

# EIR

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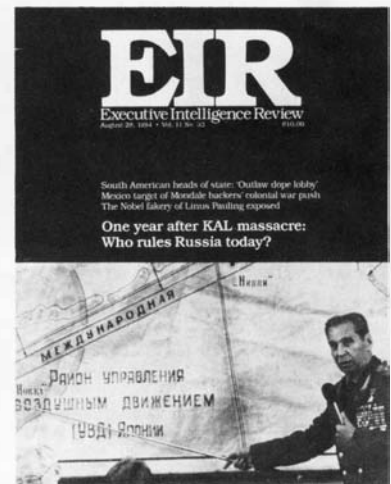
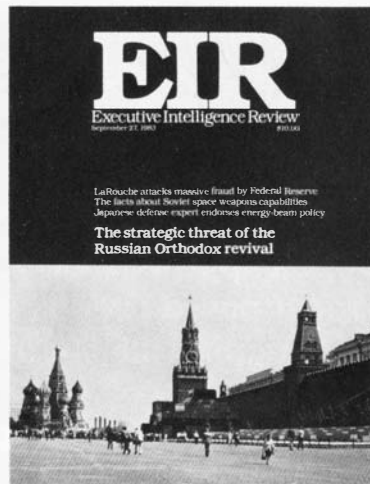
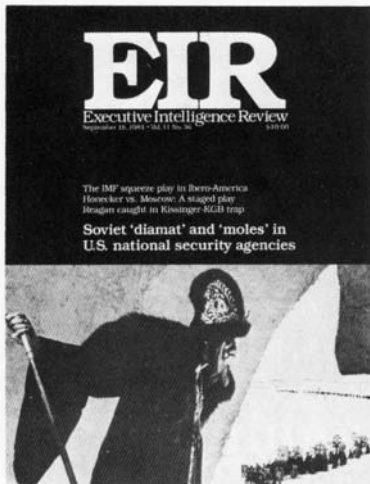
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Reagan and King Fahd: green light to peace plan  
Volcker plans to strangle U.S. regional banks

## The case for abolishing the International Monetary Fund



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# EIR

## From the Editor

Of the first 100 days of President Ronald Reagan's second term, only about 60 now remain to get a new world monetary system moving and junk the subversive organism called the International Monetary Fund before it takes down the world economy and the human race with it. Some of our friends who recently went to Washington (and other capitals of the so-called advanced sector), to give lawmakers an education on getting rid of the IMF, found out to their surprise that many Congressmen think the IMF's a branch of the government! That's how far things have gone toward abolishing national sovereignty and turning over control of all economic policy to a bunch of international gangsters and very-effete ideologues who, as bankers, have proven to be utterly incompetent.

This week's *Special Report*, assembled under the direction of contributing editor Christopher White, tells what the IMF is, how it got its power, and what it's doing to us. We hope it will help shape the thinking of many to convene what is becoming known as the "Indira Gandhi Memorial Summit" in Reagan's first 100 days, and work out a new world economic order between the heads of government of the creditor and debtor nations. (Of course, as the contents of this week's *Economics* report show, we're all actually debtors now.)

*EIR's International* report is particularly rich in exclusives, starting with the five-page documentary on the meeting of the Wehrkunde Society in Munich where Chancellor Kohl put West Germany firmly behind the beam-weapons defense program of President Reagan. In the same section, Paul Goldstein (recently returned from Japan) and Thierry Lalevée (just back from North Africa) detail the unusual opportunities the Reagan administration has in Asia and Africa, provided the IMF problem is dealt with. The *National* report includes the important White House background briefing on the Reagan-Fahd meeting, blacked out of the national media.

Next week we'll publish *EIR's* in-depth report on changes in the Soviet military organization to put it on a pre-war footing, which refutes the "Chernenko's-swan-song" misinformation about the state of the Moscow command being pushed by the KGB-tainted Western press.

*Nora Hamerman*

# EIR Contents

## Interviews

### 13 Orlando Figueroa

The Argentine agriculture engineer and official representative in Buenos Aires of Governor Fernando Riera of Tucumán discusses U.S. policy toward his country's economy.

## Departments

### 19 Medicine

No emergency care for uninsured?

### 47 Report from Bonn

Time to act against the Greens!

### 48 Attic Chronicle

The Scythian.

### 49 New Delhi

What can you expect from friends?

### 50 Report from Italy

Fortuna demands euthanasia.

### 51 Northern Flank

Palme's 'conservative' mirror image.

### 64 Editorial

Dirty money.

**Correction:** Last week's table of contents incorrectly identified Sonia Sgambatti as the Colombian vice-minister of justice. She is the vice-minister of justice of Venezuela.

## Economics

### 4 Volcker plans to strangle American regional banks

The International Monetary Fund's lobby in the U.S. government plans to triage entire sections of the internal U.S. economy, in the interests of bailing out the international bankers.

### 6 Creditors bludgeon Ibero-America with Kissinger's debt for equity plan

### 8 Why Cisneros's gang is slandering *EIR*

**Documentation:** The Venezuelan press on LaRouche.

### 11 LaRouche affirms his support for Venezuela's President Jaime Lusinchi

### 12 Currency Rates

### 15 Financial scandal hits 'black' aristocracy

The international repercussions of the Spanish probe may be extraordinary.

### 16 Banking

Weld and First Boston's money laundry.

