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Lyndon LaRouche in Japan: 'The unmet challenge'
Mexico swallows banks' terms to reschedule debt
Kissinger, Gromyko, and the Carrington ultimatum

**Mondale's food shock of 1984:
Shortages begin to hit U.S.**

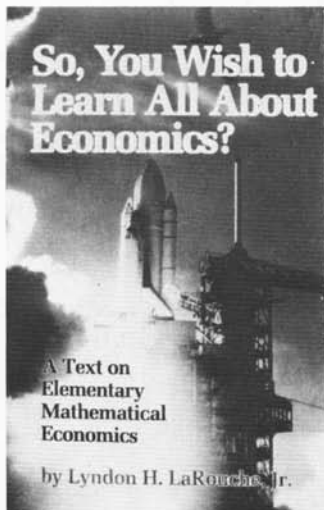


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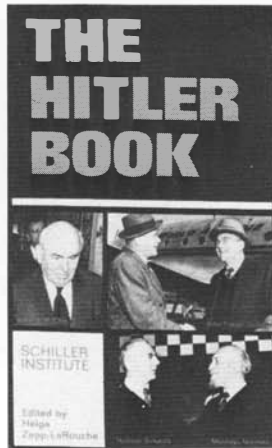
By Lyndon H. LaRouche

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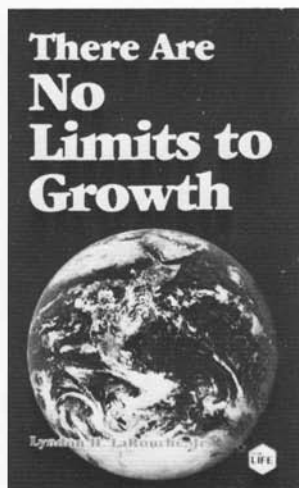
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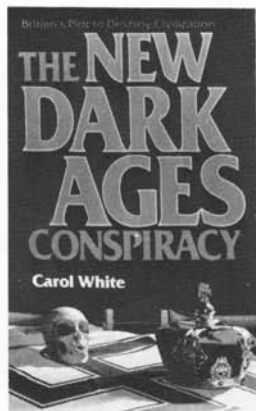
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EIR

From the Managing Editor

We go to press on the eve of the historic conference of the Schiller Institute in Wiesbaden, West Germany, the second major conference since its May founding by Helga Zepp LaRouche. At least 100 Americans, military and civilian, are attending to demonstrate their support for the Alliance in the face of the Soviet war threat. In *International*, we examine the tension-filled face-off between maneuvering Warsaw Pact and NATO troops, the probability of strategic deception in Red Army chief N. Ogarkov's resignation—and the massive efforts in the United States and Europe to sabotage the Schiller conference. Virtually every Soviet agent and agent of influence has revealed himself or herself in service of this effort.

We observe the interesting parallel, that virtually every individual and institution involved is also a source of the disarming "intelligence evaluation" that the West need fear nothing from the Kremlin, because Russia is a "crumbling empire," too preoccupied with internal problems to create outside trouble. The parallel only confirms *EIR's* previous evaluation, that the "crumbling Soviet Empire" line is itself KGB disinformation. Next week, Editor-in-Chief Criton Zoakos elaborates on the connection.

This week's *Special Report* is a comprehensive study of the food shortages now striking the United States, as *EIR* founder Lyndon LaRouche reported Sept. 3 to a national television audience. Prepared by Contributing Editor Christopher White, Agriculture Editor Marcia Merry, and Sylvia Brewda, the study documents the basis for its warning, that this nation faces a drastic downward shift in dietary standards unless the power of the grain-cartel backers of Walter Mondale is quickly broken.

See the *Kissinger Watch* column for a report on all the troubles Henry ran into in Argentina. *EIR* circulated a dossier that helped create his difficulties, and is proud to thus continue "LaRouche's persecution" of him.

Finally, I call your attention to the speech delivered by Mr. LaRouche to an audience of Japanese leaders, in *Economics: The unmet challenge of Third World development*. At a time that the Reagan administration is increasingly becoming a mere tool of Kissinger's "New Yalta" faction, preparing to hand not only Europe but the Pacific Basin to the "crumbling" Soviet Empire, LaRouche continues doing what any President of the United States should be, not only in Europe, but in the Pacific Basin—and wherever else the United States should be providing leadership.

Vin Berg

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The cutback in food production will soon create food shortages, unless emergency measures are taken to prevent farmers from being driven into bankruptcy. Milk rationing is already under consideration in some regions.

NSIPS/Philip Ulanowsky

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The world food supply is presently in the hands of a small group of companies, typified by Cargill of Minnesota, the "owners" of Walter Mondale. As a result, the United States is now on the verge of food shortages, and a drastic shift in the nation's dietary standards and consumption patterns. A complete report by Christopher White, Marcia Merry, and Sylvia Brewda.

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IMF and Soviets agree to bankrupt the U.S.

by David Goldman and Laurent Murawiec

The International Monetary Fund went to extraordinary lengths to ensure that press coverage of its Annual Report issued Sept. 12 would give the impression that the Fund expects a drastic collapse of the U.S. dollar in the relatively near future. In effect, the IMF staff has added the weight of its view to that of the majority of European bankers, who are disengaging from dollar operations as quickly as possible.

Both the International Monetary Fund staff and the European banking mafia appear to have converged with the financial strategy of the Soviet Union, which is accumulating dollar balances with the intention of dumping them for other currencies at the appropriate moment, according to Swiss financial sources. The Soviet attitude appears to be informed by what William Clark's old National Security Council staff believed was a plan to launch a "monetary Pearl Harbor" against the United States.

However, the dollar continued to rise, to another 11½ year high at the Sept. 6 Frankfurt fixing of 3.0272 marks, for reasons already stated in our Foreign Exchange article last week.

Although the dollar may come off some from such giddy heights, tight rates, a firm dollar, and weak metals could persist for a while, as long as we have the current "walk" on certain U.S. banks, rather than a "run" on the system.

September 14's 11⅞ Federal funds rate is a red-flag indicator of the nature of the problem, i.e., the liquidity squeeze on the banking system and a general dollar shortage.

Another factor in the dollar's favor is the quiescence of the major Ibero-American debtors, meeting as this issue goes to press at the Argentine resort town of Mar del Plata. Wire service accounts received at deadline suggest that the Argentines have agreed to some terms acceptable to the Interna-

tional Monetary Fund. Although the nut will not be cracked as easily as the wire services suggest, the immediate threat of strong collective action by the debtors has for the moment receded. This does not convince the Europeans and Japanese that the crisis is abating, but it persuades them to take methodical rather than hasty steps to prepare for the worst.

The International Monetary Fund's efforts to stall major problems in the banking system merely convince depositors to move funds from offshore bank deposits slowly rather than quickly. The IMF's temporary success in containing the debtors contributes to an environment of slow-building liquidity pressures, and a strong dollar.

IMF sees 'abrupt collapse'

How brief the dollar's flight may be is, nonetheless, strongly indicated by the IMF's 1984 Annual Report. Here is UPI's report of the Sept. 13 IMF press briefing:

"The IMF warned Wednesday that any sudden collapse of the dollar could jeopardize world economies, even though some Third World nations have made surprising progress during the past year.

"High interest rates and the strong dollar attract both imports and investment from overseas, helping the economic recovery in the short run, but the 'bottom line' deficits in international financial transactions, a record \$39 billion for the U.S. last year and nearly doubling this year, 'have disquieting implications,' the report said.

"'Abnormally high real interest rates hinder private capital investment and create major hardships for developing countries,' the report said.

"*'The exchange rate developments lately . . . have produced a pattern that cannot be maintained'* a staff member

added. *They will produce at some time, one way or another, a correction. There is nothing inherently bad about that, of course, except if the correction came precipitously*’ [emphasis added].

“The concerns about an abrupt collapse of the dollar, which could accelerate the inflation rate and starve the country for credit, have been voiced before by Fed chairman Volcker.

“*One staff director, who asked to remain anonymous, told reporters: ‘The main concern expressed in the report is the continued strength of the U.S. dollar, ascribed in part to the strong U.S. recovery, relative to U.S. interest rates and in part, to less fully understood developments in market opinions’* [emphasis added].

“Use of the words ‘abnormal’ when referring to high U.S. interest rates, and ‘disquieting,’ in reference to the U.S. deficit in financial transactions, were unusually strong language for the Fund.

“The report’s language is negotiated among members of the Fund’s executive board and calculated not to offend anyone—particularly not the Reagan administration, which won \$8.4 billion in IMF support from a reluctant Congress late last year. . . .”

After such a strong “sell” recommendation by no less an authority than the International Monetary Fund, why should the dollar continue to rise?

First, the dollar is propelled upward less by market evaluations of its future prospects than by an outright, grinding shortage of dollars on the international markets, for reasons described above.

In addition, capital flight from strategically precarious regions is strengthening the dollar. According to Swiss sources, \$2 to 3 billion shaved from Taiwan’s trade surplus with the United States this year has stayed with U.S. banks rather than being repatriated. All over Asia, Chinese merchant families are reportedly shipping money to the United States, to the tune of perhaps \$10-15 billion so far this year.

However, the ambivalence with which European bankers are watching the dollar’s rise is evident in the terms of the new Mexican debt rescheduling.

According to Dow-Jones, a previously undisclosed aspect of the pact would allow non-U.S. banks to convert portions of their existing dollar loans—as much as \$10 billion—into loans denominated in the banks’ home currencies. This would push up the dollar because Mexico would have to purchase the U.S. currency to facilitate the swap.

The Mexican package could be a big factor benefiting the future value of the dollar, said Rimmer de Vries, chief international economist at Morgan Guaranty Trust. He believes the impact of the accord has already been felt on currency markets.

Since Mexico must take the proceeds of foreign currency loans and use them to purchase dollars, the temporary effect is to increase demand for dollars. However, at the same time, European banks are converting a significant portion of the

asset side of their balance sheets to their own currencies. This hardly implies long-term expectations of further dollar strength; on the contrary, it is consistent with widespread European expectations of a spectacular dollar decline following the U.S. elections in November. At a more disturbing level, it raises the issue cited by Federal Reserve governor Henry C. Wallich, the U.S. central bank’s principal liaison to the Bank for International Settlements in Basel: The high price of the American currency makes it increasingly unusable as a reserve currency. The Europeans prefer to shift to their own currencies for both funding and lending.

European bankers are trying to disengage as fast as they can from the dollar; if they replace their dollar loans by, e.g., sterling loans, they can get rid of dollar deposits and fund themselves instead in sterling deposits. The upshot is a growing disengagement from the apparently almighty, but almost unusable, American dollar.

Two ultra-secret meetings recently deliberated upon this subject. At the first, the main German, Swiss, and British creditor banks all agreed to push the “currency conversion” scheme on the debtors. The second, a debtors’ group meeting, reviewed the scheme without enthusiasm, according to a well-placed London source, for the same reason that the European bankers promoted it: the debtors do not wish to accumulate non-dollar liabilities just as the dollar reaches its peak.

The Soviet role

According to a well-placed Swiss financial source, “The Soviets are preparing a major financial coup, like a gigantic corner on the dollar. And the key is whether they want Mondale in or can accept Reagan as he presently is. They have the means to collapse the dollar, and shoot Reagan down in flames without being detected: There are enough other reasons and other forces that could crash the dollar that financial markets would be a perfect screen for them, a smokescreen. And if they were discovered, so what? You see Reagan telling the American people that his policy has brought the dollar under Soviet control? He’d be finished.”

Soviet bankers have been playing “a highly speculative game” on the markets, comments Wharton Soviet expert Jan Vanous. The Soviets are currently, deliberately *losing* money in their financial policy: While borrowing heavily on the euromarkets—at an annual rate of \$8 billion—they instantly redeposit the borrowed money with the lender banks, losing on the margins, and keeping their deposits very short term. A new pattern emerged Sept. 12 with the first-ever Soviet European Currency Unit (ECU) loan, syndicated for the Soviet Foreign Trade Bank Vneshtorg by France’s Crédit Lyonnais, \$56 million at “very fine terms,” market sources reported.

In short, Soviet bankers are in a position to dump several billions of dollars or more in a few seconds on any chosen D-Day. Geneva sources indicated that the outcome of the Reagan-Gromyko meeting scheduled for Sept. 28 may determine whether Moscow will use the financial weapon.

Mexico accepts Kissinger's terms in debt renegotiation

by David Ramonet

Exactly a year ago, Manufacturers' Hannover president Harry Taylor flushed with joy as he celebrated the "end of Mexico's debt crisis" with a gala pinstripe fiesta at New York's Lincoln Center. This past Sept. 7, Citibank's debt colossus William Rhodes, with similar joy but more austerity, announced the re-renegotiation of the 1983 package as part of the stretching out over 14 years of \$48.5 due private creditors up through 1988. It was "the largest renegotiation in history," Rhodes gushed.

Though headlines blared, "Mexico wins softer debt terms," in reality the agreement does not exist. The next day, a summer Saturday, 13 New York bankers put their initials, but not their signatures, on the proposed arrangement. Banking sources warn, however, that it will be at least a year before Mexico's 600 creditors draw up and approve the 52 contracts required for the operation. The bankers worked overtime to rush the reputed arrangement into print for no other purpose than to fragment the Mar del Plata, Argentina meeting of Latin America's 11 largest debtors, to take place a few days later.

From a political standpoint, the deal is a victory for the "political approach to debt" advocated for the past two years by Henry Kissinger. The miserable client gets apparent, but really insignificant, "relief" from the crushing burden of debt. In return, Mexico has backed off from leadership of joint Ibero-American efforts to find genuine solutions to the debt crisis. And, it has created the precedent of granting private creditors full access to the economic secrets regularly provided to investigators from the International Monetary Fund (IMF).

Mexico would not have traded off its national sovereignty for a chimera of debt relief had it not been subjected to the gamut of economic and political warfare. U.S. officials have threatened to cut off Mexico's food imports and the U.S. market for its exports and have given overt support to the insurrectionary PAN party of fascists and drug runners to pressure Mexico into taking what looks, under such circumstances, like "the best deal we could get."

The \$48.5 billion renegotiation includes the \$23 billion restructured last year, \$20 billion that were not part of that package, and the \$5 billion in credits granted last year. Not included are bonds, loans from governments and multinational agencies, and debts owed by private borrowers.

Mexico not losing much interest

Much has, and will be, said about how Mexico was granted "generous terms from the banks":

- Mexico is reportedly being spared "refinancing charges."
- The interest rate spread will be cut from 2% to an average of 1.1% over the London Interbank Offered Rate (Libor).
- U.S. banks which now have the option of pegging interest to the higher U.S. prime rate will also have to go on a Libor basis.

These "give-aways," on top of the 14-year stretch out on principal repayments, are expected to provoke much belly-aching from smaller U.S. banks which plunged into the Latin American speculation market precisely because they needed usurious returns of 3 to 4% over their cost of borrowing money to cover losses on domestic lending. These screams will be publicized to emphasize that the banks are making "sacrifices" for Mexico. But by postponing bad loans which would otherwise have to be written off, and by guaranteeing that interest payments will be kept current, the bankers are winning major relief from the accounting traumas which have hit them each quarter since the debt crisis began.

A little-noticed part of the debt agreement would bring down Mexico with any rapid fall in the value of the dollar from its current historic highs. The deal is that non-U.S. banks can convert up to half of their dollar loans to Mexico into their own currencies. In practical terms, Mexico would give Dresdner Bank a dollar, rip up a dollar's worth of debt paper, get 3 deutschmarks from Dresdner, and issue it 3 deutschmarks in debt obligations. If the dollar returns to the normal 2 deutschmarks value, Mexico would have to export

\$1.50 worth of oil to pay each \$1 now owed non-U.S. banks. *The Wall Street Journal* says the short-term need of Mexico to buy dollars to give to the banks which would then loan them pounds and yen is pushing up the dollar.

No relief

The bottom line is that Mexico will have to pay \$50 billion just in interest before President Miguel de la Madrid's term ends on Dec. 1, 1988, according to official projections. That is the equivalent of 75% of the present public foreign debt (officially estimated at \$67.5 billion). That \$50 billion will not reduce the debt at all. On the contrary, according to the program set with overseas creditor banks, the public debt will increase to \$81.3 billion in 1988. With debt owed by private entities, the total will be \$110 billion.

Mexican pragmatists say the crisis has been postponed until the next presidency. The truth is that the problem remains here and now, despite the rescheduling.

Last year's rescheduling took the amortizations due from August of 1982 to December of 1984 and bunched them up into the mid- to late-1980s with Mexico only paying interest.

During the past two years, all income from oil exports has gone to pay interest, according to Finance Undersecretary Francisco Suarez Davila. Mexico's imports have been paid through the rapid increase in non-oil exports, made available by brutal reductions in Mexican consumption and productive investment. Except for some border-area sweatshops which suddenly gained a competitive edge, there has been no overall increase in Mexico's export production capacity.

The refinancing operation guarantees that such cannibalization of the physical apparatus of the economy and the labor force will be perpetuated for at least the next four years. That is a good recipe for a breakdown.

Poor but honorable?

Under the conditions set, the debt cannot be paid in any other way. Perhaps with this reality in his subconscious, Finance Secretary Jesús Silva Herzog broke through the boastfulness with which he presented the details of the negotiations by declaring, "We don't think that the foreign debt problem has been solved."

Even with total austerity and with usurer acceptance that only interest be paid now, Mexico's income will not be sufficient to pay and to keep the economy going. Therefore, the finance ministry has calculated that the government will need \$13.2 billion in new credits by 1988 and a total of \$20.8 billion by 1990. But even that will not balance the debt accounts; the government is counting on a net increase of \$6.1 billion in foreign direct investment.

A country with a drastically shrunk internal market and with austerity provoking social and political turmoil is hardly attractive to healthy foreign investment. Such funds would come in only to asset strip were Mexico to abrogate sover-

eignty and hand over existing industries and resources at bankruptcy auction prices.

Who twisted whose arm?

The Mexican press reported Silva Herzog's news as "the banks yield." That is not confirmed by the facts of the case.

Since late 1981, the IMF and the multinational financial oligarchies have realized that the developing countries would not be able to pay their debts under their original terms. The Group of Thirty, the intellectual front of the Swiss banker, designed a strategy to use the debt crisis to smash sovereignty. Their perspective is to create a world council with executive powers to dictate and supervise financial policies of each "sovereign" nation to allow free reign for nation-less capital. This entity would be made up of the IMF and the central banks, act independently from national governments and be coordinated by the Bank for International Settlements, based in Basel, Switzerland.

These entities would offer surveillance over the economies of indebted countries, as they have done to Mexico since 1982. To "keep Mexico on a short leash," the bankers in the first round of renegotiations a year ago only renegotiated debts due through 1984. They tested to see if President de la Madrid was willing to "bite the bullet." He passed the test with flying colors:

- Mexico has religiously paid usurious interest levels;
- Mexico has followed IMF recipes to reduce consumption by 30% and investment by 50%;
- Mexico has gone so far as to repay \$1 billion in amortization.

For such subservience, Federal Reserve chairman Paul A. Volcker and other Kissinger allies have insisted the Mexico be given a Pavlovian "reward," so as to serve as an "example" for other debtors such as Argentina and Venezuela which are reluctant to submit to similar IMF-run austerity. However, the confidence of the bankers does not go beyond the technocrats of the present administration. Thus, they have only reprogrammed amortizations due through 1988.

But, even so, the banks fear what would happen when the final disbursement of IMF funds is made to Mexico in 1985, and the country could no longer be blackmailed by IMF disapproval. This problem has been the main reason why it has taken since the February "agreement in principle" on the debt package for this week's draft agreement to be worked out.

To deal with this problem, the Mexican finance ministry has taken the unprecedented step of committing itself to providing all its creditors with the most intimate information on Mexican finances and economy, including the confidential reports prepared for IMF investigators, who will continue to inspect Mexico on a regular basis. Thus, any foreign banker will have better intelligence on the Mexican economy than any Mexican citizen wanting to know.

An unmet challenge: 'Third World' economic development

The following speech was written on Sept. 5 by Lyndon H. LaRouche, Jr., EIR founder and an Independent Democrat for President. He and his wife, Helga Zepp-LaRouche, are now touring Japan for high-level meetings with political, business, and military leaders. The speech was delivered on Sept. 14 before the Japanese Institute for Developing Economies.

In the United States, in particular, our fascination with the strategic issues involving the Soviet Union tends to cause us to underrate the threat to the general security of the world erupting from the effects of insufficient economic development of the so-called developing nations. In the United States, in particular, we appear to have forgotten the warning issued by President Franklin Roosevelt during the period of the last World War. I quote from a book written by his son, Elliot, published in 1946, *As He Saw It*. Roosevelt said to Winston Churchill:

I am firmly of the belief that if we are to arrive at a stable peace it must involve the development of backward peoples.

Although we have granted nominal political independence to the former colonies of European imperialism, that has become increasingly independence in name only. The problems left over from the period of colonial status, especially the economic and related social problems, have been at best only partially resolved. Now, with the presently worsening monetary and economic crises in international markets, increasing numbers among these states are sinking back into the equivalent of the old colonialist conditions. In this circumstance, internal and regional instabilities among these states are becoming the prevailing condition.

It is my hope that my own country will enter into a new kind of special relationship of cooperation with Japan, especially cooperation dedicated to improvement of the conditions of nations on the shores of the Indian and Pacific oceans. It is in our mutual, vital, economic and long-range strategic interest to do just that. It is my concern and my dedication, therefore, to do as much as I am able to foster a new consensus of opinion on this subject among influential circles in both our countries.

Instead of fighting between ourselves on such matters

as trade quotas, we ought to be collaborating to expand third markets among developing nations. We ought to discover what changes in presently prevailing monetary and economic policies are needed to expand the developing-sector nation's imports of capital goods by \$200 or more billion annually, and reshape our relations of trade and related technological cooperation with each other in such a way that we are better able to meet the challenge of supplying that expanded market.

To make such desirable relations a diplomatic reality, we must create the necessary climate of opinion among influential circles in both our nations. We must reach agreement on the definitions of common objectives. I suggest to you that the most essential areas for such agreement on definitions of common purposes are the following:

1) We both require urgently the creation of durable stability among the nations bordering the Indian and Pacific oceans, and require that Western Europe be brought into close cooperation with us in this effort.

2) We must define rather precisely what we mean by the term "development" of the nations of this area. This is the principal subject to which I devote my brief remarks here today.

3) We must situate our definition of "development" among the developing nations of the region within the direction of economic development we intend of our own industrialized nations, looking twenty to thirty years into the foreseeable future. I shall include a few observations on that subject.

As a matter of background to my remarks, I recommend to you a textbook of mine recently published on the elements of mathematical economics. If some of the specialized terms I used here today require some explanation, I can reply to questions on those terms, of course; but if you require a more systematic explanation, the textbook will be the most convenient reference.

What is 'development'?

By "economic science," I mean what Gottfried Leibniz, the founder of economic science, termed Physical Economy, as Alexander Hamilton, the two Careys, and Friedrich List later defined the principles of the American System of political economy. I mean the increase of the power of labor to produce the useful physical goods essential for human existence.

The proper measurement of the productive powers of labor involves two elementary measurements. First, we measure the average number of square kilometers of land required to support the life of one individual. Second, we measure the market basket which society requires to maintain itself at any given level of technology of productive existence.

For example, mankind in the most primitive condition, of simple hunting and gathering of food, required up to ten square kilometers to support one individual, which would mean a total human population worldwide of about ten million. Today, we have nearly five billion people, a five-hundred-fold increase in the productive powers of labor.

Not all land is of the same quality, of course. Land varies in fertility of use for rural and urban life. By improvements in basic economic infrastructure, mankind improves that land's fertility, or by failing to make such improvements, depletes its fertility. So, what we must measure is the relative fertility of land for various kinds of human habitation. We measure the productive powers of labor as *potential relative population-density*.

In studying the development of societies, we must measure *the rate of increase* of this potential. Therefore, "rate of increase of potential relative population-density" is the basic measurement we must use whenever we speak of "development."

To assemble statistical information for study of development, we should work our way through the following steps of successive approximation.

First, we gather facts about land-areas. We divide land-areas into the following major categories: 1) Total land-surface area; 2) surface-area represented by lakes, ponds, streams, and rivers; 3) wastelands; 4) land used for forests; 5) agricultural land, both arable and pasture land; 6) land used for urban industries; 7) land used as urban residential land; 8) urban land used for other purposes, other than transportation; and 9) land area used by transportation.

Second, we study the fertility of these land-areas so classified. These land-areas are improved in potential fertility by improvements in basic economic infrastructure. These improvements include: 1) fresh-water-management; 2) the production and distribution of energy-supplies; 3) transportation; 4) capital investments in improvement of land fertility for agriculture; and 5) capital investments in basic urban infrastructure—e.g., municipal infrastructure.

These improvements are the preconditions which must be supplied before initiating production at any given level of technology. In developing economies generally, insufficient development of basic economic infrastructure is the principal bottleneck obstructing efforts at economic development.

Since Leibniz's founding of economic science, given the appropriate level of development of infrastructure, we know that we must study increases of the productive powers of labor in terms of both capital investment per employed operative, and amount of energy consumed per employed operative. So, in order to guide the collection of preliminary

statistics, it is useful to construct a three-dimensional graph.

The first coordinate of this graph, the X-axis, measures increasing physical output per operative.

The second coordinate, the Y-axis, measures capital investment per operative, by measuring the amount of labor required to produce and maintain that capital.

The third coordinate, the Z-axis, measures the energy consumed, by measuring the cost of labor required to produce that supply of energy.

It is the general case, that X increases as a function of increase of both Y and Z.

We must then proceed to take into account other considerations.

Energy and technology

Imagine the hypothetical case, that an operator may use either of two kinds of machines for the same kind of physical output. Imagine also, that both machines consume the same amount of energy per hour. However, the operator using one machine produces more output than using the other. Such differences in the internal organization of the machines Leibniz defined as *technology*. So, we must add a fourth dimension to our chart: technology.

This brings to our attention another decisive consideration. One kilowatt of energy is not the same as another kilowatt of energy. One kilowatt may be in the form of what is called random heat-energy; another kilowatt may be in the form of highly organized radiation of energy, such as alternating current or the beam of a good laser. Also, it is very important to know at what temperature or equivalent this energy must be provided. Instead of temperature, let us use a more general kind of measurement; let us say energy-flux density, as this might be measured as the number of kilowatts passing through a square meter of cross-sectional area of a process. Generally, the more coherent the energy in its organization, and the higher the effective energy-flux density, the more work one kilowatt of energy will accomplish.

Think of coherent energy as in the form of a spiral of constant pitch along the surface of a cylinder. Now, measure the wave-length of that spiral against the speed of light. Then, the number of turns the spiral makes in a unit of time, compared with the cross-sectional area of the cylinder, gives us a good standard of measurement for energy-flux density. The degree to which any form of energy used is chaotic relative to such a perfectly coherent beam, measures a relative poorness of quality to do work of one kilowatt's equivalent of such energy.

So, we must add this definition of "energy" to our statistical picture.

Therefore, given appropriate levels of development of basic economic infrastructure, it is technology which is the determining variable in increase of the productive powers of labor. The ration of capital investment required, and the quality and amount of energy required, are both determined by the level of technology used.

For reasons which I shall not attempt to demonstrate in the short space of time available here today, technology can be rather precisely measured. This means that one species of technology is intrinsically superior to another, and that this difference is implicitly measurable. To be more precise, the mathematical physics of Bernhard Riemann provides a way of making such a measurement. In general, however, in collecting and studying statistics, we measure technologies by the general level of productivity of labor to which they correspond.

So, when we use the term "development," we ought to agree that we mean the things I have listed here: 1) land-use; 2) basic economic infrastructure, as the development of the potential of land-use in terms of requirements of some level of technology; 3) technology of production; and 4) ratios of capital investment and energy per operative required for production of physical goods at a given level of technology.

For example, we might say that Antarctica is the most underpopulated continent of the world today. After that, we would say, Australia is the most underpopulated. However, in both cases, we do not possess the levels of technology at present which would be needed to change their environment adequately to bring those continents up to the levels of population-density the word "underpopulated" might suggest. For example, we could not yet produce sufficient water at economical costs to make the great Australian desert habita-

ble. As a practical matter, Africa is the world's most underpopulated continent today.

The primary problem of Africa today is a lack of basic economic infrastructure; water-management, transportation, and production and distribution of energy are the indispensable improvements which must be made to bring the potential fertility of land-use up significantly. It is almost useless to speak of agricultural and industrial improvements in most of black Africa today, without speaking first of the needed development of basic economic infrastructure. The same is true, more or less acutely, in all developing nations today.

Just because these nations have very large populations in many cases, they are potentially rich markets for imports of capital goods. Here, a modest amount of fertilizer would increase agricultural output by 50% or more. There, even a simple machine would raise the level of productivity significantly. In those terms, capital goods investments will pay for themselves. Unfortunately, without the development of basic economic infrastructure, the use of these improvements will tend to fail.

Therefore, governments of both industrialized and developing countries must combine their resources to concentrate on basic economic infrastructure, especially the large scale water-management, transportation, and energy projects. The capital advanced by governments for infrastructure-building will come back to those governments in the form of

Saudi Arabia in the year 2023

Written by **EIR** founder Lyndon H. LaRouche at the request of several Arab clients, this special report looks at the Arab world's development as the context of Saudi development, and uses the LaRouche-Riemann economic model to determine the choices available to Saudi Arabia.

LaRouche puts top priority on the spinoff effects of laser and beam weapons to create new technologies for increasing fresh water throughput in the Middle East. "The thematic task of the Arab world over the coming four decades," writes LaRouche, "is the conquest of the desert," stressing the importance of increasing the region's population density.

LaRouche makes the specific proposal that a "science city" be established in Saudi Arabia, to include a new polytechnical university modeled on the great Lazare Carnot's Ecole Polytechnique. He also proposes the formation of an Arab Common Market, with a defined agricultural and industrial development policy. "The people of a nation should base their economic policy not on the resources they possess, but the resources they most sorely lack," LaRouche emphasizes.

Saudi Arabia in the Year 2023 is available for \$100.

