simply savages," adding that "we could beat hell out of them."

The Normandy invasion was a product of the monumental exertions of Franklin D. Roosevelt to rouse the American people from their stupor of isolationism and indifference and to move them to accept responsibility for the fate of Europe. Roosevelt has the historic merit of having been, during 1937 and 1938, the only head of state and government to have understood the necessity of crushing Hitler. Neville Chamberlain, the arch-appeaser, complained on one occasion that Roosevelt had goaded Britain into war.

Thanks to Roosevelt's success in engaging the vast power of the United States for the defense of Europe, Judeo-Christian Western civilization escaped the Hobson's choice of Hitler, Stalin, or British imperialism. Western Europe and the United States are today a *Schicksalsgemeinschaft*—the sharers of a common destiny.

At Yalta, Stalin pointedly asked Roosevelt how long United States troops would be kept in Europe after the conclusion of hostilities. Roosevelt, who knew the lummox tenacity of American isolationism and indifferentism, said two years would be the limit. Since then, Russia has exerted inexorable, implacable pressure to oust America from Europe. Today, civilization itself depends upon imparting a new vigor to the European-American community of purpose.

'Balance of power' spells Gulf humiliation

by Linda de Hoyos

Speaking from Geneva May 25, Saudi Arabia Oil Minister Zaki Yamani delivered a warning to the Western powers to cease their balance-of-power posture toward the escalating Iran-Iraq war. "We think those nations who played with this fire at the beginning and let the war escalate and helped the Iranians with a lot of weapons are really hurting the interests of the West."

It is not known to what degree Yamani's message got through to the White House. On May 25, the Reagan administration announced that it was sending two more naval vessels to the Gulf—joining two other ships in the Gulf and the aircraft carrier Kitty Hawk which has been stationed in the north Arabian Sea—and that the President intended to use his executive powers to immediately deliver 200 out of a requested 1,200 land-to-air Stinger missiles to Saudi Arabia, overriding Israeli objections.

But the United States is walking into another pratfall, a repeat of the February debacle in Lebanon, where the failure to act decisively placed U.S. forces in an untenable military position and destroyed American credibility worldwide. The catch phrase for the choice of half-measures on behalf of maintaining "balance" this time around is the commitment reaffirmed by National Security Adviser Robert McFarlane, State Secretary George Shultz, and the President himself "to keep the Persian Gulf open." This policy formulation begs the real question raised by the Saudi oil minister: Why does the United States continue to bolster the Khomeini regime when the results of that policy are exposing all the Gulf oil-producing countries to engulfment by Iran's "Islamic Revolution" and prolonging a war that could at any moment break into a full-scale superpower showdown?

As presidential candidate Lyndon LaRouche has pointed out, Iran has declared itself in a state of war with the United States. Last week, Iranian President Ali Khamenei pro-

claimed that if the United States intervenes in the war, it will "receive a slap far harder than the one it received in Lebanon"; Foreign Minister Velayati threatened to "set the whole region on fire"; and State Department favorite, Speaker of the House Hashemi Rafsanjani threatened a "war against the world." U.S. law enforcement authorities are now on a red alert for an expected outbreak of Iranian-sponsored terrorism in the United States directed at government officials, including the President. Why then, as Yamani asserts, does the United States maintain an even-handed approach to the Gulf war, spurning its Arab allies' demands for aid against Ayatollah Khomeini, and slowly but surely allow itself to be sucked into another military deployment with no clear objective?

'Not a conspiracy'

The answer to those questions is not to be found in the Oval Office—but among the "VIPs" who attended the conference of the prestigious Bilderberg Group May 14 in Stockholm, Sweden. The Bilderberg Group features prominent representatives of the European oligarchy, including the Netherlands royal family and Royal Dutch Shell oil interests—the same grouping that has cut a "New Yalta" deal with the Soviet Union in which the Russian Empire will exert hegemony over the Middle East and northern Africa, and a destroyed United States is to be limited to its quarters in the Western Hemisphere. Attendees at this conference included Soviet agent-of-influence Henry Kissinger, David Rockefeller, and recording secretary Flora Lewis.

Top item on the agenda: the Persian Gulf crisis. The consensus to emerge, according to Lewis's May 16 account, was that the war represented a "serious danger for everybody" and is likely to provoke an "Islamic upheaval" throughout the Mideast. The agreement extended further: that although

the "ideal solution" would be the "simultaneous downfall" of both regimes, the Bilderberg elite would probably be limited to the next best option—to "to keep the war going by supplying both sides with arms and money." This is not, however, Lewis reassures her readers, "any classical conspiracy or Communist or capitalist plot."

On the same weekend, across the Atlantic, Yuri Primakov, the head of the Soviet Oriental Institute, was in Cambridge, Mass., meeting with the Harvard Crisis Management group, where the Mideast was again at the top of the agenda. Reportedly, Primakov warned that an inadvertent action or uncontrollable element in the war could cause a major crisis—as if Syria had decided to attack the U.S.S. Jersey during the Lebanon crisis. Aside from this, since the Reagan administration is likely to be dragged into the conflict by Saudi Arabia, Iran would be likely to cut a deal with the Soviet Union.

The administration is reportedly operating on the basis of just such a fear, or worse, fear of a Soviet military move into Iran should the Khomeini regime become too weakened by the war and growing internal unrest. It is a fear the Soviets, who, as *EIR* has conclusively proved, already have extensive control over Iran operating through Politburo member Geidar Aliyev, are deliberately promoting.

The signal that the United States would remain locked in a policy framework provided by Kissinger, was the statement made by a U.S. diplomat in Islamabad, Pakistan on May 14. Speaking just before Vice-President George Bush was due to arrive for discussions with President Zia ul-Haq, the diplomat told reporters that the United States would ask Zia to help mediate the Iran-Iraq war, since Pakistan has good relations with Iran "and that is important to us." The diplomat then proceeded to say he believed relations between the United States and Iran would be re-established, "perhaps not right away, but in a year, 5 years, or 20 years." Early this week, Secretary of State George Shultz consulted with Pakistani Foreign Minister Yaqub Khan in Washington to discuss the progress of the U.S. bid to cajole Iran.

It is now expected that the United States will go on the record with this policy and veto a resolution "strongly" condemning the Iranian bombing of shipping in the Gulf put forward in the United Nations Security Council by the countries of the Gulf Cooperation Council—American allies Saudi Arabia, Kuwait, Qatar, Oman, the United Arab Emirates, and Bahrain. The U.S. complaint is that the resolution does not equally attack Iraq.

The Gulf states have made clear that they are not interested in half-way measures from the United States that will only make matters worse and open the door for a superpower confrontation in the region. While attacking the United States for "indifference" to the Khomeini danger, Kuwaiti Foreign Minister Al Sabah stated May 17 that "Iranian attacks against oil tankers in the Gulf will give the superpowers the pretext they need to intervene in the region. We are trying to push back these superpowers. . . . I hope we will not reach a stage

where we will find these superpowers in our territorial waters and soil."

Preparations for a blowout

The Soviets are taking the same tack as the United States. According to wire releases of May 26, U.S. and Soviet representatives, meeting informally in Washington, agreed that both superpowers will veto the Gulf Cooperation Council resolution and both will militarily stay out of the Gulf.

In addition, the Soviets, with U.S. assent to be sure, have reportedly told the Iraqis to stop bombing Iranian shipping because it will only provoke the Khomeini regime into a massive counterattack. This ignores the fact that the Iraqis launched their attack on Iranian shipping in the Gulf in order to preempt an Iranian human wave assault that was known to be in preparation.

Given these facts, the agreement by Soviet and American diplomats is clear: the Bilderberg conference and Primakov's discussions with the Harvard Crisis-Management group have produced a superpower agreement, now in effect on both sides, to maintain Khomeini in power.

The stage is now set up for a total blow-up in the Gulf. After Lloyds of London more than doubled insurance rates after the Iraqis had sunk eight Iranian vessels on May 25, all commercial shipping in the Gulf, including that of Japan which receives 60% of its oil from Gulf ports, has been pulled out of the area.

With the superpowers behind him, Khomeini has effectively been given a carte blanche to wreak havoc upon the area. Intelligence sources in Washington report that the Iranians may be planning to destroy Saudi oil fields, and launch a new human wave assault into Iraq on June 1, the first day of Ramadan, the Islamic month of fasting.

The Soviets are now preparing for total chaos to break out in the region, reinforcing security in the Gulf and Lebanese embassies and strengthening Soviet troop deployments on the Iran-Aghan border. As for the United States, intelligence sources believe that if Khomeini strikes at Gulf oil fields, Washington would be forced to intervene militarily. The deal struck with the Soviets has done nothing for the American position, nor for the avoidance of superpower confrontation. What it has done is to buy the Soviets and their imams time to establish the most advantageous conditions for a blow-up.

With the Syrian-sponsored government in Lebanon now ordering the United States to mediate the withdrawal of Israeli troops in the south; with the consensus growing that the Soviet Union must be involved in any peace negotiations on the Arab-Israeli conflict; and with the Israelis now talking openly of Moscow's desire to re-open friendly relations with Jerusalem, the stage has been set in the Gulf to put a permanent end to U.S. presence in the Middle East.

The only way out is for the Reagan administration to blow up the game itself, and take decisive action against the dark ages regime of Iran.

Iran's mullahs plan global religious terrorism war

by Thierry Lalevée

Hojatessalam Hashemi-Rafsanjani, speaker of the Iranian parliament and strong-man of Khomeini's regime, announced May 18 that should "America or second-rate powers get involved in the Gulf, the consequences cannot be predicted. Iran will wage a war throughout the world." On May 20, Iranian President Ayatollah Khamenei warned the United States that should it become involved, "it will be presented with a disaster worse than Lebanon"—evoking the April and October 1983 suicide-commando operations against the U.S. embassy and the Marine compound which killed more than 300 Americans in Beirut.

These are no idle threats, and the Iranian terrorist capabilities are backed up by those of Libya and Syria. While Iran has been concentrating its terrorist actions in the Middle East and neighboring regions over recent months, it has been building an apparatus which could be deployed worldwide.

Gathering the foot-soldiers of a new international army was a series of conferences in February of this year, dubbed by the Italian press a "Fifth International." In seminars chaired by Khomeini's official heir Ayatollah Montazeri, Islamic fundamentalist groups from all over the world gathered to elect a common secretariat. There were representatives of the Egyptian fundamentalist groups such as Al Jihad (Holy War), Al Takfir wal Higra (Flight and Repentance), and al Tahrir al Islami (Islamic Liberation Party) who, several weeks later, were arrested in Cairo; Jordanian representatives of Al Jihad who were arrested in May for plotting the assassination of political leaders; representatives of groups from Morocco, involved a few weeks earlier in the instigation of riots; and representatives from the Gulf, several African countries, Europe, and the United States.

Among them were new converts, including women members of a training camp led by the wife of the Iranian prime minister, who were interviewed on Iranian television on Feb. 16 pledging "to form suicide-commando squads and to die for Islam," in the words of one Fatima (formerly Bernadette) Dulan from England.

From May 6 to May 16, the religious controllers of these foot-soldiers met in Teheran under the leadership of Ayatollah Montazeri and Ayatollah Khalkhali, chairman of the Fedayeen-e-Islam organization (the Iranian branch of the Muslim Brotherhood). Gathering no fewer than 400 Imams from 65 different countries, the conference was titled the World Congress of the Friday Imams and Prayer Leaders, referring to those few Imams who have the right to lead the Prayer on the holy day. The *Jerusalem Post* reported May 17 that the congress decided that "Mosques should not only be places of prayers but, as in Prophet Mohammed's times, centers of political, cultural, and military activities."

Under the leadership of Montazeri, special schools were established in Iran's religious center of Qom to train students and would-be Imams in theology and "methods of armed insurrection." Sources report that at least 620 foreign students are attending these classes, of which 70 are from Europe and the United States, from groups such as the French Antilles independence movement, the Irish Republican Army, and the Black Panthers. It was under such guidance that a small group of Black Muslims recently attempted to establish an "Iranian" Islamic Republic in Trinidad, with the help of the Iranian embassy in Caracas.

After its public sessions concluded, the congress continued to meet in closed session to discuss the creation of "Action Committees" under the leadership of the new chairman of the permanent secretariat, Hojatessalam Mohammed Moghadam, an old friend of the late Ayatollah Beheshti, founder of Iran's ruling Islamic Republican Party, who was killed in the June 1981 explosion in the party headquarters.

Mohammed Moghadam was, like Beheshti, based in West Germany for many years. Today he is the Imam of the Mosque of Hamburg, director of the Islamic Center of Northern Germany and editor of its publication *Al Fajr* (Dawn).

Moghadam was appointed chairman not merely because of the particular importance of the Hamburg mosque as one of Iran's chief centers of influence in Europe, but also because of Moghadam's connections to East Germany. Both he and Beheshti made regular pilgrimages to Leipzig more often than to Mecca, informed sources report. Leipzig is the center of East German and also many important Soviet operations in the Middle East. Following Beheshti's death, Moghadam has maintained the tradition and meets regularly with what is now the new leadership of Iran's communist party, the Tudeh, reconstituted in exile under the leadership of Prince Kajar Eskandari. Eskandari was secretary general of the Tudeh until August 1978, when he was replaced by current Tudeh chief Kianouri because of Kianouri's religious connections. Eskandari was picked by the East Germans in early 1984 to chair a new central committee meeting in East Berlin.

Prompting the Montazeri/Khalkhali gang to go for an all-out global terror war is their analysis that only through a direct confrontation between Iran and the Western world can the Khomeini revolution be bolstered, as it was during the

hostage crisis. This faction is expected to authorize further provocations in the Gulf in an attempt to create a deeper international crisis. Though Iran lacks the military means to confront either the Arab Gulf countries or the United States, Khomeini and his close allies are convinced that the martyrdom of Iranians would spark a world Islamic revolution.

Factional resistance to the mullahs

This grouping confronts growing criticism inside Iran of the policies followed by the mullahs. Most military advisers are known to oppose a full confrontation in the Gulf out of fear that Iran would simply collapse. Iran's inability to launch its "Dawn 8" offensive against Iraq earlier this month was the result of sharp differences between the military and religious leadership of the army. The mullahs have been organizing for a new offensive in the southern part of the country, with the aim of reaching the holy Shi'ite cities of Kerbala and Najaf and creating an independent Iraqi Shi'ite republic. This has been strongly advised by the leaders of the Iraqi Shi'ites in exile in Teheran (like Ayatollah Bakr Hakim), who form the hard core of Iran's terrorist apparatus.

The army has argued against such plans, saying that Iran is "no martyr factory," in reference to the mullahs' human-wave tactic on the battlefield. On the grounds that all offensives in the south have been repelled, the military called for an offensive on other parts of the front instead. The fight seems to have ended some weeks ago when Khomeini purged 60 colonels, replacing the leaders of entire units with mere sergeants who were considered "religiously reliable."

But this did not solve the crisis within the army. Since May 14, five jetfighter pilots have defected to the Gulf countries along with their jets, dramatically reducing Iran's air-war capabilities. In the same period, two patrol boats stationed off the Strait of Hormuz defected to Oman. Growing anger within the population over the use of Iran's children in human-wave tactics has forced the mullahs to enroll Afghan workers as martyrs instead, 30,000 of whom were presented with the choice of dying on the Iranian front or being handed over to the Soviets in Afghanistan.

Montazeri and Khomeini's Islamic Republican Party lost seats in the last elections to smaller formations such as the Association of the Hojatieh, consisting of more moderate religious figures, led by Ayatollah Halabi, whom Khomeini had purged from the government a year and half ago. The Hojatieh seem to be coming back stronger than ever and are known to be supported by the Bazaaris, the tradesmen whose support is vital to the regime.

Standing in the middle, between the Hojatieh and the factions of Ayatollah Madavi-Kani and Montazeri, is strongman Hojatessalam Hashemi-Rafsanjani, who bides his time. The mad mullahs on top want a spectacular action soon to shore up their sagging political support. The war with Iraq, its extension into the Gulf, and global terrorism are the cards they will play soon, if they are not stopped.

EIR Special Report

How Moscow Plays the Muslim Card in the Middle East

In the past year, have you. . .

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

Wondered how far the Khomeini brand of fundamentalism will spread?

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

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Soviets rattle missiles at U.S., Germany

by Nancy Spannaus

In two extraordinary warnings, which Washington, D.C. has “officially” chosen to pooh-pooh, the Soviet Union has threatened “countermeasures” against the deployment of the U.S. Euromissiles and Strategic Defense Initiative which amount to the demand to surrender.

On May 20, Defense Minister Dmitri Ustinov told TASS that the use of U.S. nuclear weapons deployed in Western Europe would lead to “an immediate and inevitable retaliatory strike” against the source of the attack, and “all the territories from which orders are issued concerning their utilization.” He then declared that 1) the Soviets have increased the number of missiles on their own territory; that 2) the “tactical missiles” deployed in East Germany and Czechoslovakia “are now operational”; and that 3) the Soviets have increased the number of submarines with nuclear missiles off the coast of the United States which can reach targets on U.S. territory “within less than 10 minutes.”

Since the United States has currently deployed a total of no more than 18 Pershing missiles in West Germany, it is hardly credible that such a startling warning would be occasioned by the Pershings. The true source of the Soviets’ concern is reflected in the letter issued by Soviet Party Chief Konstantin Chernenko to two U.S. scientists on the same day. Chernenko blasted the U.S. Strategic Defense Initiative and warned that “faced with a threat from outer space, the Soviet Union will be compelled to take measures for insuring its security.”

Writing in the military daily *Red Star* on May 9, Marshal Nikolai Ogarkov, the Soviet chief of staff, became the first high Soviet official to publicly acknowledge the inevitability of the beam-weapon systems. “The stormy development of science and technology in the postwar years has created the real precondition for the appearance *in the immediate future* of even more destructive, previously unknown types of weapons based on new physical principles. . . . Their creation is a reality *in the immediate future*, and to ignore this even now would be a serious mistake [emphasis added].”

Thus, while the Soviets rant and rave about the Euromissiles, their actual concern is to stop the directed-energy-beam program of the United States, the only program which could halt their own total strategic superiority.

It is for this reason that they have deployed a virtual army of Soviet scientists and Russian Orthodox priests to the United

States to hobnob with the Democratic Party and Pugwash scientists, in the hopes of killing the U.S. Strategic Defense Initiative. Simultaneously, they have increased to a new fever pitch their effort to deliver the coup de grace to the NATO alliance—to decouple West Germany from NATO.