### 17 International Credit

Davos conference maps union busting.

### 18 Agriculture

The media cover-up.

### 20 Business Briefs

## Special Report



NSIPS/Leo Scanlon

Officials of the International Monetary Fund watch in amazement as a funeral procession for their institution passes the IMF's Washington, D.C. headquarters in 1983.

### 22 **The crimes of the IMF: Ignorance is no excuse**

The case for abolishing the International Monetary Fund—all the reasons are stated in the Crimes Against Humanity statutes drawn up at Nuremberg.

### 24 **'Adjustment plan' means starvation**

### 27 **The history of the IMF: Keynes's conspiracy against Western civilization**

### 30 **IMF demands economic shutdown, financial dictatorship for the U.S.A.**

## International

### 32 **West Germany joins the Strategic Defense Initiative**

Helmut Kohl's endorsement of beam-weapon defenses means that Europe will soon no longer be MAD.

### 34 **Speeches from the Wehrkunde meeting**

Kohl, Weinberger, Teller, Hernu, and Bahr.

### 37 **The fraud of Soviet 'anti-revanchism'**

### 38 **Anglo-Soviet deal behind ANZUS breakup**

### 39 **Japan's Nakasone leads Asian fight to join U.S. beam-defense program**

### 40 **Alliances changing in the Maghreb**

### 42 **Lord Bethell, the Queen of England, and the assassination of Mrs. Gandhi**

The career and associates of Nicholas, the Fourth Baron Bethell, begin to define the networks responsible.

### 44 **The French opposition's program: monetarism, racialism, colonialism**

Exclusive report on the second annual conference of the Club 89.

### 46 **Is Shimon Peres the next Shlomo Argov?**

### 52 **International Intelligence**

## National

### 54 **Reagan and King Fahd: green light to peace plan**

The state visit has created the first serious opportunity for a Middle East peace in many decades.

**Documentation:** A senior administration official's background briefing—blacked out by the U.S. press.

### 57 **SDI charts revolution in science, industry**

Maximizing civilian industrial spinoffs is now official administration policy.

### 58 **Behind the brawl in the Democratic Party**

By National Democratic Policy Committee chairman Warren J. Hamerman.

### 60 **'Geneva agreement won't stop the SDI'**

It goes ahead whatever the Soviets agree to, Reagan told the New York Times.

### 61 **Kissinger Watch**

What Vernon Walters does for Kissinger.

### 62 **National News**

## Volcker plans to strangle American regional banks

by Kathy Wolfe

The International Monetary Fund lobby in the U.S. government, led by Budget Director David Stockman, Commerce Secretary Malcolm Baldrige, and Federal Reserve Chairman Paul Volcker, are planning to triage entire sections of the internal U.S. economy, in the interests of bailing out the international bankers.

A series of secret cabinet-level studies on the current world deflation, run by the three, propose to cut off scarce credit to U.S. farm, oil, and other basic goods producers, and to let the small and midsized banks who loan to them go under in a far-reaching banking shakeout, a source close to Baldrige said Feb. 12. The studies propose to instead channel all available financing into bailouts of the big New York banks, he stated.

One top-secret cabinet study in late 1984 concluded that a certain amount of deflation, as shown by the collapse in oil, gold, and farmers' food prices, is good, i.e., "just a little" depression helps the economy. A fall in the OPEC-benchmark Saudi light oil price to \$25-26 per barrel is "acceptable," the study said, because it would only bankrupt U.S. producers and their smaller banks.

U.S. farmers and oil producers, with \$215 billion and \$500 billion in shaky debt, respectively, could use a good rash of bankruptcies, the study asserts. "Farm debt does not involve big money center banks," said the source. "Let the smaller [farm] banks go under. We can handle one or two more Continental Illinoises."

As Stockman told reporters Feb. 13, "There is a fundamental shakeout that is going on in the farm credit structure that is necessary because the economics are faulty," i.e., farmers produce too much. The number of farms must shrink, he said. "What is the national interest in the small farmer? What is the small farmer? That's a sociological concept," not an economic concept.

A highly placed IMF official said: "Stockman is right. There will be farm-bank bankruptcies; let them come. I wish Stockman had more power."

### Lamm economics

The IMF lobby is thinking about the internal U.S. economy the way Colorado's Gov. Richard Lamm thinks about the elderly: Let them die. In fact, the very idea that credit has to be scarce, and then allocated in triage fashion, is Malthusian nonsense.

As *EIR* Founding Editor LaRouche put it recently, there are a multitude of competing "debt bombs" in the world economy right now. The IMF's question is not so much how to finance, but whom to finance, and on what terms to make them crawl? On top of the U.S. farm and oil bombs, there is the Mexican, Venezuelan, Argentine, and Brazilian debt at \$250 billion, the U.S. foreign trade deficit estimated at as much as \$180-\$200 billion for 1985, and the nearly \$200 billion budget deficit.

Volcker, Stockman, and Baldrige agree with IMF Managing Director Jacques de Larosière that there is to date a "net benefit" to the deflation initiated by the Soviet and British dumping of oil last year, the source said. The cabinet wizards also believe, sources say, that the Saudi oil price, now at about \$27 per barrel, "won't fall too much below \$25" and kick over the chessboard.