For further information call or write:
William Engdahl, EIR Special Services, (212) 247-8820 or
(800) 223-5594 x 818, 304 West 58th Street, fifth floor, New
York, New York 10019.

income from investments in capital goods, investments which are not truly economically practical without the building of basic economic infrastructure.

The agricultural problem

In most cases, the great obstacle to sustained economic development is the relatively large portion of the total labor force trapped in marginal agricultural occupations. To a significant degree, the agricultural problem is a heritage of the colonial period, when much of agriculture was oriented to the export-requirements of the colonial powers, and the in-

“In the United States and Japan, it ought to be seen as our national economic interest to have the greatest proportion of the expansion of our exports in the form of capital-goods exports, rather than consumer-goods exports. By expanding the size and increasing the rate of capital turnover in our capital-goods industries, we accelerate the rate of technological progress in our capital-goods production.”

ternal needs of the local population were put aside to a significantly greater or lesser degree. Improvements in agricultural technology depend upon water-management, transportation and energy-supplies; this applies not only to agricultural output per hectare itself, but to the orderly transportation of product to markets with minimized spoilage.

Once the outputs and incomes of the rural sector increase, the increased income represents increased demand upon the economy's industrial sector. The industrial sector's output for rural purchases alone must be increased approximately in proportion to increased real income of the rural segment of the economy. In economies with large rural components and relatively small industrial sectors, the weight of the production for the rural sector is a very significant portion of the total production of the industrial sector.

In this connection, it is often thought among economic policy-shapers that developing economies must rely upon relatively labor-intensive modes of manufacturing. Such proposals seemed justified by the relatively large proportion of unskilled, low-income manpower among present and potential members of the urban labor force. In fact, the low pro-

ductivity of urban labor forces, and a tendency for excessive growth of labor-intensive unskilled urban services, are a major contributing factor in preventing successful development. The supporting argument is that these economies, with limited total purchasing power for imports of capital goods, must spread that purchasing power thinly across the available labor force.

In fact, such policies lead toward disaster. The output of the manufacturing sector is unable to keep pace with even the needs of the rural sector. Rural development is aborted. Relatively excessive expansion of non-productive categories of administrative and labor-services employment weighs heavily upon the economy, lowering the effective rates of productivity of labor in the national economy, and fostering a deadly spiral of inflation.

The proper weapon against inflation is technology. It is indispensable to employ a high percentile of the urban labor force in manufacturing, at the expense of growth of administrative and labor-services employment. It is necessary to reject the philosophy of using labor-intensive methods to employ as much labor as possible; instead, we must place the emphasis upon raising the productivity of employed manufacturing labor as high as possible, while employing the labor for which manufacturing places are not yet available chiefly in building basic economic infrastructure.

As part of the necessary approach, we must foster the establishment of some relatively advanced industries in even the least developed economies, even if those industries are initially small in scale. We must have transmission-belts within each of these economies through which to introduce increasingly advanced forms of production technologies; even a relatively very small advanced industry within a national economy serves to implant the skills and values of advanced technology within the economy. In this connection, the development of schools of science and engineering within those economies is indispensable.

In their interests, and ours

The next two points to be summarized, as my concluding remarks, help to show the practical significance of what I have just outlined.

In the United States and Japan, it ought to be seen as our national economic interest to have the greatest proportion of the expansion of our exports in the form of capital-goods exports, rather than consumer-goods exports. By expanding the size and increasing the rate of capital turnover in our capital-goods industries, we accelerate the rate of technological progress in our capital-goods production. By doing this, we increase the rate of increase of productivity in our domestic production generally. So, even if we export capital goods on very generous credit terms, the indirect benefit to our domestic economies is potentially very large.

Therefore, it is in our fundamental interest, that the developing nations should give priority to importing our capital goods over our consumer goods. It is advantageous to us; it

is also more advantageous to them. We require, and they also require, advanced qualities of capital goods.

Today, there are three areas on the frontiers of scientific research which will determine the future of our economies for the next fifty years or more. The first is the development of controlled thermonuclear plasmas. The second is the development of directed-energy systems. The third area is within biology, especially a field now named "non-linear spectroscopy." Under conditions of high rates of capital investment in our two industrialized nations, the early fruits of these areas of research could increase the levels of productivity of manufacturing labor by two or three times by the end of this present century. If we progress in these areas at rates which are quite conservatively estimated between now and early during the next century, then early during the next century the average manufacturing operative will command more sheer productive power than some entire nations during the course of the nineteenth century. This may sound fantastic, but it is, I assure you, a very conservative estimate.

It should be our desire that the developing nations of the Indian and Pacific shores be able to assimilate these new kinds of technologies as we develop them for export. At the same time, we should not overlook the fact that some among these nations have already skilled scientific manpower which is being underutilized at present, which could make a significant contribution to joint efforts in scientific research. India is presently outstanding in this respect; in the field of agronomy, in the nuclear field, and others, India's scientific and industrial potential is most significant. Smaller nations of the rim also have more modest but significant numbers of scientific personnel.

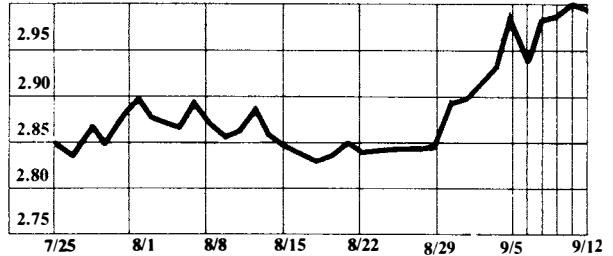
In addition to my duties as chief executive for an international newsweekly, I am a member of the board of directors of a modestly influential scientific association, which publishes scientific magazines in English, Spanish, French, German, Italian, and Swedish, at the present time. Recently, I have persuaded my colleagues to expand a scientific journal we publish, to provide the international scientific community with a degree of coverage of the three frontier-areas not presently available in any other single source. To this purpose, we are drawing into our common efforts not only scientists from the United States and Europe, but also from the developing nations of the Americas and Asia.

This work on the scientific frontiers ultimately converges with the work of my international newsweekly in promoting fresh approaches to economic policies for development. Personally, I find working simultaneously in both aspects not only beneficial but even indispensable to the best work in each of the two areas. The most practical approach to economic development today is the approach which prepares for the future, a generation ahead. In that way, by keeping our eyes on the direction in which technology must be developed, we know which must be the direction in which development today must be aimed.

Currency Rates

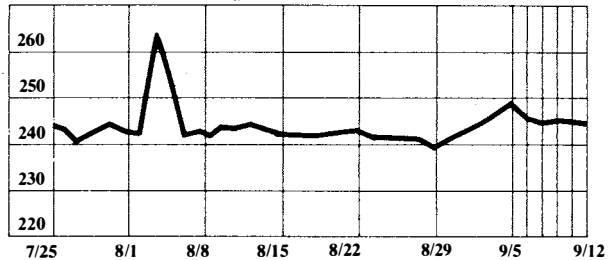
The dollar in deutschemarks

New York late afternoon fixing



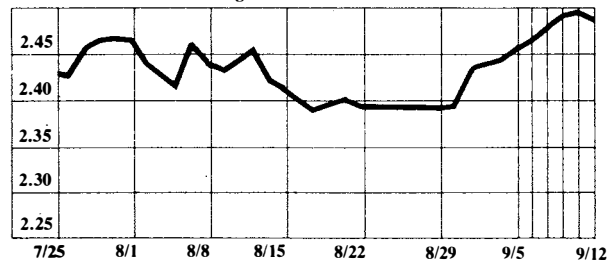
The dollar in yen

New York late afternoon fixing



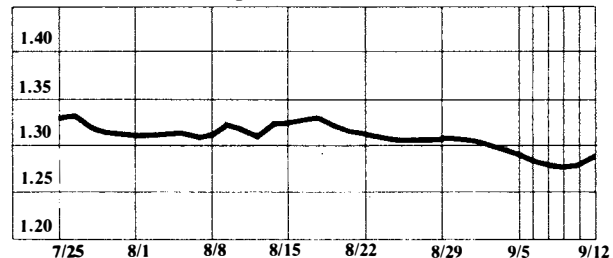
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Kissinger's threats felt at debt meeting

by Cynthia Rush

Henry Kissinger's presence in Buenos Aires, and the display of thuggery from his cohorts in London and Washington directed against Ibero-American debtors, marred the 11-nation conference of the "Cartagena group" held Sept. 13-14 in Mar del Plata, Argentina. The conference made no apparent advances over last June's meeting in Cartagena, although it did call for an emergency conference of debtors and creditors, precisely the proposal that Kissinger had hoped to avoid.

Having arrived in Argentina just as the Mar del Plata conference was beginning, Kissinger proceeded to insult the host government as one "which is seeking confrontation between debtors and creditors rather than dialogue," adding that he unfortunately would advise the clients of Kissinger Associates not to invest in Argentina because of its high inflation rate.

Although Henry denied it, every Argentine press source reported that he had traveled uninvited to Argentina to warn debtor nations not to contemplate the formation of a debtors' cartel or even the proposal under discussion in Mar del Plata for a debtor-credit summit meeting. Just prior to Kissinger's arrival, the British government had convened all Ibero-American ambassadors in London to warn them that it would never approve of the proposed debtor-creditor summit. And on Sept. 13, the U.S. Treasury Department issued a statement reaffirming support for a "case-by-case approach embodied in the overall debt strategy." Consultations on developing-sector debts will be handled on a bilateral basis and through "established multilateral channels"—the International Monetary Fund—the Treasury stated. "We are not interested in joining any kind of summit meeting with the Cartagena nations," the statement added.

Argentine President Raul Alfonsín defied these pressures in a hard-hitting speech before the Cartagena group's opening session. "We know," the Argentine President explained, "that the policies practiced by the powerful creditor centers stretch to the limit our capacity for growth and prosperity, threaten the future of our peoples and compromise our independence to effect decisions that guarantee the peace, progress and

justice of our nations." It is little consolation "for a continent that has regressed so greatly in so little time, to say that a certain recovery [in the advanced sector—ed.] may be under way and that, gradually, we can derive some benefits from it. . . ."

Discussions on the debt crisis, Alfonsín continued, cannot be limited to negotiations between creditor banks and debtor nations "when what is at stake is the success of a civilization and of a way of life." What is required, the Argentine head of state proposed, is the same kind of approach toward Ibero-America as taken toward Western Europe immediately following World War II—a form of Marshall Plan. Otherwise, Alfonsín warned, "the global stability of Latin America," and the security of the entire hemisphere, is threatened. Rather than "abstract solidarity," the nations of Ibero-America must find the political will to "use what is common among us to be effective . . . attack the issue as an emergency. . . . The solution depends on us, to emerge independently from the crisis," without having "our fate rely on the accounting manipulations of international finances."

The conference's final communiqué, the "Consensus of Mar del Plata," calls for an emergency meeting between rich and poor nations in early 1985 to avoid "damaging effects" of the Ibero-American debt crisis. However, the general wording of the document reflects the threats made against the group, as well as the initial opposition from Mexico and Brazil to the proposed creditor-debtor conference. The document "invites" the industrialized nations to join in "direct political dialogue that would be best held in the first semester of 1985 . . . so that the problem can be completely understood by both parties."

While the document recommends several technical changes in the way that loans to Ibero-America are handled, all such proposals are to be carried out *within* the framework of the International Monetary Fund and other existing financial entities. Included are Colombian president Belisario Betancur's proposal that a new fund be created at the IMF to compensate developing nations whose debt payments increase because of high interest rates. The document objects to commercial bank insistence that debtor nations reach an agreement with the IMF before their debts can be renegotiated; and asks that the IMF take into consideration the "social cost of austerity measures" in negotiating with the debtor nations.

There is no reason to assume that the IMF will make concessions, even on these points. The debtors' apparent failure to make significant advances over last June's Cartagena conference will facilitate the IMF's nation-bashing policies. Immediately vulnerable is Argentina, which has yet to sign an agreement with the IMF and has announced it cannot pay \$750 million in interest payments due Sept. 15.

On Sept. 14, the 11-bank steering committee of Argentina's creditor banks voted not to extend the payment deadline, deciding instead to adjust interest on the loan on a daily basis, passing the charges on to the Argentine government.

IMF annual report: dollar in trouble

The Fund's new report warns that the strength of the dollar is not likely to be maintained, and "swings" in exchange rates can be expected.

The International Monetary Fund's 1984 Annual Report was issued on Sept. 12, warning of troubles ahead for the U.S. dollar. We excerpt here the discussion of "Exchange Rate Issues in Industrial Countries."

Concerns about the levels of exchange rates among the major currencies intensified during 1983 and the first few months of 1984, in particular because of the continued strength of the U.S. dollar. Except for the Japanese yen, which appreciated sharply against the U.S. dollar toward the end of 1982 and then maintained a relatively stable dollar value during 1983, the pattern of an appreciating dollar generally persisted throughout 1983.

The dollar then depreciated somewhat in nominal effective terms during the first quarter of 1984, but rose again in the second quarter, approaching the level reached in January. These exchange rate movements raised the real value of the dollar to about 15 percent above its average value for the decade 1973-82 in relation to the Japanese yen and the pound sterling, some 40 percent in relation to the deutsche mark, and nearly 50 percent in relation to the French franc.

A country's average real exchange rate over the past decade is, of course, not necessarily sustainable and appropriate under present circumstances. Changes in underlying economic and financial conditions often call for changes in real exchange rates.

For example, the very sharp real

appreciation of the pound sterling from 1978 through the first quarter of 1981 can be explained in part by the development of North Sea oil at a time of rapidly rising oil prices, while the subsequent reversal was aided by the softening oil market in 1982 and 1983. Also, shifts in private saving and investment patterns or in market confidence may induce changes in real exchange rates in order to generate a balance between the current and capital accounts.

The demand for U.S. dollars, in particular, has occasionally been stimulated by the traditional role of the United States as a haven for financial investments during periods of turmoil in other countries. During the past year and a half, this demand may also have been stimulated by the positive effects of the strong economic recovery and the 1981 tax package on after-tax corporate profits and the expected rate of return on investment.

In a narrow sense, one can even say that, in the absence of intervention by the authorities in foreign exchange markets, exchange rates are always at equilibrium levels, since they are simply a reflection of the preferences and expectations of market participants engaged in free and open trading based on information available to them. But that observation does not imply that serious misalignments cannot occur in terms of the relative prices at which international trade takes place.

Whenever stable domestic economic and financial conditions are ab-

sent, developments in financial markets can lead to swings in exchange rates that, while reflecting the free play of forces in the foreign exchange market, may not be consistent with the proper functioning of the adjustment process in the goods markets. This does not mean that the movements in exchange rates per se are unjustified but that the international interest would be well served if both unstable domestic conditions and the accompanying movements in exchange rates were eliminated. For example, a lack of balance between monetary and fiscal policies may lead to a rise in real interest rates, and an appreciation of the exchange rate to the point of jeopardizing a country's international competitive position. Such a development would be detrimental not only to that country but also to its trading partners because it would have to be reversed sooner or later, with all countries obliged to bear the cost of moving factors of production first in and then out of certain sectors. Moreover, in the interim it may result in the introduction of protectionist measures that may be difficult to remove later.

The main reason for the current concern about exchange rates is that they appear to have exerted strong pressure on trading patterns and current account positions of the major industrial countries. For example, the rise in the exchange value of the U.S. dollar during the past several years has contributed to a sharp weakening in the U.S. current account balance (including official transfers) from a surplus of \$5 billion in 1981 to a deficit of \$39 billion in 1983, which, if continued, could have disquieting implications for the international allocation of world private saving. On the other hand, the U.S. current account deficit has had beneficial effects on economic recovery in other countries. . . .

A bogus antibiotic scare

The Eastern Establishment press has concocted a danger of infectious disease to attack meat production in the United States.

The latest attack on the nation's meat supply has been launched by the editorial boards of the *Washington Post* and the *New York Times*. Reporting on a recent article in the *New England Journal of Medicine*, the *Post* featured an article, "Research Links Human Illness, Livestock Drugs," and the *Times* editorialized on "The Squandering of a Panacea."

The source for this hand wringing was a study from the Centers for Disease Control on an outbreak of food poisoning in Minnesota, caused by antibiotic resistant Salmonella bacteria. Salmonella is a common cause of food poisoning, estimated by one of the CDC researchers to be responsible for as many as 4 million cases a year. The vast majority require no treatment, although the disease can be severe, even fatal, particularly in infants and elderly patients.

In this particular study, 18 persons in four Midwestern states were infected by a particular strain of Salmonella, resistant to three different antibiotics. The single fatality was an elderly patient in a hospital who was infected by a contaminated instrument, used on another patient.

Utilizing genetic analysis of the bacteria, medical histories, and newly available computer records of the slaughter-to-market history of cattle, the CDC researchers were able to trace the meat to a farm in South Dakota. The cattle had been fed low levels of antibiotics.

On this basis, the *Washington Post* on Sept. 6 asserted: "Widespread use

of antibiotics to stimulate the growth of food animals is a major source of serious, sometimes fatal, disease in humans . . . [the] study has demonstrated conclusively for the first time that feeding antibiotics to beef and dairy cattle, hogs and poultry breeds a novel form of microbe that can later infect humans."

The *Post* then cited an editorial in the *New England Journal* which called for restrictions on the use of antibiotics to promote animal growth. This is the same *New England Journal* which on April 12 called for the elimination of high technology medical care for the elderly in the name of cost effectiveness.

The *New York Times* then chimed in with an editorial on Sept. 10, pushing the elimination of antibiotics in meat production on the basis of the same CDC report. It is no coincidence that this is the same editorial board that has called for "rationing medical care" and supported Colorado Gov. Richard Lamm's call for the elderly to "die and get out of the way."

These arguments possess a specious validity, if the assumption is made that no further technological progress will occur and that presently available technology will not be applied.

At present, nearly one-half of the antibiotics produced in the United States are utilized in livestock production. Feeding low levels of antibiotics to livestock increases growth and decreases feed costs. While there are alternatives, such as genetically engi-

neered animal growth hormones, these are presently more costly and hardly an option for livestock growers in the present economic crunch.

The argument against antibiotic feeding is that it increases the development of antibiotic-resistant strains of bacteria which can then infect humans. However, the majority of cases of salmonella infection are antibiotic sensitive, and elimination of antibiotic feeding would not eliminate transmission from animal products; that is, food-borne salmonella would still be a problem even if antibiotics were not used in animal feed. Thus the elimination of antibiotic feeding would not eliminate meat-borne disease, but would significantly decrease meat availability.

So far, Congress has resisted attempts to ban the use of antibiotics in animal feed, as proposed by the Food and Drug Administration in 1977. The FDA has commissioned a study of its own, in addition to the CDC study, and will report to Congress next year.

If one were really concerned with eliminating these diseases and ensuring adequate supplies of safe meat, one would move ahead vigorously with food irradiation. This proven technology will eliminate not only bacteria and other parasites, such as trichinosis, but also inhibits spoilage, thus facilitating transportation and storage. This will also eliminate transmission of both antibiotic-sensitive and antibiotic-resistant bacteria.

As for the problem of antibiotic resistance, the FDA has finally approved a drug, available in other countries for some time, which attacks the enzyme systems responsible for antibiotic resistance. The drug is a combination of amoxicillin, the most widely prescribed penicillin, and potassium clavulinate, a bacterial-resistance fighter.

Business Briefs

Agriculture

Stanko convicted on all counts

A jury convicted Nebraska beef packer Rudolph Stanko and his Cattle King Packing Company on Sept. 14 for violating federal meat laws. Stanko and Gary Waderich, the firm's top salesman, are now liable for sentences of up to 23 years in prison and large fines.

Stanko and his firms are a classic example of a "Watergate" operation against an ambitious technological firm which stood in the way of the food cartels' control of American food production.

The campaign against Stanko was begun by the Better Government Association (BGA) of Chicago, which has connections to the University of Chicago, Walter Mondale, and NBC-TV. NBC did a "First Camera" exposé of Stanko in 1983, which led to the federal investigation.

Stanko's defense attorneys admitted that criminal acts were done at the Denver plant, but said the actions were done without the knowledge of Stanko, who was living in Nebraska. The attorneys said that the men who actually committed the crimes implicated Stanko to protect themselves. The government case was developed by John Copland, who worked with the BGA and with the Institute for Policy Studies, a radical environmentalist group in Washington, D.C. Crucial to the case was an individual, Wilfred Grant, who has made a career of hiring on at meat packing plants, then disappearing just before the Department of Agriculture makes an investigation.

Stanko plans to appeal.

U.S. 'Recovery'

Third bank fails in Iowa

On Friday, Sept. 7, the Oakland Savings Bank of southwestern Iowa failed, the third such farm-bank failure in Iowa since June, the sixth since 1982.

Farming in the state, one of the world centers of corn and hog production, is being destroyed, and hog and grain farmers are

being forced out of operation. About 40% of the state's independently owned cattle feedlots have been shut down. There are 30% fewer cattle on feed this year compared with 1983, and farmland values are plunging.

On top of this, a late August heat wave will reduce the expected harvest of corn by at least 7% statewide, and soybeans by at least 10%. Iowa state climatologists report that August 1984 will go down in the books as the driest August on record.

Ibero-America

Kissinger's Argentine friends in hot water

On the eve of Henry Kissinger's arrival in Argentina in mid-September, nationalist forces in that country launched an offensive against former Finance Minister Martinez de Hoz and his Swiss-linked financial grouping which took orders from Henry to destroy Argentina's economy between 1976-81.

On Sept. 4, members of a special congressional committee raided the offices of Guillermo Walter Klein, de Hoz's former Secretary of Economic Planning and Coordination, and withdrew documentation pertaining to several questionable financial transactions carried out by de Hoz's team. Under immediate investigation is the government's 1979 purchase for \$300 million of Italo, a utility company valued at \$30 million. Radical party deputy Tello Rosas reported that his purpose in investigating the case was to determine whether de Hoz and his associates "were front men for foreign capital or were the real investors of a Swiss-based holding company, protected by the laws of our country." Klein was reportedly told, just prior to the purchase of the firm, that Swiss capital might look more favorably on Argentina if the government were to purchase Italo.

Tello Rosas added that "Dr. Klein is the real intelligence director of a powerful economic group whose chief and ideological instigator is Martinez de Hoz." Klein's office, said Peronist deputy Julio Araoz "is the central intelligence agency for the financial fatherland." Other spokesmen have pointed to the "sinister" connection between those who destroyed Argentina's economy and the

military repression, unleashed in the country during the same period.

Technology

Biotech conference wants gov't support

Industry leaders at the Biotech '84 conference held during September in Washington, D.C., called for the creation of a new federal agency that would finance basic research, indirectly helping commercial firms involved in commercialization of this field and maintaining the U.S.-leadership role.

Much of the frontier research in biotechnology is presently done by private firms, which must then contend with expensive lag times between research breakthroughs and commercial sale of the products. Basic research done with government support could be done more efficiently, and results would be available to all. Firms could then concentrate on developing practical applications.

Operation Juárez

Brazilian congress calls for moratorium

While the debt crisis is generally being euphorically reported as under control "for the next 12 months" after Mexico's 14-year rescheduling package with the banks, the Debt Commission of the Brazilian Congress was less sanguine.

The Congress issued a report described in yesterday's London *Guardian* stating that of Brazil's \$100 billion foreign debt, \$40 billion was incurred "either illegally or as a result of deliberate U.S. increase of interest rates. . . . There is no way whatsoever for Brazil to redeem the debt completely." The way the debt problem is being handled will cause "the debt to grow forever."

The Commission proposed instead to set up a special congressional commission to scrutinize conditions under which loan contracts were signed, and discriminate between "legitimate" and reimbursable ones, and illegitimate ones. The next step would be to "declare a unilateral debt moratorium,

break with the IMF and the banks' advisory committee," and demand a global renegotiation of debt.

This, notes the *Guardian*, is the "dominant current in Brazilian opinion."

International Relations

Japan-China bilateral friendship

A Japan-China 21st-century committee has been formed, and inaugurated by Japanese Premiere Nakasone in mid-September. Nakasone called on the committee, composed of Japanese and Chinese intellectuals, to recommend guidelines for bilateral friendship for "the next 1,000 years." The committee's creation stemmed from talks between Nakasone and Premier Zhao Ziyang during Nakasone's visit to China in March. The Chinese co-chairman is Wang Zhaoguo, a member of the central committee of the Communist Party of China. Japan co-chairman is Tadao Ishikawa, president of Keio University.

There was also an announcement that the Mitsubishi group will hold symposia in China—in Peking, Shanghai, and Tianjin—from early October to November, based on a science and technology exchange concluded last March.

Currency

1929-like inflows into dollar

The dollar broke through the key psychological barrier of three deutschmarks to one dollar, and, in spite of the West German central bank spending half a billion dollar in one day to stem the increase of the U.S. currency, is remaining at that level before resuming its ascent. Huge amounts of capital flight out of strategically precarious regions are feeding the dollar's upward spiral. According to Swiss bankers, from Taiwan alone, for instance, \$2 to \$3 billion shaved off the country's trade surplus with the United States have remained with U.S. banks, rather than being repatriated. All over Asia, the

sources reported, Chinese merchant families are systematically shipping money to the United States, to the tune of perhaps \$10 to \$15 billion so far this year.

Reagan's position will increasingly depend on the continuance of the currency inflows. Should they falter, so might his political fortunes.

Research

Free electron laser opens research frontiers

According to scientists at the University of California at Santa Barbara, the free electron laser (FEL) reaching completion there offers a breakthrough in many areas of research. Dr. Daniel Horn, the chairman of the physics department, explained today that their particular FEL will be able to produce coherent radiation in the far-infrared part of the spectrum.

The FEL produces laser "light" by guiding an electron beam past magnets. These magnets "wiggle" the electrons and produce coherent radiation. The far-infrared radiation, which has a long wave length compared to visible light, will be "bounced" off materials to see how atoms and molecules react.

Scientists will be able to determine qualities of various materials and chemical reactions by observing the dynamic qualities of the molecules and atoms. Dr. Hone likened this to bouncing a tennis ball off a tennis racket to see how tight the strings are.

Using this infrared laser light, scientists hope to be able to increase their understanding of biological processes, such as the unwinding and replication of DNA. The \$5 million project was paid for by the Office of Naval Research and the Air Force.

Ronald Cape, chairman of Cetus Corporation, a leading biotech firm, compared the international competition in biotechnology to the space race, and envisioned a federal agency analogous to NASA in biotechnology. "The U.S. invented it, is leading it, and is shooting itself in the foot and is not going to win the race," Cape commented.

In addition to the basic research problem which commercial biotech firms face, there is also the problem of the length of time for U.S. regulatory approval for products.

Briefly

● **THE NEW YORK TIMES** ended a series on drugs on Sept. 14 by claiming that the war on drugs is hopeless. The *Times* cites a number of "authorities" for support, including Lawrence Eagleburger, of Kissinger Associates, and Arnold S. Trebach, British director of the Institute on Drugs, Crime, and Justice at American University. *The Times* offered two options: 1) throwing endless amounts of money into a losing battle; or 2) adopting Trebach's proposal for legalizing many drugs, heavily taxing them, and using the funds for "treatment programs" for people harmed by drugs—perhaps by burying them or putting them into slave labor camps.

● **HENRY KISSINGER** told a group of Argentine Congressmen that "As a business advisor, I could not advise my clients to invest in this country with its high interest rates." He remonstrated that President Alfonsin's policy was one of "confrontation with creditors, rather than dialogue."

● **ISRAEL'S** new national unity government faces the immediate problem of a collapsing economy: Inflation rose by 17% in August. The new government must also present Washington with a profile of Israel's economy in September as part of its request for new U.S. economic aid which, outside of some \$2.6 billion already planned, should include an additional \$1 billion and a demand for \$5 billion in additional aid next year.

● **NASA** announced on Sept. 11 that Isaac T. Gillam has been named to the newly created post of assistant administrator for commercial programs, responsible for the NASA effort to encourage and facilitate private sector investment and involvement in space. Far greater emphasis by NASA on commercialization is expected shortly, in conformance with President Reagan's National Policy on the Commercial Use of Space issued this summer.

Mondale's food shock: shortages begin to hit the U.S.

by Christopher White

The United States is now on the verge of food shortages. Already in southeastern states and elsewhere in the country, milk shortages have begun to appear. Shortages in the meat supply will emerge as a next phase over the coming weeks and months. And then, unless the present slide is reversed, a third phase will begin: shortfalls in grain production, affecting in turn both livestock producers and the consumer at the supermarket.

The effects of the shortages will be different inside and outside the United States. Domestically, skyrocketing prices, particularly for dairy products and meat, will bring about a drastic shift in the nation's dietary standards and consumption patterns. For families at or below median income levels, those items will be priced out of the range of the weekly budget, except perhaps as rare luxury items. But for those outside the United States, particularly among the so-called developing-sector nations, the effects will be catastrophic. There, whole continents are scheduled to be reduced to the plight of starving sub-Saharan Africa.

The accompanying articles document the case that such a food shortage is even now emerging within the United States for each of the identified elements of consumption. The summary case was presented on national television by Independent Democratic presidential candidate Lyndon LaRouche on Sept. 3, even as first reports of the milk shortage began to emerge.

Yet the U.S. Department of Agriculture continues to maintain the fiction, as Henry Wallace and his friends did during the last depression in the 1930s, that the real problem lies in "over-production" by the U.S. farmer. This fable, shown to be outright falsehood in comparison with world requirements for food, has been used over recent years to reduce the capabilities of the U.S. farmer to the point where he will soon no longer be able to produce, and to cover up the genocidal implications of pending disaster.

LaRouche called on American patriots to join with him to prevent the emerging danger. He showed that the crisis is politically caused, and must thus be reversed politically using the powers of the executive branch.



This farmstead in Oklahoma was abandoned in 1937, during the Great Depression. But the policies of Mondale's backers from the international grain cartels, and their friends at the Federal Reserve and the Department of Agriculture, are creating the same situation today. While entire nations in the developing sector are dying of starvation, these genocidalists claim that the problem we face is "over-production of food."

The world food supply is presently in the hands of a small group of companies, namely: Cargill of Minnetonka, Minnesota; Continental Grain of New York City; André and Company of Lausanne, Switzerland; Louis-Dreyfus of Paris; and Bunge, once of Argentina, now of Switzerland.