Harsh treatment of Genscher

It was their hypocritical campaign against “space militarization” which the Soviet leadership chose to concentrate on with West German Foreign Minister Hans-Dietrich Genscher on his pilgrimage to Moscow May 20. At the joint press conference held by Genscher and Soviet Foreign Minister Andrei Gromyko at the conclusion of two days of talks, Gromyko attacked the “adventurist U.S. program for militarization of space,” and Genscher hurried to state that “it would be very important for us Germans if the two superpowers negotiated on the limitation of these new weapons systems.”

Since Genscher went to Moscow in total agreement with the Soviets’ opposition to the U.S. beam program, he might have hoped to find the Soviets pleased and generous. Instead, they turned him into a punching bag. Upon his arrival in Moscow Genscher was treated to a 75-minute tirade by Gromyko against “the complicity of Germany which cleared the road for the U.S. stationing of new nuclear missiles [in Europe].”

Even more outstanding in its confrontationist tone was the media barrage accompanying Genscher’s visit, which painted the outrageous picture of West Germany as a state on the verge of a new Hitlerian takeover—a barrage appropriate to a government preparing an invasion, rather than an agreement.

Two articles appeared in the government daily *Izvestia* on May 17 and May 18 devoted to the theme of German “revanchism,” the term used to signal devotees of the expanded Third Reich. The first article, entitled “Browns Raising Their Heads,” was accompanied by a cartoon depicting “revanchists” with swastika symbols and the German Eagle on a signboard saying: “The borders of 1937.” The second article was titled “Revanchists Raising Their Heads.”

On the eve of Genscher’s arrival, Soviet television reported the outlandish story that Nazi uniforms were being sold in Germany. The widely circulated paper *Rural Life* featured attacks on Germany, as did the weekly *Literaturnaya Gazeta*.

The fraud of the Soviet charges is exposed by two facts. The leading Nazis in West Germany are in fact members of the environmentalist “peace movement”—working hand in glove with the Soviet KGB. Second, the charge of “Nazi” has been consistently applied by the Soviets to those who challenge their drive for world domination, including President Reagan and Lyndon H. LaRouche, Jr., the intellectual author of the U.S. beam-defense program. The Soviets apply the same term to collaborators of this program throughout Germany.

German Social Dems join the Warsaw Pact— on orders from the U.S. Establishment

by Rainer Apel and Susan Welsh

Americans who are furious at Western Europe's Neville Chamberlain-style appeasement of the Soviet Union should take a close look at what happened at the national conference of West Germany's Social Democratic Party (SPD) in Essen May 17-21. The marching orders for decoupling Europe from the United States came from leading representatives of that treasonous bunch known as the U.S. Eastern Establishment. Paul Warnke, former U.S. chief arms negotiator in the Carter administration and a backer of West Germany's fascist-environmentalist Green Party, delivered the keynote speech—a blast against “space weapons” and the deployment of U.S. missiles in Europe. Egon Bahr, the architect of the SPD's famous “opening to the East” and its leading advocate of a reunified Germany under the Soviet umbrella, supported Warnke and cited Henry A. Kissinger as the authority for his call for a new “grand strategy” for a Europe decoupled from the U.S.A.

The Essen conference took place as the government of Christian Democratic Chancellor Helmut Kohl has entered what could prove to be a terminal cabinet crisis, provoked when the Free Democratic Party, Kohl's coalition partner, unexpectedly deserted the chancellor May 16 over a parliamentary vote on amnesty for politicians charged with violation of tax laws. The proceedings of the Essen conference show what is in store if Kohl's government falls and the Social Democrats return to power in Bonn.

The SPD has entered the second phase of the operation which began with the toppling of Chancellor Helmut Schmidt in the fall of 1982. At that time, the SPD left wing wanted to pull the party out of government and into the opposition, to push it toward an alliance with the Greens and the Soviet Union and destroy what remained of the party's anti-environmentalist trade-union base. Six months before Schmidt's fall, a leading Eastern Establishment figure and Carter administration official called the shots in a private discussion reported to *EIR*: “When Schmidt falls, he will go slowly with a great deal of agony. And if he falls, the SPD will undergo a transformation. It will move to the left and lose its center.”

That transformation is now complete, thanks to the efforts of Warnke, Kissinger, and other members of the Eastern Establishment. The SPD is now set to relaunch its bid for

power, on the basis of the Essen conference resolutions which called for:

- an “international treaty to ban anti-satellite and anti-ballistic-missile systems from space,” including a special appeal to the Bonn government to throw its weight in NATO against President Reagan's Strategic Defense Initiative;
- a ban on the first use of nuclear weapons;
- withdrawal of U.S. Pershing II missiles from West Germany;
- a freeze on military budgets for three years at 1983 levels—a proposal disingenuously put forward by the Warsaw Pact;
- the elimination from German armaments programs of “all weapons technologies which could be conceived of as offensive”;
- the establishment of “a European peace order which helps to overcome the existing military blocs.” This would include creating a nuclear-free zone in Central Europe, on the recommendation of the Swedish Prime Minister Olof Palme's Independent Commission on Disarmament and Security Issues—a proposal drafted by KGB official Georgi Arbatov and conduited to Olof Palme by KGB spy Arne Treholt, then an official in the Norwegian foreign ministry.

These resolutions mark a return to the neutralist views which the SPD fought for in the late 1940s and early 1950s, when some party currents opposed any re-armament of West Germany and called for an alignment with the Soviet bloc under the “common flag of socialism.”

The U.S. appeasers and the SPD

The participation of Warnke and the aura of Kissinger at the conference are no surprise to anyone familiar with the role of the U.S. embassy in Bonn in promoting the destabilization of the Atlantic Alliance. As *EIR* has reported (e.g., “The Burns-Kissinger plot to split Germany from NATO,” Jan. 24, 1984), U.S. Ambassador Arthur Burns is collaborating with the Greens and the European decoupling faction around Britain's Lord Carrington and German Foreign Minister Hans-Dietrich Genscher.

Leading Social Democrats have always kept in contact with the U.S. Eastern Establishment. The head of the SPD's

“Basic Values Commission,” Erhard Eppler, was one of the 50 privileged Germans allowed access to Henry Kissinger’s strategic seminars at Harvard University. It was Eppler who became the guru of the SPD’s anti-nuclear tendency and is now one of the kingpins of the drive to split with NATO.

Another case in point is Egon Bahr, who worked with U.S. intelligence services in West Berlin between 1946 and 1953, and today maintains contacts to think-tanks in both the United States and the East bloc, including through the Palme Commission on disarmament of which he is a member. A key adviser to SPD chairman and former chancellor Willy Brandt for three decades, Bahr met secretly with Henry Kissinger in 1969 to plan out Brandt’s “opening to the East.” Wrote Kissinger in his memoirs: “My contact with Egon Bahr became a White House backchannel by which Nixon [sic] could manage diplomacy bypassing the State Department.”

Warnke’s treason

Warnke was heartily welcomed to the Essen conference by SPD chairman Willy Brandt. In his keynote speech, Warnke denounced the Reagan administration’s beam-weapons defense program and blamed the U.S. deployment of the Pershing II missiles in Germany for the current crisis in East-West relations. This from a man who, along with then-Secretary of State Cyrus Vance, was involved in formulating the 1979 NATO “double-track” resolution on the Euromissiles in the first place, as part of a bargaining strategy for arms control!

Warnke told the SPD delegates that “continuing deployment of Pershing II ballistic missiles and ground-launched cruise missiles can do nothing to diminish . . . the growing nuclear threat to Europe. No matter how many additional warheads are deployed by NATO, and regardless of where they are deployed, this will not take a single Soviet warhead out of the number now aimed at NATO targets.”

Warnke insisted that it was not he and his SPD cohorts who are to blame for the splits in the Atlantic Alliance, but rather the Reagan administration’s beam-weapon defense policy which, he lied, would leave Europe in the lurch: “Reagan administration plans for a space-based ballistic missile defense of the United States would leave Europe vulnerable to Soviet Backfire bombers, cruise missiles and ballistic missiles that would come in too fast and too low for even a theoretical intercept.”

Warnke is well aware that U.S. Defense Secretary Caspar Weinberger had briefed the German government on available technologies for the intercept of such Soviet weapons—a fact he failed to mention in his speech.

As for the hopes of his SPD audience for arms control talks, Warnke said that progress was ruled out for the time being: “In my opinion, the INF talks [U.S.-Soviet talks on medium-range nuclear missiles] are past history. It is extremely unlikely that they can ever be revived. But this is no great loss for the cause of nuclear arms control. There was never any sound rationale for a set of negotiations limited

only to intermediate-range nuclear missiles.” Warnke said that what was needed was another 1974 “Vladivostok-style agreement”—Henry Kissinger’s SALT agreement.

Then Warnke added slyly, “It is worth noting that, while I was involved in the SALT II negotiations, the Soviet delegation repeatedly referred to the ‘German-launched cruise missiles.’” By coincidence (or perhaps not?), this is exactly the propaganda line coming out of Moscow at this moment, according to which German access to U.S. missiles stationed in West Germany signifies the “rebirth of German militarism and revanchism” and justifies “countermeasures against this vital threat to the security of the U.S.S.R.”

Egon Bahr in his speech went still further in blaming the United States for Europe’s military crisis. The Soviet SS-22 missiles recently stationed in East Germany, he said, were put there in reply to the U.S. stationing of the Pershings. The SS-22s, with their flight-time of no more than 1.5 minutes, were meant as first-strike weapons to knock out the Pershings, and “if Washington does not change its approach, there will be no negotiations in the coming four years, but full-scale stationing.” Therefore, said Bahr, in order to reduce the risk of “someone pushing the red button first,” the United States should withdraw “all missiles stationed since December 1983” and open up to “the Andropov proposal to reduce the number of SS-20 missiles to a level which made the stationing of American missiles superfluous.”

Then Bahr hailed Henry Kissinger’s call (in *Time* magazine March 5) for a new “Grand Strategy” for NATO by which the U.S. nuclear umbrella would be lifted, U.S. ground troops withdrawn from Europe, and Europe left to defend itself from 173 Soviet divisions through a conventional arms buildup. Kissinger noted, said Bahr, “that the consensus on foreign and security policy has collapsed in the states of the West. . . . The Alliance needs a new strategy.” Bahr recommended the denuclearization of Europe: “We want a strategy which dismantles the dependency on tactical nuclear weapons through the creation of a nuclear-free corridor, and which is based more on a conventional defense capacity. . . . Approximate conventional stability is the key to growing European independence from nuclear weapons. To achieve this is of immense value for us.”

The Kissinger-Bahr program would turn Western Europe into a Soviet satrapy overnight.

The impact of this appeasement policy can be most dramatically seen in a motion presented to the party by the Ahrensburg district from the state of Schleswig-Holstein: “The results achieved between East and West through détente policy in Central Europe have undoubtedly proven that there is no danger of attack emerging from the East. Claims to the contrary are based on mere ‘enemy images’ which have nothing to do with reality.”

Egon Bahr is a member of the executive committee of the party in Schleswig-Holstein, the region of Germany which intelligence analysts agree would be the most likely target for a Soviet “surgical strike” against the West.

Internationally isolated, Libyan dictator Qaddafi prepares new provocations

by Thierry Lalevée

Libyan dictator Muammar Qaddafi narrowly escaped an assassination and coup attempt which took place at his military stronghold, the Bab al Azizyar (Splendid Gate) fortress near the center of the capital city of Tripoli on May 8. The attack was launched by a small commando squad which has proven to have a sizeable following throughout the country. Libya's official news agency admits that Qaddafi's Revolutionary Committees are still searching for accomplices and other members of the commando unit—a surprising admission from a regime which claims that the population is fully united behind Qaddafi.

Qaddafi has threatened to unleash a new wave of international terrorism in retaliation. All countries harboring his opponents, the mad dictator said in an interview to *Le Monde* May 9, "will feel the wrath of the Libyan revolution." Qaddafi is indeed crazy—the West German press recently revealed that he was treated with electro-shock therapy for mental illness in Egypt in 1972 and again in West Germany in 1978—but he is not stupid. He knows that his regime is at a turning point, and the upcoming celebration of the 15th anniversary of his Sept. 1, 1969 military coup could become instead the occasion for his ouster. The next few weeks and months will be decisive, and Qaddafi is prepared to strike.

The revolt against Qaddafi

The assault against the Bab al Azizyar fortress had little chance of success, as it involved a commando team of no more than 20 guerrillas; yet it was one of the most serious challenges yet to the Libyan regime, and it will not be the last. No one knows yet who the commandos really were, despite claims by former diplomat Mohammed Yussuf Margarief of the National Salvation Front of Libya (NSFL) that the operation was his handiwork.

Two days before the attacks, an NSFL commando squad of three persons, led by the former Libyan chargé d'affaires in Guyana, Mohammed Ibrahim Ehwas, was captured and shot on the border with Tunisia, as the group was driving toward Tripoli. The execution of Ehwas and his companions alerted the Libyan authorities to an upcoming plot, but there is evidence that they were not directly connected to the later military operation, which seems to have been perpetrated by members of the Libyan army itself.

Sabotage actions inside Libya for several months have prepared the way for the current crisis, the most spectacular being the explosion of the Al Abyar munitions depot close to Benghazi on March 25. In the following weeks, systematic acts of sabotage occurred in several supermarkets in Tripoli as cars of high-ranking officials were boobytrapped. Behind these actions was a well-organized underground organization which seems to maintain little contact with exiled opposition groups, which are generally based in Europe, the Middle East, and the United States.

The success of Qaddafi's underground opposition is a reflection of growing domestic dissatisfaction. Libya is affected for the first time by a serious economic crisis, and several political reforms that Qaddafi wanted to introduce at February's People's Congress were rejected. Unrest is growing within the armed forces over Libya's military involvement in Chad and Qaddafi's intervention in Uganda several years ago in support of the followers of the overthrown butcher Idi Amin. Most members of the 90,000-strong armed forces are forbidden to carry loaded weapons, out of fear that they would turn them against the regime. What weapons are available are from the old stock of the last Egypto-Libyan war.

Qaddafi has created no fewer than half-a-dozen institutions and committees whose main task is to keep the army in check. Among these watchdog units are the Revolutionary Popular Committees, whose members are allowed to carry loaded weapons, and a large Presidential Guard led by Qaddafi's confidant Khalifa al Hanesh, who, together with East German and Cuban intelligence officers, is in charge of the personal security of the Libyan ruler. Then there are the Green Nuns of the Revolution, used more as a public relations smokescreen and personal harem than an actual security force. Backing that apparatus is the Deterrent Battalion, led by Qaddafi's cousin Ahmed Qaddafadam, which has the exclusive task of watching the armed forces and guarding Qaddafi's royal palaces.

Qaddafi plans revenge

In the days immediately following the May 8 assault, Qaddafi is reported to have held several high-level conferences with his closest associates to plan retaliation. In a May

9 interview with *Le Monde* journalist Eric Rouleau, Qaddafi declared that he held "the United States, Britain and the Sudan . . . responsible. We have proof now that they are harboring international terrorists. We know that this commando force was trained at Wali Sidna in the Sudan by Sudanese and Egyptian instructors, under the control of American advisers. The Libyan people have the perfect right to hit these terrorists wherever they are, without warning. . . . As for these countries, Arab or not, which are exporting terrorism, they will feel the wrath of the Libyan revolution." Targeted countries also include Tunisia and West Germany, which Libyan Justice Minister Meftah Kuaiba described on May 16 as "harboring terrorists."

Crazy as Qaddafi may be, he is shrewdly covering certain flanks so as to concentrate his fire on others. Significantly, he has not mentioned his powerful neighbors Egypt and Algeria as potential targets. And in a second interview to *Le Monde* two days after the first, he offered a peace proposal to France over Chad: "We are immediately ready to withdraw our advisers [sic] from Chad if France withdraws its troops." Paris is reportedly seriously considering the offer.

Tunisia has been singled out as the immediate victim of "the wrath of the Libyan revolution." On May 9, without warning, Libyan troops entered Tunisia and kidnapped three Tunisian border guards; nothing has been heard of them since. On May 16, after several days of demonstrations in Tripoli and elsewhere by the Revolutionary Popular Committees, in which Tunisia was accused of harboring "terrorists" against Libya, Tunisian workers in Libya began to be expelled. The Tunisians returned home to tell how Qaddafi's committees were recruiting a score of Tunisians to form the core of a "popular revolt" in Tunisia.

Tunisian police arrested a small sabotage team in the Mediterranean city of Sfax, whose assignment was to blow up an oil refinery; warnings had been received that a major commando operation was in the making, like the 1980 military takeover of the town of Gafsa organized by Libya in an attempt to foment a nationwide revolution. The Tunisian army has imposed a curfew in all major towns. On May 17, Tunisian President Habib Bourguiba announced that he was breaking diplomatic relations with Libya. The following day, the foreign minister of Algeria arrived in Tunis, emphasizing in his speeches his country's desire for "friendship and co-operation" with Tunisia—a clear warning to Qaddafi.

A Libyan military move against Tunisia would immediately internationalize the conflict, as Tunisia has no more than 5,000 soldiers and would have to rely on its allies Algeria and Morocco, as well as on France and the United States, for its defense. Qaddafi does not seem ready to take such a gamble yet, but there are indications that his Big Brothers—East Germany and the Soviet Union—may be cultivating their own alternative to Qaddafi within the armed forces, and the dictator might decide to go for such a military move to force his military rivals into line. Qaddafi's friend Boris Ponomarev, the leading Soviet ideologue and terrorist-

controller, is known to favor the most extreme provocations right now.

New suicide squads

Even if Moscow is keeping open the option of ousting Qaddafi to install a less volatile, more controllable military regime on the South Yemen model, as East German sources have reported recently, it will play the Qaddafi card as long as it finds this useful, especially for foreign terrorist operations. With Moscow's full approval, Libya's highest-ranking officer, Mustafa Kharroubi, an old friend of Qaddafi, made a well-publicized visit to East Germany in March to upgrade military and intelligence coordination between the two countries.