"On balance, cheaper oil helps most parts of the world economy," he said. "The only problem are the dry spots, the places the liquidity might not flow, where debt will get caught high and dry. These include the U.S. farm sector, the Texas and U.S. oil industry, and so on, U.S. sectors who earn less money as commodity prices fall."

Stockman is writing a "band-aid farm package," he said, but has no intention of helping the producers themselves. Stockman only cares about the banking system, he said. "The only problem is, when the dry spots appear, how do they look on the debtors' banks' books?"

"Farm debt," he said, "will be the first problem, but it's not a concern. . . . Let the smaller farm banks go under, as long as that doesn't set off a systemic crisis in the banking system as a whole." What happens if large regional banks

like the \$20 billion Continental Illinois are hit? "We can handle one or two more Continental Illinoises. They don't threaten the whole system."

Stockman himself, in a controversial Feb. 13 reporters' breakfast meeting, made clear that farmers can all go under. Many farms are about to be forced out of business and the government intends to just let it happen because "that is the way a dynamic economy works," he said. There has been "overinvestment" in agriculture; he called for several years of "disinvestment" in which acreage is scaled back, farmers cut spending on irrigation and fertilizer, and many quit farming.

Stockman asserted that in the post-industrial society brought on by Volcker's usury, we won't need farmers. "We've lost a good 30-40% of our auto-production workers—maybe 50%, I haven't checked—relative to 1978 because that industry had to adjust, slim down. . . . We have lost one-fourth of our savings-and-loan institutions over the last four years. . . . If you want an economy that maximizes growth, you've got to have adjustment. . . ."

Otherwise, the U.S. oil sector "will be the next big dry spot. Some oil patch banks in Texas are in real trouble," like Texas Commerce Bankshares, the Commerce Department source said, "the same ones that have been on the Comptroller's watch list" for some time.

More than nine major U.S. energy companies have run up losses of over \$8 billion in the last four years, a *Wall Street Journal* study on the oil industry reported Feb. 14, as U.S. oil prices have fallen below world levels to an average of \$26 per barrel. This drop of 28% since 1980 has ruined the book value of oil companies' reserves, their most important asset.

In the fourth quarter of 1984, Texaco and Philipp Bros. took \$765 million and \$307 million losses, respectively, and U.S. oil companies are closing refineries at the rate of two per month.

Exploration and production in the United States are collapsing, with drilling rigs in operation expected to be down by 30% this spring from December levels. Chevron, Texaco, and Atlantic Richfield are cutting exploration, while independents go under altogether. Over \$3 billion in Alaskan oil projects are now slated to be shut down because they can't produce at a profit at \$26 per barrel.

U.S. oil's bankers are already writing off the debt. Continental Illinois' writeoff of over \$100 million in bad oil patch debt is well known. Manufacturers Hanover increased its fourth-quarter writeoffs of oil debt to \$99 million, and InterFirst of Dallas plans to write off \$50 million in U.S. oil loans in the first quarter of 1985, on top of \$495 million written off in 1983-84.

### **Save the megabanks**

The IMF lobby's strategy is to let U.S. producers go, and try to use the money the rest of the economy saves on oil to bail out the international bankers, a strategy as incompetent as it is evil.

"As long as oil stays above \$25 billion, there won't be any insurmountable problems with the banking system as a whole," the source reported cabinet thinking to be. "Consumers and industry in the United States, Japan, and Europe are becoming more liquid, and depositing more deposits in the banking system. So all we need is a mechanism to *reverse the recycling* mechanism from the oil shock of 1974, that is, to recycling what used to be the OPEC surplus, back again from the consumers this time, through the banking system, to the new set of borrowers who need credit now. Now, instead of oil producers lending to the banks to lend to oil consumers, oil consumers will lend to the banks to lend to other debtors. Federal Reserve chairman Paul Volcker is telling the government that as long as oil stays above \$25 per barrel, he will urge the banks to lend bridge money to Mexico, Venezuela, and other bankrupt oil producers, to keep their large international creditors afloat.

Mexico will get money because it will cooperate with IMF austerity, he stated. Mexico cut imports of food and other necessities to the bone, and consequently, "Mexico had a \$13 billion trade surplus in 1984. They used that to pay their \$13 billion interest bill, and borrowed nothing. In 1985, Mexico will lose a maximum \$1-2 billion on reduced oil revenues, so they are projecting a smaller \$10-11 billion trade surplus. While their interest bill will still be in the \$12-13 billion range, the banks will be happy to loan them a mere \$1-2 billion to cover the difference in 1985. Or they can get it from the World Bank and U.S. and European Export-Import banks.

"The same is true for Venezuela, and Argentina is a wash; they neither gain nor lose on oil prices. Brazil, of course, benefits by a reduction in their import bill by \$1-2 billion when oil prices drop."

As a spokesman for David Rockefeller's Council of the Americas put it Feb. 14 after a trip to Argentina, "Mexico, Venezuela, and others have institutionalized their IMF austerity programs to the point where they can automatically be made more severe when revenues from oil or other exports drop, and this is what we expect them to do. . . . For example, the drop in Venezuela's foreign-exchange earnings will force Venezuela to stop importing so much food, and raise food prices at home to encourage their own farmers to produce."