These companies handle over 90% of all U.S. trade in grains, and over 80% of the world trade in such commodities. They control seed supply, storage, and transportation. With oil and metals companies, they help rig commodity markets. Not one of these companies is cited on any stock market in the world. They are the private preserve of a small group of families. Of these families, the Andrés, in business since the early 17th century, take precedence, perhaps, as the oldest. The Fribourgs of Continental, founded in 1813, in the concluding phases of the Napoleonic wars, come next. Bunge and Dreyfus, developed under the patronage of the ruling house of Belgium in the 19th century, follow, with relative latecomer Cargill bringing up the rear.

The U.S. producer of soybeans or wheat is told that he must compete against Brazilians or Australians in producing and marketing his product. He is not told that Brazilian and Australian production is controlled by the same people who control him. World food production, and thus world food consumption, are kept in a stranglehold.

But behind these families stand, as patrons, representatives of the most evil institutions in the world, who are creating the emerging food shortage purposely, in order to reduce the world's population. One example is the Swiss self-professed Gnostic Denis de Rougemont, who heads the Ven-

ice-based Society for European Culture and the European environmentalist movement Ecoropa. De Rougemont has worked with the Swiss-based financial interests and insurance companies which control the cartel companies, to prepare for the famine that is now being brought about. In studies produced with a certain Giarini, economist for the association of Swiss insurance companies, and with the notorious Club of Rome genocide lobby, De Rougemont has prepared for the elimination of American agriculture.

De Rougemont and his friends work through the banking and insurance companies associated with families such as the Iselins, Staehelins, and Odiers, to control the world's food production capabilities. Their insurance companies and banks create the financial conditions in which the grain cartels deploy, from operating centers in Switzerland. U.S. farmers' production capabilities have borne the brunt of their attack.

A 'no food' policy

The refrain that this crowd has employed to further its policies is that U.S. agriculture "must become more market-oriented." In support of this lie, another is spread—that "market-oriented" policies mean cheaper prices for the consumer. In the name of this lie, the policies that were at the heart of the productivity increases made by the U.S. farmer, have been dismantled.

Like other producers, farmers incur costs in producing food. Those costs include maintaining the equipotential of land, as well as the costs directly associated with producing a crop and raising livestock. To the extent that such costs of

production are not covered, the farmer will not be able to continue to produce. When the cost of debt-service is added to declining income, and the fall in land values, the basis for credit, is added to that, the extent of disaster becomes clear. An increased "market orientation" has resulted in the bankruptcy of perhaps the most efficiently managed and productive sector in the world economy. Yet the enormous productivity increases achieved by farmers since the 1960s show that it is not our farmers who are responsible for the current crisis.

The fraud that such "market orientation" results in cheaper food prices is easily exploded by comparing the evolution of prices paid to farmers for products such as livestock and grains, with the prices for the same products paid by the consumer. Such a comparison will show, over the last years, an inverse relationship: As the price paid the farmer has collapsed, prices paid by consumers at the supermarket check-out counters have been zooming upward. Our so-called cheap-food policy is actually a no-food policy.

The policy that has been under attack by the U.S. allies of the identified Swiss interests, who are effectively led by Orville Freeman and his circle of grain company-connected, ex-Department of Agriculture officials, is known as **parity**, or price supports.

The free-market ideologues associated with President Reagan's disastrous economic policies, and the shapers of Walter Mondale's policies for agriculture, agree with the Swiss-based controllers of the grain-cartel families. Anyone who campaigns against the vestiges of the parity system, is in fact proposing an accelerating rate of increase in the price of food, food shortages, and starvation worldwide.

The "market-oriented" policy has dictated that exports of U.S. foodstuffs be increased, while production of food within the United States be reduced. The exports have either gone into storage in the Soviet Union, or have been dumped on world markets at so low a price that so-called competitors cannot maintain the capital investment required to develop their own food production capabilities. In this way, the world has been made increasingly dependent on U.S. production, while the basis for that production, the independent, technologically cultured farmer-producer, has been destroyed.

And now the nation's capacity to produce its food supply has been brought to a turning point. If we return to a policy of parity pricing for agricultural production, as Franklin Roosevelt did in mobilizing the U.S. economy for war, we can begin to safeguard our own supplies, and, if credit policy is revised accordingly, we can permit other nations to develop production capabilities which do not presently exist.

Such measures would have to be implemented as part of an overall emergency overhaul of the nation's economic policy. It could be done, and LaRouche, in his nationally televised broadcasts this year, has shown the way. To do it means to launch a war against the worst evil the world has yet seen, an evil which has turned food into a weapon for the destruction of human life on a scale unprecedented in human history.

Debt bomb set to

by Sylvia Brewda

The debt bomb is set to go off, and it's not ticking away only in Ibero-America, but also in the cornfields and cattle feedlots of the United States. American farms are being crushed under a \$215 billion debt burden, and, adding to that the non-farm debt of rural banks and the state debt of farm states, the total far outpaces the \$300 billion owed by the top four Ibero-American debtor nations.

The precipitous decline of farm credit and real-estate values is in turn jeopardizing the solvency of regional banks and state budgets in the worst-affected states, threatening a chain-reaction collapse of depression dimensions. The debt is forcing farm foreclosures on a scale not seen since the last Depression. And banks are unable to lend, since falling land values mean that their loans are not secure.

Dr. Neal Harl of Iowa State University reports that 10% of the farmers in the Midwest agricultural heartland have a debt-to-asset ratio of 70:100 or worse. These farmers carry 25% of the farm debt for those states, roughly \$22.6 billion. They are not expected to receive loans for another planting, and are vulnerable if any sudden shock occurs in the banking system. An additional 18% of the farmers have debt-to-asset ratios between 40:100 and 70:100. These farmers are not facing an immediate credit cutoff, but they are all losing net worth. If any disturbance of the credit market occurred now, these farmers would have trouble getting loans for spring planting.

Fred Young, vice president of Scott State Bank in Illinois, estimates that "40% of the farmers here could fail in the next five years." Tom Olson, head of the Agriculture Committee of the Independent Bankers Association of America and president of Lisco State Bank in Nebraska, reports that 5% of the farmers face serious problems and possible liquidation this year, while an additional 10-15% are under stress to meet their payments this year. In Minnesota, the agriculture commissioner says that 14% of farmers do not expect to survive for two years.

Yet spokesmen for the Department of Agriculture insist, with Agriculture Secretary John Block, that "this is the best year ever"! USDA Deputy Undersecretary Kathleen Lawrence received considerable criticism in Iowa when she stated, "There will be some loss this year, but not significantly different from a normal year on a year-to-year basis." Don

blow up U.S. farms

Paarlberg, an economic adviser to various Republican secretaries of agriculture, recently told a researcher that only 2-5% of the farmers are in real trouble.

Cashflow negative, equity shrinking

The problems of the farmers are complex, but two points must be understood. First, farmers in the Midwest are now operating, in general, at a loss. As of March 31, \$2.2 billion, or 3%, of the loans held by the Farm Credit System (FCS) were overdue by 90 days or were in the process of liquidation. Last year, the grouping in the FCS which makes operating loans, the Production Credit Associations, reported loan losses of \$237 million, up from \$159 million in 1982 and \$42 million in 1981.

Young reported that 6% of the long-term Federal Land Bank loans, the other major component of the FCS, were past due. "If they had been paying the interest out of profits, it would be 60%." Instead, he explained, farmers borrow additional short-term money to remain current on their long-term debt in a move which could be termed de structuring. The Farmers Home Administration (FmHA), the lender of last resort, currently lists 31% of its loans as delinquent, and an additional 10% of its borrowers with officially rescheduled loans. Commercial banks have not escaped. At the end of 1983, non-accruing farm loans totaled \$2.6 billion, according to the International Bankers Association of America.

Second, the price of farmland, which grew rapidly during the 1970s, is now in a rapid downward slide, and in some areas a free fall. Olson estimates that agricultural land prices in the Midwest have fallen by 25-40%, and spot checks in other states indicate that this is no exaggeration. Many areas report accelerating declines and in places, a lack of buyers at any price. John Scott, a real estate salesman and professor at the University of Illinois, has seen "slippage" in the last 60 days, even in northern Illinois, where prices have hitherto been relatively stable. In southern Illinois, says Scott, "there aren't many buyers." In Minnesota, Robert Swanson of the State Agriculture Commissioner's office describes a farm which had sold for \$1,400/acre in 1981. "When they advertised it for sale, they asked around \$600 or 700, and there were no bids."

State Representative Gervase Hephner of Wisconsin has

been watching the farm real estate market closely. He is on the board of a local bank, and on its loan committee, as well as owning a small farm himself. In a discussion with *EIR*, he supplied information on the catastrophic fall in value of Wisconsin farmland, a loss of 50% over three years, and a current rate of fall of 50% per year. His neighbors are quitting or being forced out. "Twelve years ago, I told my neighbors that we had seen the last generation of farmers. . . . Now they believe me."

While the price of land was rising, most farmers found themselves able to borrow more and those who wished to expand found borrowing necessary. Young farmers who bought their first land found that crop prices were not sufficient to lessen their debt load, but banks were willing to lend to those who showed competence as well as a reasonably healthy financial position. When land prices started to fall in 1981, banks found themselves in a quandary. The value of the collateral they held was decreasing, which would indicate that loan volume should be reduced. However, the process of loan reduction tended to place more land on the market, either through foreclosures or voluntary withdrawals, driving the price down further. The commercial banks, which had decreased their real estate loans by 4% in 1981, held steady in 1982 and increased real estate loans by 11% in 1983. But in 1984, time is running out.

In Nebraska, Olson reports, "Insurance companies are foreclosing. Traveller's is foreclosing on 10-12,000 acres in western Nebraska. In general, commercial banks are holding off." However, he told *EIR* that 10-12% of the banks in the Midwest are being watched very closely by the FDIC. The third farm bank failure in Iowa this summer took place during September. In Minnesota, a major dairy farm which had been held by one family for a hundred years, is being foreclosed by an insurance dealer. Bankers are not generally willing to describe the methods they are using to keep afloat, but a comment by Olson gives some indication. Asked about the slow pace of FmHA loans, he responded: "Part of it may be that they're different from commercial banks. They have a hard time making loans where there's negative cash flow."

FCA leads the retreat

Credit to farmers has historically come chiefly through the commercial banks and the cooperative lending institutions supervised by the Farm Credit Administration (FCA). In 1981, the cooperatives held 32% of the outstanding debt or over \$65 billion, compared to 20% in the commercial banks, the next most important sector. As the farm situation has grown more difficult, the FCA has followed a consistent policy of tightening credit to the farmer (Figure 1). Net new loans made by the Federal Land Banks (FLBs) are now one tenth of their 1981 level, and the Production Credit Associations (PCAs) have been contracting their outstanding debt, withdrawing approximately \$2.4 billion from farmers' credit since 1981. George Irwin, the FCA's chief economist and deputy governor, stated to *EIR*, "There's too much credit

... that's the problem. More credit simply makes it worse."

The effects of this policy are hitting hard. In Minnesota, Jim Nichols, state commissioner of agriculture, told *EIR* that the Federal Land Banks are "just not making loans." Many farmers, unable to make interest payments on their production loans, had been expanding their land-based loans to allow them to make up the difference with long-term, relatively cheap money. Now, that method of restructuring is being shut off, and the operating loans for each year contain the unpaid debt from the previous loan. To add to the problems of the financially strapped farmer, the PCAs have adopted a split interest rate. Although their average interest rate remains at 14%, a "good risk" now receives money at 13%, while a "bad risk" must pay 15%.

In this situation, the FmHA is overloaded and unable to meet the needs for long-term credit. The FmHA equivalent of the Federal Land Banks is the farm ownership program. According to reports of a survey done by the Minnesota commissioner of agriculture, these funds were insufficient throughout the Midwest. The Kansas FmHA reported that it had run out of money for the program in April, halfway through the fiscal year. Ohio had \$10 million, half its yearly allotment, in qualified loan requests ready for fiscal 1985. North Dakota had more than its yearly quota already processed for 1985, and Minnesota itself had enough qualified requests to absorb its \$30 million yearly allocation through 1986. While official nationwide statistics show FmHA continuing to expand its real estate debt, the expansion of \$350 million in 1983 is tiny in relation to the demand for real estate credit.

Non-real estate loans by the FmHA, which include both operating and emergency funds, shrank in 1983, but an out-

cry from the farm states resulted in some increase in availability in the summer of 1984. Emergency transfers of \$400 and \$150 million were made into the operating loan fund in 1983 and 1984 to avoid running out of money. Still, half of the farmers who apply in Kansas are being turned down, according to reports from local offices.

The funds which are available are being targeted to guaranteed, rather than direct, loan programs. Starting with a funding level of \$100 million for 1984, the program was granted an additional \$100 million in transfer funds and a new allocation of \$150 million. Guaranteed loans are made at commercial rates rather than current FmHA interest rates of 10.25%, and require higher standards for farmers to qualify.

A choice of detonators

There are several methods by which a shock could be administered to the tottering debt structure, should scenarios circulating among cartel circles for a blowout of agricultural credit proceed according to schedule. The most obvious is to use the FmHA itself. In May, Sen. Edward Zorinsky (D-Neb.) pointed out that the FmHA was holding farm property valued at over \$400 million, and that putting the farms up for sale would depress the value of farmland. In July, Secretary Block mandated the agency not to sell land where it would depress the market. This mandate could be reversed, under the pressure of a GAO study which Zorinsky requested, although such a reversal is unlikely until after the election.

Another method by which the FmHA could intervene to trigger the fall crisis comes through a recent court decision. From October 1983 until the present, the FmHA in Kansas has been under a court injunction forbidding it to institute foreclosure procedures against any farmer, based on a denial

Figure 1

The cutoff of credit for agriculture

Net new credit for real estate loans (millions of dollars)

	Insurance companies	Commercial banks	FCS-Federal Land Banks	Gov't (FmHA)	Other
1977	1,419	999	2,936	325	2,471
1978	1,659	777	3,228	139	2,303
1979	1,687	66	5,023	2,990	4,242
1980	763	122	6,303	604	2,300
1981	146	-358	7,619	1,029	1,590
1982	-272	54	3,616	341	230
1983	-81	934	770	345	320
1984 (1st Q)	-172	341	-30	85	N.A.

Net new credit for non-real estate loans, except CCC (millions of dollars)

	Commercial banks	FCS-Prod. Credit Assoc.	Gov't (FmHA)	Other
1977	2,426	1,264	1,264	2,255
1978	2,564	1,583	2,639	2,053
1979	2,761	3,301	3,202	2,313
1980	533	1,735	2,774	1,111
1981	1,381	1,506	2,696	1,059
1982	3,201	-986	307	750
1983	2,911	-1,391	-68	-585
1984 (1st Q)	146	-519	74	N.A.

Source: *Agricultural Finance Databook*, USDA, July 1984.

of due process. The court case on which this injunction was based has been resolved, and a new set of guidelines, addressing the issue of due process, is expected to appear very soon. Although the officials at the Kansas State FmHA told *EIR* that they do not keep centralized records, they estimate that approximately 250 foreclosure cases are pending there. Although this represents only 3.3% of the borrowers in the state, rapid action against these farmers could have a devastating effect on the psychology of the farm and financial community there, without any visible positive action on the part of the Reagan administration.

The Farm Credit Administration could also play a decisive role. Described by economist Irwin as functioning like the Federal Reserve for the cooperatives, and enjoying the same nominal independence from administration policy, the FCA could plausibly move to tighten up the loan approval procedures of its members, particularly if a large and spectacular bankruptcy had just occurred. With agricultural machinery being sold off for 25¢ on the dollar, top producing dairy cows bringing \$450 each at the slaughterhouse, and the land market in an accelerating plunge, high-risk loans are probably widespread. The commercial banks themselves could also be the targets of the regulators, and Federal Reserve chairman Paul Volcker has shown himself willing to take the executioner's role before.

However, the bankers are at this point the most politically organized of the groups, and therefore might be likely to resist attack. The least political risk might be run by the insurance companies, which hold \$12.5 billion in land-based debt, and could act to "protect their shareholders" by a sudden reduction in this exposure. There is, clearly, no lack of possible and effective means to destroy the rural credit system at this point. But why would anyone do that?

The common theme of most analyses of the farm sector in recent years has been the emergence of a two-tier structure in American agriculture, in which very large and relatively small farms are thriving, while the mid-sized independent producer experiences growing difficulty. The emergence of this two-tier system provides the best indication of the grim future intended by the financial powers manipulating the current crisis.

Billy Davis, Independent Democratic vice-presidential candidate and the running mate of Lyndon LaRouche, described it this way in a nationally televised address on Sept. 3: "When [Walter Mondale and the cartels] talk about 'family farmer,' they talk about a guy with a grub-hole and 10 or 12 acres of land who has a job in town. They're not talking about the independent American farmer, the guy from \$40,000 to \$100,000 gross income that's been the backbone of this country. They intend to remove him completely from the scene. If he does not willingly go into a contract situation, where he becomes 'vertically integrated' into these cartel corporations, then he will be wiped out."

USDA covers up the world grain crisis

by Marcia Merry

On Sept. 12, the U.S. Department of Agriculture (USDA) released its annual fall update on world crop production, a transparent cover-up of the global grain crisis.

Total world grain production this year, according to the USDA, will be 1.59 billion tons—called a "record" harvest. Not only does this figure overstate production in many regions; it conceals an enormous shortfall relative to world requirements, a gap which translates into mass starvation in Africa and other famine-struck regions.

A proper reading of the world grain situation also shows that the United States—hitherto the world's largest grain exporting region—is imposing upon itself such severe restrictions on grain output, while shipping huge quantities of grain to the Soviet Union, that the future of the American grain supply has become a national security question.

The figure of 1.59 billion tons of grain works out to less than 15 bushels of grain per capita—and less again, when you correct for the USDA's persistent overestimate of grain harvests. The 15 bushels is an increase over the world average of around 11 bushels per capita in the early 1960s, but a person requires a minimum of 24 bushels to receive a healthy diet, including the feedgrains that go into meat and milk production. Until about 1979, world grain output per capita was rising, reaching almost 18 bushels a person. But since then, world production per capita has fallen.

In Africa, domestic production plus food imports have fallen each year for over 10 years, until now malnutrition has overtaken 150 million people—one-third of the continent's population.

To provide even minimum food levels, the 1.59 billion tons of grain output needs to be doubled. The USDA's reported total of 785 million tons of world feedgrains should be tripled, at least. However, political networks connected to the world food cartels, in conjunction with the Soviets, have moved to reduce grain output, especially of feedgrains, over the last 10 years. The United States is the key target, since it accounts for 50% of the world's feedcorn output, and 60% of world soybean production—both top animal feeds.

U.S. output declines

The last two years of grain harvests in the United States have been a watershed in the reduction of world food supplies. In 1983, the Payment-In-Kind (PIK) program was enforced, inducing farmers to take a record one third of U.S.

grainlands out of production. When a 50-year record drought hit the nation, grain output plunged. The corn harvest fell 50% compared to 1982 levels. The soybean harvest fell 33% from 1982. Wheat output fell "only" 15%, because, fortunately, most was harvested before it could be damaged by the drought. In order to depress wheat output further in 1985, the USDA decided to continue the wheat PIK another year, through special acreage reduction cash premiums.

Under the PIK program of 1983, U.S. stocks—the grain in storage either on farms, in government or commercial elevators, or elsewhere in the pipeline—were vastly depleted in one season, because farmers were given payments in the form of entitlements to stored grain. The government did not even have enough to meet its contracted obligations. Since spring 1983, scandal followed scandal over the USDA's overstatement of soybean and corn stocks. National hog and cattle inventories began shrinking as feed costs climbed.

Nevertheless, the food-cartel policy for 1984 was to further reduce U.S. grain production, in order to "prevent re-

FIGURE 3
States producing over 50% of national corn and wheat output

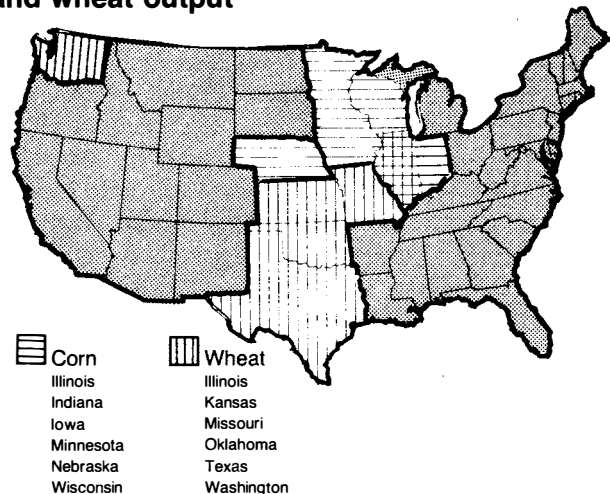
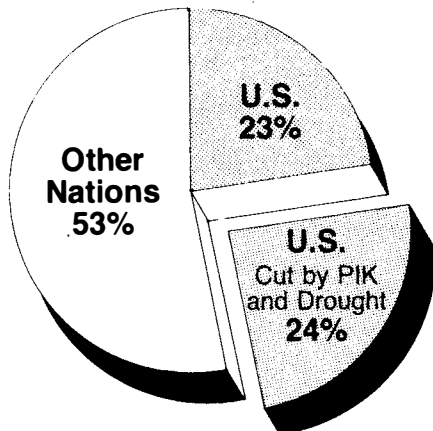
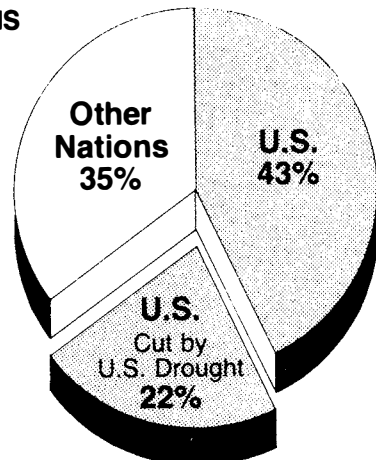


FIGURE 2
Drastic fall in U.S. animal feedgrain production, 1983

CORN
WORLD
PRODUCTION



SOYBEANS
WORLD
PRODUCTION



curing surpluses." This was implemented by preventing needed emergency measures for low-interest crop production loans, and preventing stays on farm foreclosures. The total grain crop this year is reported to be about 307.8 million tons, as compared with the 205.8 million ton disaster in 1983. But the media and the USDA are using the words, "big" and "record" to confuse the public, and to justify continued low prices to the farmer. For example, you will read about the 1984 estimated corn harvest being "big," because it is 81% larger than last year's disaster level of 4.17 billion bushels—the lowest since the 1960s! The USDA has overstated 1984 wheat production, in order to justify cash premiums and early sign-up for 1986 wheat reduction programs. The other crops are reported in the same fashion.

During this same period of decline in U.S. grain output, Soviet purchases from the United States soared. A Hoover Institute study estimates that the U.S.S.R. has 92 million tons of grain or the food equivalent in strategic civil defense stockpiles. Since the Long Term Agreement (LTA) covering grain sales between the United States and the Soviet Union was signed last summer, the Soviets have received 23 million tons of U.S. grain, over half of their total imports this year. The Soviets are importing from the West close to a quarter of all world grain traded. The price they pay—if they do pay at all, which is a secret closely kept by the cartel trading companies—is below the farmers' cost of production.

For the second LTA trade year, beginning in October, the Soviets have already pre-booked their limit of corn—8 million tons. On Sept. 11, President Reagan unilaterally lifted the ceiling on annual U.S. grain exports to the Soviets during the LTA year from 12 million tons to 22 million tons. Now the Soviets are permitted to import the grain that the United States does not have.

Government programs shrink dairy herds, milk supplies in jeopardy

by Marcia Merry

The results of less than 12 months of government dairy reduction programs in the United States and Western Europe can be seen in the milk shortages and overnight price hikes now in effect in parts of what was once the most developed sector of the globe. Up until the present period, the United States and Western Europe together produced about 40% of the world's milk. Now that unparalleled productive capability is being dismantled so fast that milk will be a luxury item.

While the media, the U.S. Department of Agriculture (USDA), and the State Department insist that the problem is "surplus food" and the solution is for farmers to cut production, the hard facts speak for themselves. By official USDA statistics, national milk output is down by around 4% over the last year, from 12,273 million pounds last June to 11,832 million pounds this year, and is declining constantly. Production is down in every state but California. The situation is similar in Europe, where shortages of milk for powder have been reported in Holland and France—top milk producing regions.

In England, where the Common Market "quota" milk reduction plan only took effect in April of this year (2% mandatory milk reduction per farm, and other mechanisms), the consumption of liquid milk has fallen almost a percentage point in only a year.

Milk products today provide over half of the daily animal protein intake per capita in the United States. An average American eats 1,409 pounds of food per capita per year, of which 828 are crop products and 581 are animal products (red meat, poultry, eggs, milk products). Of those animal foods, an estimated 306 pounds are dairy products. When we lose this, malnutrition and epidemics are on the way for this country. And dairy production for the Third World, the most efficient means of reversing protein starvation, is eliminated.

As milk production shuts down, it is the giant international cartels that are moving in to manipulate the shortages and to dominate what remains of production.

Rationing ahead?

Dairy companies in Atlanta, Georgia warned in August that milk rationing will be needed. Milk output in the state has fallen 25% from last year. Tommy Irvin, the state agriculture commissioner has called for federal emergency assistance to ship in raw milk from Wisconsin, which still has a

"reserve" supply.

Spot shortages and price hikes have been reported in many other parts of the country: Louisville, Kentucky; Portland, Maine; Billings, Montana; and throughout the southeast states.

The 4% national reduction means drastic shortfalls in the regions where farmers were most pressed to cull their herds or go out of operation altogether. Here are the latest reports:

- In Georgia, Alabama, and western Florida, milk output is down 14-25%.
- In New England, New York, and New Jersey, there is a 4-15% drop in output. Maine milk is down 20%.
- In eastern Pennsylvania and the mid-Atlantic region, milk output is down 10%.
- In Iowa, southern Illinois, eastern Kansas, and Missouri, milk output is down 9%.
- In Minnesota, milk is down 9%.

Slaughtering of the herds

The national cow herd has dropped by over 300,000 milk animals since last fall—a number which exceeds normal cull rates. In September of last year, a tax was placed on milk output: The dairy farmer pays the government 50¢ for every hundred pounds of milk he produces a month. This meant an increase in culling. Dairy experts in Wisconsin, the top dairy state in the country, expect that 20% of the state's dairy farmers will go out of operation because of the 50¢ production assessment.

On top of that, a milk "PIK" (Payment-In-Kind) program has been in effect since January of this year. Dairy farmers who signed up for this program get \$10 for every hundred pounds of milk they don't produce a month for 15 months. To participate, farmers had to agree to cut their output 5-30%. If they "mistakenly" overproduce, their payments are held up. This guarantees that high producing dairy cows will go into hamburger.

The USDA reports that 37,530 dairy producers signed milk PIK contracts, which the USDA calls 12% of its national statistic of 303,580 "operations with dairy cows." However, 37,530 dairy farms is closer to 20% of the actual number of commercial dairy producers. In Georgia, almost 50% of the dairy farmers signed up for the program, because of the farm income crisis in the state.

Over the 15-month life of the milk PIK program, the USDA expects that at least 337,000 dairy cows will be culled which would otherwise be producing.

Farmers who enrolled in the milk PIK are prohibited from selling their cull cows to a farmer outside the program. In effect, they have no choice but to send them to slaughter. Cows which could be producing 12,000 to 16,000 pounds of milk a year are being sold to the slaughterhouses for \$450 each.

Over the first six months of 1984, output per dairy farm is down by 6%, and dairy farmers are going out of operation by about the same rate.

As farmers comply with the government reduction program, the value of their herds has plunged. The assessed value of the Minnesota state dairy herds, for example, has decreased over the past year by almost 15%, or \$100 million, due to the price per animal drop, as well as herd shrinkage. In 1981, the average replacement heifer in Minnesota cost \$1,180; now the average is \$890, a 25% drop.

For the first time in U.S. history, there is a decline in production per cow. In 1944, the national dairy herd was 44 million cows, which produced 15% less than our 11 million herd did two years ago. Now the dairy herd size is shrinking and milk output per cow has decreased by 1.4%.

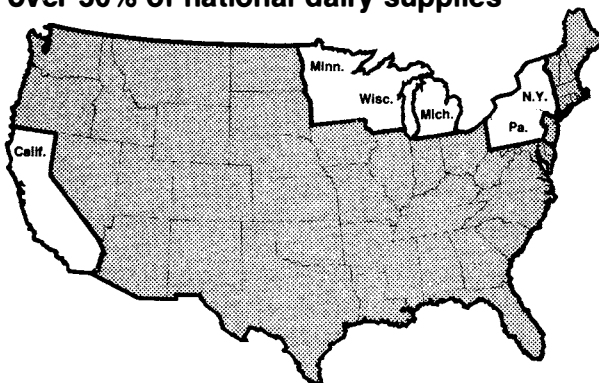
Production cuts are justified on the basis of the alleged "huge U.S. dairy surplus," and the fact that dairy products have been piling up in government Commodity Credit Corporation (CCC) storage. But this results not from surplus production, but from the erosion of the ability of American

Figure 4
Decline in farm milk output for major consumption areas, 1983 to 1984

	June loss		July loss	
	mill. lbs.	percent	mill. lbs.	percent
New England, New York, New Jersey	-39.63	-3.2	-49.65	-4.1
Eastern Pennsylvania and mid-Atlantic	-76.10	-10.6	-65.65	-9.2
Western Pennsylvania and Ohio	-49.80	-7.8	-43.11	-6.9
Indiana and southern Michigan	-23.52	-4.1	-18.51	-3.2
Wisconsin and northern Illinois	-29.36	-2.4	-38.14	-3.2
Iowa, Missouri, eastern Kansas, central- southern Illinois	-52.50	-8.9	-46.55	-8.0
Georgia, Alabama, western Florida	-41.11	-17.3	-30.48	-13.5
Total for these areas	-311.99	-6.0	-292.10	-5.7
Total for United States	-441	-3.6	-480	-4.0

Source: Federal Milk Marketing District administrators and the U.S.D.A. There are 60 Federal Milk Marketing Districts in all.