A few weeks later, Col. Belkhacem Younis Ali, Qaddafi's intelligence chief, visited East Berlin to consult Gen. Markus "Misha" Wolff, head of the Staatsicherheitsdienst (Stasi—the East German intelligence service). Younis, whose wife is a fanatical devotee of Qaddafi, was educated in East Germany and is Qaddafi's special adviser on both Germanies as well as his Minister for External Security. On close terms with West German Foreign Minister Hans-Dietrich Genscher, Younis has established a second international Libyan intelligence center in the West German city of Wiesbaden, the location of the headquarters of the Bundeskriminalamt (BKA—the West German equivalent of the FBI), with which Libya has maintained close liaison for years to coordinate "anti-terrorist activities." It is out of Younis's Wiesbaden center that most of the Libyan activities will be deployed.

After a series of meetings between Qaddafi's special envoy Ahmed Qaddafadam and Syrian and Iranian intelligence officers, Tripoli paid Syria no less than \$350 million to smuggle weapons into Europe. These weapons, Libyan officials announced May 14, will be used by the new "suicide commandos of the sons of the Libyan revolution to hit Libya's enemies wherever they may be."

Professional hit-men will be added to the commando squads, such as members of Italy's Red Brigades or mafia-men with whom Younis's assistant, Col. Abderrahmane Shaibi, has been dealing for years. Shaibi also coordinates the separatist-terrorist operations in the Mediterranean, through the Libyan consulates in Milan and Palermo which deal with Sicilians, Corsicans, Sardinians, and Basque separatists.

Qaddafi recently praised the Irish Republican Army (IRA) as well as the old Nazi-created Brittany Liberation Front in France, whose operations will be merged with the Libyan-financed, anti-American peace movement as well as with Islamic fundamentalists controlled by Qaddafi and Nazi puppet Ahmed Ben Bella, the exiled Algerian leader. At a conference on the island of Malta March 15-18, financed by the Libyan government, 260 leaders of the separatist and peace movements met to plan out coordinated terrorist deployments for the spring and summer, including assaults on U.S. military bases in Western Europe.

Government stops debt-for-equity

The bankers' advisers have mishandled the situation, provoking an explosion of nationalism.

On Monday, May 21 the official government newspaper *El Nacional* reported that the de la Madrid government will halt all negotiations of debt for equity between Mexican private companies and their foreign creditors. The Mexican government also said that it will regulate all future debt-for-equity negotiations, considering whether each such transaction is "in the national interest."

This announcement was the government's response to the recent negotiations between the industrial Alfa Group of Monterrey and its creditors that led to the sale of 35% of the total shares of the Alfa holding company in exchange for \$300 million in debt—about a third of the company's outstanding debt.

Our Monterrey office reports that other businessmen made jokes about what they called the "beggars' financial package" that Alfa achieved with its creditors. The arrangement in effect gives the coordinating committee of Alfa's creditors the power to name seven out of the fifteen members on Alfa's board of directors!

Alfa's decision created a scandal, and financial dealers in Mexico City believe that the decision was taken on the advice of investment bankers Lehman Brothers-Kuhn Loeb and Goldman Sachs, who have been functioning as advisers to Alfa on its foreign debt negotiations. Former U.S. Secretary of State Henry Kissinger, who has pushed debt-for-equity schemes as a "solution" to the debt crisis for American banks holding unpayable

outstanding loans in Ibero-America, has a business connection with Goldman Sachs.

The dissatisfaction of most of the business community with the Alfa Group agreement was voiced by its representative paper in Monterrey, *El Norte*, which complained that Alfa had invited "gringos" to sit on its board of directors. On May 23, the creditors' group announced that "no gringos" would be assigned to the board, only Mexicans designated by the gringo bankers. The bankers' advisers have mishandled the situation, provoking an explosion of Mexicans' well-known nationalism, according to our sources in Mexico City.

More important, however, is that the humiliation of the Alfa Group has convinced other businessmen that other options have to be found. Among them is Eugenio Clariond, president of Industrias Monterrey, S.A. (IMSA), the fifth largest industrial group in Monterrey, and vice-president of Concamin, the industrialists' umbrella organization.

Clariond has been touring South America recently looking for new trade options and markets. He has become an advocate of "looking to the south" and is giving lectures to several business organizations on the benefits of trading with South America. He just reached a barter deal with Argentina to exchange wheat for manufactured goods produced by IMSA.

His point of view is shared by Jacobo Zaindenweber, who is president of Concamin. Zaindenweber is con-

vinced that the business community has to reach an agreement with the government to launch a new process of economic growth, reversing the painful depression that began in 1983. His group of businessmen thinks that in order to do that, it is necessary to increase the purchasing power of the workers. For his positions, Zaindenweber, a Jew, has been viciously attacked by Confederacion Patronal de la Republica Mexicana (Coparmex), headed by former president José María Basagoiti and his circle, who are supporters of the anti-Semitic Partido Acción Nacional (PAN), Mexico's fascist party.

The split in the industrialists' Monterrey Group is so profound that the newspaper *El Norte* recognized some days ago that "there is no leadership" inside the group.

But a regroupment is now underway that, according to our sources, aims to bring the most radical right-wing militants of Monterrey to the fore.

According to our informants in Monterrey, the group is led by Grupo VITRO chief Rogelio Sada Zambrano and his brother Andrés Marcelo Sada. Rogelio Sada is connected to some right-wing figures in the United States, including Jesuit-influenced Michael Novack, who is closely tied to the Heritage Foundation. Heritage, according to intelligence sources in the United States, has been exposed on several occasions as a favorite nesting place for Soviet KGB moles.

This information tends to cohere with what we know. The VITRO group's former manager, Pablo Emilio Madero, just resigned his post to become president of the PAN. This group of declared Nazi sympathizers is formally allied with the Partido Socialista Unificado de Mexico (PSUM), which formerly called itself the Communist Party of Mexico.

Decoupling steps up in Italy

The latest phase of the Propaganda-2 lodge scandal is being used to drive remaining pro-American political forces from power.

Two investigations which link Henry Kissinger and the Soviet secret services in a plot to destabilize Italy were reopened in May: the case of the illegal freemasonic lodge, "Propaganda 2," and the 1978 murder of former Premier Aldo Moro by Red Brigades terrorists.

It is a hallmark of Kissinger's ascendancy in the U.S. government that the scandals are not being used to clean up the Italian political world from corrupt characters, traitors, and Moscow agents. Rather, the new wave of scandals risks toppling what is left of republican institutions, as the "muckraking" is twisted to target exclusively the pro-American elements in Italy's military and political elite.

The government of Socialist Party leader Bettino Craxi, put into power on orders from Kissinger and the Trilateral Commission in spring 1983, could fall at any moment under the pressure of a coalition crisis. Premier Craxi has adopted a strategy of making every parliamentary vote on any issue a "confidence vote."

The Socialist premier, who plays a two-faced game of masquerading as an "orthodox Atlanticist" to Ronald Reagan while waffling on Italy's commitment to the Euromissiles and outrightly sabotaging the crucial beam-weapons defense effort, would be no loss to Italy or NATO—in himself. But his ruling coalition includes the one party whose leadership has nailed Foreign Minister Giulio Andreotti for his sell-out of the Western Alliance in Moscow—the Italian Social Democratic Party (PSDI).

On April 23 Andreotti became the first leader of a NATO country to sign a joint communiqué with the Soviets condemning the U.S. program to develop space-based anti-ballistic missile defense based on new physical principles.

PSDI head Pietro Longo attacked Andreotti and raised the question in parliament of whether Andreotti had traveled to Moscow merely as "journalist" or was claiming to speak for the government. The foreign minister has yet to answer—directly.

But on May 9, Hon. Tina Anselmi, chairman of the parliamentary select committee set up to investigate P-2, and a member of Andreotti's Christian Democratic Party, read to members of the committee a report on the document which is to be the basis for evaluating the case. This report, intended only for members of the committee, was "leaked" to the press (by a flunky of Senator Pisanò of the neofascist MSI party, a French paper later revealed).

By May 10, "selected" parts of the documents were all over the front pages of the Italian press, playing the scandal mainly against PSDI minister Pietro Longo, whose name once appeared on P-2 lists.

In reality, the report presented no new important facts in the scandal which rocked Italy in 1981, when the P-2 Grand Master Licio Gelli was exposed for involvement in a series of assassinations, terrorist massacres, and attempted coups in Italy since 1969. Some enrichment of detail has emerged: We find for the first time in

an official document the charge that the Trilateral Commission, formerly headed by Kissinger, emanated from the masonry like the P-2 Lodge; that Licio Gelli, notorious torturer for Mussolini's secret police, also used to be an agent of the Cominform, Stalin's "international" of the Cold War era; we also find documentation that Gelli could not have been the "anti-communist" he claimed to be, since he supported Andreotti's plan for a government of National Solidarity with the communists.

The report is curiously barren of details which would aid in understanding the *controllers* of P-2 activities. Notably missing is the name of Foreign Minister Andreotti, said by well-informed sources to have been very close to Gelli.

The sad irony is that these "big fish" were laundered out of the investigation—and today are the same figures utilizing the scandal to purge Italian institutions of pro-American networks.

The other dossier reopened is the Aldo Moro affair, the Christian Democratic leader murdered by the Red Brigades. The Communist Party has launched a violent campaign in the party-linked *Paese Sera* accusing the United States of the murder. The campaign gives Henry Kissinger, notorious in Italy for having threatened Aldo Moro before his atrocious death, exactly the aura of the "anti-communist fighter" attacked only by the left which Henry savors so much.

Meanwhile, Italy's Communists are readying their entry into the government. In the typical fashion of Italian politics a trial balloon has been floated in Naples, where the newly elected council under Christian Democratic Mayor and Andreotti protégé Vincenzo Scotti has made a major opening to the Communist Party.

Will Syria become another Iran?

Military hardliners, in a coalition with Islamic fundamentalists, have started a shooting war against the Assad government.

During the first two weeks in May, the opening shots of what may become a very bloody civil war were fired in the Mediterranean port of Latakia. Syrian President Hafez al Assad is under assault from military hardliners, backed by Moscow, who are playing the "Islamic fundamentalism card" to oust him from power. If their drive succeeds, Syria could become a combination military dictatorship and "Islamic republic," to the benefit of Soviet strategic interests.

Opposing each other for the control of the strategically important port, where the Soviet Union has military facilities, were the "Defense Brigades" of Vice-President Rifaat al Assad (the president's brother) and the "Special Forces" of Col. Ali Haidar. Haidar had flown his troops in from Lebanon to prevent Rifaat from consolidating his power in that region.

Located near the Assads' home base in the Alawite tribal region, Latakia is surrounded by the Mourshidi Alawite tribe which, however loyal to Hafez al Assad, refused to support Rifaat in his battle with Haidar. More than 12,000 Mourshidi soldiers belonging to Rifaat's "Defense Brigades" had to be disarmed by the Brigade commanders, while the leader of the rebellious tribe was sent into exile.

The political survival of the Assad family is further cast into doubt by the deteriorating health of the president. Suffering from numerous heart attacks, diabetes, and other ailments, Assad cannot work more than two or

three hours a day, and his early death is an increasingly likely prospect.

In February he rejected a proposal to go to Moscow for treatment—out of fear, it was said, that the Soviets might try to kill him. Moscow generously sent to Damascus the doctors of the recently deceased Yuri Andropov.

Relations between the Assad brothers have been strained, and led to "poster wars" in Damascus earlier this year, in which brigades of Rifaat-supporters plastered the city with his portrait, only to have the posters replaced the next day with smiling pictures of the president.

But Hafez was posed with the alternative of supporting the ruthless and ambitious Rifaat or having the whole family overthrown by the military; he opted for his brother. By appointing Rifaat one of three vice-presidents in March, Hafez made it clear that he wanted Rifaat to succeed him.

The military establishment has responded by launching a bid for power. Colonel Haidar, a junior military officer, was not acting on his own when opposing Rifaat in Latakia, but on the orders of Chief of Staff Hikmat Shehabi. Backing Shehabi are several high-ranking officers such as Gen. Shafik Fayad, commander of the Syrian Third Army located in Damascus, and the very powerful Gen. Ali Duba, chief of the intelligence services. General Duba is known to be the principal liaison with the Iranian and Libyan intelligence services, as well as with the East bloc.

At the head of this coalition, however, is Gen. Mustafa Tlas, the defense minister who has been for years a close confidant of Hafez al Assad and is generally seen as the "eyes and ears" of Moscow in Damascus. Tlas also happens to be the only Sunni leader in the government (the Assads belong to the Alawite Muslim minority). It is the Sunni elites that form the core of the Muslim Brotherhood Islamic fundamentalist opposition to the Assads.

Soviet involvement in the fight against Rifaat al Assad is not yet fully assessed by observers who stress that Moscow is too preoccupied with the Gulf War and Egypt to think about playing one Syrian faction against the other.

Rifaat, unlike Tlas, is generally considered pro-Western; but Israeli sources caution against such a simplistic view, pointing out that Rifaat's main Western connections are through arms and drug smuggling, real-estate speculation in the West, including Washington, and his numerous Swiss bank accounts. Because of such operations, Rifaat is committed to a Syrian takeover of the Lebanon, if only to protect his investments and his hashish plantations.

On the other side, Shehabi's decision to withdraw Colonel Haidar's "Special Forces" from Lebanon to fight inside Syria was followed with interest by these sources as an indication that this military faction may be ready to give up Lebanon to consolidate its power in Damascus.

This has had immediate implications for the Lebanon crisis. Renewed fighting in Beirut following the Latakia clashes was considered a sure sign that the growing power vacuum has prevented the Syrian "master" from imposing the deal previously negotiated for Lebanon.

International Intelligence

Soviets seek renewed ties with Israel

Just as the U.S.-Israeli strategic memorandum has gone into effect, Israeli radio networks and the leading daily *Ha'aretz* are reporting that the Soviet Union is showing interest in diplomatic ties with Israel. The game-plan is that Moscow would establish ties in exchange for Israeli recognition of Soviet involvement in Mideast negotiations.

The Soviets would also reportedly provide Israel with a new market for its high-technology products—that is, Israel would act as a channel for the Soviets to steal U.S. technology going to Israel under the strategic memorandum.

Vatican denounces Hackethal's euthanasia

"Nothing and nobody can authorize the killing of an innocent human being, be it an embryo or a fetus, a child or adult, old, incurably ill or agonizing. Furthermore, nobody can request such a homicidal gesture for himself or for others whose responsibility is entrusted to him."

With these words from Pope John Paul II, Father Gino Concetti concluded a powerful condemnation of the case of West German doctor Julius Hackethal, who talked a patient into requesting to be given cyanide, and then "granted" the request. Concetti was writing in the semi-official Vatican daily *Osservatore Romano*.

Referring to the Hackethal case as designed "to legitimize euthanasia," he notes that "the words 'to kill' and 'deliberately provoke death' are not used. The euphemism is 'to die with dignity.'"

To euthanasia defenders' contention that it is a civil right, Father Concetti replies, "The right to die with dignity" cannot be denied to an individual, but . . . to die with dignity is to accept with serenity death coming *naturally*. It is not the same thing as 'to decide on the timing of one's death.' Life and death are two values transcending the

will of the person, of the human subject."

In this respect the father is following the Second Vatican Council which denounced euthanasia and suicide as "corrupting human civilization, polluting those that are so behaving, even more those that suffer it, and chiefly offending the honor of the Creator."

A document of the German Bishops reiterates this condemnation, and Father Concetti quotes it: "The question is posed whether for the incurably ill undergoing tormenting pain it would not be possible to ask for the shortening of the agony. This has to be answered that man has not the right to dispose in such a way of his own life. There is no doubt that he has the right to alleviate his pain, but this is not the deciding of his own life and death."

Communists challenged in Thionville elections

A slate of 43 European Labor Party (POE) candidates running in municipal elections May 20 in the French steel town of Thionville received 1.57% of the vote, including up to 4% in working-class districts. The result, considered high for the party's first electoral bid in the region, came despite a campaign of violence, death threats, and a systematic press blackout directed against the slate by Thionville's corrupt Communist Party Mayor Paul Souffrin. Souffrin won the election.

The POE are European followers of U.S. presidential contender Lyndon LaRouche.

In the week before the voting, articles appeared daily on the POE campaign in the Paris press, both national and local newspapers. Three national radio stations and two national television stations aired news spots on the campaign's activities and program.

Within days of the slate's filing, Mayor Souffrin himself assaulted a POE organizer, vowing that the candidates would never come up for a vote in his town. POE candidates called for expanding and modernizing steel production and rejecting the French government's 1984 Steel Plan limiting production. The POE charged the program was not only

economic insanity, but would so weaken Europe as to render it defenseless before the Soviet camp.

POE Secretary General Jacques Cheminade is expected to announce a slate for the European parliamentary elections soon.

Sharon under fire for arming Khomeini

The Labour Party-led opposition bloc in Israel's parliament has called on the government of Prime Minister Yitzhak Shamir to "tell the public the truth about reports that Israel has sold arms to Iran." The demand came in response to "remarks by Minister without Portfolio Ariel Sharon" in support of such sales.

Sharon, according to the May 18 *Jerusalem Post*, during his current U.S. tour has "argued that Israel must maintain contact with military elements in Iran who are anti-Soviet, for the time when the current Iranian regime is replaced."

In Israel, leaders of the emigré Iranian Jewish community have called on the Labour Party leadership to raise in parliament the issue of the Khomeini regime's persecution of Iran's 40,000 Jews.

Iranian terrorists target White House

According to U.S. intelligence sources, Iranian terrorists are preparing a suicidal assault against the physical grounds of the White House. All U.S. intelligence and law enforcement in the District of Columbia are on "red alert."

The sources said that nearly 2,000 anti-Khomeini Iranians living in the United States, including former top government figures in exile, are on a hit list.

At the time this information was made available, the Savama station-chief in the Washington, D.C. area, Bahram Nahidian, orchestrated a demonstration supporting the "Imam's line." According to U.S. intelli-

gence officers, Nahidian's apparatus, supposedly redeployed into Ibero-America where the drugs-for-weapons trade has been more lucrative, is actually devoted to U.S. terrorist operations under cover of that diversionary report.

Gaullist writer backs ABM systems

Writing in the French weekly *Valeurs Actuelles*, Raymond Bourguine, a Gaullist close to Paris Mayor Jacques Chirac, counters the arguments against beam-weapon defense put forward by the proponents of "decoupling." The idea of decoupling Europe from the United States is based on "the most dangerous illusion," he argues. Opposition to the U.S. beam program in Europe is "illogical," since such a system would never make the United States a sanctuary unto itself—as opponents argue—but, on the contrary, "it would increase the audacity of the President of the United States in defending Europe."