The New York Federal Reserve has also done a study to show that U.S. banks are using the "new reverse recycling" to finance the huge U.S. trade deficit, \$130 billion in 1984 and secretly estimated by Volcker at \$180 to \$200 billion in 1985. "The banks, since they have stopped lending abroad to the Third World altogether, are now able to finance as much as half of the U.S. trade and current account deficit," he said. They financed \$60 billion in 1984 and might lend \$100 billion in 1985. In sum, the U.S. *private sector*, i.e., *corporate* importers, as well as the U.S. government, are going into trade debt to the big U.S. banks, the way LDCs once did, and paying the banks exorbitant rates of interest.

# Creditors bludgeon Ibero-America with Kissinger's debt for equity plan

by Cynthia R. Rush

On Feb. 7, David Rockefeller swaggered into Caracas, Venezuela with a Chase Manhattan Bank delegation to flaunt his ownership of leading Venezuelan figures, including the powerful Cisneros family whose drug connections *EIR* exposed in the book *Narcotráfico, S.A.*

Only two days before the multibillionaire American banker arrived in the country that used to be known as "Rocky's ranch," the Cisneros family, by way of vendetta, had personally ordered the outrageous Feb. 5 detention and subsequent deportation of four *EIR* correspondents from Caracas. Rockefeller's arrival on Feb. 7 coincided with the launching of a wild slander and vilification campaign against *EIR* founder Lyndon LaRouche and his Venezuelan associates—authorized by international bankers led by Henry Kissinger's "piggy bank," David Rockefeller.

The ferociousness of the attacks against LaRouche in Venezuela indicates that something big regarding Venezuela's debt negotiations may be in the works, and that the presence of LaRouche's associates in Caracas was a complicating factor that had to be removed.

Creditors are terrified that the rapid disintegration of the continent's economies caused by International Monetary Fund "adjustment" programs may provoke at least one head of state to make the same kind of command decision on the debt crisis as President Ronald Reagan made on the issue of strategic defense on March 23, 1983. If this were to happen, then Lyndon LaRouche's proposals for a debtors' cartel and new international monetary system elaborated in his 1982 document, *Operation Juárez*, would be on the table for discussion.

Already facing setbacks on other issues of vital strategic importance, the financial community is resorting to mafia-style thuggery to bludgeon the Ibero-American nations into accepting the plan for converting debt into "equity"—old-fashioned asset grabbing—first revealed by Henry Kissinger at an August 1983 conference in Vail, Colorado. On Feb. 7, David Rockefeller began a tour of the larger Ibero-American debtor nations, starting with Venezuela, to personally order them to adopt this plan.

A source at Rockefeller's Council of the Americas revealed on Feb. 14 that the "alternative development model" being offered is based on privatization of debtor nation's economies. Debtors must be forced to remove existing bar-

riers to foreign investment, facilitate remittances of profits abroad, and sell off "unprofitable" state-sector companies to private investors. All these steps will purportedly help debtors lower their budget deficits and reduce public expenditures. The sale of state companies might encounter resistance among more nationalist layers in the debtor nations, this source added, "but we want to see it pushed as far as it can go."

## Turning the screws: Brazil

No efforts are being spared in the bankers' campaign of coercion. Any debtors that might be thinking of stepping out of line were treated to the spectacle of Brazil being told on Feb. 13 that the International Monetary Fund (IMF) is cutting off \$1.5 billion in credit until that government proves it can comply with the austerity targets established by the Fund.

IMF director Jacques de Larosière is reportedly "fed up" with Brazil for refusing to comply with targets for monetary emission and for continuing to subsidize wheat prices and housing industries. As a result of the cutoff, the debt restructuring plan that Brazil recently renegotiated with commercial banks will be delayed for several months, and perhaps thrown out altogether.

The IMF is also putting the squeeze on Mexico, whose willing application of draconian austerity in 1984 made it one of the Fund's biggest "success stories." Even though it slashed its own economy to bits at the Fund's behest (see page 24), Mexico has revealed that it still did not comply with the established austerity targets for 1984, and is unlikely to meet 1985's targets despite the recent announcement of a \$1.2 billion budget cut for next year. Now the Fund is demanding that Mexico make even further "adjustments" in the form of a faster devaluation and more budget cuts in order to qualify for new credits.

As of this writing David Rockefeller is in Brazil and will stop off in Mexico on his way back to the United States. IMF missions are negotiating further austerity programs with Mexico, Colombia, and Argentina.

## Venezuela told: Relinquish sovereignty

In Caracas, Rockefeller stated his business directly. On Saturday, Feb. 9, banner headlines in the daily *El Universal*



blared out: "David Rockefeller Says: Conditions Do Not Exist in Venezuela for Foreign Investment." Underneath the headline appeared a picture of Rockefeller flanked by the four top Chase Manhattan executives accompanying him on his trip, along with the reminder that Chase Manhattan heads the Bank Advisory Committee which is directing Venezuela's debt negotiations!

In a statement issued for the press, Rockefeller took care to mention that Gustavo Cisneros sits on Chase Manhattan's International Advisory Board. Then, at a business luncheon, he explained that if the Lusinchi government desired to establish the necessary climate of "confidence" it would have to "adjust the juridical instruments" which govern foreign investments, and give special attention to the encouragement of a "strong private sector."