FIGURE 5
Top dairy-producing states accounting for over 50% of national dairy supplies



households to pay for a decent diet. In any case, the "stockpiles" are illusory. All the butter in the so-called U.S. butter mountain represents less than a pound and a half per person for the U.S. population. The milk powder is less than half Africa's annual emergency needs. The CCC cheese, stored in the famous limestone caves in Kansas City, is molding, and there will soon be a national "cheese scandal" over short commercial cheese supplies. In addition, U.S. dairy exports, which should have been made a key input to world protein supplies, have been deliberately suppressed by world food cartels.

The cartels take over

The productive capacity of the American dairy farm sector is being destroyed as part of a scarcity scenario developed by the multinational cartels, not the "law of supply and demand." As milk output drops, cooperative and independent dairy processors are shutting down or selling out to the few food giants—Bordens, Beatrice Foods, Kraftco, and others. These companies stage price wars and use thug tactics to obtain their dominant positions.

The prominent companies internationally are Nestles, based in Switzerland; Unilever, from Northern Europe; and the old British Empire corporation, the New Zealand Dairy Board, which is the largest private milk product exporter in the world. Bruce Stewart, the representative of the New Zealand Dairy Board in the United States, called the 50¢ milk production tax a "welcome development" to reduce U.S. production, which was "overshadowing the world market." "Our colony is very much dependent on agricultural production, including dairy. . . . We're preaching a gospel of containment of production in the United States, more in line with domestic production, to relieve problems that exist around the world in dairy markets."

In a giant asset grab, Nestles has now bought Carnation milk, the largest U.S. producer of evaporated and powdered milk products.

Will there still be meat on the grocer's shelf next year?

by Carol Cleary

U.S. cattle and hog numbers are down so significantly, and slaughtering of breeder animals is so widespread, that a national meat supply crisis looms. Although red meat production from January to July this year totaled 22.4 billion pounds—3% more than last year—this increase is anything but a healthy sign. It is due to the slaughter of dairy cows, culling of breeding stock, and import of cattle from Mexico, whose cattlemen are in even more dire straits than their U.S. counterparts.

The producing potential is being undermined in the world-famous core production regions—Texas for beef and Iowa for hogs—where independent farmers and ranchers are being forced to cut back, liquidate, or sell out. By year's end, the national beef cow herd may have shrunk to the lowest level since 1969. The hog and pig inventory is down fully 9% from last year. After the winter slaughters of the current feedlot inventory, beef supplies will be significantly lower. Meat prices to the consumer, which have been rising slowly, will begin to soar.

Meat slaughtering, processing, and distribution are being consolidated under the control of a small number of international food cartel companies, like Cargill, Inc., which are guaranteeing feedgrains and meat-herd and processing technology to the Soviet Union.

You may read about "bounce back" of the cattle and hog numbers and plentiful meat supplies to come in the near future. This is mere propaganda issued by the U.S. Department of Agriculture and cartel company interests themselves, through their "crystal balls"—the Wharton School, Chase Econometrics, and other hoaxsters.

Depression economics

The causes of the meat supply crisis include the disastrous feedgrains shortage, the farm income and debt crisis, and the cartel takeover bid.

Right now, the number of animals in the feedlots has dropped in a few key areas of the country, relative to the average levels of recent years (see **Figure 6**). The decline in feedlot numbers means that after these animals are fattened—a six- to eight-month period—the winter slaughterings will be down relative to needed supplies, and the prices to consumers will soar.

Figure 6
U.S. cattle feedlot inventories
Top 13 states, July 1, 1984

Region	Number head on feedlots	Percent change from 1983
Texas/Oklahoma/Kansas		
Texas	2,140,000	+23
Oklahoma	280,000	+8
Kansas	1,360,000	+8
Subtotal:	3,780,000	

There is a herd liquidation process going on in west Texas, involving 10% of the national cattle herd. In Kansas, herds are being culled.

Plains states

Nebraska	1,280,000	-16
Colorado	780,000	-11
Iowa	670,000	-32
Subtotal:	2,730,000	

The farm financial crisis in Iowa and Nebraska is severe. Independent feedlots are shutting down. Herd liquidations in Colorado involve 2% of the national herd.

Far West

California	554,000	+4
Arizona	341,000	-4
Idaho	195,000	+1
Washington	185,000	+7
Subtotal:	1,275,000	

Herd liquidation is underway as California costs soar, due to out-of-state feed supplies and high property taxes. Feedlots in Arizona are threatened by environmentalists, who are complaining about the smell. Corn is imported into Washington from cornbelt; costs are high.

North Central

Illinois	370,000	-23
Minnesota	285,000	-20
South Dakota	260,000	+21
Subtotal:	915,000	

In Illinois, smaller farmers are barely holding on to a few breeder animals. Herd liquidation has been going on for some time. In South Dakota, cattle are being moved around rather than liquidated. In Minnesota, dairy cows are being liquidated as well.

Making the situation worse is the reduction in the generation of stock to replenish feedlots and slaughterings. Foreclosure auctions have sent thousands of animals to slaughter. Because of the farm income crisis, cattlegrowers have been intensely culling their herds, even sending breeding stock to slaughter to get cash. If the grower is a livestock-crop producer, chances are he has been selling stock in order to free up feedgrains to sell for urgently needed cash.

This has been going on for the past few years in Nebraska and Iowa, top meat states, to the point that 40% of all feedlots there have been completely shut down, and 26% partially so. These were primarily owned by farmers or independent operators, who could not get sufficient capital to meet high cattle and feeding costs. They have been shut down by the high interest rates and by the "dirty tricks" operations of the cartel-owned feedlots and processors. The only exception to the general collapse are operations run as tax write-offs for oilmen, professionals, and other investors—hardly the basis for a secure national meat supply.

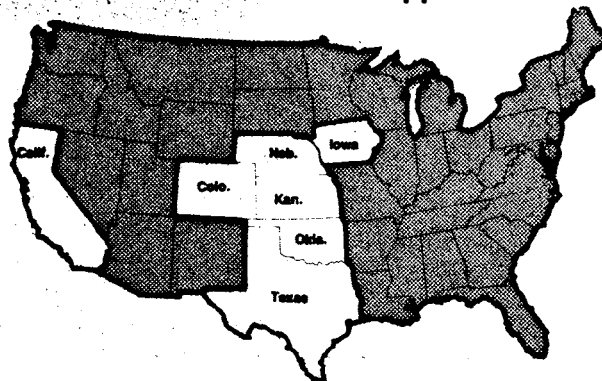
In Texas and Oklahoma, feedlots seem relatively full by comparison, but this reflects a number of special factors, principally the giant herd liquidation now going on due to the drought. The three-year-long drought in the western Texas region has withered feed crops, parched the rangeland, and dried up drinking-water supplies. Breeding stock and all are going to slaughter. Earlier this year, cow/calf pairs were moving into eastern Texas and to the north for grazing lands. However, eastern Texas is now dry and herd liquidation has begun there. Dry weather has encouraged early culling in Oklahoma. Increased livestock marketing in Montana, North Dakota, and Wyoming also reflect drought conditions. The president of the Sidney, Montana Livestock Market Center reports that cow marketing was 50% greater this year, and many producers are selling out completely.

The drop in the national breeding herd is estimated at as much as 25%. All indices of herd replacement are down. The total calf crop is 2% down from last year. Beef replacement heifers are down 3% from last year. Beef cows calved are down 1% from last year. The average weight of animal slaughtered is also down by 12 pounds.

The Texas cattle herd size would be down even further, except for Dallas oilmen and other outside investors coming into the state and buying up herds at distress sale prices, in order to get tax shelter benefits.

National meat supplies over the past year have been propped up by a one-time-only mass slaughtering of dairy cows, sent to meat packers over the past year for hamburger because of the government's unprecedented milk "PIK" reduction plan (see article, page 25), and because of the general dairy farm income crisis. When the milk diversion plan began last January, dairy cows amounted to over half of the total weekly slaughterings for meat. This continued for three months before sinking back to about a third of total slaughterings.

FIGURE 7
Top cattle-producing states accounting for over 50% of national beef supplies



Over the 15-month period of the milk PIK diversion plan, an estimated 887,860 milk cows will go to slaughter, which is at least 337,000 more than the normal cull rate.

In the beef industry, 15% to 20% of the carcass weight goes for hamburger and processed meat products. However, over half the national consumption of this type of meat has been supplied by imports. Much of this meat comes from South America, coordinated by Cargill, Inc. and the same international grain and meat cartels now controlling the domestic market. Meat also comes from Australia, New Zea-

FIGURE 8
U.S. beef cow inventory decline

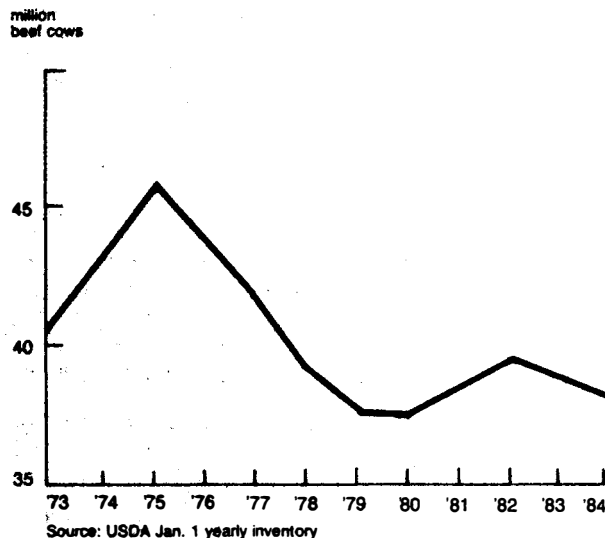
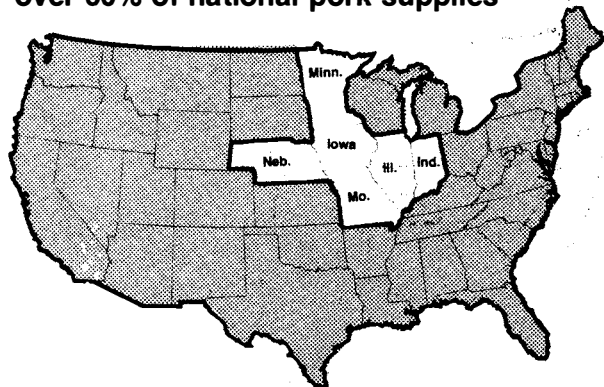


FIGURE 9
Top hog-producing states accounting for over 60% of national pork supplies

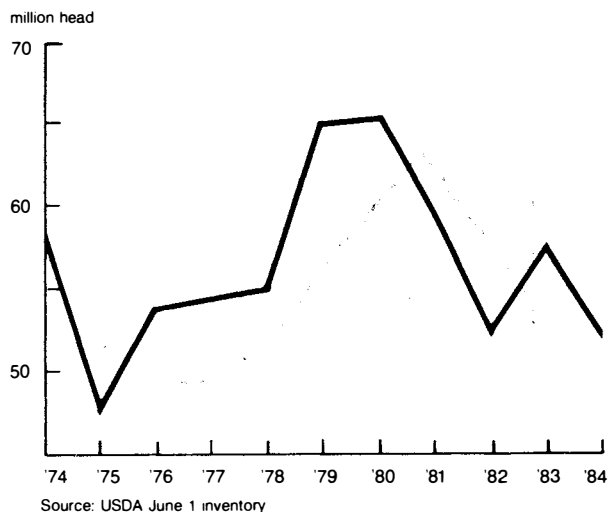


land, and Canada, and some from Western Europe.

Mexico's meat supply looted

In the last year, imports of cattle on the hoof from Mexico have risen to such numbers that the Mexican herd potential is being wiped out. Imports of Mexican feeder cattle and calves during the first four months of this year totaled 306,098, way up from the annual totals of 561,665 for 1983 and 509,677 for 1982. In August 1984, the head of the Mexican National Cattlemen's Confederation asked for government permission

FIGURE 10
U.S. hog and pig inventory decline



to export 800,000 three-hundred-pound calves, rationalizing that "it's better to ship the cattle to international markets than let them starve to death." He reported that Mexican ranchers do not have the money "to import grains and forage to feed the cattle." Meantime, 25% of Mexico's dairy herd has been liquidated under the extreme austerity conditions imposed by the International Monetary Fund, which ordered 150% hikes in electricity rates, feed costs, and so forth.

Pork supply crisis

The crisis in pork production is every bit as severe as with beef. According to official USDA statistics, the national hog inventory—both market and breeder animals—is down by 9%. There has been a 30% decline in inventory since 1980. Hogs can be bred 12-14 months after birth, so quick reversals in hog numbers are feasible in theory. But in practice, the mainstay of the national hog supply, the independent family-farm hog producer, is going out of operation.

With the shakeout of independent hog and grain farmers, and the consolidation of contract hog production, it is estimated that the national hog inventory will go down by as much as 40% in 18 months. Pork will become a luxury meat.

The cartel companies have initiated large-scale "vertically integrated" production centers, especially in the south and southeastern states, where they can receive favorable tax and other advantages because independent farm interests have been smashed. The large grain companies like Cargill are coming in and setting up such operations. Ralston Purina has its own feedstock producers, who lease or sell sows to the farmer, who then buys the feedgrain from Ralston Purina. Farmers then become "agri-janitors" to raise the market animals on their own highly indebted farms, and sell the animals back to cartel companies, at loss or nearly loss rates. In North Carolina, one breeder farm has 30,000 sows, which produce about 600,000 feeder pigs (20 to 30 pounds), which go on contract to farmers.

Ralston Purina has recently expanded its potential for vertically integrated pig production by acquiring the Spartan Mill & Grain Co., one of the oldest and largest independent feed companies in the South. Spartan specializes in hog feeds for the heavy swine-producing region of North Carolina.

This hog production restructuring parallels what has already taken place in poultry, where only a few large cartel grain companies—like Continental Corporation, which owns Wayne Poultry—control production by vertically integrated contract farming.

The House of Representatives' Committee on Small Business has recently released a report on the trend toward concentration in the livestock packing industry. According to John Helmuth, chief economist for the committee, "the four largest firms slaughtering steers and heifers have moved past the point—measured by market share—where they could exert monopolistic power to inflate their selling prices and buying power to depress the price they pay farmers for cattle."

NATO, Warsaw Pact face off in Europe

by Luba George

Western Europe became a battleground this week, as both NATO and the Warsaw Pact initiated the largest maneuvers since World War II.

The NATO maneuvers, the annual Autumn Forge, include over 500,000 troops, with at least 130,000 elite British troops who are simulating a landing into Western Europe.

The Soviet maneuvers, called Shield '84, are comprised of somewhat over 100,000 troops, concentrated in Czechoslovakia. Unlike the NATO maneuvers, however, the Soviet exercises are only the latest phase in a continuous series of maneuvers which began in January 1984, and have tested the invasion of northern Germany, the shutoff of Europe from the United States, and a breakthrough into the Aegean Sea—to name only a few operations.

While few expect that the Soviets will proceed with an actual invasion while the Autumn Forge maneuvers are ongoing, the result of the Soviet maneuvers to date has been to soften up Western Europe for a potential invasion. Both Yugoslavia and Austria are currently warning about the potential for Soviet invasion of their countries. In addition, Soviet allies in the Kissinger-Carrington group in Western Europe are playing their part to disrupt NATO defenses—weakening the alliance politically and militarily in the face of threatened Soviet aggression.

If this political course is not reversed by initiatives from the United States, the conclusion of the NATO maneuvers will find Western Europe more vulnerable than ever to a Soviet adventurist action which will be geared to take control of Western Europe once and for all.

The Warsaw Pact Shield '84 maneuvers are only the latest phase in what is one continuous series of maneuvers that have been ongoing since January, a “dress rehearsal” for a blitzkrieg, in the words of the West German weekly *Bayernkurier* Sept. 6. The paper quoted officials of the Yugoslavian and Austrian general staffs to the effect that their nations are “operative targets” of the Soviet maneuvers.

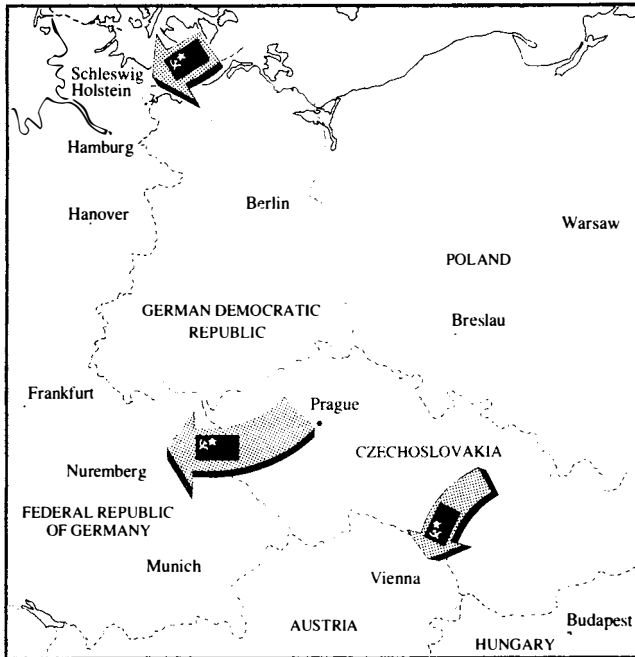
Preparations for nuclear war

Whatever the Soviets intend, they apparently did not want the maneuvers observed. According to West German spokesmen on Sept. 12, the Soviets did not invite Western observers to the maneuvers. Nor did they accept an invitation to send their observers to NATO exercises currently under way.

Two recent articles in the Soviet “civilian” press underscore the fact that these maneuvers are intended to rehearse the full integration of conventional and nuclear war-fighting capabilities by the Red Army.

Soviet Commander of Ground Forces Marshal Vasilii Petrov wrote in *Pravda* Sept. 9 that Soviet tank forces “are now marked by a cohesion and solidity that allows large tactical and operational self-sufficiency in action cut off from that of the main forces. . . . *They are now more adapted to swift actions in conditions where nuclear weapons are being used* [emphasis added].”

Col.-Gen. M. D. Popkov, the political commander of the Soviet Ground Forces, released a similar message in *Izvestia* one day earlier.



Another unusual feature of the maneuvers was the fact that they were preceded by a sudden convocation of the defense ministers of all the Warsaw Pact countries in Prague. The meeting, presided over by Defense Minister Ustinov, included commanders from Romania, Mongolia, and Cuba, as well as the traditional Warsaw Pact participants.

Crumbling on NATO's flanks

The Warsaw Pact drive on southeastern Europe is taking advantage of one of the Soviets' strongest flanks. For while the Soviets practice driving into the Aegean, the Social Democratic government of Greece is doing everything possible to sabotage NATO defenses, if not to join the Warsaw Pact.

Greek Prime Minister Andreas Papandreu, who recently scuttled the Sept. 17 joint Greek-U.S. maneuvers, announced this past week that Greece will *shut down air traffic over the Aegean and intercept approaching military aircraft* if NATO goes ahead with the planned air maneuvers scheduled for later this month. In those maneuvers, NATO jets are scheduled to enter Athens-controlled air space. This raises the possibility of either a conflict between Greece and NATO, or the cancellation of this section of the NATO maneuvers.

The reason given by Third Rome puppet Andreas Papandreu? "For us, Turkey and not the Soviet Union is the only visible danger." (See *Attic Chronicle*, page 48.)

The Greek government threat was given prominent play on nationwide Greek state TV and radio on Sept. 4, just after it was "officially" announced by the Soviet news agency TASS that Igor Andropov, son of the former president Yuri Andropov, has been appointed Soviet ambassador to Greece.

The Sept. 2 edition of the Soviet daily *Izvestia* lauds the anti-American actions in Greece aimed at shutting down American bases.

Soviet intimidation is also having an obvious effect on the northern flank. It was in early July that the Soviet marines demonstrated their capability to land on the main Danish islands which guard the entrance to the Baltic, including the island which contains Danish capital Copenhagen! But this week, the political response came.

On Sept. 7, the Danish Radical Party, a small left-liberal grouping in the parliament, called on Denmark to leave NATO. Should the Danish Social Democracy follow suit, this would produce the same alignment that killed the cruise missile deployment in Denmark, and would rupture NATO's northern and central fronts.

Rogers' warnings to Soviets

In response to the severity of the Soviet threat, a series of "get tough" measures have been announced by NATO commander Gen. Bernard Rogers this past week. Rogers bluntly informed the Soviets of penalties they would incur should they invade Western Europe—including the use of nuclear weapons very quickly following any Soviet attack. Rogers added that Soviet chemical warfare would be matched by NATO's use of chemical weapons.

"If attacked conventionally, under my guidance, I would have no option but to request the release of nuclear weapons fairly quickly," warned Rogers on Sept. 4 at a press conference in Brussels on the opening of the "Autumn Forge" maneuvers. Here he also called for the renewed development of chemical weapons, halted by the United States since 1969. But Rogers stressed that he is already "prepared to retaliate in kind against the use of chemicals against us."

In an unprecedented move that underlined the commitment of NATO to defend West Germany, General Rogers one day earlier had announced the appointment of Gen. Hans-Joachim Mack, a German, to head the NATO Nuclear Weapons Planning Group. Hitherto responsibility for nuclear matters has always been assigned to the British deputy to the Supreme Allied Commander.

The NATO maneuvers themselves indicate the same attitude toward the seriousness of the Soviet threat that General Rogers has indicated. Correctly concluding that Warsaw Pact military doctrine calls for massive use of chemical warfare measures, this year's NATO maneuvers include serious training against the Soviet use of chemical weapons. The other new element on the NATO side is that the maneuvers, for the first time ever, are to include the participation of major units from the West German *Bereitschaftspolizei* (military preparedness police) and the *Bundesgrenzschutz* (border guards). They will be a component in anti-*spetznaz* (Soviet special forces) exercises, e.g., against saboteur activities targeting major NATO military installations.

The Ogarkov shift: the height of Soviet strategic deception?

by Rachel Douglas and Clifford Gaddy

The Sept. 6 notice that Marshal Nikolai Ogarkov has been replaced as Chief of the General Staff of the Soviet Armed Forces by his deputy, Marshal Sergei Akhromeyev, is at the center of a Soviet disinformation campaign. The objective is to dupe the West into believing that the "hard-line radical," Ogarkov, has been ousted by a more pragmatic group. The Ogarkov removal will be used by the arms-control mafia in the United States to call for "taking the unique opportunity" for comprehensive arms-control negotiations, having a ban on space weapons as their main objective.

While the Soviets are making a massive show of force on NATO's frontier and demonstrating strategically momentous advances in the ability to detect U.S. nuclear-armed submarines, the hired pens of Henry Kissinger and his associates hasten to explain the sudden disappearance of the Soviet military's most visible, most authoritative officer as proof that the time is ripe for agreeing on "rules of conduct" with the U.S.S.R. Soviet Foreign Minister Andrei Gromyko, whom Western commentators for months have called a stony cold-warrior who would beat back every attempt at an East-West thaw, is suddenly Mr. Détente, "a realist," now that he deigns to meet President Reagan on Sept. 28. On Sept. 13, the *New York Times'* Bernard Gwertzman unveiled a solution to the Ogarkov enigma (made available by "a senior Soviet diplomat," no less), namely that the Chief of Staff had exhibited "unpartylike tendencies" and therefore been axed.

There is good reason to suspect, however, that Ogarkov is not being demoted at all, but will assume a new, behind-the-scenes post. One possibility is that he will head up a new, special operational command for all Warsaw Pact forces. Another hypothesis under discussion in the United States is that Ogarkov will take charge of an entirely new office: a combined aerospace/beam-weapons command.

A role for Ogarkov in charge of Soviet space-related military capabilities or at another high command post is not yet confirmed, since the Soviet announcement did not specify the "other work" to which it said he was transferred. But Ogarkov's background and recent writings provide support

for the hypothesis. Most important of all is the fact that from 1968-74, during the SALT talks, Nikolai Ogarkov himself was the man at the Soviet General Staff in charge of the Office of Strategic Deception, what the Russians call *maskirovka*.

"The most important economic and military changes in the Soviet Union have been done under the guidance of Ogarkov. It is unlikely that he would be demoted just at the point that the reorganization process is to be completed."

The word of Ogarkov's removal came within 48 hours of other announcements, evidently designed to mystify the West. On Sept. 4, Soviet leader Konstantin Chernenko became visible by means of a televised appearance, after seven weeks of absence from public view. Both Ogarkov's disappearance and the re-emergence of the infirm Chernenko stirred storms of speculation in Western government circles about who is really in charge in Moscow.

On Sept. 5, East German leader Erich Honecker announced he would not make his scheduled trip to West Germany in September, thus ending weeks of an on-again/off-again charade. Here, too, with the prolonged farce of a "Honecker vs. Moscow" dispute, the goal of producing maximum confusion in the West was achieved.

If *maskirovka* is also the explanation for Ogarkov's dramatic step-down, it would be yet another case in which present-day Soviet policy has taken a cue from Russia's Byzantine past: In 1564, Czar Ivan Grozny ("The Great") made a

show of “abdication” and withdrew to the town of Aleksandrov outside Moscow. He demoted himself to “Prince of Moscow,” while setting up a puppet “Czar of All Russia,” to whom he pretended to render homage. Meanwhile, from his fortified palace in Aleksandrov, Ivan built up his power to unprecedented heights.

Sources in those Western circles that are collaborating with the Russians in preparing a “New Yalta” delineation of global spheres of influence, a plan that would among other things sharply reduce American influence in Europe, explain the Soviet command shift as the result of intense factional differences in the High Command. Two key centers of such “New Yalta” circles West are Switzerland and Great Britain.

A Geneva-based figure linked to the Pugwash movement of arms controllers stated that Ogarkov’s policy of a crash program for beam weapons in the U.S.S.R. had encountered massive opposition from “traditionalist” layers in the Soviet economic and political leadership. The “establishment,” he alleged, regarded Ogarkov as a “military man intruding into areas outside his domain.” Therefore, they removed him to replace him with someone more to their liking, the source concluded.

British sources stressed that Ogarkov had repeatedly clashed with other military commanders over the issue of whether to continue a “traditional” arms build-up (including nuclear) or to concentrate on high-technology conventional systems. Ogarkov, they say, wanted to give priority to the latter. He thus found himself in opposition to such figures as Marshal Vladimir Tolubko of the missile forces and Marshal Viktor Kulikov, the Warsaw Pact commander.

The Defense Council of the U.S.S.R.

These analyses contain a grain of truth. Marshal Ogarkov indeed called for radical changes in the Soviet armed forces and in the Soviet economy. In so doing, he undoubtedly came into conflict with vested interests in Soviet society. But the important thing to realize is that in his plans for restructuring, Ogarkov had the full support of the real power center of the U.S.S.R., the Defense Council. Ogarkov has been not only a loyal member, but one of the heads, of this body that provides the continuity to all Soviet policy. There is nothing to show that this has changed.

Through the Defense Council, Ogarkov launched the program to transform the Soviet Armed Forces, beginning with his 1977 appointment as Chief of Staff. In a major 1981 article in the Communist Party journal, *Kommunist*, and in a pamphlet a year later, Ogarkov called for radical reorganization to essentially put the Soviet union on a war footing even in peacetime. The main points in his program were the following:

1) A centralized war economy: Ogarkov wrote that “it is more necessary than ever that the mobilization of the Armed Forces be coordinated with the national economy as a whole,

especially in the use of manpower, transportation, communications, and energy, and in ensuring the reliability and survivability of the entire vast economic mechanism of the country.” Ogarkov stipulated that there had to be “centralized leadership of the country and the Armed Forces” and named the Defense Council as the appropriate body to ensure that leadership.

2) Development of new weapons systems “based on new physical principles”—the term he used to refer to beam-weapon anti-missile defense systems: Ogarkov’s career at the General Staff has been intimately connected with beam weapons. In the late 1960s, he participated in the arms-control talks leading up to the ABM Treaty which blocked U.S. work on beam weapons. At the same time, he has been the foremost advocate of Soviet development of those systems. Most recently, he urged in an interview in the military newspaper *Red Star* on May 9 that the Soviet military command could tolerate no foot-dragging in developing the new weapons—and in blocking U.S. efforts in that direction. “Their creation,” he wrote, “will be a reality in the very near future, and to ignore this fact already at this point would be a serious error.”

3) The reorganization of the Soviet command: Ogarkov has been involved since 1977 in building up a totally new level of command of the armed forces based on the concept of the “theater of military actions.” This is a level of command higher than that of the present 20 military districts and groups of Soviet forces abroad, but subordinate to the Moscow High Command. There are to be five such theater commands, each able to function more or less independently in the event of war.

The model for the theater commands is the Far East High Command in the south Siberian city of Chita, a separate headquarters for all Soviet forces (more than 50 divisions) in the eastern part of the U.S.S.R. and the troops in Mongolia. Chita was originally set up by the Red Army in 1945 in preparation for war with Japan. Since then, it has been developed into a separate command center, designed to function even under conditions of nuclear war when all contact with Moscow might be broken off.

Marshal Ogarkov was directly involved in building up the Chita headquarters. From 1948 to 1959, he was a top staff member there.

In short, the most important economic and military changes in the Soviet Union have been done under the guidance of Ogarkov. It is unlikely that he would be demoted just at the point that the reorganization process is to be completed.

By omitting to publicly state the real nature of Ogarkov’s new appointment, the Soviets please themselves to create confusion in the West about a possible “leadership crisis.” For anyone with knowledge about Russian use of strategic deception in critical periods—both ancient and more recent—the best approach is to maintain high alert.

Schiller Institute exposes East bloc origin of slanders against conference

Leading networks in Western government agencies, institutions, and media have been caught red-handed conniving with East bloc intelligence, in an attempt to wreck the second international conference of the Schiller Institute on Sept. 22-23 in Wiesbaden, West Germany. This was denounced at a packed press conference in Bonn on Sept. 11 by leaders of the Institute, including Advisory Board members Vice Admiral (ret.) Karl-Adolf Zenker, Franz Hron, member of a World War II resistance organization, and Col. (ret.) John Bradley of the Bonn American Businessmen's Club.