Bourguine also rips apart a decoupling proposal aired by former West German Chancellor Helmut Schmidt to have France extend its nuclear umbrella over Germany, pointing out that French tactical nuclear missiles are necessarily targeted on Germany.

Kristol calls for U.S. pull-out from Europe

"I desire nothing else than that the umbilical cord which, in the framework of NATO, presently links up Europe to the United States, be cut. I think that the U.S. should leave the Alliance and pull out all of their troops stationed on the Old Continent; the defense of Europe would thus become an exclusively European affair," declared think-tanker Irving Kristol in an interview to the French daily *Le Figaro* May 25. Kristol is associated with Henry Kissinger and the Washington-based Heritage Foundation.

"Europe must not count on American

protection any longer. . . . These Europeans have to understand that whoever the U.S. President is, he will not take the risk of destroying his own fatherland to defend Europe," Kristol exclaimed. Asked what the United States would do in the case of a Soviet conventional attack Western Europe, Kristol answered: "I fear that the Americans would have no other choice than to say: 'Too bad!'" He explained that Europe should have its own deterrent force and sufficient conventional forces so as to resist Soviet aggression. The United States could sell Europe nuclear weapons and establish some form of alliance with "the new European NATO," Kristol added, calling the present NATO "obsolete."

In the introduction, P. Wajzman, the interviewer, notes that "all those who, like myself, believe that there exists a profound unity of destiny between the Old Europe and the New World, will be worried on reading these excerpts."

German firm develops laser-beam weapons

The May 21 issue of *Aviation Week* carries the first reports on advanced West German work on high-power lasers for defense against aircraft and missiles.

The Munich aerospace firm MBB has conducted tests in which the infrared beams from a carbon-dioxide laser exploded aircraft fuel tanks at distances of up to 10 kilometers (6.2 miles). The cost per "shot" of such a laser anti-aircraft weapon is reportedly only about \$400—a small fraction of the cost of conventional anti-aircraft missiles, or of the offensive missiles so destroyed.

The article suggests that the laser weapon might also be effective against some of the Soviets' short-range missiles now threatening Western Europe.

The poor state of NATO air defenses in Europe has been a major cause of concern here, especially given the danger of a Soviet "limited surgical strike" against weakly defended areas such as Schleswig-Holstein in northern Germany.

Briefly

● **NATO** military intelligence in Brussels reports that the Soviets are presently constructing four launcher-bases for SA-5 anti-aircraft missiles on the East German island of Rügen in the western Baltic. This stationing takes place on an island which Soviet propaganda has publicly declared a non-militarized zone which "must not be touched or threatened by the West." The SA-5 bases are not under the command of the regional East German army section, but of the Command West of the Soviet missile forces based in Kiev.

● **PRAVDA** gushed May 21 in praise of both Mondale and Hart, stressing that the Hart-Mondale faction of the U.S. ruling class is opposed to Reagan. "Mondale and Hart have come out as a whole in favor of positions which are more realistic than Reagan and his command." *Pravda* praises their policy to ratify SALT II, to freeze nuclear weapons, and stop U.S. "state terrorism" in Central America.

● **WILLY BRANDT**, on his way to his Social Democratic Party's party day in Essen in mid-May, physically assaulted picketers who accused his party of collaboration with the Soviets and East Germans. According to two Ruhr newspapers, Brandt lost his composure at being asked, "Do you still speak German, Mr. Brandt, or only Russian now?" Two female organizers of the European Labor Party have filed a suit against Brandt for physical and material damages.

● **HENRY KISSINGER** and Alexander Haig have formed a new joint-venture company with Israeli Dan Hotels owner Yekutiel Federmann for trade deals with the Soviet Union and the East bloc. Federmann is said to maintain close business ties with one Max Horowitz, a lawyer for the late Meyer Lansky. Dan Hotels was created on the basis of a 50-50 partnership between Federmann and Horowitz, named as a mobster in 1950s Kefauver Committee hearings.

Soviet penetration of U.S. policy elites exposed

by Christopher White

The Washington, D.C. embassy of the Soviet Union is running a systematic operation through dupes and witting accomplices to corrupt the U.S. legislative branch, this news service has learned. The operation is significantly abetted by sympathetic elements in the U.S. news media such as NBC television. Key in the Soviet embassy's corruption operations, according to its own account, cross-checked with other known knowledgeable sources, is a certain Carol Rosin, president of the Institute for Security and Cooperation in Outer Space.

Rosin is the cut-out between officials in the Soviet embassy and the offices of liberal congressmen and senators such as Joseph Moakley (D) and Paul Tsongas (D) of Massachusetts, George Brown (D) and Mel Levine (D) of California, and Claiborne Pell (R) of Rhode Island, as well as the right-wing side of the embassy's operations in the national capital, which are conduited through the Heritage Foundation and Lt. Gen. Danny Graham's "High Frontier" group.

Rosin explained to a journalist how the Soviet embassy reworked her draft of a bill against space weapons: "I took this [draft] to my contacts at the Soviet embassy. They told me to change certain language in the resolution. For example, I had 'weapons in space' and they changed it to 'space weapons of all kinds.' They thought this was a better negotiating position. The Soviets don't like to compromise."

Rosin then passed this draft to Rep. Joe Moakley, who submitted it to the House of Representatives as House Joint Resolution 120 (the Senate version is Senate Joint Resolution 129).

The bill was designed by Ambassador Anatolii Dobrynin's staffers to cripple and destroy President Reagan's Strategic Defense Initiative. NBC-TV has been assigned the task of supplying the propaganda cover for the effort. Chief sponsor of the bill on the House side is Representative Moakley of Massachusetts; on the Senate side the bill is sponsored by Paul Tsongas of Massachusetts and Larry Pressler of South Dakota.

By any standard of morality and competence, the supporters of these pieces of legislation should have known that the Soviets are themselves energetically pursuing the development of the very same systems they are organizing the U.S. Congress to abort. The degree of the intellectual and moral corruption which Dobrynin's teams are manipulating is typified by the fact that Moakley's House bill has drawn the support of 126 of his fellow Representatives.

Rosin's admissions corroborated

Rosin's report of her own activity was corroborated by testimony drawn from the so-called arms control community. Through her good offices, but not hers alone, the Soviet embassy has weekly input into the Monday meetings of the Congressional Space Policy Working Group. This group was established in January or February of 1983 in Carol Rosin's Maryland home, and includes John Pike of the Federation of American Scientists, the group which recently hosted a Russian delegation led by Academician Yevgeni Velikhov. Velikhov, and his associate Academician Nikolai Basov, while organizing *here* against the U.S. strategic defense effort, head the Soviet beam-weapons research and development program.

Through Rosin and others, Soviet oversight of the activity of this group influences Moakley's staffer Rick McGovern, Greg Olsen of the L-5 Society of space freaks, and in the same way, the offices of Pell, Pressler, Levine, and Sen. Gary Hart. Outside of this immediate circle, Rosin works closely with Mondale aide Dan Dudeney of Lester Brown's World Watch Institute. And it was in fact Dudeney who supplied Rosin, at her request, with the legislative draft the Soviet embassy reworked.

Mondale and NBC

Mondale's Russian connections have come under repeated scrutiny since a May 1983 conference held in Minneapolis. At that conference Soviet intelligence specialist Fyodor Burlatskii, a close associate of then Soviet head of state Yuri Andropov, laid out the marching orders which became the themes of the Mondale election effort. This included his call for conference participants to mobilize U.S. public opinion against the President's Strategic Defense Initiative. Then came the case of Mondale aide Robert Pastor, like Mondale a former member of the Carter administration, who was deployed to maintain the Russian-controlled puppet government of Bernard Coard and Gen. Hudson Austin in power on the tiny island of Grenada as a base for terrorist and drug-related operations in the region. Now associates of the Mondale wing of the Democratic Party have been caught at it again.

The formal side of the Space Policy Working Group's activities is supplemented by informal "receptions" organized as recruitment sessions for Soviet efforts. Thus at one such reception High Frontier specialist John Bosma was hobnobbing with Soviet officials, who otherwise are now regular attendees at Heritage Foundation meetings. It was at one such reception, held recently in the home of Sen. Claiborne Pell, that NBC producer Tony Potter and researcher Anne Boggan were recruited to the embassy project. Potter and Boggan are now planning a trip to Moscow to film a documentary on the Strategic Defense Initiative with Russian help. The documentary is scheduled for broadcast in September.

NBC is a defendant, together with the Anti-Defamation League of B'Nai B'Rith, and its leaders Abbott Rosen and Irwin Suall, as well as drug lobby propagandists Chip Berlet and Dennis King, in a \$150 million damages suit brought by *EIR* contributing editor Lyndon H. LaRouche. In January and again in March, the NBC Nightly News and First Camera aired wild slanders against LaRouche. During the same period, Soviet publications such as *Izvestia*, *Pravda*, and *Lit'eraturnaya Gazeta* also attacked LaRouche, naming him as the driving force behind the U.S. Strategic Defense development efforts. Now NBC and the Russians have joined to plan further activities against this program. The same Soviet publications have repeatedly endorsed Walter Mondale as a "man of peace," Moscow's candidate for President of the United States.

Conspiracy?

These activities, traitorous as they are, are but the tip of the iceberg of a process that has been going on since 1956-57. If this is not taken into account, then the significance of what can now be revealed will be missed. Soviet Ambassador Dobrynin is, in a way, the longest-serving public official in the United States. He has been at his post since the early 1960s. His deployment to Washington was part of a strategic agreement concluded prior to the Berlin crisis and the Cuban missile crisis, by Bertrand Russell and Leo Szilard on the Western side, and by Nikita Khrushchev and the Russian General Staff.

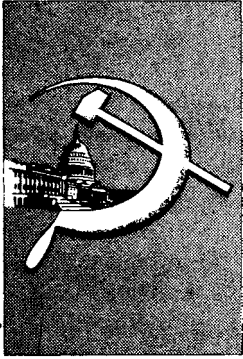
Under that agreement the Western policy elite, including emphatically the U.S. Eastern Establishment of McGeorge Bundy et al., together with the Soviet Union imposed the insane doctrine of Mutually Assured Destruction on the world. The Western partners to this agreement saw it as a way of reversing the commitment to scientific and technological progress that hitherto had characterized Western culture. The Eastern partners saw it as a lever to secure world domination, for the United States' so-called elite had committed itself over the medium term to the destruction of the United States. Soviet intervention into the U.S. legislative process, and indeed into other aspects of American life, is conducted according to the rules worked out in that late-1950s set of agreements.

Thus, it is no surprise to find that the institutions which sponsor the activities of Carol Rosin and her associates are all part of, or developed from, institutions associated with Bertrand Russell and Leo Szilard in the late 1950s. These include the Pugwash Conferences, the World Federalists, Parliamentarians for World Order, and the Council for a Livable World. The latter had adopted as its task in the early 1960s the election of U.S. legislators who would be committed to secure peace by making the Soviets "feel more secure." Since at that point Soviet insecurity was based on strategic inferiority, the program of the Council for a Livable World called for the reduction of U.S. capabilities worldwide as rapidly as possible. The Council for a Livable World's first efforts were designed to secure the election of Sens. George McGovern and Dick Clark.

Keep an eye on the following upcoming initiatives that have been launched with the help of Dobrynin's embassy and its American friends:

- the U.S.-Soviet Joint Seminar on Negotiations to be held at Harvard University in July;
- a national campaign to "save the ABM treaty," which will be unveiled on June 6-7;
- a July 7-8 conference at the University of Göttingen in West Germany, sponsored by Natural Scientists for Peace and Disarmament.

These efforts were designed, like the upcoming NBC broadcast, to supplement the Soviet embassy's legislative efforts in the House of Representatives and the Senate.



The KGB Mata Haris deployed against beam weapons

by Kathleen Klenetsky

On May 23, the House of Representatives voted 328-181 for an amendment to the FY 1985 defense authorization bill banning further testing of U.S. anti-satellite weapons. Sponsored by Reps. George Brown (D-Calif.) and Larry Coughlin (R-Pa.), the amendment will cripple U.S. efforts to catch up with Soviet ASAT capabilities, handing the Soviets yet another advantage in this crucial area of national defense. The ban on ASAT testing, in turn, will severely hamper the U.S. Strategic Defense Initiative (SDI), the program announced by President Reagan on March 23, 1983 to provide the United States with a sophisticated beam-weapon defense against nuclear attack.

Passage of the Brown-Coughlin amendment can be traced directly to an obscure Washington-based think-tank called the Institute for Security and Cooperation in Outer Space (ISCOS), which has been colluding with the Soviet embassy to see to it that the United States will never match Soviet strategic defense efforts.

By their own admission, ISCOS personnel have been conduiting legislation drafted at the Soviet embassy in Washington to Capitol Hill, where it has been subsequently introduced by some of the nation's best-known legislators.

ISCOS was founded by Carol Rosin, a former teacher who insinuated herself into the U.S. aerospace and defense community during the 1970s, and now palms herself off as an expert on issues involving outer space. ISCOS maintains close relationships not only with the Soviet embassy and the usual assortment of "peace" groups, but also with the U.S. Defense Department and the Heritage Foundation, the self-styled conservative bastion which is the principal sponsor of Lt. Gen. Danny Graham's bogus plan for space defense, High Frontier.

In fact, Rosin has disclosed that she maintains an intimate friendship with one John Bosma and his wife, Carol Henson Bosma. A former student radical, Bosma is now a leading member of the High Frontier group, and holds an official position at Heritage as well. According to congressional sources, Heritage has been meeting regularly with the number-two man at the Soviet embassy since February, and investigators are trying to determine whether Rosin helped facilitate this rather peculiar relationship.

Rosin's real purpose, as she and her associates have ad-

mitted in recent interviews, is to destroy U.S. attempts to construct a defense against nuclear attack. "Our main goal is to alert people to the dangers of the weaponization of space," Rosin informed a reporter. "We are working very closely with the Soviets on this."

This is no idle boast. Rosin's institute sponsored two private events in May which brought together members of Congress and representatives from the U.S. media, the defense industry, and the military to confer with a group of visiting high-level Soviet officials: Georgii Arbatov of Moscow's U.S.A. and Canada Institute, Yevgenii Velikhov, vice-president of the Soviet Academy of Sciences, and Roald Sagdeev, the Soviet laser expert, whom Rosin says she has known for several years.

At the first event, a reception at Sen. Claiborne Pell's (D-R.I.) palatial residence, Rosin and Sagdeev agreed to co-author a book on cooperative ventures in space. "We just decided on the spot," said Rosin. "I wanted to show other people that agreements like this can be made in small, informal gatherings, and that's important."

The second ISCOS gathering was a luncheon for congressmen, attended by Reps. George Brown and Mel Levine. Both Brown and Levine are working closely with ISCOS to push legislation aimed at hamstringing the SDI. In late March, they launched the so-called Coalition for the Peaceful Uses of Space, whose membership list is dominated by organizations associated with the "one worldist" orientation of Bertrand Russell and Leo Szilard (see article, p. 51)

The anti-ASAT coalition

One key outcome of the ISCOS-Soviet collaboration has been the escalating attacks on the U.S. ASAT program, which ISCOS has been coordinating with the Russians since last summer at the latest. In an April 23 press release, ISCOS boasted that it had "played a role in setting up the August 1983 meeting between the late Soviet Premier [sic] Yuri Andropov and a delegation of six U.S. senators in Moscow, at which Andropov announced a unilateral ASAT moratorium and proposed a space weapons treaty."

The press release, issued after Rosin had testified at the Democratic Party's platform hearings on foreign policy, also said that ISCOS "had provided delegation members, led by

Claiborne Pell, with briefings on the Soviet space weapons position, as well as earlier Soviet proposals,” and had “also worked with delegation members and the Soviet government to produce the Andropov statement.”

Rosin revealed in a recent interview that Andropov’s statement was a key part of the operation cooked up by the Russians and helped along by her institute and other Soviet collaborators in the United States to force the United States to abandon its ASAT project:

We got a statement out of Andropov announcing a unilateral ASAT moratorium. Andropov agreed to dismantle existing ASATs. . . . This is how it happened: I found some senators going to Moscow [last summer]. I asked one of them if he would suggest an anti-space thing in his meeting with Andropov. I also drew up a proposal on this and gave it to the Soviet embassy—the Soviets are very cooperative with us. Somehow, this message got through to Andropov, and he said, “We will do.” He called TASS in when he was meeting with the senators and announced a complete ban on anti-satellite weapons.

After letting that cat out of the bag, Rosin proceeded to describe how she came up with her proposal:

There was a very high-level group of people in the Pentagon who are very concerned about the weaponization of space. . . . One of them told me that if I could get the Soviets to make a statement about ASATs, then they would be able to stop the ASAT tests. He told me, “If you can get that, I think we can hold up the ASATs.” And as a result of the Andropov statement, all of a sudden a technical problem was identified in the U.S. ASAT program, and that has held up testing. . . . I couldn’t tell you for sure that they found the problem after looking hard for one, but that’s how some things happen. I know.

Shortly thereafter, ISCOS went into high gear to secure passage of legislation that would prohibit any further ASAT testing. According to Judith Schmidmann, who handles ISCOS’s legislative work, the institute not only had significant input into the development of the Brown-Coughlin amendment, but had done “a pretty comprehensive sweep through the list” of congressmen to line up support for the measure.

The Space Policy Working Group

The destruction of the U.S. ASAT program is by no means ISCOS’s first victory. As described elsewhere in this issue, ISCOS worked with the Soviet embassy in drafting Rep. Joe Moakley’s House Joint Resolution 120, the premier anti-beamdefense legislation in Congress, and has had a hand in virtually every bill or amendment introduced on Capitol Hill targeting the SDI (see article, page 49).

This has been accomplished primarily through the Space



Soviet Academician Yevgenii Velikhov(right) meets Jeremy Stone of the Federation of American Scientists (left), in the U.S.S.R. in November 1983.

Policy Working Group (SPWG), a congressional caucus which Rosin founded at a meeting in her Maryland home early last year to work out a strategy for undermining the U.S. beam-weapon effort.

Oriented toward staffers of key congressmen and senators, the SPWG holds meetings every week on the Hill, alternating between the House and the Senate. The caucus’s most regular attendees come from the offices of Reps. Joe Moakley (D-Mass.), Mel Levine (D-Calif.), George Brown (D-Calif.), John Seiberling (D-Ohio), Robert Kastenmeier (D-Wisc.), Jim Coughlin (R-Pa.), Pat Schroeder (D-Colo.), Tim Wirth (D-Colo.), Les Aspin (D-Wisc.), Norm Dicks (D-Wash.), Al Gore (D-Tenn.), Ed Markey (D-N.Y.), James Leach (R-Iowa), and Sens. Paul Tsongas (D-Mass.), Alan Cranston (D-Calif.), Claiborne Pell (D-R.I.), Spark Matsunaga (D-Hawaii), and Larry Pressler (R-S.D.).