Touching on another point of blackmail, Rockefeller reminded his listeners that the recent drop of oil prices would produce "difficulties," but added that Venezuela would find the "courage and talent" to meet the crisis. The Council of the Americas source mentioned earlier spelled it out more explicitly: The oil price drop won't mean a major crisis because Venezuela, Mexico, and other producers "have institutionalized their IMF austerity programs to the point where they can automatically be made more severe when revenues from oil or other exports drop, *and this is what we expect them to do*. It will be difficult, and it will cause political pain, but they can handle it for 1985 if the price doesn't drop any more precipitously. . ."

The Council of the Americas source gleefully reported that the drop in Venezuela's foreign exchange revenues as a result of the oil price reduction would hopefully "force Venezuela to stop importing so much food, and raise food prices at home to encourage their own farmers to produce."

## Dirty dealings

One hint as to the real reason *EIR*'s correspondents were hustled out of Venezuela with savage and reckless disregard for all legality: Neither the Venezuelan foreign minister, Morales Paul, nor Finance Minister Azpurua, attended the meeting of the 11-nation Cartagena group which just concluded in Santo Domingo. Attending instead was the perennial IMF agent, Manuel Pérez Guerrero.

On Feb. 12, Finance Minister Azpurua told the daily *El Universal* that the national executive is considering the possibility of "some reforms" in its legislation so as to "stimulate the participation of foreign investment in the country." Such reforms were necessary, Azpurua said, because existing legislation is "a little rigid," and investors will feel much more confident about putting their money into the country once these reforms are effected. The finance minister went so far as to note how "positive" David Rockefeller's comments on private investment had been.

The Rockefeller grouping wants to extract similar concessions from Argentina, whose president Raul Alfonsín

will be traveling to Washington to meet with Ronald Reagan on March 19. Council of the Americas executives are already collaborating with Argentine private-sector representatives to set the agenda for Alfonsín's trip, including a number of meetings with American businessmen. Businessman Arnaldo Musich, a member of the Swiss banking circles around former finance minister José Martínez de Hoz, has been named as one of the logistics coordinators for the trip from the Argentine side.

Diplomatic sources in Buenos Aires revealed to the daily *Tiempo Argentino* the details of a State Department offer to Alfonsín that is now reportedly being studied at the foreign ministry, described as a plan to "reinsert" Argentina into the "Western and Christian system of power"; but if implemented, it is more likely to promote the aims of the KGB by unleashing mass chaos in the country.

Washington is said to be willing to "collaborate" to help Argentina overcome its economic crisis by "inducing. . . important North American companies to invest in Argentina." Such investment will help the nation reduce its fiscal deficit and public expenditures through "the outright purchase of state sector companies in the area of energy, communications, and services."

In its magnanimity, the State Department will also support "the necessary adjustment of the Argentine economy" by promoting a foreign trade scheme that will increase the sale of Argentine wheat and cereals in "diverse markets." According to the plan, Argentina will assume its role as the "agro-exporter leader" in the region, while the role of "industrial leader" has been reserved for Brazil.

In exchange for this "aid," the Alfonsín government is expected to agree to the following: distance itself from the Non-Aligned movement—Alfonsín will be asked not to "come in representation of any other country or group of countries" when he meets with Reagan; offer greater solidarity for U.S. policy toward Central America; reject all support "for any type of joint initiative by the debtor countries," and instead promote "bilateral agreements" between individual debtors and their creditors; sign the Tlatelolco treaty for nuclear non-proliferation; and join in the continental war on drugs. (Argentina would do well to accept the last condition, and point out that it is incompatible with all the rest.)

The Council of the Americas particularly wants Argentina to hand over its oil industry for foreign looting. "We want to remove barriers to foreign investment . . . the bellwether for this is Argentina, the oil industry. . . . The Argentine government must let foreigners develop their oil resources. . . ." This same source added that while it wouldn't be easy for private companies to take over existing state-owned oil companies in Argentina, "they certainly could open up new ones" and gain control over new resources. "Certainly, at least mining and mineral companies more broadly should not be government-owned, and private companies should be allowed in to develop those."

# Why Cisneros's gang is slandering *EIR*

by the Editors

On Feb. 13, 1985, the editors of Executive Intelligence Review responded to the ongoing defamation campaign against this publication in the Venezuelan media by issuing the following statement. The slander campaign was launched the first week of February at the instigation of the powerful Cisneros family of Venezuela, in response to *EIR*'s publication of its new book, *Narcotráfico, S.A.*, in which the Cisneros's connections to Cuban and KGB-linked drug-running interests are documented. The *EIR* statement follows:

Let's put a few things straight.

1) The Cisneros family have nowhere dared to either deny or try to refute the documented charges made in *Narcotráfico, S.A.* They have preferred to use their checkbook to carry out a filthy campaign of defamation against *EIR* and its founding editor, Lyndon H. LaRouche.

Why the silence on the substance of our report, Mr. Cisneros?

2) The Organizacion Diego Cisneros has sought to discredit our documented evidence by charging that *EIR* is "KGB," because we attack basic institutions of the West such as the International Monetary Fund (IMF). Come now, Mr. Cisneros, couldn't you have found a more honest way to defend the debt collection policies of the IMF and your banker friends, policies which over the last years have led to genocide in Africa and misery and social chaos in Ibero-America? The Latin American Bishops Conference (CELAM) is also on record as attacking the IMF, as is His Holiness Pope John Paul II during his most recent tour of Ibero-American nations. Does this mean that you share Tradition, Family, and Property's (TFP) belief that Pope Paul VI and Pope John Paul II are both also tied to the KGB?