The Schiller Institute was founded in May to mobilize support for rebuilding the German-American alliance against Henry Kissinger's "decoupling" schemes, and against the threat of a Soviet takeover in Europe.

On Aug. 16, 1984, *Neues Deutschland*, the official organ of the East German Communist Party, libeled the Institute as a "new right-wing" organization, which allegedly "misuses the name of a German classical poet" (Friedrich Schiller, the champion of republican liberty) and "despises all supporters of a policy of constructive negotiations with the socialist countries."

Neues Deutschland's co-thinkers in the West extend into the most "conservative" centers. Institute leaders have named Undersecretary Fred Ikle as the coordinator of "bureaucratic" obstruction to official U.S. Defense Department participation in the conference. Ikle is close to a group at Georgetown University's Center for Strategic and International Studies coordinating a project for the "demise of NATO" and for handing Western Europe over to the Soviets. As CSIS specialist Robert Kupperman, put it, "More than anybody, we at Georgetown have been the only ones to talk frankly about the break-up of NATO. . . . In public, no one has been willing to talk about the demise of NATO in a formal sense except for Henry Kissinger. . . . We may just decide when the Soviets invade West Germany that we just don't care."

Soviet operations in West bared

"The brazen deployment of Soviet directed 'active measures' to disrupt the upcoming Schiller Institute conference is of unprecedented intensity," commented a security specialist preparing the event, "but what we are learning, as a result, about Soviet capabilities and 'agent of influence' op-

erations in the West, almost makes the inconveniences of this sabotage effort worthwhile."

"When an investigator finds the likes of a Social Democratic-linked military officer like Brigadier Gen. Hans Dieter Genschel, an alleged conservative analyst of Soviet affairs, Dr. Guenther Wagenlehner, members of the U.S. Embassy in Bonn, and leading civilian figures in the Pentagon articulating the same slanders against the Schiller Institute as published in *Neues Deutschland*, it does raise eyebrows," stated the security specialist.

In Bonn, the Institute's directors released a chart (see below) highlighting the more visible operatives and institutions that are spreading disinformation aimed at cutting down the audience of the Wiesbaden conference and keeping its message out of public sight. Starting in the spring, the Soviet leadership overplayed its hand by a barrage of wild, slanderous press attacks against Schiller Institute founder Helga Zepp LaRouche and her husband Lyndon H. LaRouche. The Kremlin was reacting to the LaRouches' successful campaign in Europe for beam-weapon defense—a serious obstacle to the Soviet strategy of decoupling Western Europe from the United States. Since then, Nazi-style harassment operations have intensified including the blackmail and threatening of individuals and organizations that were affiliating with the Institute, rumormongering and libel, and even physical violence. Recently, a gang of German Communist Party (DKP) members assaulted activists of the Schiller Institute in Munich.

Brigadier Gen. Hans Dieter Genschel reportedly has slandered the Schiller Institute as a right-wing organization and has pressured individuals not to cooperate with the Institute. Genschel, born in Jena, East Germany, came to the West in the early 1950s, joined the West German Army and rapidly rose through the ranks, getting a major career-boost under the Schmidt government. It is noted with interest that despite Genschel's affinity to the tradition of Count Baudissin, the "peace freak" of the German military, he has kept a high-ranking post in a conservative-led defense ministry.

As a member of the General Staff, Genschel is in charge of personnel affairs. That includes relations with veterans' groups; Institute representatives report they have witnessed harassment of numerous veterans organizations cooperating with the Institute.

Dr. Guenther Wagenlehner figures in the chorus that characterizes the Schiller Institute as "fascistic." Dr. Wagenlehner is a specialist on Soviet affairs for the German General Staff who is popularly perceived as of a conservative bent. Yet, Dr. Wagenlehner is reported to be in complete opposition to the Schiller Institute's warnings of imminent actions against West Germany by the "Third Rome" cult-dominated leadership of the Soviet Union.

Active adversaries of the Schiller Institute and the LaRouches

I. Soviet Union and East bloc

- A. The Soviet Union and East Germany
 - 1. Soviet Union
 - a. *Literaturnaya Gazeta*
attack on Lyndon and Helga Zepp LaRouche by name in fall 1983
 - b. *Izvestia*
 - c. *Pravda*
heavy attacks/slanders in March and April 1984 as "Nazi, CIA agents"
 - 2. The German Democratic Republic
 - a. Institute for Policy and Economics (CIPW)
involved in slander, spring 1984
 - b. Foreign Ministry
involved in slander activities
 - c. *Neues Deutschland*
Aug. 16, 1984 slander as "right-wing"
 - 3. ADN, Bonn (Allgemeine deutsche Nachrichten-agentur—official E. German news agency)
 - 4. German Democratic Republic Permanent Mission, Bonn
slandered SI as "very right wing" Aug. 27, 1984
- B. Under East bloc influence
 - 1. Directly related organizations
 - a. DKP (German Communist Party)
physical assaults, damages, slanders
 - b. VVN (DKP front "Association of Nazi Victims")
slander as "Nazis," "CIA"
 - 2. Indirectly related organizations
 - a. The Green Party, peace movement: Petra Kelly, Otto Schily, Gerd Bastian, Alfred Mechtshheimer, et al.
constant harassment, physical attacks, slanders as "Nazi," "CIA" slander
 - b. Pugwash Conference
Victor Weisskopf, Linus Pauling, Martin

Kaplan

- c. Left extremist and terrorist scene
 - TAZ, (a West Berlin-based newspaper): Felix Kurz, Christian Stroebele slanders as "CIA," "Nazis"
- d. Right extremist milieu
 - François Genoud
 - Otto-Ernst Remer
 - Franz Schoenhuber (Republicaner Partei)
attacks S.I. as being for "America First"
- e. FAP (Freie Arbeiterpartei): linked to neo-Nazi Michael Kuehnen
physical threats

II. Western countries, outside West Germany)

- A. U.S. State Department
 - 1. Charles Redman, NATO desk: slanders SI as "against NATO."
- B. U.S. Defense Department
 - 1. Richard Perle, asst. secy. for policy: office says SI is "alarmist. . . stay away from them."
 - 2. Fred Ikle, undersecretary of defense: coordinating bureaucratic opposition to participation of DoD spokesman at SI conference
- C. U.S. Embassy in Bonn
 - 1. Arthur Burns, ambassador
 - 2. P. D. Molineaux (1st secretary of political affairs)
 - 3. Hans N. Tuch (embassy counselor, Public Relations)
 - 4. H.F. Radday (1st sec. of press)
telex Aug. 28, 1984 against the SI as "ultra-right-wing organization"
- D. Henry Kissinger
threatened in March 1984 that he would "take care of LaRouche after the primaries"
Lawrence Eagleburger, formerly of State Dept. now director of Kissinger Associates
- E. Other U.S.
 - 1. Federal Bureau of Investigation
 - 2. NBC
March 1984 slander as "neo-Nazi" (subject of \$150 million libel suit by LaRouche)
 - 3. Anti-Defamation League of B'nai B'rith
slander as "Nazi, right-wing"
 - 4. Heritage Foundation
report July 19, 1984 against the SI, slander as "KGB"
- F. Some circles in French intelligence
slander Lyndon LaRouche as "KGB"

III. Federal Republic of Germany

- A. Government institutions
 - 1. Foreign Ministry

slander as "right wing radical"

- a. Foreign Minister Hans-Dietrich Genscher
 - b. Referat 204 (Amerika Referat)
 - c. Dr. Fenster, Schnelle, Pieck
2. German Embassy in Washington: Karl Prinz
 3. German Defense Ministry, Bonn
 - a. General Genschel, Fue I3
 - b. Lothar Ruehl
 - c. Dr. Wagenlehner
 4. Secret services
 - a. Euskirchen, school for Psychological Warfare slanders SI as "KGB"
 - b. MAD (Militärischer Abschirmdienst—military counterintelligence) internal report slanders as "political cult"
 - c. Office for the Protection of the Constitution in North Rhine-Westphalia (under SPD control—see Parties) slander as "right-wing cultural group"
 5. German Family, Youth and Health Ministry: Mrs. Krawatski slander as "youth cult" (under court order to desist since early 1984)
- B. German political parties
1. SPD (Social Democratic Party)
 - a. Willy Brandt (party chairman)
 - b. (Hesse Prime Minister) Holger Börner physical attacks, slander as "cult-like"
 2. CDU (Christian Democratic Union) Mrs. Krawatski slanders in leading CDU circles as "KGB, East German communist," "youth cult"
 3. FDP (Free Democratic Party) Hans-Dietrich Genscher (see West German gov't)
- C. Other German institutions, universities, associations
1. German American Clubs: Mrs. Rittelmeyer
 2. Aspen Institute-Berlin: S. Stone; D Hamilton
 3. Social Science Institute at the Berlin University: Mr. M. Fichter
 4. DGHS (German Society for Humane Death) "cult, Nazi methods"; physical/legal threats
 5. Action Psychocult-danger
- D. Media
1. *Der Spiegel* (newsweekly): Mettke, Boelsche, Degler repeated slanders as "crazy," cult-like, linked to Western intelligence agencies
 2. *Frankfurter Rundschau* (daily): U. Knapp
 3. *Die Tagespost* (daily): Paul Langenberg
 4. *Stuttgarter Zeitung* (daily) slander article Aug. 31
 5. *Süddeutsche Zeitung* (daily) slander article August 1984

Soviets make move for

by Thierry Lalevée

When Soviet Foreign Minister Andrei Gromyko meets with President Reagan on Sept. 28, the Middle East situation will definitely not be a major agenda item. Yet, the recent changes in the region will have great bearing upon their talks. Benefiting from America's repeated policy failures since 1979 and the recent Lebanese debacle, Moscow has been able to position itself as the leading power in the Middle East, toward which all countries are looking, willingly or not. There is little doubt that in the weeks before the American presidential election, Moscow will do its utmost to consolidate that position.

In the immediate days preceding his meeting with Reagan, Gromyko has a full schedule of meetings with Middle Eastern foreign ministers. On Sept. 24, he will receive the newly appointed Egyptian Minister for Foreign Affairs, Abdel Meguid, less than a month after the arrival in Moscow of the new Egyptian ambassador, Salah Bassiouny, and the arrival in Cairo of Ambassador Alexander V. Belogonov. This exchange was negotiated with the Egyptians by the last Soviet representative in Cairo, Vladimir P. Polyakov, now the director of the Near East department of the Soviet foreign ministry, who has made frequent visits to the region in recent months.

Also during September, Gromyko will make an official visit to the highly conservative state of Kuwait, the first such trip by a high Soviet official. The visit comes after the ratification in August of a military agreement between the two countries, which included everything "short of a mutual defense cooperation treaty," in the words of Kuwaiti officials.

No one will be really surprised, then, if Gromyko also finds the time to meet with Israeli representatives. Paving the way for such a meeting were the careful statements by the Chief of the Israeli General Staff, Gen. Moshe Levy, who told an American journalist in Washington on Sept. 8 that "Israel does not consider the Soviet Union as an enemy of Israel"—a direct answer to President Reagan's Sept. 6 address, in which he had characterized the U.S.-Israeli strategic cooperation agreement as "aimed at reducing Soviet influence in the Middle East."

Moscow's diplomatic cards

At the core of Gromyko's meetings will be Moscow's July decision to reactivate its Middle East "peace plan" for a

dominance in Mideast

U.N.-sponsored conference gathering all concerned parties in the Arab-Israeli conflict, including Syria and the PLO. Complementing this proposal is Moscow's push for "nuclear-free zones" throughout the world, and the fact that a proposal along these lines was introduced and approved at the recent conference of the foreign ministers of the Non-Aligned Movement in Malta. The introduction of the proposal for a nuclear-free zone in the Mediterranean and Middle East region by the Egyptian foreign minister reveals a lot about the winds of change sweeping Cairo these days. Radio Moscow reported on Sept. 11 that a series of articles in the South Yemenite press had prepared the way for acceptance of such a proposal, by exposing the fact that Israel would be installing Pershing II nuclear missiles around Haifa!

Whether the "peace plan" and nuclear-free zone proposals are ever concretely realized is of little importance for the Soviets, whose main concern is to establish themselves as the leading power in the region. In the last year and a half, Moscow has called Washington's bluff, using diplomatic initiatives as well as the power of the most extremist of its client-states, such as Syria and Libya, whose terrorist activities have helped lure numerous countries toward Moscow's diplomatic bait.

Iranian-sponsored terrorism was quite successful in convincing the Gulf countries that the Soviet invasion of Afghanistan, much decried and denounced three years ago as a threat to Gulf stability, was a lesser evil than Iran's fundamentalist mullahs. Hence, while Gromyko is holding diplomatic talks in the comfortable offices of the United Nations in New York, Moscow is preparing new military explosions both in the Gulf and in Lebanon.

The role of Iran and Syria

Key to such operations has been the tour, begun on Sept. 6, of Iranian President Ali Khamenei to Damascus, Algiers, and Tripoli—his first official visits outside Iran since his election several years ago. Khamenei was accompanied by Minister of the Pasdaran (Revolutionary Guards) Mohsen Rafik Dust, Commander in Chief of the Ground Army General Sayyad Shirazi, Foreign Minister Ali Akbar Valayati, the number-two man of the Iranian intelligence services (Savama), and the intelligence directors for the ground, air, and naval forces—an entourage which underlined that the sub-

jects of discussion were more military than diplomatic. Intelligence sources revealed that Khamenei's visit had two main aims: an increase in the military and intelligence cooperation between Iran and Syria, and asking the Syrians to mediate between Teheran and Moscow for better relations.

The Iranians are reported to have thrown in the balance an offer for easing the situation of the sometimes-persecuted Tudeh (communist) party in Iran, in exchange for more Soviet military help. As a gesture, Moscow had given the green light several weeks before to the sending to Iran of some 400 East German advisers, out of a group of 1,000 which had arrived in Syria in the middle of July to train the Syrians in police and intelligence work.

There is little doubt that, bolstered by such support, Iran will launch a new offensive against Iraq in the coming weeks. Khamenei's visit to Algiers was obviously concerned with the mediator role that Algeria has been playing for years now between Iraq and Iran (as well as with the United States); but, as our sources underlined, Iran's willingness to accept mediation does not mean the end of the war—far from it. Iran is expected to launch such an offensive, if only to increase its bargaining in future negotiations, as some inside Iran may see it. Others in the immediate circle of Khamenei and the Pasdaran are deadly serious about spreading Khomeini's revolution in the Gulf now and plan "to continue the war until the overthrow of the regime of Saddam Hussein," as the final communiqué between Damascus and Teheran declared.

The communiqué made clear that very close coordination also exists between the two countries on such issues as the fight against Israel. They agreed on a joint resolution to be presented at the U.N. General Assembly for the expulsion of Israel from the United Nations, as South Africa was expelled years before. More dangerous was the decision of Khamenei to receive in Damascus the representatives of the Shi'ite community in Lebanon. On Sept. 9, Nabil Berri, a minister in the Lebanese government and chairman of the Al Amal Shi'ite militias, announced that he had ready some 50 young Shi'ites, who represented the first group of Lebanese Shi'ite "kamikazes" ready to strike at Israel's interests in southern Lebanon.

This was followed by a tremendous increase in military attacks against Israeli soldiers south of the Awali river. The Syrian regime, which is backing such policies, may feel tempted by the lack of political cohesion inside Israel these days, the more so because Syria's own internal instability may prompt a foreign adventure again. And if this is the case, it will be discovered very soon that rumors about tension between Damascus, Teheran, and Tripoli over Colonel Qaddafi's recent union with Morocco, have been nothing but propaganda to confuse Morocco and some gullible Westerners. On Sept. 5, Qaddafi offered \$5 billion to Egypt if it were to break with the Camp David agreements, a proposal interpreted in Cairo as the first public sign of a new Libyan military provocation in the works against either Egypt or Sudan.

State Department joins drug mob in Ibero-American destabilization

by Valerie Rush

Kissinger Associates, Inc. director Lawrence Eagleburger confessed in a Sept. 10 *New York Times* interview that the economic policy toward Latin America which he upheld during his recent tenure as undersecretary of state for political affairs was responsible for encouraging the introduction of illegal drugs onto the streets of U.S. cities—thereby making a mockery of President Reagan's "war on drugs."

Under the phony banner of "fighting communism," regimes like the marijuana-and-cocaine-exporting "free enterprise" island of Jamaica have become the favorite sons of the State Department, while independent governments currently locked in battle with the drug mafias—like Siles Zuazo's Bolivia and Betancur's Colombia—have the added burden of the State Department's "stamp of disapproval" to contend with.

The reality is that while Kissinger continues to dominate State Department policy through stooges like Eagleburger and his successor, the United States will be fighting *neither* communism *nor* drugs!

Asked about Jamaica's enormous drug trade and U.S. State Department policy toward the country, Eagleburger told the *New York Times*: "Our emphasis has been: Can Jamaica be made economically viable so that we don't face the [leftist Prime Minister Michael] Manley kind of problems in the next election. To be honest, I wasn't aware Jamaica was that large a marijuana producer. To the best of my knowledge, it didn't come up." Eagleburger, hardly as deaf and dumb as he pretends, is trying to sell Milton Friedman's "anything goes" argument, which would equate the term "economically viable" with whatever sells, including, of course, narcotic drugs.

Even more explicit was the Drug Enforcement Administration's Caribbean chief based in Miami, Sam Billbrough, who told the *Times*: "Some analysts believe that if you came in with a severe narcotics program you could affect the existence of the present [Jamaican] government. . . . Drugs are a serious problem. But communism is a greater problem."

Bolivia's war against the mafia

This policy of "overlooking" the drug trade when expedient to do so has gone at least one criminal step further in the case of Bolivia, whose government is in hand-to-hand

combat on a daily basis with powerful domestic and international enemies determined to put the "anti-communist" cocaine colonels back in power.

From his first days in office, President Hernán Siles Zuazo realized that the survival of constitutional government in coup-torn Bolivia would depend on defeating the immense political power of the cocaine mafia and, like President Belisario Betancur in Colombia, has learned that a multi-national approach to fighting drugs is the only one with a chance of succeeding.

Thus, Siles Zuazo helped to lobby for the Aug. 11 "Quito Declaration," which declared trafficking in illegal narcotics a "crime against humanity" and established mechanisms for a continent-wide Ibero-American war against drugs.

The Siles Zuazo government has also made recent unprecedented inroads against the drug mafia's clandestine operations in the interior of the country. Dozens of illegal airstrips and cocaine-processing laboratories have been uncovered and dismantled.

Siles Zuazo's latest move against the drug mob came in September, when he "suspended" Rafael Otazo from his government-appointed post as the head of Bolivia's Commission to Fight Drugs because Otazo, like the attorney general of Colombia, had held private and unauthorized negotiations with leading mafiosi.

Otazo, who, after meeting with Bolivian cocaine king Roberto Suárez, publicly described him as "a great industrialist and undeniably a patriot," also used the drug mafia's own brush to try to smear the Siles Zuazo government, accusing at least two close collaborators of the President with involvement in cocaine trafficking. Other mafia-linked elements in Congress have actually demanded that the President be investigated for "authorizing" Otazo's meeting with Suarez!

Mafia smear tactics

The mafia tactic of accusing anti-drug fighters of being "on the take" is hardly a new one. In Colombia, former Justice Minister Rodrigo Lara Bonilla had scarcely been sworn into his post in August 1983 when known drug traffickers suddenly appeared bearing "proof" that Lara Bonilla had taken money from prominent mafiosi, charges which, of course, were never proven. Lara Bonilla was later assassi-

nated by that same drug mafia.

Colombian President Betancur himself has been charged with taking campaign contributions from the drug mafia, by such upstanding citizens as fugitive drug banker Jaime Michelsen Uribe and from his cousin López Michelsen, the former President under whose 1974-78 regime Colombia was turned into a haven for the drug traffickers.

Similarly, leading anti-drug fighter and U.S. presidential candidate Lyndon LaRouche has been charged with financing his operations with drug money. Coinciding with the early August Democratic Party convention in San Francisco, a special edition of the Yippie publication *Overthrow* appeared, which accused Democrat LaRouche of receiving funds from the Andean drug mob!

The campaign against Siles Zuazo has not been restricted to the drug mob. The Falange Socialista Boliviana, the openly neo-Nazi party of Bolivia, has presented the Bolivian Congress with a demand for the ouster of the Siles Zuazo government as "unconstitutional." The FSB is the same party which President Siles Zuazo indirectly identified the first week in September as being behind a planned wave of assassinations of public figures preparatory to a coup attempt. The Bolivian armed forces were put on a state of alert and numerous suspects arrested during the weekend of Sept. 8-9, a quick action which apparently succeeded in forestalling the violence.

Siles Zuazo's anti-drug efforts, undertaken on the most meager of budgets, and his fight to keep his constitutionally elected government in power, have had to contend with a virtual sabotage campaign stemming from the U.S. State Department.

Just days after surviving a kidnapping and aborted coup d'état by drug-related military elements last June, President Siles Zuazo was descended upon by U.S. Rep. Paula Hawkins (R-Fla.), who threatened a cut-off of U.S. economic aid to the floundering Bolivian economy if "stronger measures" against drugs were not taken. In the weeks following, the State Department's "leak sheet," the *New York Times*, began to publish a series of articles accusing the Siles Zuazo government of corruption and "foot-dragging" in its anti-drug campaign.

Washington, D.C.-based journalist Georgie Anne Geyer has persistently promoted the State Department's line that the Siles Zuazo government is infiltrated by communists, and caused a scandal in August by charging that the Bolivian deputy minister of the interior was a Cuban agent. Before Geyer issued her charges, she had conducted an interview with Henry Kissinger, plugging him as the next Secretary of State.

More recently, in the Sept. 7 edition of the Caracas daily *El Universal*, Geyer published another attack on Siles Zuazo, this time going after him for his first government in 1956 which, according to Geyer, destroyed mining and agricultural production by nationalizing those sectors, increased illit-

eracy, used the universal vote to "fool the masses," and established Latin America's first concentration camps!

Target: Colombia

Against Colombia's Betancur, the slander campaign has been no less insidious. Betancur's fiercely independent foreign policies and his war on drugs threaten entrenched political and financial oligarchs with close ties to the Kissinger circles, powers like former President Alfonso López Michelsen. Further, it is recognized that Betancur's continent-wide leadership is the key to whether countries like Bolivia and Peru can protect their sovereignty against the narco-terrorist onslaught to which they are currently being subjected.

Betancur's success at home against the drug mafia and also in bringing the country's guerrilla movements into an unprecedented truce with the government has depended in large part upon his tremendous popularity with the Colombian population, and it is just that popularity which Betancur's enemies hope to undermine.

Since the beginning of September, Betancur's enemies have stepped up their attacks on his administration:

- Inspector General of the Colombian Armed Forces Anaya announced that he possessed evidence that the largest guerrilla organization, the communist FARC, intended to violate the truce with the government and attempt a seizure of power. Anaya's statement was intended to undercut the amnesty agreement with the guerrillas.

- The López Michelsen-dominated Congress voted to reject Betancur's invitation to appoint two delegates to the "national dialogue" which Betancur had agreed to as an integral part of the peace agreement with the guerrillas. The Congress argued that to join such a "national dialogue" would be to delimit its own deliberative powers.

This same argument is picked up by López-controlled elements in the labor federations, who have also come out opposing the U.S.-Colombian Extradition Treaty, which has served as an important means for waging the war against the mafia.

- The López-affiliated newspaper *El Tiempo* has devoted its editorial pages to diatribes against Betancur's amnesty, while publishing various internationally authored coup scenarios.

Betancur is not letting these provocations go without answer. On Sept. 12, he revealed that a presidential memorandum was being circulated throughout the command hierarchy of the Armed Forces which made it clear that no one but the minister of defense had the authority to issue pronouncements on national political or economic affairs in the name of the Armed Forces. The rebuff to Inspector General Anaya was clear, if implicit.

Keeping the momentum of the peace amnesty moving forward, while maintaining a ruthless persecution of the "citizens above suspicion" behind the drug trade, is the Betancur government's main challenge at this point.

The Philippines under IMF siege

A firsthand report from Manila on the political effects of the economic crisis, by our correspondent Ramtanu Maitra.

On Aug. 21, the first anniversary of the death of former Senator Benigno Aquino, Jr., hundreds of thousands of Filipinos took to the streets of Manila in the early morning to assemble at Rizal Park to eulogize the slain senator. However, the opposition leaders who addressed the assembled crowd in the afternoon spent very little time paying homage to the late senator. Instead, the forum was used to pile heaps of abuse on the ruling Marcos administration and to call for its removal. It became clear to me, a bystander amid thousands of people, that, to the politicians there, Aquino is a mere symbol, useful in helping to incite the crowd to topple the present regime. But the crowd remained peaceful. They cheered, and often booed, the demagogues.

One speaker after another, most of whom spoke in Tagalog, the *lingua franca* of the Philippines, harangued and blamed the Marcos administration for economic boondoggles, military oppression, and corruption. But throughout it rang out loud and clear that it is not only the Marcos administration that was the target of the speakers but also the United States, the International Monetary Fund (IMF) and World Bank, and the Philippines military. Many speakers harped on the theme that it is the Marcos administration that has capitulated to the IMF-World Bank *diktat* under pressure from the United States. The only solution presented by them is the removal of the Marcos administration. No one had better ideas. But the people cheered anyway.

I later found that to verbally abuse the IMF-World Bank in the Philippines nowadays is as natural as breathing air. Everyone talks about it, but also admits that he does not know how to remove the scourge. Even within the government circles, I learned in my four-day trip to Manila, sentiments against the IMF run high. But the state machinery, a part of which is actively working for the IMF, has become helpless, many admit. That day at Rizal Park, no one had the answer.

The state of the economy

Within two weeks after the murder of Aquino, the banks pulled the plug on the Philippines economy, cutting off the country's credit line and forcing it to go to the IMF. Today, the Philippines is neck deep in foreign debt and the debt is piling up every day, putting increasing strain on the country's foreign-exchange reserves. Manila defaulted on its \$26 bil-

lion foreign debt—\$7 billion of which belongs to the government and the balance to the private sector—last October and is still making only delayed interest repayments while seeking a \$650 million standby loan from the IMF.

The IMF's loan approval is being awaited by some 430 private lenders, foreign governments, and multilateral agencies from which Manila is asking \$3.3 billion in new loans and a restructuring of old debts. There is a great deal of fear among the bankers that the Philippines economy would literally collapse if the loan is eventually disapproved. The IMF has sensed the fear and urgency and is sharpening its knife to get the promised "pound of flesh" in the form of implementing IMF conditionalities before approving the loan. Even after Marcos had implemented a new austerity program following the May elections, including a 20% devaluation of the peso, the IMF demanded more. As the people were assembling at Rizal Park, the IMF delegation, headed by Herbert Neiss, was in Manila for further arm-twisting. They left without approving the loan, but were happy that the parliament of the streets—the opposition that boycotted the May elections—is gaining strength.

As of this writing, the government and the Fund are reportedly close to signing a letter of intent that would release some funds for the besieged economy. In the meantime, the Philippines economy is falling through the floor. The prices of copper and sugar, two major export items of the Philippines, have reached a new low. Bank failures in recent months have made the depositors wary of the inadequacies of the financial system. Although monetary authorities are assuring that the bank deposits, including those with failed banks, are insured with the government-owned Philippines Deposit Insurance Corporation (PDIC), the Central Bank, which is now under top-down control of the IMF, has indicated otherwise. Central Bank Senior Deputy Governor Gabriel Singson told a combined Rotary Club meeting in Manila recently that "when a bank is found to be insolvent, the Central Bank has very little choice under the law except to close the bank and place it under receivership."

The effect of such an unstable financial situation can be best appreciated by following the state of the Makati Stock Exchange. Its treasurer, Irving I. Ackerman, told a newsdaily while I was in Manila that the stock market is facing its "most

critical situation in the last 20 years." At the stock exchange sellers outnumber buyers by almost 2 to 1 because businessmen have been forced to raise money by disposing of their shareholdings since the banks are in no position to lend money. Meanwhile, the Central Bank, in its effort to soak up "excess liquidity" from the market—a policy dictated by the IMF as a precondition for obtaining the \$650 million loan approval—has become the biggest competitor to the stock market, offering investors Central Bank Certificates of Indebtedness (CBCIs) at a 28% interest rate, tax free. Out of 105 stockbrokers at least half of them have already collapsed, while the others wait helplessly for total liquidation in the near future.

The real economy has virtually ground to a halt. The official Philippine currency, the peso, has lost more than 50% of its value due to three devaluations (carried out since June 1983 to meet IMF demands. Officially, the peso sells at 5.5¢—it has been floating against the U.S. dollar since last spring. Out at every roadside in Manila, a single U.S. dollar fetches as high as 22 Filipino pesos. The real wage of the population has been halved, and inflation is presently running close to 50%. The Philippines' main foreign exchange earners such as copper ore, sugar, timber, coconut, and other commodities could not keep up with the constantly lowering peso-dollar parity and are bringing in less foreign exchange than before. Meanwhile, import costs for the most basic industrial products—the Philippines has no machine tool or other basic industry—are soaring. Tightening of bank loans has also helped to create a large jump in unemployment which according to some reports, is running as high as 30%.

A substantial drain to foreign exchange

Rackets organized to drain foreign exchange have sprouted all over the archipelago. Tourist dollars are soaked up right at the source and never reach Philippine shores. Private importers, with the help of established machinery in the United States and Hong Kong, are overvaluing their imports while the exporters, the garment industry in particular, are undervaluing their merchandise. Both groups are involved in converting pesos into dollars and stashing them away in some safe haven in a Swiss bank or American real estate. The government, desperate for foreign exchange, is refurbishing its tourism industry only to find the foreign exchange salted away. According to reliable sources, Japanese tourists, the largest single nationality by far, leave their yen with the tour organizers in Japan and are given peso equivalents in the Philippines to spend during their travel. In short, capital flight is in full swing and the economy.