According to Rosin and her assistants, the SPWG has helped produce such key pieces of legislation as HJ Resolution 531, which calls for the maintenance of the 1972 ABM Treaty, the Brown-Coughlin anti-ASAT amendment, and HJ Resolution 536, which calls for “cooperative ventures in space” instead of an “arms race in space.”

This last is a key angle which Rosin and her coterie are now pursuing. Rosin explained that ISCOS finds it more effective to attack the beam-defense program from a “positive” standpoint: “cooperation in space.” Asked whether she had cleared this with her pals at the Soviet embassy, Rosin confirmed that she had been encouraged by them to go with this approach. “They want this very much,” she said. “I’m convinced they’re sincere.”

Soviet “sincerity” extends to the recruitment of U.S. space scientists to the anti-beam effort. As an aide to Sen. Spark Matsunaga, a member of Rosin’s SPWG and sponsor of a resolution calling for U.S.-Soviet cooperation in space, explained in a recent interview:

There is a lot of potential for this as an alternative to Star Wars; this could serve as an alternative challenge. The Soviets have shown that they are more and more open in their desire for an exchange of information with scientists from other countries. . . . We're getting most of our support from people who are opposed to Star Wars, but there is also a new constituency, U.S. space scientists, whom we are beginning to bring on board.

Matsunaga's office, described by the anti-beam Federation of American Scientists as "the main force behind Soviet-U.S. cooperation in space," has been in touch with Soviet representatives on the issue and Matsunaga himself recently met with Sagdeev, Arbatov, and Velikhov at a luncheon sponsored by the Brookings Institution.

Rosin declares that her main personal focus at present is "winning over scientists to my perspective." She disclosed that she is "spending a lot of time" with an eminent astrophysicist who has written widely in favor of beam defense. "I'm in the process of trying to change Dr. X around," through the ploy of "cooperative ventures in space," she said. "I'm trying to find out if he'll meet with the Soviets on this."

Freezeniks, the KGB, and the Pentagon

Rosin is something of an expert at brainwashing scientists. She reportedly latched on to rocket pioneer Werner von Braun while they were both working at Fairchild Industries in the 1970s. Rosin claims that she became his protégé, and became interested in space issues under his tutelage. Be that as it may, Rosin capitalized on her relationship with von Braun to wangle her way into TRW and other military/aerospace companies as a consultant. Rosin claims that a turning point in her life came when she attended the United Nations Unispace conference in Vienna in 1982, and realized that "there is a lot of worldwide support to stop the weaponization of space." Out of this experience came her decision to set up ISCOS.

Rosin's ISCOS interfaces with such organizations as the Federation of American Scientists, the Harvard-MIT anti-beam crew, and space groups like the cultist L-5 Society. It has collaborators at the United Nations, Western European and Third World embassies, as well as the Soviet embassy and the Heritage Foundation.

ISCOS's subversion extends into the core of the U.S. defense establishment. The ISCOS board features such top-level people as Ed Winchester, the Controller of the Pentagon, and Bill Johnson, vice-president of Fairchild Industries, a major defense contractor. The kooky Delta Force cult in the U.S. military is represented on the ISCOS board by Jim Chanin.

Other ISCOS board members include science fiction writer Isaac Asimov; Barbara Marx Hubbard and Willis Harmon, leaders of the "Aquarian Conspiracy"; Alla Massavich, a Soviet stellar expert; Robert von Pagenhardt, professor at the

Naval Post-Graduate Institute and a close friend of Rosin; Jim Hickman of Esalen's East-West program; Calin Rosetti, program manager of the European Space Agency in Paris; Greg Fess of the Department of Energy (Rosin's ex-husband); and United Nations Assistant Secretary-General Robert Mueller, a devotee of Jesuit death-cultist Teilhard de Chardin, who runs most of the U.N.'s peace and disarmament programs.

In addition to this public board, Rosin claims to have a group of 15 "underground advisers," drawn primarily from the Pentagon and the aerospace industry. These people, whose names she says she would never divulge "even under sodium pentathol, I'm so brainwashed," write much of her material, including on the "weaponization of space."

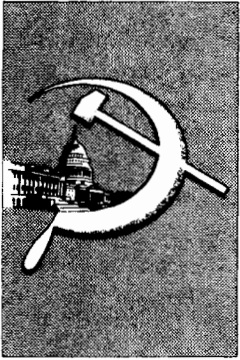
Rosin's international links

ISCOS also has extensive international networks. Currently, the outfit is helping coordinate the U.S. side of a major international anti-beam-weapon conference scheduled for July 7-8 at the University of Göttingen in West Germany. The meeting, entitled "Responsibility for Peace: Scientists Warn Against the Militarization of Space," is being held under the aegis of a West German freezenik group called "Natural Scientists for Peace and Disarmament." According to ISCOS's Judith Schmidmann, the conference—which is expected to attract approximately 3,000 scientists, lawmakers, and others—is receiving "a lot of support from the West German government." The main goal of the conference, she says, "is to produce a draft multilateral treaty against the weaponization of space."

Such outspoken foes of beam defense as Richard Garwin of the IBM Corporation and Kosta Tsipis of MIT have been invited to attend, and Rep. George Brown has agreed to speak. According to Schmidmann, the Soviets have also been approached and are simply "waiting to see who from the United States will be going before they decide whether to participate."

ISCOS is also mounting an international anti-beam initiative of its own: Susan Savage, the outfit's international coordinator, disclosed that she is coordinating a campaign to get every head of state in the world to send a personal letter to President Reagan by early next year calling on him to halt the arms race in space. Savage said that the response so far has been "extremely positive," and that she expects to present the letters to Congress by March 1985, "to help them become aware of what the world community feels about these questions."

Asked whether the Soviets will be asked to send such a letter to Reagan, Savage replied: "Their signature will be solicited. I will not be doing that solicitation. Carol will, because she maintains the Soviet, the uh, U.S.-Soviet relations aspect. . . . We'll be working together on it, but she'll be the one who actually will do it because she's got the real channels available to her. They'll listen to her; they wouldn't know who I was."



The legislation drawn up by the Soviet embassy in Washington

by Kathleen Klenetsky

Much of the anti-defense legislation—particularly that targeting U.S. efforts at developing a strategic defense system—which has been introduced into Congress in recent months has been sponsored by individuals affiliated with the Space Policy Working Group, an informal Capitol Hill caucus set up by KGB go-between Carol Rosin of the Institute for Security and Cooperation in Outer Space (ISCOS) for the purpose of influencing U.S. strategic policy. We itemize here the more important pieces of legislation identified with this group.

House Joint Resolution 120 (Senate Joint Resolution 28)

This resolution was introduced in the House on Feb. 2, 1983 by Rep. Joseph Moakley (D-Mass.) and in the Senate on Feb. 3, 1983 by Sen. Paul Tsongas (D-Mass.). It calls for "immediate negotiations for a ban on weapons of any kind in space." The text reads in part:

Whereas an international agreement to prohibit the introduction of weapons of any kind into space is needed in order to avoid the financial, social, and human costs that could result from such an arms race: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that a) the President shall resume immediately bilateral talks with the Soviet Union for the purpose of negotiating a comprehensive treaty prohibiting:

1) the testing, production, deployment, or use of any space-based, air-based, or ground-based weapons system which is designed to damage, destroy or interfere with the functioning of any space craft of any nation; and

2) the stationing in orbit around the Earth, on any celestial body, or at any other location in outer space of any weapons which have been designed to inflict injury or cause any other form of damage on the Earth, in the atmosphere, or on objects placed in space. . . .

b) The President shall request that the United Na-

tions take the necessary steps to bring about multilateral negotiations aimed at an extension of Article IV of the Outer Space Treaty of 1967 to include a ban on all kinds of weapons from space—including all weapons based in space for use against any target and all anti-satellite weapons regardless of where they are based.

H.J. Resolution 120, which has 128 co-sponsors, is expected to be reported out of the House Foreign Relations Committee in late July or early August. The Senate version, which had eight original sponsors including Sen. Gary Hart, was subsequently merged with Sen. Larry Pressler's S.J. Resolution 43, which urged a negotiated, verifiable ban on anti-satellite weapons, as a first step toward prohibiting all space-based and space-directed weapons.

Senate Joint Resolution 129

A "compromise resolution" formulated by Sen. Larry Pressler (R-S.D.) and Sen. Paul Tsongas (D-Mass.) was reported out of Committee last summer. It states in part:

Resolved that it is the sense of the Senate that:

a) The President should immediately prepare a proposal and invite the Soviet Union to negotiate a verifiable ban on the development, testing, production and deployment of anti-satellite weapons as a first step toward prohibiting all space-based and space-directed weaponry.

b) These negotiations should also seek to restrict to the extent consistent with U.S. national interests, the deployment of hazardous objects and materials, such as nuclear material in outer space.

S.J. Resolution 129 has 28 co-sponsors. It is tentatively scheduled for debate by the full Senate in June. On May 25, Sen. Charles Percy (R-Ill.) introduced an amendment to S.J. Resolution 129 aimed at countering the Reagan administration's contention that to negotiate an ASAT ban with the Soviets would be useless, since it could not be verified. Percy says his amendment "reflects our commitment to take all concerns in this area into account, especially

those relating to the verifiability of an ASAT ban or restriction.”

The amendment calls for an “immediate resumption of negotiations on a mutual and verifiable ban or strict limitations on the testing, development, deployment, and use of anti-satellite weapons”; the institution “of a mutual and verifiable moratorium on testing in space of anti-satellite weapons during the period of negotiations”; and the seeking “on an urgent basis” of “a verifiable treaty restricting the testing, development, deployment, and use of space-directed weapons systems, and prohibiting the testing, development, deployment, and use of space-based weapons systems if such systems are designed to inflict injury or cause any other form of damage on the earth, in the atmosphere, or on objects in space.”

House Joint Resolution 531

Introduced on March 28, 1984 by Reps. Mel Levine and George Brown, both California Democrats, this resolution calls for the United States to maintain its commitment to the 1972 Anti-Ballistic Missile Treaty. It was unveiled at a press conference on March 28, 1984, the same day that Brown announced the formation of a Coalition for the Peaceful Uses of Space. The Coalition includes Sen. Paul Tsongas (D-Mass.) and a number of other congressional members of Carol Rosin’s Space Policy Working Group, including Reps. Tim Wirth (D-Colo.) and Larry Coughlin (R-Pa.).

Other members of the coalition include anti-beam scientists Carl Sagan and Richard Garwin; Dr. Herbert Scoville of the Arms Control Association; the Council for a Livable World; Rosin’s ISCOS; the Union of Concerned Scientists; and the Communist Party front group, Women’s Strike for Peace.

At the press conference, Brown said:

The public is being presented with the dangerous illusion that the escalation of the arms race into space can solve our problems here on earth. However, a careful analysis of Star Wars technologies reveals that these exotic space weapons . . . will decrease our national security.

Brown accused the Reagan administration of “threatening the only strategic arms treaty ratified between the United States and the Soviet Union with its ‘Star Wars’ fantasy,” and said that his “legislation calls for the United States to maintain its commitment to the ABM Treaty, and to refrain from activities which could threaten or undermine it.” Brown added:

Most disturbing about the President’s Star Wars proposal is the certainty that testing and deployment of ballistic-missile defense technologies would violate the 1972 Anti-Ballistic Missile Treaty negotiated and ratified under the Nixon administration.

House Joint Resolution 536

Sponsored by Reps. Mel Levine and George Brown, H.J. Resolution 536 was introduced on March 29, 1984, and has 57 original co-sponsors. It calls on the Soviet Union and the United States to renew their participation in cooperative space ventures. A similar measure, S.J. Resolution 236, was introduced by Senators Pell and Matsunaga in February.

In a press conference, Levine motivated the resolution with an attack on beam weapons:

We are approaching a crossroads in the direction of the space program. . . . In recent years, there has been an increasing emphasis on military uses of outer space. The Reagan administration plans to establish a ‘Star Wars’ anti-missile defense system, deploy new weapons to destroy Soviet satellites, and increase use of the space shuttle for military missions, all of which threaten to trigger an arms race in outer space. . . . We must end the arms race in space before it becomes as uncontrollable as the arms race here on Earth. . . . We cannot allow the shortsightedness of the present generation to transform outer space into a staging ground for the next, and final, war.

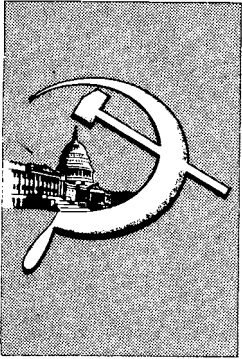
The Coughlin-Brown amendment

Reps. George Brown (D-Calif.) and Larry Coughlin (R-Pa.) submitted an amendment to the FY 1985 Defense Authorization Bill banning further testing of U.S. anti-satellite weapons. It was passed by the House on May 23, 1984:

No funds appropriated pursuant to authorizations of appropriations in this Title may be used for testing of the space defense system (anti-satellite weapon) against an object in space unless and until the President certifies to Congress that the Soviet Union has conducted, after the date of enactment of this act, a test of a dedicated anti-satellite weapon.

In announcing his intention to introduce this amendment, Brown had said that the ASAT moratorium “would continue as long as the Soviets continue to abide by their own declared moratorium.” The congressman charged that “ASATs and ‘Star Wars’ technology are inextricably linked,” and “if we decided to proceed with ASATS, we will have taken the first step towards an arms race in space . . . which will, in turn, set off a new round in the arms race on Earth.”

Rep. Norm Dicks (D-Wash.) has recently introduced two related pieces of legislation. H.J. Resolution 523 urges the President to seek an agreement with the Soviets to declare an “immediate, mutual and verifiable moratorium” of limited duration on the testing in space of ASATs, and to “immediately resume negotiations on a mutual ban on the testing, production and development of such weapons.” H.J. Resolution 524 calls on the President to seek, “on an urgent basis,” a comprehensive treaty on any space-directed or space-based weapon.



The Pugwash traitors who front for Soviets in the United States

by Mark Burdman

EIR investigations into KGB penetration of the U.S. policy-making apparatus in Washington, D.C. have uncovered that it is carried out through a world-federalist lobby created in the early 1960s by Great Britain's Lord Bertrand Russell and mad scientist Dr. Leo Szilard.

This lobby might best be labeled the U.S. "Pugwash Lobby," named after the "Pugwash Conference" organization set up by Russell and Szilard and their Soviet interlocutors in the mid-1950s.

In the United States, the Pugwash apparatus, institutionalized around the Council for a Livable World (CLW) established by Szilard in 1961, has from its inception been a lobby for treason. Its commitment to "equalize" the strategic capabilities of the two superpowers was launched at the time when, on the one hand, the United States had strategic superiority and, on the other hand, the Soviet Union was declaring its commitment to a war-winning military doctrine founded on mastery of technologies based on "new physical principles," as enunciated formally by Soviet Marshal Sokolovskii in 1962 in his book, *Soviet Military Doctrine*.

The Pugwash Lobby has developed a parallel government headquartered in the Boston-Cambridge-Harvard-Massachusetts Institute of Technology (MIT) complex. Out of this structure, the one-worldists are mobilized, through the mass-based CLW, to take over the U.S. Congress in both houses, and to front for the Soviet Union in undermining the U.S. government commitment to development of anti-ballistic missile (ABM) systems.

Deployed out of Szilard's CLW, the Pugwash Lobby has other institutional hands and feet working to sabotage a sovereign U.S. strategic-defense policy, including the Federation of American Scientists, the Union of Concerned Scientists, the Arms Control Association, the American branch of the Parliamentarians for World Order, and the Muscatine, Iowa-based Stanley Foundation.

It is this complex of one-worldist organizations which runs the Space Policy Working Group on Capitol Hill and Carol Rosin's Institute for Security and Cooperation in Outer Space (ISCOS) to wipe out the U.S. ABM beam-weapon commitment. It is the same complex which plans to surface on or about June 6-7 with a new "National Coalition to Save the ABM Treaty" to coordinate all legislative, lobbying, and

national organizing efforts to render the U.S. impotent in the face of emerging Soviet strategic superiority.

The Pugwash candidates' movement

In 1961, Dr. Leo Szilard, the model for "Dr. Strange-love" in Stanley Kubric's film, was involved in behind-the-scenes efforts to use an impending crisis over emplacement of Soviet nuclear missiles in Cuba to generate a new "crisis-management" regime between the superpowers. Szilard decided that what was needed to ensure success was a capability for taking over the U.S. government.

In that year, he arranged a meeting, presided over by Harvard Law School Prof. Roger Fischer, to create the Council for a Livable World. This organization is described by its current head, Boston businessman Jerome Grossman, as a "mass lobby behind Dr. Szilard's ideas." Szilard's goal, says Grossman, was "to put people in office in the legislative branch who would believe in negotiating a deal with the Soviet Union."

Once the Cuban Missile Crisis was launched, Szilard himself disappeared to Geneva, Switzerland, and died two years later. The mantle of Pugwash-CLW leadership in the United States passed on to a group of MIT-Harvard professors, including Fischer and MIT's Bernard Feld and George Rathjens, fanatical opponents of beam-weapon development.

Today, according to Grossman, Harvard Law's Fischer controls the "conceptual side" of Szilard's legacy, drawing up crisis scenarios and arranging alternative-government crisis-management relationships with Soviet counterparts behind the back of the U.S. government.

The mass-organizing side of the effort is left to Grossman and to CLW Washington lobbyist John Isaacs. Isaacs, according to a source at the Arms Control Association, has been the "sparkplug" motivating the behind-the-scenes efforts to launch the new Coalition to Save the ABM Treaty. He participates on a regular basis in the weekly meetings of the Space Policy Working Group on Capitol Hill, along with ISCOS's Carol Rosin and the Federation of American Scientist's John Pike, a Rosin trainee who chairs these meetings.

According to an FAS source, Pike maintains regular contacts with the Soviet Embassy in Washington, while Rosin "has a consultative relationship" with embassy officials. Pike's

FAS hosted Soviet Academician Velikhov during the May 4-6 weekend, while Rosin arranged a number of private receptions for Velikhov and other Soviet representatives. At these efforts, joint Pugwash-Soviet efforts to torpedo the U.S. ABM development effort were brought into a new operational phase.