3) Yesterday's headline in the Caracas scandal-sheet *2001*, accusing *EIR* correspondents of engaging in "espionage" to sabotage Venezuela's debt negotiations, is an outrageous slander and lie; but like all untruths, it reveals what is on the guilty mind of the liar.

Cisneros' boss, Chase Manhattan International Advisory Board Chairman David Rockefeller, is most concerned to maintain debt service payments to his financial empire, and his recent trip to Venezuela served to deliver a message: Anyone found opposing the Rockefellers' debt-renegotiation package and its attached IMF conditionalities, will be accused of "crimes" similar to LaRouche and *EIR*.

The fact of the matter is that Rockefeller and the IMF plan to force anti-sovereign changes in the foreign investment laws and to impose such levels of genocidal austerity on Venezuela, and all Ibero-America, that they are terrified that pro-development and nationalist forces in the continent will turn to LaRouche's well-known "Operation Juárez" policy proposals for the formation of an Ibero-American debtors' cartel and common market. Thus, the pre-emptive, lying assault on LaRouche's credibility.

There is particular fear that the Reagan administration could drop American backing for the IMF's policies and negotiate a New World Economic Order with such a united Ibero-America. They note worriedly that Ronald Reagan took such a command decision in March 1983, when he adopted the beam-defense strategic policy earlier advocated by LaRouche.

## Avalanche of lies

As for the avalanche of wild slanders thrown at LaRouche and *EIR* over the past days under the direction of Venevisión TV chief and Club of Rome member José Rafael Revenga—which today went so far as to allege that LaRouche has a "hit list" for physical assaults against Venezuelan personalities!—we address just a few of them.

A) In their eagerness to defend the pro-drug policies of Seaga's Jamaica, a document reportedly circulated by the Organizacion Diego Cisneros stated:

The book [*Narcotráfico, S.A.*] accuses Seaga of having declared in a press interview on American national TV that he proposed to make marijuana Jamaica's principal export. Loyal to the canons of misinformation, the investigative team that wrote the book complacently omits all specific reference to the medium, date, and content of the supposed declaration attributed without foundation to Seaga.

But the facts are straightforward: On the CBS-TV program "Face the Nation" of Nov. 23, 1980, Seaga stated that marijuana "has almost been the lifeline economically to providing dollars and foreign exchange" to Jamaica. A few weeks earlier, Seaga had told the

*Washington Post*: "Regardless of whether we want it or not, the [marijuana] industry as such is here to stay. It is just not possible for it to be wiped out, and if it is here to stay, then we have to make up our mind from that point as to how to best deal with it . . . [including] the question of legalizing it so as to bring the flow of several hundred million dollars in this parallel market through official channels."

B) The Caracas daily *Universal* has chosen to reprint in full a recent slanderous series from that daily on LaRouche's influence within the Reagan administration—the same *Washington Post* whose hostility to the U.S. beam-weapons program reached such extremes that they published classified military information regarding the latest Space Shuttle flight, causing Defense Secretary Weinberger to denounce them

for providing “aid and comfort to the enemy”—the technical definition of *treason* in the U.S. Constitution.

C) Another Big Lie circulated in Caracas, this one reportedly with the help of the Ministry of Information and Tourism, is that deported Mexican journalists Carlos and Lucia Mendez were not really accredited in Venezuela. As the couple informed the press in Mexico upon their arrival, they did have official press credentials #45 and #46 . . . issued by none other than the Ministry of Information and Tourism itself! Furthermore, Carlos Mendez wrote a column three times a week for two years in the Caracas daily *El Mundo*—a column widely read throughout the government bureaucracy.

D) There is another person in Caracas who needs his memory refreshed by *EIR*. Carlos Andres Perez recently told an interviewer on Venevisión that he had been approached by *EIR* for interviews over the years, but that he had repeatedly refused to grant them. How then does he explain that *EIR* published taped interviews with the former Venezuelan President in its editions of April 6, 1982 (interviewed March 19, 1982 in Caracas), Feb. 15, 1983 (interviewed Jan. 26 in Madrid), and May 22, 1984 (interviewed May 9, 1984 in Lima). At the time, Mr. Perez was presenting himself as a great warrior against the IMF. Is he still?

Finally, Venevisión and *Universal* have delighted in calling Lyndon LaRouche and *EIR* “mercenaries of disinformation.” Was it “disinformation” when in 1982 *EIR* stood alone in the United States in support of Argentina during the Malvinas War? Were we “mercenaries of disinformation” throughout 1982 and 1983 when *EIR* promoted beam-weapons defense even before President Reagan announced the policy? Was it “disinformation” when in August 1983 *EIR* alone revealed that at a secret meeting in Vail, Colorado, Kissinger and Rockefeller had adopted a policy to use the debt crisis to force Ibero-America to pay its foreign debt with its national patrimony? Or when one month later *EIR* quoted a banker close to Rockefeller and Kissinger—perhaps someone who is also an intimate friend of the Cisneros family—saying:

The concept of bankruptcy in the public sector must be introduced. It is necessary to change government laws in Argentina, Brazil, Mexico, and other countries. Either they are allowed to go bankrupt, or, if they need money, they must be opened for foreign private investment. . . . We must use austerity and social chaos to break down the social institutions of the country, to change its laws.