The racket to deprive the nation of the much-needed foreign exchange continues to grow. A large number of Filipino workers in the Middle East—about 250,000—are now transferring money through Hong Kong, where the dollar stays while the pesos are handed over to their relatives in the

Philippines. Another substantial drain to the foreign exchange has been caused by the foreign investors. A Central Bank study released in 1979 showed that royalty payments and profit remittances, mostly by transnational corporations in the Philippines such as Del Monte Corporation, Dole Philippines, Unilever, Proctor and Gamble, San Miguel Corp., Pepsi Cola, Mead-Johnson Phil, and Pfizer, etc., used up a major part of their foreign exchange incomes. As a result, the 41 corporations covered by the study "spent" about \$4 for every dollar they earned. In 1982 alone, the country paid out about \$109 million in profits, earnings, and dividends to non-residents. Another study conducted by the University of the Philippines Law Center indicates that during the period 1964-73, the total negative outflow resulting from the transnationals' profit repatriation amounted to \$2.8 billion.

It becomes evident from these figures that the crisis had been allowed to grow so that the IMF can exercise complete control over the Philippines—both politically and economically. According to Cora de la Paz, vice-president of the Financial Executives Institute (Finex), the Philippine economy will experience a negative growth rate in this fiscal year. "Multinationals are not really experiencing difficulties. You ask them and they say they are doing great, never any better," de la Paz said.

The Central Bank's role under the present circumstances has raised many eyebrows. It is rumored openly in Manila that Chinese bankers (with their branches in Hong Kong and the United States) having allegiance to the Taipei government, have been allowed by the Central Bank to orchestrate capital flight. The rumor, however, appears to have some validity. The two organizations often named are the Tan-Co group and the accounting firm of SyCip, Gorres, and Velayo. The Tan-Co group, a Chinese-Filipino group headed by the tobacco tycoons, Lucio Tan and his associate Willie Co, organized the Allied Banking Corporation in 1977. Within a month, the Allied Banking Group was granted a new banking license by the Central Bank which allowed the group to establish and operate a trust department. In the years that followed, the Central Bank has upgraded its banking licenses to include authority to operate a foreign currency deposit unit, and culminating in the issuance of a universal banking license to the Allied Bank. Since then, the Allied Bank has grown fast, increasing its deposits from 75 million pesos to 5.2 billion pesos at the end of June 1984.

Behind the growth of the Allied Bank are the companies in the Tan-Co group such as Fortune Tobacco Corporation, Foremost Farms (the largest piggery in Asia), Asia Brewery, Paragon Electronic (major exporter of radios and cassettes), and Grandspan. Allied Bank has branches in London, Bahrain, and Guam plus representative offices in Tokyo, Singapore, and Sydney. The Allied Capital Resources of Hong Kong is the only licensed deposit-taking company from the Philippines. Allied also has an affiliate in the United States—

the Oceanic Bank—which was set up in California in 1981.

If the Allied Bank acts as the Chinese conduit to flush dollars out of the Philippines, SyCip, Gorres, and Velayo (SGV) acts as the on-the-ground controller for the IMF. Besides launching such luminaries as Cesar Virata, who has had the double responsibility as prime minister and finance minister since 1981 and as finance minister since 1970; Robert Ongpin, the industry minister since 1981; and the former central bank governor Jaime Laya who is now the minister for education and culture from their payroll in the earlier days, SGV is the IMF's designated accounting firm and figures prominently in almost all IMF loans to the Philippines. In fact, that SGV should be the agent for the loan is frequently a condition of the IMF. SGV also evaluates the Philippines' loan applications to both the IMF and the foreign commercial banks.

Control of the Chinese bankers over the Philippines economy perhaps goes beyond the Allied Bank and SGV. The current central bank governor, José Fernández, whose loyalty to the IMF is absolute, also belongs to the same crowd. He was formerly head of the Far East Bank which is also controlled by Hong Kong capital.

In addition, one of the SyCips, Washington SyCip, has set up shop in Washington, D.C. He has become an American citizen in order to, according to him, avoid double taxation. He has, as one might expect, close ties with the IMF-World Bank crowd in Washington.

What is the opposition?

Today almost everyone in Manila mouths the anti-IMF litany. Judging by what they say, it is impossible to determine whether it is anything more than opportunist rhetoric. Salvador Laurel, for example, the head of the UNIDO coalition, gives fiery speeches calling for the removal of the Marcos administration so that the opposition can have a better footing to deal with the IMF. What Laurel means is anybody's guess. But when he was in the United States last spring, he was wined and dined by State Department officials and Ramsey Clark, the same crowd that is orchestrating the "Iranization" of the Philippines (see *EIR* April 3, 1984, Vol. III, No. 13) under IMF auspices. The old guards—some in Manila call them the blackguards—of the Philippines opposition, such as Lorenzo Tanada and José Diokno, are now opening ties with such international Soviet-funded groups as the West German Green Party, which violently promotes the destruction of the Atlantic Alliance, and the American Indian Movement, a brainchild of the human-rights people, Amnesty International, and the Brzezinski-controlled Richard Falk.

The opposition can be divided into two broad categories—the visible opposition and the invisible opposition. The visible faction is led by the parliamentary opposition (there are 58 elected opposition leaders in the Batasan) and some leaders of the "parliament of the streets." It is generally

believed that the parliamentary opposition is moderate, and, when push comes to shove, will back off from its virulent anti-Marcos stance. According to Aquilino Pimental, a Jesuit-trained leader of the PDP-Labor Party in the Batasan, no

"When the house catches on fire, some simple folks, instead of calling the fireman, get busy removing the few valuables they have while the house burns down around them. From the facts presently available to this writer, it is impossible to come to any other conclusion but that the Marcos administration's policy is analogous."

more than 20 parliamentarians would maintain their anti-Marcos posture under pressure.

Pimental, a rising star according to some, himself drew great cheers at the rally when he advocated combining the parliamentary opposition with that of the streets. Another leader, Hombono Adaza (Mindanao Alliance, Misamis Oriental), also foresees that "the younger, more nationalist oppositionists" in the Assembly will gravitate toward the parliament of the streets. Adaza indicates that the older oppositionists will not be able to keep control over the situation for long.

The so-called parliament of the streets is a complex alliance, consisting of such unknown elements as Agapito Aquino, who became a "political leader" after he left his TV-acting career following his brother's assassination. Aquino has linked up with the Tanada-Diokno crowd in the Coalition of Organizations for the Restoration of Democracy (CORD), a left-leaning human-rights group headed by Lorenzo Tanada. Makati businessmen, who are severely affected by the steady economic devolution, have also taken to the streets, adding a great deal of color to the show. These are again animals of vague stripes. Aquino's widow, Cory Aquino, is also a member of the parliament of the streets, but unlike Agapito, she supported active participation in the May elections. Cardinal Sin, the patriarch of the Catholic Church, has long been in the anti-Marcos camp, and he is now openly "blessing" the street parliamentarians.

However, the motley composition of this coalition has made it a meeting place for a radical, anti-American current of people who fundamentally believe in the Marxist form of government and immediate and total removal of the U.S. bases. It is this faction that is fed and reared from the United States itself by former U.S. ambassador to the Philippines, William Sullivan, by Ramsey Clark, and by Rep. Stephen Solarz (D-N.Y.).

The Kissinger factor in the Philippines looms larger every day. Former Ambassador Michael Armacost, who played a key inside role against the Marcos administration, has been promoted to Undersecretary of State, replacing Lawrence Eagleburger, who is now director of Kissinger Associates. While recently back in the Philippines, Armacost, who is himself also a Kissinger protégé, visited Marcos and discussed with him the State Department's concerns over his succession. Needless to say, the President did not appreciate that. Current U.S. Ambassador Stephen Bosworth is also a Kissinger crony and is controlling all flows of information into the Marcos administration from outside the country.

The policy pursued by the Solarz liberals and the Kissinger insiders in the Philippines converges on one aim: the continuation of the U.S. strategic withdrawal from the Pacific that was enunciated in Kissinger's 1969 Guam doctrine. Despite the word coming from the United States that the Reagan administration is looking for a "viable, moderate" alternative to Marcos, there exists no alternative that would provide solutions to the economic crisis, nor would the current policies of the Reagan administration permit such a new government to do so. Marcos, whose 19-year rule has nearly made him a national institution, was correct when he told the opposition members in the parliament that if the Marcos government were swept aside, power would quickly go straight to the communist insurgents of the New People's Army and its political arm, the National Liberation Front.

This section of the opposition has gained significantly in the last year. This group consists of the Communist Party, the PLA, the radical faction of the Catholic Church heavily represented by the Jesuit and Maryknoll orders, the Muslim secessionist group known as the Moro National Liberation Front, and various tribal minorities controlled by the radical faction of the liberation theologians. The last group is also handled by the Amnesty International-human rights crowd through Tanaka and Diokno.

These groups also represent the interests of the Soviet Union in the Philippines: to decouple the country from the United States, remove the bases, and gain full control of the Pacific militarily. Moscow—and the U.S. State Department along with the "Iran" crowd—is working on assembling and deploying a coalition that is not much different from that of Nicaragua. Once they are able to destroy the country's political institutions—and for that, the removal of Marcos is the precondition—the rest is easy. The IMF conditionalities will

set the stage for the radical takeover.

The proliferation of red banners at the Rizal Park Aug. 21 rally shows that the influence of the CPP within the parliament of the streets is gaining ground. The party, which has some strength in the rural areas, is now moving cadres into the student, labor, and other groups in the cities under the guise of participating in the Aquino movement and slowly gaining a foothold in Manila politics.

Its military arm, the NPA, is meanwhile exerting pressure on the military in the provinces. According to Defense Minister Juan Ponce Enrile, the CPP and CPA are now trying to operate in large numbers in an attempt to shift from small-unit guerrilla operations to what is called "regular mobile warfare" to set up the "primary precondition to the attainment of a strategic stalemate as conceptualized by revolutionary strategists, like Mao Ze Dong and Ho Chi Minh."

In the countryside, the CPP and NPA are also involved in neutralizing the centers of production and employment. One such tactic is to destabilize and take over local village councils by sending in squatter families to settle in the targeted villages. Even in the Metro-Manila area, such an incident occurred recently, forcing the neighboring village leaders to resign. There are also extensive reports about the NPA's increasing cultivation of marijuana in its controlled area to generate cash for buying guns and ammunition.

Where does the Marcos administration stand?

When the house catches on fire, some simple folks, instead of calling the fireman, get busy removing the few valuables they have while the house burns down around them. From the facts presently available to this writer, it is impossible to come to any other conclusion but that the Marcos administration's policy is analogous. So far no comprehensive plan to stop the cancer has been presented. Some time back, Manila newspapers flashed on the front page a story on the SGV's tax evasion. A few days later, the story was allowed to die when it was discovered that the government prosecutor had "lost" the damning file.

Last Christmas, when the market was running dry, the administration decided to pump some cash into the financial markets. Again in April, to the dismay of the IMF et al., the administration pumped in about 5 billion pesos to relieve the pressure. Now everyone is up in arms about the "excess liquidity" that is supposedly jacking up the inflation rate.

These are half-hearted and ineffective measures. It is the case that the current political opposition does not have the organized strength to bring down the Marcos government. Nor do the armed guerrillas of the NPA have the strength to overrun the government. But if the President does not move decisively against the International Monetary Fund along the lines put forward in Lyndon LaRouche's Operation Juárez call for a debtors' cartel, he may be able to buy time, but he will not be able to save his government or his country.

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The Liberation that enslaves

The Catholic Church condemns the Theology of Liberation because of its Marxism and attacks the spurious freedom of the East bloc.

On Sept. 4, the Vatican made public a document condemning the "Theology of Liberation" and the communist regimes of the East. The "Teaching of the Sacred Congregation for the Doctrine of Faith on the Theology of Liberation" was released in a press conference by Cardinal Joseph Ratzinger, prefect of the Congregation (formerly the Holy Office); Monsignor Quarracino, president of the Latin American Bishops' Council; and other prelates of the Roman curia. The document was signed by Ratzinger and approved by the Pope.

After stressing that the document "must absolutely not be interpreted as an approval, even indirect, of those who contribute to maintaining the misery of peoples, of those who profit from it, and of those whom such misery leaves resigned and indifferent," that is, of those oligarchical forces who today maintain many peoples of the world in slavery, it analyzes the errors and deviations inherent in the Theology of Liberation.

The fundamental error is the assumption of Marxist analysis as a method of analyzing the causes of misery and injustice, starting from the presumption that the Marxist method is the truly scientific one. The document, after criticizing this claim to be scientific, recalls that "atheism and the negation of the human person, of his liberty and his rights, are central to the Marxist conception. The latter therefore contains errors which directly threaten the truth of faith on the eternal destiny of persons. Moreover, to try

to integrate an 'analysis' into theology whose criteria of interpretation depend on such an atheistic conception means to shut oneself up in ruinous contradictions." And these derive mainly from the negation of man's spiritual nature.

This interpretation leads to a perversion of the Christian message itself. The Eucharist, for example, is turned into a celebration of the people's struggle, and theology "proceeds to a perilous amalgam between the poor of the Scripture and Marx's proletariat. In this way, the Christian significance of the poor is subverted, and the struggle for the rights of the poor turns into the class struggle, in the ideological perspective of the class struggle. The Church of the poor means, therefore, a class Church, which has become aware of the need for the revolutionary struggle as a stage toward liberation and which celebrates this liberation in the liturgy."

The political re-reading which the liberation theologians make also involves the figure of Christ: "Faith in the Word Incarnate, who died and was resurrected for all men and is constituted 'by the Lord God and Christ,' is denied. Substituted for this is a figure which is a kind of symbol, summing up the needs of the struggle of the oppressed. The death of Christ thus undergoes an exclusively political interpretation, and thus its value for salvation and the entire economy of the Redemption is denied."

This part of the document is key because, in denying the divine nature

of Christ, the Theologians of Liberation step into the area of heresy. Such a judgment is not explicit in the document, although in response to journalists' questions, Cardinal Ratzinger said that one can speak of heresy insofar as there is subversion of the faith. The document underlines how from this vision of Christ derives a denial of the importance of the Holy Spirit which is "the source of every true novelty." At this point in the text, a virulent attack is unleashed against the East bloc regimes: "Millions of our contemporaries legitimately aspire to regain the fundamental freedoms of which they have been deprived by totalitarian atheistic regimes who have seized power by revolutionary and violent means, in the name of the liberation of the people. One cannot ignore this shame of our time: With the pretext of bringing them liberty, entire nations are maintained in conditions of slavery unworthy of mankind. Those who, perhaps unwittingly, become complicit in similar enslavements, betray the poor that they intend to serve."

It goes on: "The class struggle as the road toward a classless society is a myth which blocks reforms and aggravates crisis, misery, and injustice." Since the time of Pius XII, the Vatican had not adopted such a strong position vis-à-vis the communist regimes.

It is not yet possible to say what impact this document will have on the Church and the world, but it is noteworthy that within a few hours after its publication, three threats were made on the Pope's life. The case of Emanuela Orlandi, the daughter of a citizen of the Vatican state kidnapped last year, has resurfaced: Her captors have demanded the liberation of Ali Agca, who tried to kill the Pope in 1981.

An analysis of the document will appear in the next *EIR*.

Olof Palme on a Russian leash

Soviet arrogance—and Prime Minister Palme's acquiescence—infuriates even the usually docile Swedish opposition.

The arrogance displayed by the Kremlin in response to rather mild Swedish complaints over a blatant Soviet violation of Swedish air space on Aug. 9 has led to growing demands from Premier Olof Palme's opposition that Sweden's relations to Moscow be cooled and defense spending increased. Not only did the Soviets flatly deny the well-documented incursion into Swedish air space, but a Soviet foreign ministry official point-blank instructed the Swedes to shut up, or else.

Ironically, this threat was issued at a Moscow press conference on Sept. 6, held on the occasion of the reopening of the farcical Stockholm conference on confidence-building measures. Turning to Swedish protests against the Soviet air incursion, which Palme had unsuccessfully attempted to keep secret from the public, Soviet foreign ministry spokesman Vladimir Lomeiko intoned:

"Unfortunately, many speculations have been published on this issue in the Swedish press, speculations which have been used to foment a campaign that does not help the creation of an atmosphere of trust. On this issue, all parties should now behave such that a maximum of confidence can be obtained and so that you thereby avoid that such unreflected incidents [i.e., the Swedish complaints] occur again in the future and are exploited in the way which is now happening."

This Soviet warning to Palme that he'd better keep the press and the op-

position under tight control followed only two days after the official Soviet response to the Swedish government's initial complaint. On Sept. 4, the Soviet chargé d'affaires in Stockholm, Yevgenii Rymko, had been ordered by Moscow to tell the Swedish foreign ministry that "it has not been confirmed" whether any Soviet aircraft was in Swedish air space on the date of the incursion.

However, the Swedish Defense Staff has clear proof of the deliberate Soviet violation of Swedish air space.

Among the technical material documenting the Aug. 9 incursion, there are films of the radar screens at two different Swedish radar stations showing that the intruder aircraft, a Sukhoi-15 guided-missiles fighter, trailed a Swedish civilian airliner carrying 274 passengers 20 miles into Swedish air space. The Soviet combat plane, of the same type that shot down the Korean airliner one year ago, came from a base in Latvia, and after the violation returned to the same base.

Detailed documentation of this, including photographs of the radar screens, had been prepared by the Defense Staff and was to be released to the public at a Sept. 7 press conference in Stockholm. However, after the unambiguous instructions issued the day before in Moscow by Soviet foreign ministry official Lomeiko, Palme decided at the last minute to veto the release of the photographic evidence.

However, at a meeting that same day of the Swedish Foreign Policy Board, a secretive, consensus-pro-

ducing body chaired by the Swedish king and composed of the leaders of the parties represented in the Swedish parliament, Olof Palme's non-socialist opposition compelled the government to issue a renewed, sharper diplomatic protest against the Soviet air incursion.

At the same time, the opposition parties demanded that the Palme regime go further and cancel all scheduled official visits to the Soviet Union, including an October visit to Moscow of Sweden's Minister of Communications Curt Boström, and another visit in November of a prominent Swedish parliamentary delegation. In addition, one member of parliament, Sven Erik Nordin of the Center Party, demanded an official censure of the government for trying to keep the whole incident secret, and called for an investigation to determine whether there have been other such incursions of which the public was not informed. "This is no good for the confidence of the public in the government," Nordin said.

One week before the renewed Swedish protest, the Swedish Defense Staff had already announced that it will henceforth base interceptor aircraft and anti-aircraft missiles on the island of Gotland in the Baltic Sea, the site of the Aug. 9 incursion. Although there are airfields on Gotland, which lies only some 120 miles away from the Soviet Union, there have been no permanently based Air Force units there. At the time of the incursion, Swedish fighters had to fly all the way from the southern Swedish mainland—200 miles—to try to intercept the Soviet intruder, which by the time the Swedish planes arrived had already turned back.

The Swedish Air Force also announced the stationing of an additional squadron of "Viggen" fighter planes at its northernmost F21 airbase.

Bonn's defense planning

Does it exist, and if it does, does it depend on the Soviet Union's consent?

What if the Soviets decided to carry out a surprise attack against West Germany in the coming weeks—even if it were only a conventional attack and the U.S.S.R. strategic forces blackmailed the United States into non-use of nuclear weapons, as they did in the Cuba Crisis of 1962? If this scenario of limited sub-nuclear war in Europe became real, would the West German army, the Bundeswehr, be able to meet its task, which is to hold the NATO front line against the Warsaw Pact long enough for the United States to fly reinforcement troops into Europe?

While this kind of scenario can become real only within a "New Yalta" agreement already settled between Moscow and Washington, the question posed as to German military strength is real. A report prepared for the defense ministry by the inspector-general of the Armed Forces, General Altenburg, concludes that the army will face some very nasty weaknesses over the coming years: A liberal regulation for draft resistance which allows an excessive flow of the nation's male youth into civil rather than military service and the decline of birth rates in the late '60s and early '70s will leave the army 20% short of its present level of 495,000 soldiers. There is hardly any modern air surveillance and air defense on West German territory, a weakness demonstrated again and again during the numerous border violations by Soviet MI-24 gunships flying at low altitudes up to 40 kilometers into West German airspace without being detected by NATO radar stations.

The West German government bought the U.S. "Patriot" air defense missile system, but it has no appropriate modern electronic reconnaissance and guidance systems available to exploit the potentials of the system. The country's armed forces have no neutron weapons to fight a massive Soviet tank attack, and ammunition stocks are inadequate.

To sum up, West Germany cannot be defended even in case of a conventional conflict with the Warsaw Pact!

All of that is known, but there has been no public debate on how to solve the problem. By the time Defense Minister Manfred Wörner was to present proposals at the beginning of 1984, the KGB's scandalmongers drew him into the "General Kiessling Affair" which kept him busy three to four months. The only military subject Wörner got really engaged in during this period was his public denunciation of the U.S. Strategic Defense Initiative (SDI) at the NATO summit in Cesme, Turkey, in mid-March.

While giving speeches alleging that "the Soviets don't want a war in Europe," Wörner told the military that German participation in the SDI was bad, because it would allegedly "soak up expenses from conventional efforts into space." But when asked by concerned military what he intended to do about the country's known conventional weaknesses, Wörner said there was no money. He did not even pick a fight in the Bonn Cabinet against the minister of finance, "austerity pope" Gerhard Stoltenberg. When concerned military pressured him for a statement on the debate over decou-

pling and U.S. troop withdrawal from Europe launched by Henry Kissinger and U.S. Sen. Sam Nunn (D-Ga.) in April, Wörner did not come out in defense of full military presence of U.S. troops in Europe. There is no secret about this weird non-action on the part of Wörner: A friend of Nunn for more than 10 years, he is on the phone with the senator regularly. Wörner told the perplexed generals in Bonn that "my friend Nunn assured me that whatever he does in the Senate, it will help to improve Europe's position within the Alliance."

Another reform project Wörner has skirted is the needed change of theoretical training of the country's officer corps. The replacement of classical training curricula by sociology and psychological techniques, introduced at the end of the 1960s, has been criticized by concerned military with statements such as the famous one of Gen. Franz Uhle-Wetter, who said: "The Bundeswehr is well on its way to training the most uneducated officer corps in German history—namely officers who have never read [classical military theoreticians] Clausewitz and Manstein."

Wörner has also decided to send 1,300 "older officers" aged 46 to 55 into early retirement by 1986, to "make room for the younger ones." Well, the "younger ones" are those who have never read Clausewitz, and the ones who will have to go are those who have—at least some of them. The more competent current of the West German military is up in arms against Wörner, but they don't dare to speak up in public.

Why not? The Soviet propaganda alleging "resurfacing of German militarism and revanchism," together with the official appeasement policy of the Bonn government, has jammed the military into a corner.

Carrington's southern flank

A study of the NATO secretary general's policy toward Athens helps unravel his secret agenda for the alliance.

Greece under Andreas Papandreou has been the most vocal and active opponent of improvement in NATO's ability to resist the Warsaw Pact's growing military blackmail. The Athens government has systematically sabotaged virtually all joint NATO maneuvers since it came to power in October 1981. It has dismantled significant intelligence and communications facilities of the alliance. It has conducted numerous ideological purges of the Greek armed forces, to the point that any overt, traditional hostility to the Soviet Union has virtually disqualified one from an officer's commission.

The top echelons of the Papandreou government have been well "plugged in" to a network of the Soviet KGB which includes Sweden's Olof Palme and West Germany's Willy Brandt and Egon Bahr—a network which momentarily made headlines with the arrest of the Norwegian Arne Treholt, a senior foreign ministry official who turned out to be a colonel of the KGB. Treholt was a personal friend of Prime Minister Papandreou going back to 1970. On orders from this KGB chain of command, Papandreou launched his campaign for a "Balkan nuclear-free zone" two years ago. On orders from the same source, he revamped his political party, the Pasok, into a Russian-style ideological party during its first congress in May.

Not least among Papandreou's anti-NATO activities was this year's decision not only to *not* participate in the regular annual autumn maneuvers of NATO, but to deploy Greek air,

naval, and land units against NATO units conducting maneuvers in the Eastern Mediterranean. The Papandreou government justified this decision on grounds that Greece's new national-security doctrine no longer recognizes any potential threat to national security originating from the Warsaw Pact. In his capacity as Greece's defense minister as well, Papandreou formally announced that Greek "national security needs" from now on will be defined on the basis that the only "potential military threat" to Greece comes from Turkey, another NATO member.

When this policy was made public in early August, Lord Carrington made the point of announcing that as far as his office was concerned, this shift not only does not violate any of the precepts of NATO, but presages a new era in the evolution of NATO. "It is understandable," the secretary general said, "for a European member of NATO, such as Greece, to have a different perception of its national security needs than does the United States."

There are reasons to believe that Carrington did much more than just "endorse" the Papandreou doctrine. He visited Greece at the end of July, prior to Papandreou's public enunciation of the new doctrine. We have reason to believe that with his Athens visit, Carrington himself set in motion events which inclusively led to this reformulation of Greek national-security doctrine. Carrington is perhaps its true author.

During that visit, Carrington also set in motion certain political devel-

opments which have altered fundamentally the character of the so-called conservative opposition party in Greece, the New Democracy Party. Following Carrington's week-long visit, a new party leader was elected, Mr. Constantine Mitsotakis, a London-based shipowner, who is well connected with both Carrington and the British intelligence establishment which has authored and supports Lord Carrington's "New Yalta" policy. In one of his first public acts, the "conservative" Mr. Mitsotakis complained that Papandreou is failing to pursue "friendlier" and "more cooperative" relations with the East bloc! He promised to outdo even Papandreou in the pursuit of friendship with the Soviet Union.

The secret of the Carrington-Greece relationship might be illuminated by certain events which took place on Aug. 15, 1982, the Feast of the Assumption to Heaven of the Mother of God. On that day, Mr. Papandreou, not otherwise known for his religious sentiments, visited the Monastery of Our Lady of Soumela where he gave an unusual speech making the following claims: First, that "socialism" is a political concept and program uniquely developed by the Eastern Orthodox Church. Second, that the Byzantine Empire, under the guidance of the Eastern Orthodox Church, was in fact a socialist form of organization of society. His analysis was identical with the evaluation of the Soviet state to which British Intelligence has subscribed since Arnold Toynbee's famous 1925 thesis. This analysis in turn provides the rationalization for Lord Carrington's "New Yalta" deal. According to the oligarchical families, the Soviet Socialist-Byzantine Empire is a benign, friendly force with which they must establish a new, cooperative relationship.

Mexico will 'adjust' to world crisis

Budget czar Salinas de Gortari has won the first round in the fight over national economy policy.

What happens when a country lets an accountant servile to foreign bankers run its economic policy? The first round of the debate in the Mexican economic cabinet was won by the Secretary of Planning and Budget, Carlos Salinas de Gortari, and if the rest goes this way, the result will be disastrous.

From the outset the more experienced officials had grumbled, because they weren't consulted to design the National Development Plan. The conflict first surfaced publicly on June 4, when Secretary of Finance and Public Credit Jesús Silva Herzog presented President de la Madrid with the program for his sector, the National Program of Financing for Development 1984-1988. Later on, when Secretary of Commerce and Industrial Promotion Hector Hernández issued his National Program for the Promotion of Foreign Trade, it had to wait until July for adjustments before being published.

But by mid-August, when Francisco Labastida Ochoa issued his National Energy Program, it was clear that Carlos Salinas and Miguel Mancera (head of Banco de Mexico), had overwhelmed the other ministers. The abrupt firing of Robles García as Secretary of Agriculture and Water Resources told the story: His technical advisers had rebuffed pressures from Planning and the Budget technocrats to adopt the old Mexican Alimentary System, a proven fiasco.

In the end, Silva's advisers and the rest of the cabinet who wanted to loosen the grip of the International Mone-

tary Fund by seeking a common Ibero-American trade and financial strategy, agreed to play by the Budget Ministry rules—those of Henry Kissinger and the international bankers.

This is why President Miguel de la Madrid began his second annual Report with a brief but accurate explanation of why his administration sees the domestic economic situation as a "success," despite ongoing recession and inflation.

"The world economy is also in crisis," said President de la Madrid. "Beginning with the 1970s there appeared acute instability of the raw materials markets . . . shaky currencies, a financial system not subject to control and healthy forms of operation, shrinking world trade, revived protectionism, and erratic changes in interest rates."

"Now people talk about the unviability of several nations as sovereign entities or the ungovernability of societies," he added. "We Mexicans have to move in this uncertain and dangerous world."

The strategy chosen "in this uncertain world" is to seek global negotiations in the official forums, while the national economy adjusts to the world economic situation, "which is also in crisis."

This is also the main reason why the Coordinating Committee of Mexico's creditors agreed "in principle," to reschedule the payments on the principal of the debt due between 1985 and 1990.

Besides imposing "self-surveil-

lance" on Mexico's economy, what really assures the bankers that Mexico will play by the rules, is the content of all the sector programs—designed to make Mexico a "medium industrial power" by the end of the century.

Many thought that Mexico was already a medium industrial power, and expected to become a major industrial power by 2000. So, many suspect that going from "newly industrialized country" to "medium industrial power" is a step backward, not forward.

The foreign trade program's goal is to produce hard currency and let domestic consumption go begging. Thus, industry and manufactures are oriented to foreign markets, and would grow at a 9% rate annually. Manufactures for domestic markets, would only grow by 7%; manufactures for import substitution, by 8.6%. Development poles will be the border cities, centers of parts industries. In fact, the only way manufacturing exports have increased has been the collapse of the domestic market.

The energy plan is also based on energy "savings" and making foreign exchange. A case in point is the Aguamilpa dam, to be built on the Rio Santiago in the state of Nayarit. Unlike the original plan, the dam will not serve for irrigation, but only electricity generation. That will cut off 60% of the water intended to feed the irrigation complex of PLHINO (Northwest Water Plan). The alleged reason for letting the water go on flowing into the sea (and not the rich and technically advanced farmlands of the northwest), is that it would take investments that, "under current circumstances" are not viable. So, the plan builds in *not* achieving self-sufficiency in food, because the "structural change" promised by Salinas will allegedly give enough hard currency to buy abroad.

International Intelligence

Is Henry reading the Young Shah's mail?