The anti-ABM coalition will be headed, sources report, by Henry Kissinger's buddy Gerard C. Smith, a leading light of the Trilateral Commission. Its main Congressional organizer is George Brown (D-Calif.). It is receiving full backing from Arms Control Association head Herbert Scoville.

The CLW is financially and propagandistically intervening into at least eleven 1984 senatorial races, backing such Democratic incumbents as New Jersey's Bill Bradley, Michigan's Carl Levin, Delaware's Joseph Biden, Kentucky's Walter Huddleston, Montana's Max Baucus, and Rhode Island's Claiborne Pell. It is backing challengers like Iowa's world-federalist Rep. Tom Harkin and New Hampshire's D'Amours.

In the House, Grossman reports, the backbone of the CLW machine is, aside from Iowa's Harkin, Reps. Joseph Addabbo and Tom Downey of New York, Rep. Les Au Coin of Oregon, and Rep. Mavroules of Massachusetts, all Democrats. Grossman also reports that regular liaison is maintained with both the Mondale and Hart machines in the state of California through the offices of Sen. Alan Cranston (D), another world-federalist agent.

Grossman boasts: "The Council has grown enormously over the past five years, partly because of my efforts, partly because of the hysteria over nuclear war, partly because of the irrationality of the Reagan administration. We now have 85,000 members nationally, and 2,500 activists, at least one in every congressional district of the country, who can be mobilized overnight for mailings and campaigns to put pressure on the legislative branch. . . . We are doing what Szilard set out to do, but Szilard only foresaw campaigns in the U.S. Senate. Now we have a full perspective for the House as well."

The Harvard-MIT alternative government

The main conceptual center for treason in the United States is the Harvard-MIT complex. The Pugwash apparatus, including the Arms Control Association and other lobbies for national suicide, was created in the early 1960s. The Harvard School of Government (today called the John F. Kennedy School of Government) trained and deployed Eastern Liberal Establishment head McGeorge Bundy and Henry Kissinger into the Kennedy and Nixon governments in the 1960s.

The Harvard-MIT complex harbors most of the pseudo-scientists now mobilized on a rampage against beam weapons. These include:

- Rathjens and Feld, the MIT successors to Szilard;
- Victor Weisskopf, MIT, a Pugwash participant and liaison to the world-federalist Pontifical Academy of Sciences in Rome;

- Paul Doty, Pugwash "arms control" specialist and coordinator of the JFK School of Government's division on Science and International Affairs;

- Henry Kendall, head of the Union of Concerned Scientists, which has been drawing up legislation against Anti-Satellite technologies and against beam weapons in cooperation with Soviet government officials;

- Jack Ruina and Kosta Tsipis, two MIT propagandists against ABM development linked to the British monarchy's chief scientific representative, Lord Solly Zuckerman;

- Eviva Breschler, an anti-beam-weapon consultant and MIT graduate now seconded to Massachusetts Sen. Paul Tsongas's office to draft legislation against beam development.

On May 12-13, the leaders of the Harvard-MIT Pugwash apparatus were huddled in secretive sessions with Soviet U.S.-Canada Institute head Georgii Arbatov, Arbatov assistant Zhurkin, Soviet GRU General Milshtein, and Moscow Oriental Institute head Yevgeny Primakov in the first-ever participation by Soviet representatives in Harvard "crisis-management" exercises.

The exercises have been ongoing under the rubric of a seminar series entitled "Preventing Crisis and Avoiding Nuclear War," which is a sub-project of the Nuclear Negotiations Project of the Project on Negotiations of Harvard Law School, coordinated by Szilard protégé Roger Fischer and by Harvard anthropology Ph.D. William Ury.

Several months ago, this Harvard seminar team was commissioned by the U.S. Arms Control and Disarmament Agency to submit a study on crisis-management. This was submitted earlier this year under the title, "Beyond the Hot Line." According to a seminar project-manager, the study contains recommendations for establishing a special "Presidential Crisis Management Service" in the event of a new superpower confrontation, "composed of veterans of past crises like the Cuban missile crisis."

What this amounts to is the infrastructure for a parallel government capable of mounting a coup d'état in Washington, D.C. in the event of a new superpower confrontation.

Harvard-MIT participants in the May 12-13 get-together with the Soviets included not only Ury and Fischer, but also Pugwashite Doty, JFK School of Government head and Trilateral Commission member Graham Allison, JFK School Dean Albert Carnesale, and JFK School Prof. Joseph Nye, a Carter administration "arms control" adviser.

Immediately after the event, Doty was deployed several miles down the road into Hanover, New Hampshire, for further parleys with Arbatov and Co. at the annual "Dartmouth Conference" U.S.-Soviet meeting. Other U.S. participants included David Rockefeller, Kissinger protégé and Mondale campaign-adviser William Hyland, and several policy makers from Kissinger's current base of operations, the Jesuit-run Georgetown University.

Fischer, the co-founder with Szilard of the Council for a Livable World, maintains a wealth of other regular liaisons

with Soviet intelligence. For example, he is one of the movers and shakers in the United States for an entity called "Lawyers Alliance for Nuclear Arms Control" (LANAC), which met with the Soviet Commission of Jurists in Moscow in July 1983 and in the United States in March 1984. From these meetings have emerged a series of "working papers" for establishing the legal mechanisms for overturning U.S. sovereignty in favor of world-federalist arrangements dictating U.S.-Soviet relations. The two groups are scheduled to meet again in December 1984, in Moscow.

Fischer has established other channels into the U.S.S.R. through the agency of the International Institute for Applied Systems Analysis (IIASA), based in Laxenbourg, Austria. IIASA was set up during the late 1960s by Harvard's McGeorge Bundy and the U.S.S.R.'s Dzherman Gvishiani, son-in-law of Alexei Kosygin and business partner of U.S. Democratic Party head Charles Manatt.

IIASA today serves as one of the main arms of the Club of Rome International, the one-worldist Malthusian organization founded by the late Aurelio Peccei of Italy. In mid-May of this year, IIASA officials hosted Henry Kissinger for a series of meetings, to boost Kissinger's campaign to take over the U.S. government on behalf of the Pugwash Lobby and the U.S.S.R.

In the summer of 1983, Fischer reports, he held a series of meetings at IIASA with Moscow U.S.-Canada Institute official Victor Kremeniuk, "an expert in crisis-management," and with Moscow Institute for International Relations (IMEMO) official Vadim Lukov, "an expert in negotiations."

In July, Lukov and IMEMO colleague Sergeyev will be leading, together with the Harvard group, a first-ever joint U.S.-Soviet seminar series in "training in crisis-management." This is to be attended, Fischer reports, by "Soviet diplomats and members of Washington's Foreign Service Institute. We have already received an acceptance from the Saudi ambassador to the United States, Prince Bandar, to participate in these meetings."

Fischer reports that Harvard is also central to efforts to help IIASA, which has been hurting financially ever since the Reagan administration broke off its funding when it was discovered that IIASA computers in Reading, England were being used to conduit sensitive information to the Soviet Union. Professor Howard Raiffa of the Harvard Business School and the JFK School of Government is current head of the "American Institute for IIASA."

World federalists

Given the importance of Harvard-MIT as centers of treason in the United States, it is hardly surprising that Massachusetts' own Sen. Paul Tsongas (D) and Rep. Joe Moakley (D) are among the two leading proponents on Capitol Hill of dismantling the U.S. ABM development commitment.

When this reporter confronted Moakley aide Jim McGovern with evidence that the Soviet embassy had authored the final draft of the anti-ABM resolution that Moakley then

introduced onto the House floor, McGovern insisted that the actual conceptual author of the legislation was a certain Stanley Foundation in Muscatine, Iowa, "which has written a lot on space weaponry over the past years."

The Stanley Foundation, it turns out, is one of the leading funders of World-Federalist, Pugwashite activity in the United States. One of its staffers, Jeff Martin, told *EIR* that "we maintain working relations with the Council for a Livable World." The Foundation was created by Iowa architect-engineer C. Morgan Stanley. According to Martin, Stanley was "president of the World Federalist Association in the late 1940s-early 1950s. He was an advocate of world government in those days."

The World Federalist Association has been one of many clones of the Bertrand Russell apparatus worldwide, emanating out of Russell's World Association of Parliamentarians for World Government (WAPWG).

Since 1978, the Stanley Foundation has funded a series of conferences against space weaponry. The last such event, in the summer of 1982, was held in Vienna, Austria, in conjunction with a United Nations organization called Unispace, which has motivated "outer space treaties" in the U.N. against ABM development.

One of the participants at this summer 1982 event was Carol Rosin. According to Rosin's own testimony, it was out of that conference in Vienna that her ISCOS organization and all of her ensuing activities were launched!

Another organization collaborating with the CLW is the "Parliamentarians for World Order," created in 1980 by New Zealand's Nicholas Dunlop as an "umbrella organization to coordinate all national parliamentary organizations committed to world-order policies," according to one of Dunlop's aides at the PWO's headquarters in New York City.

The PWO is an updated version of Russell's WAPWG. The British branch of the PWO still bears the name of Russell's organization, and the PWO's international parliamentary head is British Member of Parliament John Silkin.

In the United States, the PWO's Congressional head is Rep. Downey (D) of New York, one of the CLW's favorite sons. Other PWO congressmen include such bitter enemies of ABM development as Jim Leach (R) and Berkley Bedell (D) of Iowa, and Democrats Paul Simon of Illinois, Barney Frank of Massachusetts, and Mel Levine of California.

In a discussion, Harvard-CLW leader Fischer gloated that the world-federalists had scored a major victory with the May 21 "Four Continent Initiative" issued by six world leaders, including Sweden's Olof Palme, Greece's Andreas Papan-dreou, Tanzania's Julius Nyerere, India's Indira Gandhi, Mexico's Miguel de la Madrid, and Argentina's Raul Alfonsín. The "Initiative" had originally been circulated by the PWO's Dunlop; it calls for immediate superpower discussions on "disarmament" and "arms control."

According to Fischer, "The PWO was stimulated by Russell's World Association. What has just happened will facilitate an agreement between the superpowers."

Jack Anderson's tongue-in-cheek puff of the spoon-benders

by Lyndon H. LaRouche, Jr.

Mind Wars

by Donald M. McRae
St. Martin's Press, New York, 1984
Hardcover, 137 pp. \$12.95

On a flight from Boise, Idaho, to Sioux Falls, South Dakota, I read through Ronald M. McRae's spoof *Mind Wars*. Although McRae documents the case that "spoon-bender" Uri Geller is a proven charlatan, the ostensible purpose of McRae's book is to promote U.S. government spending into Geller's area of psychic black magic.

The little book includes an Introduction by the famed columnist Jack Anderson, who supplies the imprimatur for both the book and its author:

Ron McRae knows investigative journalism from inside and out. For several years, he was one of those "unauthorized sources" within government I have always depended on. In 1979, he came in from the cold and joined my staff as an intern. Since then, he has become one of the best investigators in the business.

McRae himself identifies the method by which his book aims to popularize acceptance of the very same black magic he seems to be ridiculing at times: "Controversial views sell only when delivered in seriocomic wrappings, from pundits like William F. Buckley and William Safire, and do not have to be taken too seriously."

That sentence may be regarded as McRae's confessing to the putative purpose of his book. He writes: "I now accept the possibility of psychic phenomena, although I find the research now available far from convincing. If psychic phenomena do exist, they will revolutionize science, and I therefore support modest government funding of such research."

Although McRae's little book is, overall, a "seriocomic" spoof of the species he attributes to Buckley and Safire, there are a few interesting gems buried amid the buffoonery.

The most important occurs in the fourth chapter of the text "The Magician and The Scientists." McRae reports that President Jimmy Carter was utterly taken in by Israeli "spoon-bender" Uri Geller, beginning with a private session arranged on the evening of Carter's attendance at the 1976 inauguration of Mexico's President José López Portillo. McRae then documents the suspicion that Carter's ignorant superstition was exploited to open up the United States' intelligence community for penetration by the Soviet KGB. We devote the most relevant portions of two paragraphs, and then add important factual corrections to McRae's points.

A certain percentage of the Soviet emigrants are KGB plants, moles the Soviets hope will eventually reach important positions in their new homelands. Not all of the moles go to the United States; Israel is also a preferred target, because it has access to the newest American technology, and because so many Soviet Jews emigrate there and rise to high posts.

Emigrants with military research experience are routinely debriefed in both nations, so some intelligence officials, including both skeptics and believers in parapsychology, speculate that the KGB hopes to use parapsychology as an entrée to the American and Israeli intelligence and military research communities. The arrest of Toth increased the value of the emigrant's alleged scientific experience in the Soviet Union, they suspect, and might be seen by the KGB as a means of gaining faster access to Western laboratories, particularly in Israel. Because mysticism is an important part of the Jewish religious tradition, an interest in parapsychology is more common among the Israeli than the U.S. scientific elite and does not carry the kinky connections that might bar an immigrant from promising posts in the United States.

There is a WASPish smell of ignorance and anti-Semitism in blaming the "Jewish religious tradition" for the admitted influence of cabalistic numerology among some

strata in Israel today. Historically, Middle Eastern cabalism is a product of the anti-Hebrew, pagan traditions of the Chaldeans and the Philistine variant of the Chaldean Ishtar cult. The case of Simon the Magician, against whom St. Peter and Philo collaborated in Rome, is a watershed case in the continuing invasion of Judaism and Christianity by various forms of Gnostic-Sufi cults derived from Chaldean paganism. In the case of the infection of some currents of Judaism with Philistine cabalism, the documentation traces this to Byzantine Syria and to the specific influence of the Luzzato and allied Venetian families from approximately the 13th century onwards. It is true that cabalism is among the leading pieces of magicians' trickery used as psychological warfare against Israel's population today, but there is nothing distinctively Jewish in such superstition. Perhaps McRae's "investigative journalism" overlooked the popularity of the "astrology industry" among the United States' most influential newspapers, or the crudest and most widespread form of superstitious kookery, gambling.

McRae's WASPish taint of anti-Semitic bigotry aside, this quoted passage touches upon one of the most deadly avenues of Soviet penetration of high-ranking military and intelligence networks inside the United States, typified by the Esalen networks, including such cases as the "L-5 Society" and "Lifespring."

Over the span of known human history, mystical cults have been the most successful mode for subversive penetration of high levels of government of a targeted adversary. The tested models for cults of such utility are all derived from the Harrappan-Chaldean model of "Great (Earth-) Mother" cults: Shakti, Ishtar, Athtar, Astarte, Isis, Cybele, and Russia's own pagan cult, "Matushka Rus." The companion-cults of the "Great Mother" center around two subordinated male figures, both male figures strongly colored by pederasty and castration rituals. The one is the Siva, Osiris, Dionysos, Satan, et al. form; the other is the Horus (St. George), Apollo, Lucifer, et al. form. All are associated with forms of magic and witchcraft: mystical psychic powers for controlling nature through the individual or collective will of the user of such sympathetic magic or psychic radiation. The "outer space" cults fostered with aid of exploiting the "science-fiction" genre are old paganism decked out in flying-saucer costuming.

The highly placed member of our military or intelligence community, for example, operating under Soviet KGB control, need not know that he or she is under Soviet control. Such a member of a Soviet-influenced cult operates out of loyalty to the "brotherhood" of the cult itself. In this way, he or she acts under efficient Soviet control, and is an efficient Soviet agent, without facing the embarrassing fact that the mother goddess he is serving is "Matushka Rus." Good counterintelligence today examines closely the cults into which former members of Communist Party and fellow-

traveler families tended to drift during the 1950s and 1960s. The "outer space," the "inner space" cults, and cults combining the two features, have replaced the Communist International's putatively Marxist associations as the leading Soviet penetration of our scientific, military, intelligence, and security institutions today.

This is the only important implication of McRae's book, albeit McRae himself, elsewhere in the little book, denies such organized religious-cult operations of the KGB to exist as dangerous conspiracies. As we have indicated, these indicated sorts of cults are among the most important Soviet penetrations of our military, scientific-professional, and intelligence communities today.

We conclude this review by treating two aspects of the indicated national-security problem. First, we submit a summary of one example of the way some Marxist circles of the 1920s through 1950s were recruited to mystical kookery: the case of German Communist psychoanalyst Wilhelm Reich's "orgone" cult. Secondly, in conclusion, we identify the epistemological problem existing even among scientific professionals, which represents susceptibility to such varieties of "inner space" kookery.

The 'Orgone cult'

Through the American Veterans' Committee (AVC) of 1947-49, the writer made the acquaintance of a network of putative Marxists who had taken on the newly-founded AVC as an area for penetration. Amid these acquaintances, he encountered a nest of followers of the "Orgone" doctrine of Wilhelm Reich.

Reich had been a leading figure of the pre-1934 circles of those varieties of Berlin Communists who had been frequently allied with the Jesuit-trained Josef Goebbels's left-wing Nazi SA of Brandenburg and who had wandered back and forth between the Communist Party and SA of that city. Epistemologically, both these Communists and the left-wing, Russophilic Nazi SA, were of a common stock, the "rootless" returned soldiers of World War I who had constituted the fighting squads of the Communists and of Strasser's and kindred currents of "National Bolsheviks." This is the historic root of the "Nazi-Communist" phenomena of Germany, Vienna, Paris, Mexico, and so forth, from the 1920s to the present date. Reich's general variety of psychoanalytical dogma, as well as his Orgone cult, were consistent with the philosophical world-outlook common among the radical communes of Berlin during that period.

Psychoanalysis was associated with cultism from the outset, as the cases of Freud and Jung, carefully examined, show beyond reasonable objection. Freud, strongly influenced in method by the cultist Ernst Mach, based his clinical doctrine on a radical form of irrationalist hedonism. Swiss pro-Nazi Jung's borrowing from oriental hesychasm, including "Tibetan mysticism," is notorious, but examination of Freud's

attempted theories of “metapsychology” shows anti-Nazi Freud to be no less a mystical kook than his pro-Nazi competitor.