No, sir. No amount of hysterical slanders in the Cisneros and allied media can disprove the facts contained in

*Narcotráfico, S.A.*,

lapse of the world monetary system. At that point, honest Venezuelans will recall our information and our warnings, and perhaps even heed our policy advice.

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## Documentation

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# The Venezuelan press on LaRouche

*The following coverage appeared in the Caracas scandal sheet 2001, in its Feb. 12, 1985 edition, under the headline “Disciples of Lyndon LaRouche, Foreign Spies Were Preparing to Sabotage the Refinancing of the Foreign Debt.” The author is Omar Zavarce P.*

The immediate mission of the *EIR* and the disciples of Lyndon LaRouche in Caracas was to create an unfavorable climate for the refinancing of the foreign debt through an orchestrated campaign in which the creditor banks would be especially attacked. According to documents discovered by the DISIP [Venezuela’s political police] in 3 raids, [the group] intended to create conditions to inconvenience the government and the international banks and achieve a confrontation whose repercussions would be felt in the negotiations.

. . . Their immediate objective, however, was to upset the refinancing of the foreign debt through a public opinion battle.

*On Feb. 13, the same author outdid himself with an article entitled “The LaRouche Cult Intended to Assassinate Political and Business Leaders,” with the subhead “Some would be physically eliminated, and others would be discredited, accused of being drug traffickers.”*

A list of Venezuelan personalities nomics would appear to be the eventual victims of the “LaRouche cult,” according to confidential reports captured by the DISIP in its raid on the headquarters of the *Executive Intelligence Review*.

Sources at the Ministry of the Interior said yesterday that political and business leaders, especially prominent figures, appeared as the next targets.

According to a government investigation, attempts against the physical integrity of certain VIPs would be made for the purpose of creating a climate of instability in the nation, but at the same time the news media would be used to inveigh against Venezuelan and foreign personalities, who would begin to be seen as connected to the international drug trade.

The DISIP opened the investigation on the initiative of a powerful business group in Venezuela that was the first to be

attacked, and raided the *EIR* headquarters on Avenida Libertador where, according to government sources, they found extensive documentation on the projects of the "LaRouche cult." Three of its foreign representatives were thrown out, but in the Interior Political Commission of the Chamber of Deputies, presided over by Dr. David Morales Bello, an investigation will be opened because LaRouche had almost succeeded in legalizing a political party in the Supreme Electoral Council.

*On Feb. 14, Omar Zavarce P. continued 2001's vendetta against LaRouche, claiming, "LaRouche Cult in Campaign Against Venezuela, Accusing the Government of Being an Accomplice in the International Drug Trade."*

Yesterday, information reached the Interior Political Commission of the Chamber of Deputies, presided over by Dr. David Morales Bello, to the effect that in the United States, Mexico, and Colombia, the LaRouche cult has begun a campaign against Venezuela and, among other niceties, has accused the government of being a "disguised accomplice of the international drug trade."

In the capitol, there are press clippings from New York, Miami, Mexico City, and Bogota on the LaRouche sect's reaction to the expulsion of four of its representatives from Venezuela.

It is considered unlikely that such accusations would take hold abroad, however, not only because of the government's success in the capture and prevention of drug trafficking, but also because Lyndon H. LaRouche has accused Jimmy Carter, former Secretary of State Henry Kissinger . . . Queen Elizabeth of England, Paul Volcker of the Federal Reserve, the Duke of Kent . . . of being drug traffickers!

*On Feb. 14, Diario de Caracas published an op-ed written by Juan José Monsant. Monsant formerly headed the foreign affairs commission of the COPEI, Venezuela's Social Christian Party, and was a founding member of the Club of Life in 1982.*

Who are those very powerful pressure groups and individuals who put themselves above the law, morality, or public decency? In Venezuela, we are witnessing dangerous manipulation of public opinion, and of governmental groups at its service, which indeed begins to be worrisome, and [causes] reflection on the true extent of democracy in our country. Sudden seizure of books, the law of silence for those being charged, ideological blackmail, ethereal accusations, threats, and homicide. At this point, we Venezuelans don't know if the activities of the *EIR* group directed by the American Lyndon LaRouche, is communist, a satanic cult, drugrunners, simple enemies of the British and Republicans, agents of the CIA, of Fidel Castro, or of Qaddafi. We citizens will never know what was said in those seized books, or what the journalists, or professionals of whatever discipline, expelled in the old way, had to say.

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# LaRouche affirms his support for Venezuela's President Jaime Lusinchi

*Former U.S. Independent Democratic presidential candidate Lyndon Hermyle LaRouche, Jr., affirmed on Feb. 9 his continuing support for the collaboration between Presidents Jaime Lusinchi and Belisario Betancur in their war against the narcotics traffic.*

*LaRouche, an internationally renowned public figure, leading economist, and founder of Executive Intelligence Review, stated:*

Certain influential circles in Venezuela have joined with the Communist Party of Venezuela (PCV) in massive circulation of lies copied from such accomplices of the U.S. narcotics-trafficking lobby as the Anti-Defamation League and NBC-TV. This campaign of vilification in sections of the Venezuela news-media is being used as part of an effort to lessen my support for the good work of the government of Venezuela under President Lusinchi.

It is therefore appropriate that I publicly reaffirm my respect and sympathy for the President and his government, and to state that I understand rather fully the complex circumstances surrounding certain recent actions against journalists associated with me.