Sources among the Iranian exile community in Western Europe and the United States have expressed deep concern of late that the Young Shah of Iran has been surrounded by a nest of agents reporting to Henry Kissinger and Zbigniew Brzezinski, two of the leading Americans responsible for the overthrow of his father and the installation of Khomeini's "Islamic revolutionary" regime.

According to our sources, the leading figure in this effort to isolate Reza Shah from the monarchist networks pressing for a near-term uprising against Khomeini, with United States and Saudi Arabian backing, is Shahrar Ahi. A former employee of United Technologies, a U.S. corporation linked to Kissinger, Brzezinski, and former Reagan Secretary of State Alexander Haig, Ahi has reportedly been informing the Kissinger circles on all of the Young Shah's activities, screening his mail, and encouraging the heir to the Iranian throne to "forget politics back home" and enjoy the jet-set life of Monte Carlo, New York, and Acapulco.

According to a leading American specialist in the Persian Gulf region, Edward L'Arabi, critical correspondence relating to on-the-ground developments inside Iran have been screened from the Young Shah. This correspondence suggests a climate favorable to an internal revolt against the Islamic fundamentalists and Islamic-Marxists destroying the country through the ongoing war effort against Iraq. Return correspondence has been signed by Ahi.

The sources underscored to *EIR* that such screening at this juncture is tantamount to delivering Iran over to the Soviets. It is the widespread estimate of Gulf experts, including L'Arabi, that if Khomeini dies in office—as is anticipated as early as autumn of this year—and a new "human wave" offensive is launched against Iraq, bringing devastation to the Iranian military as well as economic infrastructure, Soviet-controlled networks will take over the country within

the next year.

U.S. intelligence circles have additionally reported that the Saudi regime is intent on assisting in the demise of Khomeini's fundamentalist revolution. Saudi Arabia is currently flooding the market with crude oil, temporarily driving the price down and shutting Iranian oil, which cannot compete with the Saudi rock-bottom prices, off from foreign sales. The sources say that the Saudis adopted this policy as an overt act of economic warfare against the Khomeini regime, in the hope that this will cut off Iranian plans for a new war offensive and encourage a move from within the country for a return to some form of secular rule outside of Soviet control.

New Canadian party shapes election results

Canada's new political party, the Party for the Commonwealth of Canada (PCC), scored a major victory in national elections Sept. 4, even though none of its candidates were elected. It created the political climate in which the Liberal Party, ruler of Canada for most of this century, was badly defeated.

When the votes were counted, acting Premier John Turner and his Liberals had gone from a majority government of more than 150 parliamentary seats to just 40 seats nationwide. In Quebec province, where the Liberals had controlled 74 out of a total of 75 parliamentary seats, the election left them clinging to 14. After the election, the Conservatives said they were "not sure what happened" in Quebec.

The PCC's election campaign is "what happened." Chaired by Gilles Gervais of Montreal, the party fielded 65 candidates in both English- and French-speaking Canada in the Sept. 4 elections, running on a platform like that of U.S. presidential candidate Lyndon LaRouche: for international monetary reform, defense of Western Europe against Soviet threats, and allied cooperation in support of the Reagan administration's Strategic Defense Initiative for beam-

weapon defense.

The PCC campaign against Turner was the subject of nearly 500 articles or appearances on radio or television during the month-long campaign.

None of the PCC candidates was elected this time around, but the rout of the Liberals, with their policy of abject appeasement of the Russians, was far greater than any political analyst had predicted. The media had forecast defeat for the Liberals and Turner (the successor to Pierre Trudeau), but no one except the PCC considered it possible to crush the Liberals in their strongholds of Quebec and parts of Ontario.

Terrorists, separatists threaten Europe again

According to precise information in the hands of French intelligence leaked to the daily *Le Figaro*, a new terrorist wave is expected in France soon, and all security forces have been put in a state of alert. French airports and airlines are indicated as possible terrorist targets. TNT explosive-filled suitcases are reported to be planned for use by these terrorists.

Le Figaro and *Quotidien de Paris* also report a reorganization of a "nationalist international," which was consolidated at a "summer university" in Pamplona, Spain with representatives of the Corsican FLNC, French and Spanish Basques, along with the Irish Sinn Fein, Armenians, and Kurds.

The most recent leak is a report that on Aug. 23 the terrorist group Action Directe tried to blow up the Paris headquarters of the Western European Union. According to the account, Action Directe had put a 23-kilogram TNT bomb in a car nearby, which, had it exploded, would have been enough to destroy the entire building. *Le Figaro* is speculating that this may have been the first step toward a "Lebanese type of blackmail."

Faced with the passivity of the newly appointed government of French Premier Laurent Fabius, French police revelations are likely aimed at forcing the government

Briefly

to take action, since the new interior minister, Pierre Joxe, is a Marxist ideologue who warned the police when he was appointed in August that he wanted to personally authorize all police operations down to the level of tailing people.

Roman prof. denounces campaign for euthanasia

A cry of alarm against euthanasia came from Prof. Adriano Bausola, Rector of the Catholic University of Rome, at a conference on "The Value of Life" Sept. 13. Opening the sessions, Professor Bausola declared:

"Euthanasia is a denial of life which involves a social judgment, in so far as it requires external collaboration to carry it out. It is a suicide. . . . Today we have reached the point that not only is euthanasia accepted, but it is seen as a spectacle. This has recently occurred: A case of euthanasia was broadcast directly by West German television. Then French television and Italian television rebroadcast a part of the 'spectacle.'"

Prof. Bausola referred to the case of the German doctor Julius Hackethal who assassinated a patient by giving her four grams of cyanide, after convincing her that her life was not worth living, but that she could serve as a good example to others. The international Club of Life organization, headed by Helga Zepp-LaRouche, launched an intense campaign of condemnation of Hackethal and his collaborators in the "right-to-die" movement. The Pope delivered a speech harshly condemning euthanasia in early September, singling out the Hackethal case, which was then taken up and spread by all major Catholic journals.

Mertes: Soviets want to terrify Germans

West German Defense State Secretary Alois Mertes told an interviewer from the French daily *Le Monde* that the Soviets want to ter-

rorize West Germany into submission, but insisted that there is no real war danger, and that Soviet internal problems are behind Soviet policy—the KGB's own disinformation line.

"Neither the missiles as such, nor the Russian troops are threatening us," he said. "The Soviet Union does not want to destroy Germany; it does not want to run the risk of a war in Europe. But it wants to use its power, and if possible its military superiority over the West, to the benefit of its psychological expansionism. It wants us to react out of fear by assuming an attitude of 'preemptive good behavior' This is why it has deployed the SS-20s, so as to have an instrument, not of war, but of blackmail. . . ."

"The precarious political situation of the Soviet Union in Eastern Europe compels it to reinforce its influence in Western Europe. Not through war, I repeat, but through military superiority and the exploitation of a war danger which does not exist."

Exercise danger cited by British specialist

Self-styled "exercise experts," many of whom are former athletes or dancers possessing no medical background, are prescribing exercise programs which could harm or even kill people, a British medical specialist warned in a paper delivered at the annual meeting of the British Association for the Advancement of Science.

Persons over 40 are especially at risk, according to Dr. Bruce Davies of England's Salford University. Tests on 350 executives between the ages of 40 and 60 years, showed cardiac and other abnormalities in 80% of those studied. Such persons can suffer serious, and sometimes fatal, effects from improperly prescribed exercise.

Citing a study of 30 joggers who died, of whom 73% had severe heart disease, Davies observed: "Many people attempting to run marathons should be nowhere near the starting line."

● **KGB VETERAN** "Ernst Henry" (Semyon Rostovsky) is the writer of one of the most recent Soviet diatribes against West Germany, penning a ferocious attack on "West German militarism" in *Literaturnaya Gazeta*, the unofficial KGB house organ. "Henry" is the 1930s recruiter of H. Kim Philby, and others among the "Cambridge Apostles" who became high-level Soviet agents in the British and American intelligence services and subsequently defected. Philby is now a KGB general.

● **SIKH SEPARATISTS** killed at least nine Hindus in Punjab and injured 60 others in religious violence in the Indian state. The terrorists hijacked a bus, separated Hindus from Sikhs and killed the Hindus. In Jullundur, a grenade was hurled outside a movie house, killing one. In Sangruru, terrorists burst into a playhouse brandishing swords, starting a stampede for the exits, injuring mostly women and children.

● **FLORA LEWIS** was the subject of praise for her "realism" on the space weapons issue by *Izvestia* writer Valentin Falin. Lewis, a nominally anti-Soviet *New York Times* columnist and European specialist, wrote an article Sept. 4 arguing that the United States and the Soviet Union should freeze development of beam-weapon defense systems.

● **MALAYSIA** is the newest British Commonwealth nation to call for a nuclear-free zone in the Pacific. Malay Foreign Minister Tengku Ahmad Rithaddeen declared at a Sept. 10 meeting of Asean foreign ministers that the Asean countries should begin "to exert the necessary steps for a zone of peace, freedom, and neutrality." This makes the fourth major Asian Commonwealth country to come out for a nuclear-free Pacific. The first are the two ANZUS partners to the U.S., Australia, and New Zealand. This was followed by a call by the Sri Lankan government for a nuclear-free zone in the Indian Ocean.

Kissinger, Gromyko, and the Carrington ultimatum

by Criton Zoakos

Lord Peter Carrington, the secretary general of NATO, arrived in Washington on Monday, Sept. 10, to deliver an ultimatum to the Reagan administration which, if accepted, will sound the death knell of the Western Alliance. Carrington's ultimatum, reduced to its bare essentials, and with the diplomatic sugar-coating removed, stands as follows:

The Reagan administration, during the upcoming Reagan-Gromyko meeting scheduled for Sept. 28, must accept the Soviet demand to cancel the American anti-missile defense program, the President's Strategic Defense Initiative (SDI), or face a breakup of the NATO alliance before the November election.

Carrington has vowed to destroy President Reagan's SDI, the so-called "Star Wars" program. During April of this year, before he formally assumed duties as NATO's secretary general, he vowed publicly that if "Europe" fails to convince Washington to drop Reagan's Strategic Defense Initiative, then "Europe" will split from the United States. The question, of course, as Bismarck put it during the 1878 Congress of Berlin, is: "Exactly what does your Lordship mean by 'Europe?' What sinister interests are concealed behind that convenient word, 'Europe,' which do not dare claim to be any one nation's interests?"

Are the national interests of France, or of the Federal Republic of Germany, or of Italy, or even of the United Kingdom compromised by Reagan's Strategic Defense Initiative or enhanced by a decoupling of the United States from the European nations? None of these nations' governments has dared to so much as insinuate this argument to their own public—except, of course, the KGB-run government of Andreas Papandreou in Greece. Nevertheless, Carrington is threatening President Reagan with a "decoupling" unless

Reagan abandons the last and only remaining available option of defending the United States from the Soviet Union's relentless strategic buildup.

First the question: How dare his Lordship! Well, my dear reader, what do you mean "how dare he?" Peter Carrington is the senior business partner of our own Henry A. Kissinger, you know. He is the senior partner at a corporation called Kissinger Associates, Inc. Henry's son David for over one year now has been doing his apprenticeship at Peter Carrington's offices in London. For years, going back to 1973-74, Henry and Lord Carrington shared great sinister moments together in the back alleys of London.

Now you may recall that three weeks before Carrington's arrival in Washington, Henry Kissinger went on record, both on national television and in the printed media, announcing loudly and clearly that he has been advising President Reagan to meet with Andrei Gromyko, the Russian Foreign Minister. Kissinger also announced at the time that Reagan should meet Gromyko and not Chernenko, the general secretary of the Russian Communist Party, because, Kissinger said then, Chernenko is old, ailing, and he might be going into the hospital soon. Thus Kissinger during the hot days of mid-August.

Then, suddenly, out of the blue, so to speak, the world public was hit by three simultaneous announcements: First, the White House announced that President Reagan will be meeting Mr. Andrei Gromyko on Sept. 28. Second, the West German daily *Die Welt* quoted its Moscow correspondent saying that Russian President Constantine Chernenko was hospitalized with a severe heart ailment. With these two Kissinger prophecies thus fulfilled, we were then told that Dr. Kissinger's partner, Lord Peter Carrington, had arrived

in Washington for "consultations" with the administration.

Nobody from the liberal-controlled media reminded either Congress or the public that Carrington is on record threatening to split the alliance unless Reagan drops his strategic laser-beam defense program. Carrington met with President Reagan, Vice-President Bush, Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, the House and Senate leaderships of the foreign policy committees, National Security Council (NSC) director Robert McFarlane, Undersecretary of Defense Fred Ikle, and others inside the government.

More interesting were Carrington's meetings with persons in informal capacities. One group of such persons is something in Georgetown University's Center for Strategic and International Studies (CSIS), founded by Henry Kissinger three years ago, which calls itself the "Grand Strategy Forum." This group, through its various spokesmen, has made it clear that it stands for the complete dissolution of the military alliance of the West.

In a discussion Sept. 10, CSIS Ibero-America specialist Robert Kupperman, recently returned from Moscow, said: "More than anybody, we at Georgetown have been the only ones to talk frankly about the break-up of NATO. . . . In public, no one has been willing to talk about the demise of NATO in a formal sense except for Henry Kissinger. . . . I spoke to Fred Ikle privately last night, and he tells me is opposed to this idea, [but] he coordinates his work in Europe with Lord Carrington and David Abshire. In the case of both of them, it's impossible for them to say publicly that they accept the idea of NATO breaking up, but they clearly accept the idea intellectually. You have to distinguish between the requirements of the job and what people really think. . . . Ikle will be leaving the administration soon after Reagan's second term."

It was under the informal auspices of this treacherous "conservative" group that a group of Russian-influenced notables met with Lord Carrington at Georgetown. Among them were included Carter's NSC chief Zbigniew Brzezinski, Mondale adviser Bob Hunter, current CSIS director Amos Jordan, former CSIS director and current U.S. Ambassador to NATO David Abshire, poor Adm. Thomas Moorer, Adm. James Woolsey, Robert "Blowtorch Bob" Komer, James McLaughlin, Robert Osgood, and Mrs. Anne Armstrong, the member of the President's Foreign Intelligence Advisory Board who invited Henry Kissinger back into the government from the back door.

This group of Carrington's guests represents a much larger consensus of the nation's oligarchical establishment which, regardless of "left" and "right" labels of convenience, is now in virtual control of the Reagan administration's foreign and national security policy, and is bent on both destroying the President's Strategic Defense Initiative *and* decoupling the United States from Europe. Contrary to the idiotic ideological euphoria of rank-and-file Republicans after their party's nominating convention, the battle to save this nation from

betrayal appears to have been all but lost. It will most certainly be lost irrevocably if the Kissinger-Carrington scheme for decoupling *and* abandonment of the SDI meets with success between now and the latter part of October. The loyal Reaganites' protestations that "Kissinger is out of the government and has no influence" will not wash.

The acid test

The only things going on in the government by way of foreign and national security policy are the things which are signaled in advance by Henry Kissinger and nothing else. It is a fact that otherwise well-meaning and patriotic Republicans are such shameless cowards that, with their cowardice, they are causing the same kind of damage to the national interests of the United States as the liberal Democrats do with their outright treachery.

The acid test for these "well-meaning patriots" has gen-

"Otherwise well-meaning and patriotic Republicans are such shameless cowards that, with their cowardice, they are causing the same kind of damage to the national interests of the United States as the liberal Democrats do with their outright treachery."

erally been with respect to their attitude toward the presidential candidacy of Lyndon LaRouche and toward the strategic issues raised by the Schiller Institute. Despite their stated agreement, on specific policies and objectives, with the campaign of Mr. and Mrs. LaRouche, when confronted with the overwhelming blackmail coming from Kissinger and his oligarchical patrons in the Republican Party (such as Anne Armstrong of Texas), they suddenly grasp at straws to find excuses for their cowardice. The most popular such excuse lately is that "LaRouche is exaggerating the Russian danger" and that "the Schiller Institute is unduly alarmist" with respect to ongoing Russian military deployments.

These dear conservative fellows prefer to subscribe to the convenient theory of the "crumbling Soviet empire," concocted for their edification by Messrs. Kissinger, Carrington, Abshire, et al. How sad, these staunch conservatives who are so prematurely celebrating their envisaged electoral victory in November, forgetting that the presidency has already been stolen from them by the Soviet agent-of-influence, Henry Kissinger, remind one of that famous general who proudly marched for 20 years with his head high while his pants were down to his ankles.

Lord Carrington's speech in Washington

The following is excerpted from the speech delivered by Lord Peter Carrington before the National Press Club in Washington, D.C., on Sept. 13.

There are those in Western Europe who claim to find it difficult to distinguish the superpowers, in terms either of political morality or potential threat. There are those in the United States who argue that other parts of the world are now more important, and Europe therefore less. On either side of the Atlantic, there are those who question NATO's present policy on nuclear weapons, on grounds of morality or military effectiveness or both. . . .

I have no sympathy with the Mercutian school of strategic analysis—a plague on both your superpowers. Those who belong to it—or who pretend to do so—tend to see salvation in terms of a security system embracing both Eastern and Western Europe, but independent of superpowers. . . . The figures for support for the Alliance, which emerge from public opinion polls throughout NATO Europe, [are] one reason why those who would like to cut the security link between Western Europe and the United States have played the nuclear card as vigorously as they have. . . .

As far as NATO is concerned, the fundamental assumption has always been that the security interests of the United States do not come to a sudden halt at the Eastern seaboard. Europeans, therefore, find it quite easy to understand that you do not regard them as ending at the Western seaboard either—or for that matter, on the Gulf or the Rio Grande. They remember, for example, that you have for many years had important bases in the Philippines; and that Monroe was in the doctrine business long before Truman. In the light of this, and of what they see of Soviet activity around the world, the European allies are not at all surprised that you are determined to look after your security interests in the Pacific region and in Latin America. What would surprise them would be the idea that you intended to do less than that in Europe.

Anxiety about nuclear weapons no doubt accounts for some of the current questioning of America's commitment to Europe. . . . I implied earlier that some have used the nuclear issue to forward political purposes which are not clearly stated; and which would not be very popular if they were. It would be silly to ignore this; and equally silly to dismiss on that account all those who campaign for change, however radical, in nuclear policy. . . .

Those in the West who . . . talk about a non-nuclear defense policy, need to explain what they would then do in response to nuclear blackmail. Conventional defenses alone would be of no use against an enemy who could without risk threaten a nuclear strike. . . .

Those who argue, not for unilateral nuclear disarmament, but for the West to adopt a policy of no-first-use of nuclear weapons can fairly claim to meet this crucial test. Their policy would leave us with the means to deter the use of nuclear weapons against us, and thus with an effective response to nuclear blackmail. On the other hand, the more honestly it were pursued, the more effectively a policy of no-first-use would remove from the calculations of the Soviet leadership the fear that a major conventional attack on Western Europe might meet with a nuclear response. In my view, this would significantly reduce our ability to deter aggression and, once again, increase the risk of war.

Where I do see force, however, is in the argument that NATO's conventional defense capability should be strengthened to achieve what non-purists will allow me to call a raising of the nuclear threshold. But it would be misleading to suggest that strengthening of our conventional defenses is an easy thing to achieve. Emerging technology will have a useful part to play, but it is not a panacea; there is no reason to believe that the Soviet Union will stand still and do nothing if the West makes major improvements to its conventional defenses. . . .

The idea is a promising one for all that, and I intend to promote it vigorously. As a start, I would very much like to see greater priority attached to the critical areas of infrastructure and sustainability identified by Senators Nunn and Cohen. . . . There is a natural tendency in all allied countries to spend money at the more glamorous end of the military spectrum. Senator Nunn has been right to ask whether essential support is not following at too great a distance. I have, of course, hoisted in the fact that Senator Nunn is not only pointing to areas where more needs to be done. He is also reflecting what seems to be a strong feeling in Congress that it is the European Allies who should be doing the extra, or a substantial part of it.

This feeling isn't going to go away. . . . It would be helpful if it could be so conducted as not to lead the Russians to believe that we are about to come apart at the seams. It is important for this that the debate be conducted with a full knowledge of the relevant facts, and as far as possible without hidden agendas. We cannot, for example, hope to reach agreement if the majority are talking about burden-sharing within the parameters of existing alliance strategy; while others—whether in the United States or in Europe—question the premise of transatlantic partnership, or seek to bring about the increase in conventional capability which they would consider sufficient to allow for a policy of no-first-use. . . .

I shall be pressing for more where more is needed; I should be concentrating in particular on the conventional leg of the triad. . . .

Jeremy Stone calls for war by committee

Jeremy Stone, director of the Federation of American Scientists (FAS) and son of anti-Vietnam War activist I.F. Stone, has proposed a congressional "war powers" committee whose approval the President would need to order "first use" of nuclear weapons. "Such a committee," he wrote in the Sept. 9 Los Angeles Times, "could be empowered by law to authorize or deny . . . presidential requests for first use, in the absence of declarations of war or decisions by the full Congress. Thus, as a step toward an eventual policy of no-first-use, we would at least spread responsibility for it." Stone's proposal also appeared in the fall issue of Foreign Policy magazine, an organ of the notorious Carnegie Endowment for World Peace. Foreign Policy articles are often trial balloons for America's Eastern Establishment.

Constitutional lawyer Raoul Berger, a harsh critic of judicial review of the legislature, and other legal scholars, are assisting Stone and the FAS in drawing up the legislation, since it is a patently unconstitutional restriction on the President's power as commander-in-chief.

The Defense Department's general counsel, Chapman B. Cox, wrote a letter to Stone on behalf of Secretary Weinberger, criticizing the proposal on grounds that it would "threaten NATO's ability to deter Soviet aggression."

Stone was interviewed on Sept. 10 by Kathleen Murphy Klenetsky.

EIR: What kind of chance does your proposal have?

Stone: First of all, the latest polls . . . show that a third of the population wants a "no first use" pledge made. Americans are not aware that the President now has the right to order the use of nuclear weapons in the event of a conventional attack; they are under the impression that the President can only use nuclear weapons in response to a nuclear attack. What a lot of people think of as "first use" is actually "second strike." I think it's logical . . . to put an additional lock on the use of nuclear weapons in hostilities. As for my prognosis, I think the preconditions exist for a solution given the great interest shown by the population in the no-first-use issue.

EIR: Are you getting much of a response from Europe?

Stone: I'm leaving tonight [Sept. 10] for France, for a meeting of the International Institute for Strategic Studies. There will be a storm of articles about this issue soon, although I can't give you any details. My proposal is directed to NATO, not so much to the U.S. per se. A no-first-use policy as

proposed by [Robert] McNamara and [McGeorge] Bundy [in a 1982 *Foreign Affairs* article], is a change in the nature of our commitment to NATO, whereas my approach does not fracture NATO. Although let me point out that in my interpretation at least, the U.S. is not automatically at war if there are hostilities in Europe. At least that's what Dean Acheson insisted. We think many in NATO will welcome this because they fear a cowboy in the White House.

EIR: Does this fit with a NATO conventional buildup?

Stone: To a certain extent. You could argue that if NATO conventional forces were more extensive, it would delay the point at which the U.S. would consider using nuclear weapons to repel a conventional attack . . . giving the President time to consult with the proposed committee. My own view, however, is that it would be difficult to motivate a no-first-use proposal simply on the basis of a conventional buildup, since I don't know if you can ever be sure at what point your buildup is extensive enough to completely rule out the use of nuclear weapons. If I were President, I don't think I would repudiate first use, at least not publicly. What I am proposing to do is to put an additional lock on the decision to use nuclear weapons. . . .

EIR: Do you have a timetable for adoption?

Stone: No, no immediate time-frame. We have some legal scholars looking at the constitutional issues. . . . Whether or not first use is unlawful . . . we shouldn't have a single human being, who might be incompetent, deciding the lives of billions. . . .

EIR: What else are you doing to advance this?

Stone: Contacting various peace groups and others to get them involved in a national educational campaign. We want to inform people that the President does have the power to order first use. All persons and groups who feel negatively about it ought to join together on at least these two propositions: that a nuclear war arising from conventional hostilities would be a *new* war, and that, accordingly, no single decision-maker should have the power to authorize use of nuclear weapons on his own and start such a war. Whether one is for or against any first use, or against "early" first use, or just against first use on the say-so of a single, deeply involved politician who happens to be President—one can agree, in short, that presidential first use is wrong. Some who share this position may come to believe further that presidential first use is unlawful. After we get a good grass-roots base, we'll start working on Congress.

EIR: Is Walter Mondale sympathetic to your proposal?

Stone: That's a short-term thing. We don't want to inject this issue into the campaign. . . . However, I certainly think it's possible that a President who is sympathetic could himself propose it as legislation. That would give it much greater chance of passage.

Will 'reformers' tear up the U.S. Constitution in 1984?

by Sanford Roberts

On Sept. 1 of this year, the *Washington Post* reported on a little noticed but extremely dangerous threat to the security of the nation. According to the *Post*, the movement to convene a Second Constitutional Convention is just two states shy of the two-thirds necessary to mandate the Congress to call such a convention to order. It is expected that Michigan and Montana will pass the convention call by early next year.

The ostensible leaders of the Constitutional Convention drive are a cluster of tax-resister organizations nominally directed by the National Taxpayers Union. Upon closer inspection, these elements are found to be principally aligned with the treacherous Heritage Foundation, a "conservative" think-tank created and largely manned by British intelligence—and provably infested with KGB "moles." On the "liberal" side, predictably converging with such "conservatives," is the "Project 87" campaign to wholly rewrite the U.S. Constitution (by 1987), sponsored by the Kennedy family, Averell Harriman, and the latter's wife Pamela Churchill, mother of Winston Churchill III.

While the alleged purpose of the convention is to consider a balanced-budget amendment to the Constitution, once in session, there is no impediment to the consideration and adoption of other amendments as well. A balanced budget amendment is ridiculous economics and, specifically, a threat to American national defense which the Kremlin would welcome. But the real powers behind the drive to convene a constitutional convention are on public record favoring something much more dramatic: dissolution of the American democratic republic itself, in favor of a "parliamentary system" like Great Britain's, whose predictably unstable character would quickly lead to dictatorial rule-by-decree, i.e., "emergency government." This emergency government would be used to loot the American people, to rape what remains of American industry and agriculture on behalf of the oligarchical financier families of our Eastern Establishment (and Britain's).

For those who doubt, we refer to the 1975 publication of the Rockefeller/Kissinger Trilateral Commission, *The Crisis of Democracy*, or, *Report on the Governability of Democracies*. It states: "We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of political democracy. . . . A government which lacks author-

ity . . . will have little ability, short of a cataclysmic crisis, to impose on its people the sacrifices which may be necessary."

By no accident, we find Trilateraloids such as Lloyd Cutler, former counsel to Jimmy Carter, in the forefront of the drive to convene a constitutional convention.

The scenario

Under Article V, the Constitution can be amended by two distinct and different methods. The first one, used for the passage of every amendment in the nation's constitutional history, is initiated by Congressional Act. This Act of Congress must then be ratified by two-thirds of the states. As in the case of the late and unlamented Equal Rights Amendment, a Congressional Act must be passed by the states within a fixed time period, or it expires.

The alternative method provided by Article V permits the various state legislatures to initiate the process, by calling for a constitutional convention to consider "amendments" (the plural is critical here) to the Federal Constitution. When the number of state legislatures reaches the two-thirds threshold, Congress "shall" bring such a convention into existence. This is the scenario which contains the seeds of destruction of the republic.

Just four years ago, the counsel to the President of the United States (Carter), Lloyd Cutler, called for scrapping the Constitution in favor of the British parliamentary model. Writing in *Foreign Affairs*, the house journal of the Council on Foreign Relations, Cutler stated: "A particular shortcoming in need of remedy is the structural inability of our government to propose, legislate, and administer a balanced program for governing. In parliamentary terms, one might say that under the U.S. Constitution it is not now feasible to 'form a government.' The separation of powers between the legislative and executive branches, whatever its merits in 1793, has become a structure that almost guarantees stalemate today." Cutler proposes the integration of Executive and Legislative branches, i.e., a parliament.

The separation of powers principle was also deplored in 1980 by another prominent member of the Eastern Establishment, investment banker C. Douglas Dillon. Dillon claimed, "We must learn to accustom ourselves to a new world, a world in which actions taken by others can have rapid and serious effects on our economy and on our standards of liv-

ing, a world in which others have the military means to destroy our nation whenever they are prepared to accept consequences. I very much doubt that in such a world we can long afford the luxury of the division of power and responsibility between our Executive and Legislative branches of government. . . .”

What would result from the destruction of constitutional separation of powers? The British parliamentary theorists propose an Executive which is ultimately subservient to the Legislative branch. This would throw us back to a pre-1787 weak Executive, precisely what the Constitution of 1787 was designed to overcome. There would be no stability to Executive power, which was deliberately separated from the Legislative by the Founding Fathers so that Executive action would not be subject to the short-term whims of the Congress.

We would also suffer an institutionalized watergate-form of government. Every scandal involving a cabinet-level official published by the *New York Times* and NBC, would immediately threaten the chief executive. Presidents would come and go at the behest of a bloc of parliamentarians and the mass media—both the best Establishment money could buy—not the American people.

An ‘autonomous body’

The agenda of the pro-constitutional convention faction is, of course, much longer than an attack on the separation of powers. There will be similar attacks on other fundamental constitutional doctrines and provisions, such as the separation of church and state, the bill of rights, judicial review, and so forth. There will be laundry lists of amendments prescribing the dictates of every powerful lobby in the country. When the whole process is played out in the spotlight of the media, the result will be a calamity.

Anticipating the possibility of a runaway convention, the Senate Judiciary Committee passed the Constitutional Convention Implementation Act of 1984. This Act supposedly prohibits the convention from straying beyond the issue for which it is called. Yet, most constitutional scholars still believe the convention would not be bound by any single issue. As Gerald Gunther, a constitutional scholar at Stanford University, warned: “Once a convention is called, it is an autonomous body and it can discuss anything it damned well pleases, if it has public support.” Obviously, one of the items it can discuss and ratify, if “it damned well pleases,” is the repeal of the Constitution and the drafting of a new one.