Freudian mysticism had strong appeal among Marxists, because of Freud’s reputed emphasis upon a “materialist theory of the personality,” and because Marxist dogma provides the believer with no basis for the individual personality but those of “instrument of production” and “functionary of the class struggle.” Apart from production, and the “tasks of the class struggle,” the Marxist discovers a troublesome query in his conscience: “What is the meaning of individual, personal life?” A Freudian, or quasi-Freudian sort of “materialist theory of the personality,” finds susceptibles among such Marxists. In Soviet Russia, this “emotional need” finds a ready-made mysticism in the peasant cult of Matushka Rus, and the emerging realization that there is no division in essentials of belief between the Soviet Marxist and the Russian church of the Old Believers, the Raskolniki. In nations of Western European culture, for some, Freudian psychoanalysis, blended with the “radical materialism” of the Russian Pavlov and his Harvard co-thinker, B. F. Skinner, filled the vacuum.

This sort of troubled Marxist seeks a “something other” to serve as the psychic basis for the existence of features of individual personality not recognized by Marxist doctrine. Yet, he or she seeks a “something other” which has the appearance of a “rational materialistic” basis. Freudian sexual theories of the personality have the advantage of fulfilling such two requirements: A “primal sex-force” in the universe—sexual force streaming in from the stars like cosmic rays—satisfies the appetite in question.

The blending of “touchy-feely” varieties of “personality therapy” with a blending of “primal psychic forces” and “flying saucers” perhaps added into the mixture, is a suitable recipe for the former Communist or crypto-Communist. Such cults blend nicely with the “nativistic-cult” insurrectionary doctrine of G. Zinoviev’s Baku conference of the Comintern.

The frightened old Marxists in the U.S.A.—and elsewhere—hid in such seedling cults during the more frigid periods of the “Cold War.” The emergence of the recreational-drug varieties of the rock-drugs-sex counterculture during the course of the 1960s and the spread of cultural pessimism among many social strata through the influence of the fear of thermonuclear war and adoption of the “post-industrial society” mythos during the same decade, stripped even large segments of our military, scientific, and intelligence communities of any real sense of purpose in life. The “no-future” generation of “radical ecologism” became necessarily the “now” and “me” generation, the generation of “recreational psychotropic substances,” of pornography, and of “mid-life crises.” The clincher for many was the Vietnam War: a war conducted under “flexible response” guidelines of strategic agreement with the Soviet regime (via Pugwash and related

back-channels), an endless war, fought to no war-winning purpose and fought according to the Kissinger doctrine, that war with the Soviet Empire which is an endless, Manichean struggle, a war with no purpose but its endless perpetuation, without resolution.

This induced shift in the “cultural paradigms” of the U.S. population produced the conditions under which Aldous Huxley’s California-based LSD-25 theosophical cult-building operations rendered significant strata of our defense and intelligence establishments vulnerable to the kind of Soviet KGB penetration indicated.

The epistemology of kookery

Living processes do radiate an electrodynamic “aura.” Although science has merely scratched the surface of this matter, the most fundamental features are readily and conclusively understandable. No “spoon-benders” are required to assist science in this matter.

The principles underlying the now-famous DNA molecule were already known in significant degree to Leonardo da Vinci nearly 500 years ago. Leonardo, together with Luca Pacioli, and Johannes Kepler later, understood the proof that all living processes are distinguished from macroscopic non-living processes, by the fact that the morphology of growth and growth-determined function is determined by self-similar harmonics congruent with the geometric Golden Section. Working from the same vantage-point, Leonardo defined the double-helical cylindrical function within hydrodynamics. The Golden Section occurs in the visible manifold as a characteristic of the projected image of a self-similar conic spiral-function upon the visible manifold.

The double-helical spiral, as associated with the Crick-Watson image of DNA, is mathematically (geometrically) a projection of a simple, self-similar spiral from a cylindrical cross-section torus onto a simple cylinder. However, this form of the DNA molecule could not, by itself, account for living processes, at least not in the way this geometric form is usually interpreted in classroom doctrine. A perfect form of cylindrical self-similar function is a null-entropy mode of transmission of energy, whereas living processes are characteristically of the form of conic self-similar spiral-action. For a DNA molecule to perform in the manner living processes require, that molecule must undergo a transformation, at least briefly, such that its electrodynamics are congruent, at least momentarily, with conic self-similar spiral-action.

According to researchers, under appropriate laboratory conditions, the excitation of DNA with photons results in the later emission of photons at a higher energy-level than that of the exciting photons. This is called an increase in the energy-flux density of the emitted photons over that of the exciting photons. Such an increase is the characteristic hydroelectrodynamic definition of negentropy.

Such a transformation is characteristically that represent-

ed mathematically (geometrically) by a conic, self-similar spiral-action. As Dr. Johanthan Tennenbaum showed, in his corrective commentary on Hermann Minkowski's doctrine of ("special") relativity (see *EIR*, Feb. 1, 1983), it is mathematically required that the exciting photons generate a singularity in the geometry of the excited DNA; this action satisfies the requirement of a negentropic transformation in terms of Riemannian physics. Such a Riemannian transformation is coherent with the increase of energy-flux density.

If the same physical process is examined from the standpoint of an opposing mathematics, notably the doctrine of statistical fluctuations of statistical mechanics, mysticism is superimposed upon the experimental evidence. Such superstitious mystification is merely the commonplace of all efforts to define living processes' distinctively characteristic behavior from the vantage-point of the variety of statistical theories derived from the work of Laplace et al. This sort of mystification is characteristic of "cybernetics," for example, which defines "negentropy" in terms of statistical improbability.

Thus, if any behavior characteristic of living processes is assessed from the vantage-point of the statistical design of experiments, that behavior is statistically "improbable." In the mind of the undisciplined observer, that statistical improbability is interpreted as positive evidence of astral or other mystical causation.

In other words, the ostensibly "scientific" premise for belief in mystical causation is simply a wrong choice of the mathematics employed. Cabalism typifies the axiomatic basis for all such wrong choices of mathematics. Any axiomatic arithmetic, such as Russell and Whitehead's *Principia Mathematica*, assumes that the counting numbers are the essential, self-evident form of existence in the universe, as Leopold Kronecker famously insisted. Therefore, any process which cannot be coherently described by such a mathematics appears "other-worldly" to the true believer in such an axiomatic sort of arithmetic. In physics, the real numbers are what are known as "complex numbers," the numbers used to describe self-similar spiral-action functions in conic, elliptic, and cylindric domains.

It is relevant, that one of the leading advocates of the "spoon-bender" faction, Lt.-Gen. (ret.) Daniel Graham (see, *Time*, Jan. 29, 1984), has repeatedly insisted publicly that scientists should not be consulted on matters of military technology. It is not unrelated that Graham's magnum opus, his *High Frontier* Rube Goldberg, was produced by the "spoon-bender" circles of Esalen's orbit, the orbit including the "L-5 Society" and the "Lifespring" cult. Graham thus merely freshly illustrates the point, that superstition and militantly ignorant hostility to science go hand in hand. Worse, it is such superstition which aids the Soviet KGB in infiltrating so deeply into kookery-tinged strata of our military, scientific, and intelligence folk.

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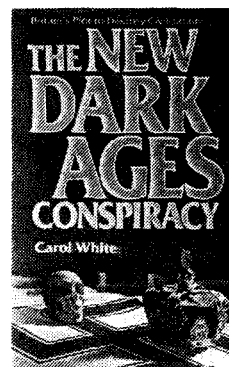
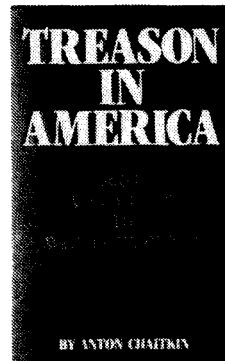
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U.S. complicity in Iranian terror revealed in gun-runner's arrest

by Edward Spannaus

The arrest in New York on May 17 of Iranian arms dealer Reza Hashemi and an associate for violations of the U.S. arms embargo to Iran may be only the beginning of the breaking up of the illegal arms trafficking which has kept Khomeini's regime supplied with U.S. arms since 1980. According to informed sources, more revelations are expected soon, which could result in the unraveling of a coverup which runs to the highest levels of both the Carter and Reagan administrations. There are also indications that these two arrests were pulled off *against* the wishes of the Federal Bureau of Investigation, the Justice Department, and certain allied sections of the Central Intelligence Agency, who have been covering up these activities.

Reza Hashemi, brother of Iranian banker Cyrus Hashemi, was arrested by Customs agents in New York after being lured from Spain by an elaborate "sting"-type operation. According to a report in the *New York Post*, the CIA "had sought to throw a cloak of 'national security' over the case," and had forced Customs to delay the arrest because Hashemi had once assisted the agency on "matters of national security."

In a still-sealed complaint sworn out by Customs agents, Reza Hashemi was charged with exporting sophisticated weapons to Iran, making false statements to the Commerce Department, and violating the U.S. arms ban. Also arrested was Long Island exporter Arthur "Skip" Luke, charged with violating the arms embargo and the Munitions Control Act during 1980 and early 1981. According to the *New York Post*, one of the companies used for the illegal arms shipments was the ITC company in New York.

ITC was named by *EIR* in 1980 as one of the business fronts for Cyrus and Reza Hashemi. *EIR* identified Cyrus Hashemi as the bankroller of Iranian terrorism in the United States, who was using his First Gulf Bank and Trust Company to funnel money to Khomeini-backed terrorists operating in the United States.

Hashemi subsequently sued *EIR* and other associated publications for libel, along with the *Washington Post*, the *Boston Globe*, Cable News Network, and others. Reportedly under pressure from the Department of Justice, exerted by former Assistant Attorney General Stanley Pottinger who was representing Hashemi, the *Washington Post* printed a

"clarification" of the story, effectively withdrawing Hashemi's and First Gulf Bank's names. *EIR* and associated defendants pressed ahead on pre-trial discovery in the suit, until Hashemi's suit was thrown out of court last year after Hashemi refused to appear for deposition and otherwise comply with discovery orders of the court. He is now appealing the dismissal.

Behind the Tabatabai assassination

Among the recipients of this illegal money was Bahram Nahidian, the Iranian secret service (Savama) station chief in Washington, D.C. who reportedly ordered the July 1980 assassination of anti-Khomeini spokesman Ali Akbar Tabatabai.

EIR charged at the time that a "national security" cover had been thrown over the investigation of the Tabatabai assassination by the FBI and the Carter Justice Department. This meant that the Carter administration gave Khomeini's agents a free hand to operate in the United States. The cover story was that this was in exchange for a hoped-for release of the American hostages; the deeper point is that the Carter administration was riddled with sympathizers and supporters of Khomeini's brand of Islamic fundamentalism. Eventually, four indictments were brought for the Tabatabai assassination—all against American Black Muslims. Although it was clear, even in the trial record, that the hit was planned and directed out of the Iranian Interests Section of the Algerian Embassy, no Iranian was ever indicted or prosecuted for the murder.

In a deposition of Nahidian, taken by attorneys for *EIR* during 1983, Nahidian testified that he had been approached by high officials of the Carter administration during the hostage crisis and even invited to the White House for lunch.

Why now?

The Hashemi gun-running network has been known to the FBI and relevant U.S. agencies since the time of the Iranian revolution. CIA documents released to *EIR* in the course of pre-trial discovery in the Hashemi libel suit confirm that the CIA and FBI were aware that the Hashemi brothers were illegally conduiting money into the United States through

the Gulf Bank for anti-U.S. propaganda and agitation during 1980.

One reliable source told *EIR* in 1980 that Hashemi had been the subject of investigations by seven different law-enforcement agencies, including the FBI and CIA. During 1982, a federal grand jury in New York was investigating Cyrus and Reza Hashemi and their myriad of business fronts, including the ITC company, for illegal arms dealing. In the spring of 1982, rumors circulated in high circles that Cyrus Hashemi was about to be indicted. The same rumors re-surfaced after an exposé of the Hashemi network in *Time* magazine of July 25, 1983.

Last summer's exposés of Hashemi's arms dealings began in the French magazine *Vendredi Samedi Dimanche* and the French television station Antenne 2. This exposure was based on documents peddled by one **Carlos De Mello**, a Brazilian arms dealer who was in business with Cyrus Hashemi and his brother **Balanian Hashemi**. De Mello reportedly supplied documents stolen from Hashemi businesses to the French publications, and then also to *Time* magazine.

The "Antenne 2" investigator, following the trail from a January 1983 murder in Paris, was said to have uncovered a massive arms trade in U.S. weapons and parts to Iran, involving, among others, companies operated by the Hashemi brothers. The story said that investigations of this operation in the United States had been ongoing since September 1980.

The French weekly *Le Carnard Enchaîné* provided further details of this operation in an article in its July 27, 1983 issue entitled, "Khomeini always does his shopping in Jerusalem." The article described in detail how, for the past three years, American-made arms and spare parts had made their way to Iran via Israel. A number of the companies named in this article were also companies under investigation by the federal grand jury in New York which was investigating the Hashemi brothers, including the Katherine Transportation Association (KTA) and JSC International (also known as Jetcraft Supply Corporation), run by an Israeli couple, André and Jamie Freydel, who operate out of Anguilla where De Mello and Hashemi have their banking operations.

The *Time* magazine article provided some insight into the current Hashemi bust. Besides revealing that the Carter administration had authorized the covert supplying of arms to Iran during the hostage crisis, Carter National Security Adviser Zbigniew Brzezinski was quoted as complaining that when the United States offered to covertly supply spare parts to Iran in exchange for the hostages' freedom, it found that the Israelis had been shipping U.S. spare parts into Iran all along.

Given that Israel-Iran link, it is not surprising that sources are now reporting that the Israeli Mossad played a role in the timing of the Hashemi-Luke arrests, and that the arrests involved a falling-out among Mossad-controlled arms networks of which the Hashemis were a component. It may not be coincidental that Israeli Prime Minister Yitzhak Shamir has

recently called for an arms boycott against Khomeini's Iran, while at the same time the Israeli press has been featuring exposés of the role of former Defense Minister Ariel Sharon in arms deals with Khomeini.

The Hashemi ties into dirty Israeli networks are all the more interesting because Cyrus's principal financial backer is the First Arabian Corporation, the "respectable" side of the Muslim Brotherhood operation, which is headed by Lebanese-Syrian financier Roger Tamraz and includes Saudi financier Ghaith Pharaon. Tamraz's First Arabian Corporation owns the Bank of the Commonwealth in Detroit, for example. First Arabian and this Saudi operation also have extensive connections into the Texas crowd around John Connally and the major Houston law firms from which James Baker III hails.

Hashemi's First Gulf Bank & Trust Company, the principal conduit for illegal funding of pro-Khomeini terrorism, was in fact created in February 1979 as "First Arabian Bank & Trust Company"—just at the point when Khomeini returned to Iran from exile. Its name was changed to "First Gulf" a few months later, apparently to hide the connection to First Arabian Corporation and thus to Khomeini and the Muslim Brotherhood.

In addition to the Carter administration cover-up of Iranian terrorism, two other prominent motives for covering up the dirty Hashemi network are:

- **Stanley Pottinger**, an Assistant Attorney General in the Justice Department from 1973-77, was a business partner of the Hashemis during 1980, when the illegal arms-dealing and funding of terrorists was taking place. Pottinger was a director of the London-based York Trading Company, along with Cyrus and Reza and an Iranian named Siavash Sultanpour, believed to be Iranian-military-connected and who maintained offices in Teheran during 1980. York Trading Company was one of the companies under investigation by the 1982 New York grand jury.

- While the Carter administration was trying desperately to get the American hostages released before the November 1980 elections, *Henry Kissinger was working equally hard in coordination with the Soviets and British to prevent the release*. Kissinger's immediate objective was to insinuate himself as the new Middle East negotiator for the incoming Reagan administration; in the longer term, Kissinger, the British, and the Soviets were trying to prolong the hostage crisis in order to destroy U.S. influence in the region. Today, they are all in agreement on dragging out the bloody Iran-Iraq war.

Whatever Cyrus Hashemi's role during the hostage negotiations, well-informed sources have reported that he is now much closer to the Kissinger and Texas crowd in the Reagan administration and that this is the source of his protection. With reports that there is more to come in the Iran gun-running investigations, the elaborate five-year cover-up may be about to be blown apart.

Hyde cites European support for beams

In dissenting remarks to the House Foreign Affairs Committee's May 18 report attacking anti-satellite and directed-energy defensive beam weapons, Rep. Henry Hyde (R-Ill.), a senior member of the committee, reported to the Congress for the first time on European support for the Strategic Defense Initiative.

Hyde acknowledged that "although some West European defense ministers, including German Defense Minister Manfred Wörner, have expressed concerns" about the beam-weapon program, "France has recently expressed interest in moving beyond nuclear weapons and is worried over the possible deployment of a Soviet strategic defensive system." Hyde also criticized the committee, both for ignoring "a discussion of United States and Soviet strategic doctrine," and for failing to "more fully recognize the advantages of moving towards a doctrine of Mutually Assured Survival and away from the increasingly unacceptable doctrine of Mutually Assured Destruction."

Hyde noted that the Office of Technology Assessment (OTA) report, which the committee used as evidence of technical unfeasibility of beam weapons, had been "criticized by one of the top engineers at Lawrence Livermore National Laboratory." The OTA report is also alleged to contain classified information; Hyde said that he would seek an investigation.

A ridiculously shoddy piece of work even by Congressional standards, the Democratic majority on the committee reached their conclusions after only three days of hearings which, excepting a couple of administration witnesses, heard testimony from only

the opponents of the program such as Dr. Kurt Gottfried who represented the Union of Concerned Scientists.

In the Senate, the KGB-manipulated Larry Pressler (R-S.D.) held a press conference on May 23, at which he released a new Congressional Budget Office study (CBO) which charged that the administration's current Strategic Defense Initiative is redirecting money away from hardware and into long-term research and development. According to the CBO, "it could delay—though not foreclose—the option of deploying in the relatively near term a BMD system to defend hardened missile silos or other strategic assets in the event of a Soviet BMD deployment, which some analysts fear." This new attack on the President's program mirrors the criticisms of retired Gen. Danny Graham and the High Frontier grouping, whose work with left-wing, anti-"Star Wars" forces is under investigation by this journal.

ASAT fight escalates in Congress

The appeasement forces in the U.S. Congress escalated their fight against anti-satellite weapons by scoring a major House victory against ASATs on May 23, while regrouping Senate opposition around a new, anti-ASAT amendment that same day. During debate on H.R. 5167, the Department of Defense Authorization Act for 1985, an amendment banning further testing of ASATs introduced by Representatives George Brown (D-Calif.) and Larry Coughlin (R-Pa.), passed by a vote of 238 to 181. The amendment forbids any U.S. testing so long as the Soviets continue their moratorium on ASAT testing as announced by the late Yuri Andropov last August.