One seemingly less drastic scenario is that the present constitutional convention scare will simply stampede Congress into passing the balanced-budget amendment. A similar phenomenon occurred in 1912, when a constitutional convention drive around direct election of U.S. Senators resulted in the passage by Congress of the Seventeenth Amendment, implementing it. However, approval of the balanced-budget amendment to avert a constitutional convention is like choosing the eighth over the ninth circle in Dante’s *Inferno*.

As an amendment passed by Congress, the balanced budget provision, which is merely an accountant’s trick, must be considered disastrous to the interests of the nation. The problem confronting us is not the old saw about pusillanimous politicians who refuse to tax as much as they spend. The problem is that the pusillanimous politicians refuse to confront and reverse the treasonous policies of environmentalism, the post-industrial society, and Federal Reserve usury, the latter the principal cause of the federal deficit.

A balanced federal budget?

Roy Ash, the former director of the White House Office of Management and Budget under Presidents Nixon and Ford, called upon conservatives to reject such action. Ash cogently argues that the balanced-budget amendment will inexorably lead to stepped-up attacks on the defense budget. This will happen because, “as Willie Sutton said when asked why he robbed banks, that’s where the money is.” Ash is absolutely right and it is a certainty that the first program jeopardized by the passage of the balanced-budget amendment is President Reagan’s Strategic Defense Initiative, the bedrock of any competent U.S. defense policy.

Ash’s second major argument against the balanced budget is equally convincing. The former budget director asserts that lobbying from special interest groups could make it politically impossible for Congress to balance the budget and thereby throw crucial fiscal decisions into the courts. This raises the question of the *justiciability* of the balanced budget amendment.

If the constitutional mandate for a balanced budget is not fulfilled by Congress, can this violation be remedied? Would the courts permit an individual Congressman, or individual taxpayer for that matter, to sue for redress of this unbalanced budget grievance? If such a plaintiff had standing to bring his lawsuit, would a victorious plaintiff be allowed to impose his own spending cuts (suits to raise taxes to balance the budget are rather unlikely)? The entire procedure contains the seeds for destroying legislative authority in this country.

The proponents of the constitutional convention and the balanced budget amendment should be recognized for what they are: advocates of a political and constitutional system which is hostile to the very foundations of the American System. Many of these people actually propose that we adopt the very form of political economy and government which our Founding Fathers fought against at Valley Forge, Saratoga, and Yorktown.

Many of the Constitution’s enemies pay homage to its greatness by calling it a historic document of seminal importance but addressed to a simpler day and age, rather than our modern world. Not so: The framers of the American Constitution ratified a document which, in the words of Chief Justice John Marshall, was meant “to endure the ages.” In the name of Franklin, Washington, and Hamilton, these modern-day redcoats should not be permitted to rewrite our Constitution, or even slightly amend it.

Kissinger Watch

by M.T. Upharsin

Persona non grata?

Surprise!

Here was Dr. Henry Kissinger, pompously strutting into Buenos Aires, Argentina Sept. 11, for a new round of the kind of thuggery and blackmail for which he is now famous. As the American press candidly reported, "The purpose of Kissinger's trip is to encourage Argentina to reach an agreement with the International Monetary Fund on the country's overdue \$44.4 billion foreign debt." (*New York Post* Sept. 14). Lo and behold, hardly had Fat Henry stepped foot on Argentine soil than his troubles began.

Argentines, readers should be aware, are a proud people, aware of their history and traditions rooted in the richness of European culture. They have an ornery distaste, which feisty Americans would appreciate, for the imperial disdain with which Kissinger and his British and Soviet friends treat the nation-states of Ibero-America. And, they downright hate the International Monetary Fund, which has looted their nation to the verge of genocide and economic extinction, on behalf of the financiers who pay Kissinger's bills.

Hence, at an impromptu press conference at the airport when he arrived, a journalist asked Kissinger pointedly if he still held to his stated opinion that the nations of the southern hemisphere had never contributed anything to history (Kissinger had once stated: "history is not made in the south.") Answering as if he were still U.S. Secretary of State, Kissinger asserted, "That's not true. . . . The proof is that this is my third visit to Argentina" since being Secretary of State.

He insisted that the context for his statement was a preoccupation with problems in the Middle East and other parts of the world.

Seen from Buenos Aires, however, Henry was "too hot to handle." Even the U.S. ambassador to Argentina, Frank Ortiz, found "other things to do" and failed to meet Dr. Kissinger at the airport when he arrived.

These tell-tale signs must have made Kissinger nervous. After all, Buenos Aires and other Ibero-American capitals had been saturated with a fact-sheet dossier from *EIR* on the history of Kissinger as a Soviet agent of influence and his sabotage of U.S.-Ibero-American relations.

On Sept. 12, both Venezuela's *El Universal* and Peru's *La República* were running a Spanish News Agency wire story on a press conference in Bonn held by representatives of Helga Zepp-LaRouche's Schiller Institute. The press conference documented Kissinger's sordid history in connection with the "New Yalta" plot to abandon Europe to the Soviet Union. One paper's headline read: "Kissinger Accused of Being a Soviet Agent of Influence."

Venezuelan television on Sept. 12-13 ran prominent stories about activity within Argentina to have Henry Kissinger declared *persona non grata* for his attempts to divide the Ibero-American countries on the debt question.

By Sept. 13, everything really began to hit the fan. The headlines in the Sept. 14 *New York Post* read: "Argentine Mob Traps Kissinger in Government Palace." One thousand Peronist youth demonstrators shouted slogans denouncing Kissinger as an assassin. As a result of this greeting, the *Post* reported, Henry canceled a speech he was to have given at the Argentine affiliate of the New York Council on

Foreign Relations in Buenos Aires.

Worse yet for him, the Peronist Party introduced a resolution into the Argentine Parliament on the same day demanding that he be declared *persona non grata* for his actions against Argentine sovereignty!

Still worse fall-out can yet be expected. Kissinger is using his visit to blackmail and cajole the Argentines into accepting International Monetary Fund austerity conditions, ostensibly in return for receiving more credits from his banking friends in New York and London, and he has invited Argentine President Raul Alfonsín to New York for a "private visit" toward this end. The IMF's blackmail pressure on Argentina, however, is a "tripwire" issue for Argentina's nationalists, many of whom met with Lyndon LaRouche, Henry Kissinger's bitterest enemy, when LaRouche was in Buenos Aires in June of this year.

All this adds up to a dismal flop for Kissinger and his Kissinger Associates financial empire, especially as the shock-wave repercussions will spread throughout the continent of Ibero-America. The media of that continent were already abuzz several weeks back with *EIR*'s charges that Kissinger was in the forefront of the continent's narcotics-trafficking mafia; insiders' knowledge of Fat Henry's own personal depravity has become a feature of discussion among Ibero-American elites. The collapse of his "aura of power" in Buenos Aires will help give others on the continent the courage and will to stand up to his thuggery in the future.

All that need happen now is that citizens of the U.S.A. show the same feistiness as those of Argentina, and Henry Kissinger may be declared *persona non grata* in the United States, too.

Elephants and Donkeys by Kathleen Klenetsky

When the IMF talks, Fritz listens

In what the Liberal Establishment press is hailing as a remarkable display of political courage, Walter Mondale unveiled an economic proposal on Sept. 10 which would drive American living standards through the floor, bankrupt more U.S. farmers, reduce defense spending to dangerously low levels, and deprive millions of elderly Americans of adequate medical care—all in the name of “balancing the federal budget.”

The Democratic presidential candidate disclosed his deficit-reduction package at a press briefing in Philadelphia which garnered front-page headlines in the major media.

Calling the federal deficit a “hydrogen bomb issue” which is destroying the economy and driving up interest rates, Mondale claimed he could reduce the nation’s deficit by two-thirds by 1989 through the following measures:

- Raising taxes—including personal income taxes paid by working- and lower-middle-class families—by a whopping \$85 billion.
- Gutting federal agricultural programs, mainly commodity price supports, by \$4 billion.
- Gouging \$12 billion out of federal spending on health-care.
- Slashing defense spending by \$25 billion.

Mondale isn’t interested in balancing the budget, no matter what he may say. After all, Paul Volcker, the man who sent the budget deficit soaring by hiking interest rates to 21%, was a Carter-Mondale appointee, and Mondale has continued to defend Volcker and his deficit-ballooning, high interest rate policies to the present day.

What Mondale is doing under the rubric of balancing the budget is serving as a mouthpiece for an international financial and political faction which wants to reduce the United States to a third-rate power, industrially and militarily.

There was no accident involved in the fact that Mondale’s budget-cutting blueprint conforms in every important respect to a major speech given in Innsbruck, Austria, on Aug. 27 by International Monetary Fund (IMF) director Jacques de Larosière.

In fact, chunks of Mondale’s presentation were taken almost verbatim from de Larosière’s address, in which the IMF czar said that the only way to solve the government debt crisis in the United States is through the same austerity conditions that the IMF has already imposed with killing effect on the Third World. De Larosière specified higher taxes and huge reductions in government spending on entitlement programs (social security, welfare, medical programs)—just what Fritz proposed two weeks later. In plain English, Mondale’s plan and the IMF’s are one and the same.

This is borne out by Mondale’s proposals for cutting the defense budget. His plan not only calls for limiting military-spending increases to a paltry 3-4% a year; it specifically advocates eliminating all funds for the MX missile, the B-1 bomber, and, most important of all, the Strategic Defense Initiative, President Reagan’s space defense program.

These are precisely the weapons systems which the Soviet leadership is demanding that the United States give up as a precondition for fulfilling their “New Yalta” deal with the Western elites—the same faction which de Larosière represents.

Fritz is lying when he says his

budget plan won’t hurt the working and middle classes. In fact, Mondale revealed for the first time that he will hike taxes on precisely these Americans, increasing taxes for families of four earning \$25,000 to \$35,000 a year by at least \$95 annually.

His health cuts are aimed at reducing the quality and quantity of Medicare-funded medical care for the average American senior citizen. And the \$4 billion he wants to gouge from agricultural programs will hit hardest at the family farmer—the backbone of U.S. agriculture, which Mondale’s string pullers in the grain cartels have already devastated. So much for Mondale’s claim to be “fair.”

Pressure on Reagan

Though a Mondale defeat looks quite probable at this point, that will not necessarily mean that this deficit package plan will also be defeated. According to high-level sources, Mondale has been instructed to make the deficit a big campaign issue in order to bring maximum political pressure on a re-elected President Reagan to implement the IMF’s austerity program. Mondale has embarked on a new media effort which criticizes Reagan for failing to take the “tough steps” necessary to reduce the budget.

Mondale is by no means acting alone. For instance, on the same day he unveiled his deficit plan, the Bipartisan Budget Coalition, a group of Wall Street bankers led by ex-Commerce Secretary Peter Peterson, took out full-page ads in the major press calling on Ronald Reagan, Mondale, and members of Congress to commit themselves publicly to a budget-cutting program based on massive cuts in Social Security, Medicare, and other entitlement programs.

Environmentalists seek to export zero-growth

A long-simmering effort by environmentalists and anthropologists to shut down technologically-vectored lending by the multilateral lending agencies has begun to pick up momentum. Hearings were held in two House subcommittees on Sept. 11, 12, and 13, during which the Congress was urged to use its influence in the World Bank and other development banks to ensure that future lending take into account and "protect endangered peoples and native environments."

As was revealed at a spring Washington, D.C., conference on this topic, supporters of such a policy are working with terrorist groups such as Peru's Shining Path (*Sendero Luminoso*) to halt the economic development of various Third World countries. A leading proponent of such policies declared at that conference: "It is a human rights violation to cut down a tree," and declared capital-intensive economic development to be a form of fascist genocide.

The Sept. 11 and 13 hearings were held before the International Development Institutions Subcommittee of the House Banking Committee, chaired by Rep. Jerry Patterson (D-Cal.). On Sept. 12, the Subcommittee on Human Rights and International Organizations, under the chairmanship of Rep. Gus Yatron (D-Penn.), held nearly identical hearings. The Sierra Club, the Natural Resources Defense Council, the Environmental Policy Institute, and the National Wildlife Federation were among those that testified.

Gus Speth, a leading environmental advisor in the Carter administration,

reported on the results of a recent conference conducted by his current employer, the World Resources Institute. At that conference, leading Soviet scientists joined Western environmentalists in a call for a genocidal slowdown in both population and economic growth in the developing sector. Speth added that he is working with a congressional environmental caucus to draft legislative guidelines for next year's congressional deliberations on multilateral lending institutions.

Senator demands more grain to Russia

Senator Larry Pressler (R-S.Dak.), the man who began lobbying against beam weapons before President Reagan's March 23, 1983 speech, requested on Sept. 10 that President Reagan lift the quota on Soviet grain purchases for the market year 1984-85, from 12 million metric tons to 20 million metric tons—immediately instead of waiting for the normal consultative meetings in November. The next day, President Reagan announced that he had done just that, and also announced that he was meeting with Soviet Foreign Minister Andrei Gromyko.

The question is raised: Is Pressler's agitation to get the grain to the Soviet war machine a signal that the Kremlin has advanced the Soviet confrontation timetable?

Speaking from the Senate floor on Sept. 10, Pressler informed his colleagues, "I have formally requested the administration to increase the amount of grain that the Soviet Union may purchase without prior consultations. . . . The Soviets have been purchasing U.S. grain at a near record pace. These heavy purchases have put

the Soviets at their limit of 8 million metric tons for corn. . . . Never before have the Soviets reached the ceiling so early. . . . If we fail to increase the ceiling until the regular consultation meeting in November, the American farmer might well lose some export sales. . . ."

In the letter sent to President Reagan, he adds: "As you know, we are constantly working to reverse the damage done by the 1980 grain embargo—both internationally and domestically. We must do everything possible to put this problem behind us, and raising the grain export limit would be an important step in that direction."

S.Res. 440, sponsored by Oklahoma Democrat David Boren and cosponsored by various other senators from wheat producing states, such as Quentin Burdick (D-N.Dak.), James Exon (D-Nebr.), and Ed Zorinsky (D-Nebr.), also called on the President to raise the ceiling. It garnered support from several senators less interested in wheat farmers and more interested in appeasing the Soviets. Both Patrick Leahy (D-Vt.) and Dale Bumpers (D-Ark.), along with Pressler, are leading opponents of an American beam-weapon program.

Conference action on defense, immigration

The defense authorization bill and an immigration bill, both of which have been caught in a deadlock between the two houses of Congress, showed some signs of activity during the second week of the fall legislative session. The news was not good in either case.

Conferees met for the first time on Sept. 13 to discuss the Simpson-Mazuzi or immigration reform bill. The

conference immediately accepted the stiff, regressive employer sanctions which were part of the Senate bill. Those sanctions include criminal penalties for employers who knowingly hire illegal aliens, and have been attacked by Hispanic groups on the grounds that it will create a discriminatory climate in the hiring of Hispanics. The House version had exempted employers who hired three or fewer employees and had set only civil fines. However, despite the apparent motion of the conferees, final action on the bill is unlikely. The legislation had passed the House of Representatives by only 4 votes, and the accession by the conferees to the Senate version means that it cannot, in all likelihood, now pass the House.

Meanwhile, press reports of Sept. 12 and 13 indicate that the Administration has ceded to the House on the issue of the MX, agreeing to delay new production until next April when both Houses will have to vote again to allow production to continue. Reports also indicate that the administration will accept a defense bill figure of \$295 billion, down from the Rose Garden compromise of \$299 and down from the July conference committee compromise of \$297. The House figure, which forms the lower end of the bargaining, is \$292 billion.

Hill maneuvering on East-West issues

On Sept. 13, the Senate Foreign Relations Committee held hearings on a joint resolution, put forward by Sens. Spark Matsunaga (D-Hawaii), Claiborne Pell (D-R.I.), and other associates of Soviet collaborator Carol Rosin, to "enhance East-West coopera-

tion in outer space." Rosin, the head of the Institute for Security and Cooperation in Outer Space, was exposed by Lyndon H. LaRouche, Jr. in a national television broadcast, as working directly with the Soviet embassy in Washington, D.C. to draft anti-space-weapon legislation. Her efforts to stop U.S. beam-weapon development are being conducted under the label, recommended to her by Russian officials, of "cooperation" in space.

The Matsunaga resolution has been languishing for over a year now. The sudden Foreign Relations Committee hearings featured Carl Sagan, fresh from testifying on behalf of the Soviet propaganda scare campaign about a nuclear winter, and the head of the Planetary Society.

At the same time, the administration announced that it would not release the General Advisory Committee (GAC) report documenting Soviet arms control violations until after President Reagan has met with Soviet Foreign Minister Andrei Gromyko. The unclassified version of the report had been expected to go to Capitol Hill sometime during the week of Sept. 17. Sens. Steve Symms (R-Idaho) and John East (R-N.C.), both of whom played a role in forcing the writing of the report, have warned that if the report is not released, they will introduce legislation releasing the United States from having to abide by the SALT I and II treaties, since the Soviets are violating them.

House passes tougher anti-drug legislation

By a series of voice votes on Sept. 10 and 11, the House passed several

pieces of legislation designed to toughen the nation's power to combat the drug problem. The legislation included H.R. 4091 the "Comprehensive Drug Penalty Act of 1984," H.R. 4028 the "Drug Enforcement Coordination Act of 1984," and H.R. 6031 the "Money Laundering Penalties Act of 1984."

The drug enforcement coordination bill establishes within the Executive Office of the President a Director of Drug Enforcement Coordination who is charged with developing a comprehensive strategy that spells out the role of the 17 anti-drug enforcement agencies, oversees their performance, and makes recommendations to the President to improve the anti-drug effort. Referred to as the creation of a "drug czar," Rep. James Sensenbrenner (R-Wisc.) pointed out that the increased coordination is already taking place under Law Enforcement Coordinating Committees, now in each of the 94 U.S. attorney's districts, under NNBS, and through an inter-agency working group under the Cabinet Council on Legal Policy. Noting the attack by the bill's sponsor Rep. William Hughes (D-N.J.) on NNBS, some observers believe that a political turf battle between the FBI and other agencies may be at the heart of this reorganization.

The Comprehensive Drug Penalty Act would increase tenfold and more the fines for major drug trafficking offenses and empower the courts to impose an alternative fine of up to twice the gross profits of the criminal enterprise. The measure would also create a presumption that all property acquired by major traffickers during the period of criminal enterprise are the product of drug related crime unless proven otherwise.

National News

Glenn demands budget cuts for 'Star Wars'

Senator John Glenn (D-Ohio) proposes trimming as much as 25% off the administration's \$25 billion budget for the Strategic Defense Initiative, money he says is being devoted not to research but to the planning of deployment strategies, UPI reports.

At a press conference Sept. 11, Glenn said that spending money on plans to deploy an as yet unproven system is like Julius Caesar planning to stockpile shotguns before gunpowder was invented. Glenn claims that 25% of the money being budgeted for the program is being devoted to planning the system's uses and deployment options.

The senator charged President Reagan with misleading the American people by implying that strategic defense technology exists and that its application is imminent. "It is not, and in that sense, I believe he has misled the American people," Glenn declared.

Glenn rejected Reagan's contention that the United States has a "moral obligation" to develop weapons in space, adding: "I say we have a moral obligation to keep them out of space. In my view, our moral obligation is not to 'Star Wars'—or to any other technology per se—but to realistic negotiations that will reduce the danger of nuclear annihilation. To be sure, such negotiations are difficult. At least Walter Mondale is willing to try, and that is one of the major reasons I am supporting him for the presidency."

Mental health 'reforms' a societal tragedy

One of former New York Governor Averell Harriman's proudest accomplishments "has emerged as a major societal tragedy," according to a report issued by the 30,000 member American Psychiatric Association.

In the early 1960s, a concentrated effort was made to empty out the state mental hos-

pitals, ostensibly on the presumption that better care could be provided in the community. While this was in part a response to civil libertarian pressure and also to the therapeutic possibilities of the phenothiazine tranquilizers, a significant motive was reducing the mental-hygiene budgets.

In his memoirs, Gov. Harriman describes his role in implementing this "community mental health program" as his most notable contribution as governor of the state.

As a result of the program, while certain patients benefited from being returned to their neighborhoods and families, the APA report states, "Hardly a section of the country, urban or rural, has escaped the ubiquitous presence of ragged, ill and hallucinating human beings, wandering through our city streets, huddled in alleyways or sleeping over vents."

Dr. John Talbot, president of the APA, says that these people have become society's "untouchables." It is estimated that as many as 3 million homeless people, up to one half of whom suffer serious mental illness such as manic-depressive psychosis or schizophrenia, are wandering the streets, unable to care for themselves.

LaRouche-Davis campaign hits Washington state

Lyndon LaRouche's vice-presidential running mate Billy Davis toured the state of Washington during the second week of September, giving press conferences in the major cities. On Sept. 12 he did an interview with five daily newspapers.

At a press conference in Yakima Sept. 13, he was asked, "Why are you running? With all due respect, isn't it futile?" Davis replied, "We're Democrats! We're disgusted with the Democratic Party. It has become an oligarchy, with Manatt and company at the top, and serfs at the bottom. The purpose of our campaign is to inflict a change on U.S. national policy."

LaRouche and Davis expect that their independent bid for the White House will be

represented on at least 19 state ballots in November. To date, the slate has been certified in Arkansas, Texas, Colorado, Hawaii, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Ohio, Tennessee, Virginia, Washington, and the District of Columbia. Certification before the end of September is expected in New Hampshire, Iowa, Vermont, Wisconsin, and North Dakota. Independent Democrats for LaRouche also has a lawsuit pending in New Jersey for ballot access there.

In Texas, ballot status was secured through the statewide petitioning efforts of Texans to Draft LaRouche, which collected over 80,000 signatures in July. In Michigan, the U.S. Sixth Circuit Court of Appeals handed down an order Aug. 31 preventing the state of Michigan from printing its ballot without the LaRouche-Davis line. The action overturns a previous court ruling that LaRouche should not be on the ballot because he is a Democrat, and not an independent.

Gen. Graham's adviser: 'Europe won't survive'

Jesuit father Vincent Miceli, a spiritual adviser-confessor to High Frontier's Gen. Danny Graham, rejected *EIR*'s evaluation of the Soviet threat to Europe in a discussion on Sept. 6. "There is no immediate threat to Europe. . . ." he said. "Anyway, Western Europe is on the road to decay. Maybe God doesn't want Europe to survive. Europe has betrayed Christ. It is God's will to punish Europe by making it become the victim of the invading idolaters.

"Eventually, as St. Peter says, the end of the world will come through the fire and the sword. . . . Sometimes God uses the wicked instrument to punish those who have betrayed him. . . . When the situation is ripe, they'll take over. . . . This is all fact, it is predicted in the Book of Revelations."

Miceli, who met with Graham for several hours in August at his retreat in Connecticut, said that he fully concurs with Graham's claim that the main threat to the U.S.

lies south of its borders: "We have no missiles protecting our southern flank—that's the closest threat. Nicaragua has gone red, and they've influenced Mexico. The Mexicans are red, they have a Masonic, atheistic government that is anti-religious and they're favorable to any red regime."

Miceli supports the Russian Orthodox Church against the communists: "The Byzantines christianized Russia and created Holy Mother Russia, and *that* is what the communists hate. The Russian Orthodox Church is basically Christian, it is *not* Gnostic. It was Dostoevsky who said that Christ will rule the world, not Russia. He was a great, great writer, a prophet, like Solzhenitsyn."

The Jesuit father formerly taught at the Gregoriana and Angelicum universities (Jesuit and Dominican, respectively) in Rome. In 1982 he was assigned by Vatican officials close to the Club of Rome to be a "liaison" to the Club of Life, founded by Helga Zepp-LaRouche.

Miceli said that his circles report that "LaRouche is a communist," and he attacked LaRouche for trying to "use geometry against truth and salvation."

Water emergency ends in Pennsylvania capital

A state of emergency was lifted Sept. 13 in Harrisburg, Pennsylvania ending the worst water crisis in the city's history, but residents were still urged to boil their water until it is proven free of contamination.

Mayor Stephen Reed lifted the citywide emergency nearly 48 hours after the city's main water artery was punctured. Millions of gallons of water were lost, and about 50,000 city residents and 3,300 residential customers in two suburban communities were affected.

The Harrisburg crisis follows an outbreak of dysentery in McKeesport, Pennsylvania in January, during which residents there were advised to boil their water. The disasters point up the dangerous collapse of infrastructure in American cities.

In Harrisburg, the three-foot water main is the only conduct for water from the primary source 28 miles away, the DeHart Dam. The problem began when a Conrail contractor using a jackhammer broke the concrete-encased water main. The repair work was delayed overnight because it took longer than expected to drain water left in the main between the dam and the break, officials said.

Fire trucks carrying water were brought in from surrounding communities and kept at strategic locations in case of emergency. Six National Guard water tanks were available to supply residents who had their own containers.

A 'Brave New World' for the unemployed?

The son of kook novelist Aldous Huxley (*Brave New World*), Matthew Huxley, has recommended the cloning of humans and the use of psychedelic drugs to keep the unemployed "happy," UPI reported Sept. 13. Huxley told the British Association for the Advancement of Science that his scenario would be useful in the next century, when the increased use of the silicon chip might force one-third to one-half of the work force into unemployment.

"Huxley, a naturalized American and former adviser to the U. S. National Institute of Mental Health, titled his paper, 'Walking Shadows—Psychedelics and Their Place as Social Control Mechanisms,'" UPI added.

"According to his vision, the 21st century will see the cloning of humans at varying stages of intelligence to fit specific jobs, and psychedelic drugs developed by the Pentagon and distributed through special pubs or taverns after being tested in Nigeria, which will cooperate because it has had a succession of military coups."

Britisher Aldous Huxley, whose novel popularized the use of psychedelics, was a major figure in launching the "MK-Ultra" project in California, the experimental drug-induced brainwashing of American youth which became the basis of the rock-drug counterculture.

Briefly

● **WALTER MONDALE'S** campaign is running into trouble, UPI reports. The crowds at his rallies in Chicago and Green Bay, Wisconsin were small. He had to explain why Chicago's mayor did not meet him at the airport. Anti-abortion protesters dogged him, and he missed a shift change at a Green Bay toilet-tissue plant stop gate.

● **IN PRIMARIES** held Sept. 11 in New York state and Minnesota, candidates supporting the program of Lyndon LaRouche polled 25-33% of the vote. In New York, Chuck Carman polled 28.4% in the 31th district; Keith Perez, running for Congress in the Rochester area, won 28.8%; Elizabeth Spiro-Carman polled 15%; and Stephen Kaylor polled 5%. In Minnesota, preliminary returns showed that 2nd C.D. congressional candidate Patrick O'Reilly placed second in a three-way race, with 36%.

● **THE POST OFFICE** "lost" 500 letters addressed to the Independent Democrats for LaRouche (IDL) campaign headquarters in New York City on Sept. 12. Following the campaign's national television broadcast on Labor Day, 500-1,000 letters had been arriving daily; then suddenly an IDL representative was informed that "there aren't any today." When the N. Y. Post Office was telephoned by an irate campaign official, a bag full of 500 letters miraculously reappeared.

● **NATO** faces no threat from recent efforts to improve relations between East and West Germany, according to Lawrence Eagleburger, former Undersecretary of State for Political Affairs and now director of Kissinger Associates, Inc. In a Sept. 9 interview in the *Washington Post*, Eagleburger said: "We're seeing an attempt, in Europe, exclusive of the relationship between the United States and the Soviet Union, to improve relations. . . . I do not believe, from our point of view at least, that this is at all threatening or dangerous to the continuation of a strong alliance. It is not a threat to that at all."

Editorial

Stop the world-wide food shortage!

If the current collapse of U.S. agricultural production is not quickly reversed, serious food shortages will begin to hit the United States this fall and winter. Not only will the diet of the American family be affected; much of the world depends for its very existence on food imports from a handful of nations, including especially the United States. Without the growing productivity of American farms, whole countries will be slated for starvation.

The food cartels, the zero-growthers in the Mondale campaign, and the free-marketeers in the State Department and the Treasury argue that we are suffering from "over-production," that "greedy farmers" are enriching themselves at the taxpayers' expense.

What a lie! The independent family-operated farms and ranches of America represent the best of this country's entrepreneurial tradition. No sector of business has plowed such a high percentage of its income back into improving production and raising the level of technology as these farmers. Yet now they are being driven into bankruptcy, as farm foreclosures increase daily.

It is vital, not only to the general health of our national economy, but also to our national security, that we maintain the number of family- and intra-family-operated farms in approximately their present numbers.

How can this be done, and world-wide disaster averted? The emergency measures presented here in summary outline require urgent Executive and Legislative action:

1) There must be an immediate moratorium on farm foreclosures, nationwide. Any farm which was in the top 75% of economic performance during a five-year period preceding 1981 should be protected from foreclosure.

2) A policy of intervention to maintain farmers' prices at 90% of parity must be established immediately. This will generally mean that if a farmer cannot sell a designated crop at the designated percentile of a par-

ity-price or higher, the Department of Agriculture will intervene to buy that crop at that price. Without a parity pricing system, farmers cannot afford to produce.

3) The President and Congress must intervene with emergency measures to facilitate the reorganization of financial affairs. By rescheduling existing the debt of viable farms, at interest rates between 2% and 4%, a 100% repayment of the principal value of the carried-forward debt will be the normal result. Federal action is required to ensure that restructured debt be classed as performing bank assets, and to provide simple procedures for conducting the financial reorganization.

It should be normal procedure that additional loan-capital be supplied, at prime rates of between 2% and 4%, for loans based on lendable issues of gold-reserve U.S. currency notes through local banks. Such loans should be available to farmers generally.

4) Disaster relief must be allocated for farms in relevant regions of the nation, such as those hit by persisting drought conditions.

5) Immediate action should be taken to develop fresh-water management systems in areas suffering or threatened by major water shortages. A continental water-management system, integrated with state and regional systems, will be required. Emergency action would give priority to those parts of the proposed system whose existing agricultural potentials require prompt remedies for a serious and worsening subsidence of water-tables.

6) Immediate action would establish in the Department of Agriculture an improved market-forecasting system of service to and cooperation with farmers, to assist them in fitting their medium-term and annual production programs within the setting of national consumption, export, and strategic reserve requirements.

7) The President and Congress must take emergency action in response to the existing and worsening world food shortage, expanding food exports dramatically.

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- ✓ 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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