A counter amendment was put forward by Rep. Beverly Byron (D-Md.), a member of the House Armed Services Committee, who pointed out that the Soviets have already conducted extensive testing of an operational ASAT capability; a ban placed on the United States at the present time puts the United States at a disadvantage. Her amendment would have allowed testing up to the level of previous Soviet tests. It was defeated by a nearly identical margin of votes.

Representative Robert Badham (R-Calif.), an outspoken opponent of the Brown-Coughlin amendment, came closest to the truth in this matter. He motivated support for the Byron alternative by saying, "What is asked here is simply that we be allowed to test to the extent that the Soviets have already tested. Now, I do not think that is too much to ask at all, considering the fact that it is really too bad that we have to discuss on this floor the fact that the Soviet Union is naming our weapons policy. It is the Soviet Union that allows us to test, the Soviet Union that allows us to develop weapons systems. . . . All of a sudden the Soviets tell us what we can test and what we cannot."

In the U.S. Senate, on the same day as the House ASAT vote, Sen. Charles Percy (R-Ill.), chairman of the Senate Foreign Relations Committee, introduced an amendment to S.J.R. 129, the Pressler ASAT resolution, which Percy says is cosponsored by nearly one-third of the Senate. The amendment seeks to update the Pressler resolution in the wake of the March 31, 1984 administration report on anti-satellite weapons, which argued that problems of verification make the possibility of an effective ASAT treaty very remote. Percy states, "the amendment that we are offering today

reflects our commitment to take all concerns in this area into account, especially those relating to the verifiability of an ASAT ban or restriction. What this amendment says is that the Senate simply does not agree with the administration's decision not to enter into any negotiations on space-based or space-directed weaponry."

Gonzalez defends de la Madrid, Mexico

Rep. Henry B. Gonzalez (D-Tex.), an outspoken critic of Henry Kissinger, introduced a resolution into the House of Representatives on May 21 condemning syndicated columnist Jack Anderson's recent attacks on the integrity of Mexican President Miguel de la Madrid, and apologizing to the government of Mexico and its President. The resolution states, in part: "The President of Mexico has been improperly and unduly impugned by a deliberate, malicious and anonymous attack, inspired by a misguided policy, and that this calculated attack is unworthy of the United States, and more an embarrassment to the United States than to the government of Mexico; the government of the United States should apologize forthwith to the government of Mexico for the anonymous, malicious and wholly undocumented rumors it has spread against the President and government of Mexico."

Gonzalez charges that the Anderson columns were inspired by the U.S. government in an effort to "let Mr. de la Madrid know of its displeasure through more than official channels." Gonzalez concluded that "no matter how irritated Washington might be, however, it is clearly improper and offensive to resort to the tactic of bes-

mirching the character of a visiting chief of state."

Downey boasts of Pugwash caucus in House

Representative Tom Downey, the U.S. chairman of Parliamentarians for World Order—an outgrowth of Bertrand Russell's Pugwash conference backchannel to the Soviet Union—took the floor of the House of Representatives on May 22 to reveal the extent of congressional activity behind the May 22 release of the "Four Continent Peace Initiative," the call for Western appeasement put forward by various leaders in the Third World.

Downey states that he and the following Congressmen were active in the work of the WPO: Berkley Bedell (D-Iowa), Mel Levine (D-Calif.), Jim Leach (R-Iowa), George Miller (D-Calif.), George Brown (D-Calif.), and Barney Frank (D-Mass.). Downey revealed: "Over the last year, parliamentarians from all over the world have attempted to influence and excite the world leaders to the proposition that their intermediary role [between the United States and the U.S.S.R.] will work. I visited Mr. Papandreou personally and Mr. Trudeau. Mr. Bedell visited President de la Madrid and Prime Minister Bob Hawke. And Mr. Olafur Grimsson, a member of PWO, visited Mr. Nyerere, Mr. Palme, and Mrs. Ghandi, and Mr. Ceaucescu."

On May 22, Downey and Bedell, Leach, Miller, and Reps. Paul Simon (D-Ill.) and Mike Barnes (D-Md.), sent a letter to President Reagan urging his "attention to the joint declaration issued today by the heads of state of India, Mexico, Tanzania, Sweden, Greece, and Argentina. . . . It is ever more clear that arms control is not just

the responsibility of the superpowers, but the obligation of large and small countries alike."

Congressmen choose sides in anti-drug fight

The efforts by the FBI to undermine the anti-drug efforts of the special task force set up under Vice-President Bush have spilled over onto Capitol Hill. Following the attack by Drug Enforcement Administration head and FBI Deputy Director Francis "Bud" Mullen on the Vice-President's National Narcotics Bureau Interdiction System (NNBIS), Rep. William Hughes (D-N.J.) jumped into the fray on the side of Mullen.

In a floor statement on May 21, Hughes declared, "Bud Mullen is to be commended for honestly raising these issues within the administration. For too long this administration's drug policy has been steered with an eye on the press releases and not with an eye on the results. . . . One of Bud Mullen's points is that the administration public relations campaign surrounding the creation of NNBIS has undermined the morale of the DEA agents, the customs agents, the FBI agents, the BATF agents and the Coast Guard personnel who actually make the investigations, the seizures, and the arrests, because the NNBIS bureaucracy at the White House takes credit for their hard work. The lesson from this flap is that until our drug enforcement policies are developed and directed with unity and coherence, the separate fiefdoms will continue."

Hughes is one of the chief sponsors, along with 33 other House members, of H.R. 4028 calling for the new creation of a cabinet-level drug director.

National News

George Ball's economics teacher a top KGB man

According to British author Nigel West in his recently published book, *A Matter of Trust—MIS, 1945-72*, George Ball, former undersecretary of state of the "best and the brightest" Kennedy-Bundy administration, learned his economics from one of the 20th century's top KGB agents, Jürgen Kuczynski. Ball is currently a partner at the merchant bank Lehman Brothers, Kuhn Loeb, and is author of *Diplomacy in an Overcrowded World*.

Reporting on the doings of British nuclear spy Klaus Fuchs, who fed Moscow updates on Western nuclear research, West writes: "Assuming the Mornington Crescent meeting place to be out of date, he tried to find Jürgen Kuczynski. He failed because Kuczynski had been recruited into the Office of Strategic Services (OSS) in 1944 and had moved to the United States, where he was acting as economic adviser to George Ball (later the U.S. undersecretary of state). Instead, he approached a member of the Communist Party of Britain, who put him in touch with 'Sonia' . . ."

Sonia was the code-name of Kuczynski's sister Ursula Hamburger, a leading member of the Soviet Military Intelligence espionage network "Lucy" which operated from Switzerland during World War II under the leadership of Sandor Rado, a.k.a. "Dora." Jürgen Kuczynski later became one of the star Marxist ideologues of the East German regime, and one of the early, prominent LaRouche watchers in the Soviet Empire. Could George Ball please explain whether he still exchanges views with Kuczynski on the matter of LaRouche?

Governor Lamm demands immigration laws

Colorado Gov. Richard Lamm, who gained notoriety earlier this year when he publicly demanded that the nation's elderly "die and

get out of the way," went on national television on May 20 to lobby for harsh curbs on illegal Mexican immigrants which would amount to "lock the border and watch them starve," as a population-control specialist once put it.

Appearing on CBS-TV's "Face the Nation," Lamm declared that the present U.S. immigration system is "out of control. . . . We have a system that is being multiply abused." Lamm, a close friend and staunch political supporter of Democratic presidential candidate Gary Hart, also effectively endorsed the controversial Simpson-Mazoli bill, bluntly stating that "we need sanctions against employers" in order to halt the flow of illegal aliens.

LaRouche: Mondale exposure may save party

Democratic presidential contender Lyndon LaRouche, in Charleston, West Virginia, for a press conference May 23, was asked by a reporter if his charges on Walter Mondale's links to the KGB were intended to hurt the Democratic Party. He replied:

"It may save the Democratic Party, which is controlled at the top by gangsters. The majority has no representation. The DNC has no constituency but Pamela Churchill Harriman. There's no access for rank-and-file voters. Would it hurt the party? Not at all. It would tell people there's a kingmaker force who could destroy candidates. We would walk into Reagan's office and say we represent the Democratic Party, we can destroy anything we don't like; you have to listen to us."

At an earlier press conference the same day in Trenton, New Jersey, LaRouche was asked: Wouldn't saying this get Reagan elected?

"I don't worry about perception games, we've become too other-directed in the U.S. I think truth has to come out if it's important and let the results fall where they must. . . . I'm concerned with the hearts and minds of the people of New Jersey. All these institutions are morally bankrupt. Fifty to sixty percent of the citizens are moral. It's my job

to bring them together as a force. People are fragmented. Who likes what's being done to the country? Who likes living in a depression? Who likes to be told he has to put a pillow on Aunt Mamie's face because there's not enough Medicare for her? People feel they have no power. If they could vote in a unified way and have their votes counted, they do have a tendency toward power. I'm a fighter. . . . Most candidates are stooges, and that's a scientific term. People need someone to take the point. People say about me—'Did you hear what he said? Where does he get the guts to say it?' Only an aroused population can change these corrupt institutions. . . ."

"You've got a diverse message," said a reporter. "What would be your positive statement to bring to the people of New Jersey?" Said LaRouche: "How would they like to avoid World War III? To get out of the depression?"

Hamerman denounces corrupt Maryland officials

Warren J. Hamerman, the chairman of the National Democratic Policy Committee (NDPC), today denounced "corrupt Baltimore and Maryland election and other state officials who have engaged in a pattern of massive obstruction of justice and outright tampering with evidence," in a vote-fraud case brought on behalf of presidential candidate Lyndon LaRouche. LaRouche was credited with 1-2% of the vote, but his campaign workers, for example, had 51 sworn affidavits from LaRouche voters in a precinct where only 23 LaRouche votes were recorded.

Despite court stipulated arrangements and a court order, Baltimore City and other officials arranged to remove the guards from sequestered evidence including 28 voting machines believed to have been rigged before election day. On May 22 at 4:30 p.m., Baltimore City election officials and supervisors instructed warehouse personnel to illegally evict court-approved security guards responsible for preventing tampering with voting machines.

Briefly

Hamerman stated: "A bunch of crooked state and city officials in Maryland have been caught red-handed in a blatant attempt to contaminate and destroy evidence which a court had placed under guard. Now a Baltimore Circuit Judge appears prepared to protect these illegalities. I am outraged at this vile criminal conduct. . . . At this point I doubt that there can be any honest procedure conducted in the State of Maryland on this matter and therefore think that only something like an independent special prosecutor or investigation can be trusted. Right now we must presume that all of the massive evidence proving vote fraud against Lyndon LaRouche in the May 8 Democratic presidential primary has been destroyed or hopelessly contaminated.

"Furthermore, the Election officials of Baltimore County and Baltimore City have refused to allow election machines to be fully inspected for evidence of machine-rigging, as sworn affidavits prove these machines registered less LaRouche votes than were cast. . . .

"Now Baltimore Circuit Court Judge Greenfeld, who originally signed the order protecting the evidence . . . has agreed to a hearing but only after the election has been certified. At best this action represents incompetent and irresponsible judicial behavior and, at worst, may indicate judicial corruption."

Lab makes breakthrough in particle beams

Scientists at Sandia National Laboratory announced May 17 that they had succeeded in focusing a charged proton beam down to a radius of 0.65 millimeters—an improvement of beam focusing of over three orders of magnitude compared to 1978. This is a significant advance for development of inertial confinement fusion, which involves using high-energy beams to "implode" pellets of fusion fuel.

The result defies standard scientific wisdom that mutual repulsion of the charged particles and other problems prevent such a focusing improvement. David Johnson of

the Sandia Lab told *Science News* that: "For the first time, we were able to show that intense ion beam diodes behave like optical elements—a small change in the lens curvature produces a precisely defined change in the focal spot." *Science News* wrote, "Before this discovery, it was thought that a number of different effects caused beam spreading. . . . No one was sure whether beams of protons or lithium ions could be focused onto a sufficiently small target," like fuel pellets used in inertial confinement fusion.

Judge strikes down Baby Doe regulations

A federal judge delivered the second defeat in a week to Reagan administration efforts to strengthen pro-life regulations, when he struck down requirements that doctors in hospitals report suspected instances of neglect of handicapped infants.

Judge Charles Briant of New York said the so-called "Baby Jane Doe regulations" were "invalid, unlawful, and must be set aside" because the Justice Department overstepped its authority in requiring states to investigate complaints about neglect and requiring handicapped infants' medical records to be made available to federal investigators.

In fact, the court is holding that euthanasia is not a crime under the purview of U.S. law. As observers point out, the judge's decision removes civil rights protection from handicapped newborn infants, saying that infants born handicapped or with syndrome problems can be denied ordinary medical treatment, including food and water, and the federal government is powerless to intervene.

The American Medical Association, in action reminiscent of the leading doctors' associations of Germany in the 1920s, has placed itself squarely on the side of the Nazi-like ruling. The AMA, in a paper on the case, called the struck-down regulations a violation of the principle that an infant's parents are "the ultimate treatment decision-maker"—the "principle" that parents have the right to kill their children.

● **CONSTRUCTION** workers and electricians jeered Walter Mondale on May 25 as he called on the Nuclear Regulatory Commission to close California's Diablo Canyon nuclear plant. "Three Mile Island was an accident; Diablo Canyon is an accident waiting to happen," Mondale told a San Luis Obispo crowd of 1,000. He is "against something that he doesn't know much about," said electrician Garry Ryan, who stopped being a Mondale supporter during the speech.

● **ADMIRAL** Hyman Rickover held his first news conference in 28 years on May 24 to announce his program of scholarships in mathematics and science for the gifted. "You can't go to heaven if you die dumb," said the father of the U.S. Navy nuclear-powered submarine fleet. The U.S. educational system "is a national failure." Scholarships will go to 54 American high-school graduates, five Israelis, and several Chinese students. "Anyone who doesn't do well, I'm going to shoot," he said.

● **VETERANS** in Earle, New Jersey on May 19 held a counter-demonstration against nuclear freeze protesters who had gathered in front of the city's Naval Weapons Station. "We feel the American public has the right to know that what these people want is the surrender of the United States," said American Legion Commander Bill Fowle. "I live a quarter-mile from here, and what's inside doesn't bother me in the least because it's keeping us out of war."

● **THE CALIFORNIA** Superior Court in Los Angeles ruled today that NBC-TV must show cause why the network's Democratic-candidates debate should not be enjoined unless candidate Lyndon H. LaRouche, Jr. is allowed to participate.

● **THE SOVIETS** had a hand in banning EDB in the United States, which came shortly after the Soviets complained about U.S. grain "contaminated" with the pesticide, according to a report in the *Boston Globe*.

Editorial

The LaRouche solution or bust

Much as President Reagan and many of the nation's bankers would like to believe it, the U.S. banking crisis did not go away when the Federal Reserve put unlimited resources at the disposal of Continental Illinois Bank May 11. Rather than isolating and solving the problem, the Fed intensified the risk to the entire U.S. banking system. Tremors through the market have begun to take on the scale of earthquakes.

The bankers in London and Switzerland who made the political decision to pull the plug are not reticent about their perspective: The glorious days of the U.S. dollar and U.S. banking system are about to end. Due to the insane policies of the U.S. Treasury and the Federal Reserve system since the early 1960s, the gnomes have it fully within their power to carry out their threat. The only question is what the United States will do about it.

Read the advice of the financial "experts" and you will find two "solutions" on the table. In fact, both "solutions" are tailor-made to follow one another and lead directly into the trough of the worst depression in history. There is only one alternative to their insanity—the financial reorganization proposed by LaRouche.

The first "solution" is a continuation of the one carried out by Fed chairman Volcker over the last two weeks. Turn on the printing presses, and put their product at the disposal of the major banks.

The direction in which this policy will lead the country should be clear: a degree of hyperinflation that will make Weimar Germany look like a mild case. Interest rates can be expected to rise in correspondence with the massive increase in the production of dollar bills, thus ensuring the cut-off of even larger sections of the industrial base of the country. We will be in the classic situation of "hyperinflationary collapse."

Such hyperinflation will actually accelerate the motion toward budget cutting and wage-gouging austerity which is already the clarion call of the Federal Reserve and all the international financial institutions. The banking crisis—the result of the monetarist mismanagement over decades—will be blamed on the federal budget deficit. Milton Friedman-style austerity will be

agement over decades—will be blamed on the federal budget deficit. Milton Friedman-style austerity will be implemented wholesale—putting the real economy, and the U.S. defense budget, on the chopping block.

There is only one lawful financial outcome for the practice of such hyperinflationary lunacy—and that is deflationary collapse. The Swiss and the British not only realize that, they have it planned.

Once the Federal Reserve has been convinced to take on supporting the bad debts of the major U.S. banks (the smaller ones will be gracefully let go), the next phase will be in place. The dollar itself will go into a major slide; the United States will be ready to be bought up for a nickel on the dollar. Such a process would put the United States entirely at the mercy of its British-Swiss creditors, who have their deal with the Russians, unless the political combination arises to impose a real solution—the LaRouche solution.

With the LaRouche solution, the power of the private international bankers over the U.S. dollar and economy ends with the first executive order. This chiefly occurs by ending the power of the Federal Reserve Board to create money and set interest rates.

Instead, the Treasury will take control over issuing currency, pegging a new issue of currency notes to a gold reserve valued at \$750 an ounce. Then the Treasury will proceed to regulate the issuance of currency, so it applies only to those areas of legitimate economic activity which will contribute to the expansion of goods production, nationally vital infrastructure (including military), and hard-commodity aspects of international trade. The hyperinflationary and deflationary dangers will be legislated out of existence. Other international obligations will be frozen as necessary.

The strength of the U.S. dollar will be increased in the only real way such strength can be created—through the expansion of the goods-producing capacity of the U.S. economy. From that standpoint there is no question that agreements for long-term economic growth can be reached with debtor countries in Ibero-America, and any other nations who want to cooperate on the same system.

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EIR Confidential Alert Service

What would it have been worth to you or your company to have known in advance

- ✓ that the Latin American debt crisis would break in October 1983?
- ✓ that the degree of Federal Reserve fakery, substantial for many years, has grown wildly since January 1983 to sustain the recovery myth?
- ✓ that, contrary to the predictions of most other economic analysts, U.S. interest rates would rise during the second quarter of 1983?
- ✓ that Moscow has secret arrangements with Swiss and South African interests to rig the strategic metals market?

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