In order that there be no doubt of the sincerity of my affection for Venezuela, it is necessary that I take this occasion to identify a few relevant facts.

Since the Malvinas War of 1982, it has been my pleasure to act in solidarity with leading patriotic circles of Venezuela on a number of issues of major importance to the nations of the Americas. As a U.S. public figure, I continue to be a zealous advocate of the sovereign self-interests of Venezuela, as well as Mexico, Colombia, Peru, Argentina, Bolivia, and other nations of the hemisphere, and work to inform influential circles of the United States that the sovereignty, security, and economic growth of the nations of Ibero-America are among the most vital of the strategic self-interests of the United States. I have been privileged to give similar kinds of support to the efforts of Ibero-American governments against the Soviet-linked international narcotics traffic, including the efforts of President Lusinchi. More recently, I have been privileged to place my efforts in support of the actions by the governments of Venezuela and Peru to curb the dangerous cults of Tradition, Family, and Property, and the Soviet-created Sendero Luminoso terrorists, as part of actions to secure the life of Pope John Paul II.

These and related actions of sympathy for Venezuela by me are based chiefly on two motives.

First, I am a prominent international figure among those who continue today the republican tradition of Gottfried Leibniz, Benjamin Franklin, Gilbert Marquis de Lafayette, and President John Quincy Adams, and am dedicated to the efforts of Lafayette and Adams to secure the absolute sovereignty of the republics of this hemisphere against the alien European dark forces identified earlier with the Castlereagh-Metternich Holy Alliance of 1815. For that reason, David Rockefeller's Henry Kissinger, the self-proclaimed political heir of Castlereagh and Metternich, has proclaimed himself my personal enemy. Whoever serves his own republic for the cause of the sovereignty of the republics of this hemisphere, in either the United States or any nation of Ibero-America, is my brother-in-arms.

The deeper roots of my dedication are perhaps more easily understood in the Ibero-American nations of Catholic cultural matrix, than among most circles in my own United States. The institution of the modern sovereign nation-state republic is a product of the genius of those great Augustinians, Dante Alighieri and Cardinal Nicolaus of Cusa. It was Dante who conceived modern republics based upon a literate form of popular language; it was Cusa, beginning with his *Concordantia Catholica*, who elaborated the doctrine of international moral law which must govern the internal affairs and relations among sovereign republics according to Dante's design.

The establishment of the United States as a sovereign republic, under the leadership of Dr. Benjamin Franklin, represented the highest form of realization of the principles of Dante and Cusa. As Lafayette and John Quincy Adams understood most clearly, the republican movement among Ibero-American nations expresses the same heritage as the founding of the United States of America.

Not overlooking the efforts of Lafayette and Lazare Carnot in France, or the friends of Friedrich Schiller and the Humboldts in Germany, or Cavour in Italy, we republican patriots of the Americas have a special heritage and duty among the nations of the world. If the world is to secure the kind of just order demanded by the *Populorum Progressio* of Pope Paul VI and during the recent tour of Pope John Paul II, we of this hemisphere must reaffirm the principles of St. Augustine, of Dante, of Cusa, of Leibniz, of Franklin, of

Lafayette, and of John Quincy Adams, as the rule of law throughout the Americas. Economic justice for peoples, under those principles of the sovereign republic elaborated by Dante and Cusa, must be the law throughout our hemisphere, and our hemisphere must be a bastion of the fight for this principle throughout the world as a whole.

Wherever leading forces of a nation, such as Mexico, Argentina, Venezuela, Colombia, Panama, Ecuador, Peru, Brazil, or Bolivia, fight patriotically for these principles, those forces are axiomatically my brothers- and sisters-in-arms.

Second, it is not accidental that the dedications of the patriots of Venezuela, Colombia, and other nations should coincide with my own on such issues as the Soviet-Bulgaria-Cuba-linked narcotics traffic, or our opposition to the dark forces of such feudalistic cults as Tradition, Family, and Property. It is true that only a relative handful among us

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*I wish that the government of Venezuela, for example, knew at least as much as I have been privileged to know concerning the deeper connections, but clearly that government can recognize the menacing evil of the narcotics traffickers without yet knowing more fully such deeper connections.*

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throughout the world today understand the deeper meaning and massively important practical connections of Gnosticism and Sufism, but it is not indispensable to understand Gnosticism theologically to recognize that the Anti-Defamation League's connections to Bulgaria and Cuba through Robert Vesco and Carlos Lehder make ADL leader Kenneth Bialkin and other Meyer Lansky connections the enemy of humanity. I wish that the government of Venezuela, for example, knew at least as much as I have been privileged to know concerning the deeper connections, but clearly that government can recognize the menacing evil of the narcotics traffickers without yet knowing more fully such deeper connections.

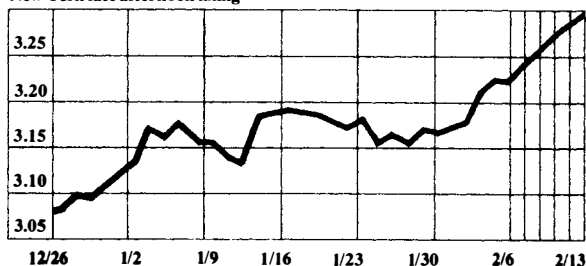
Wherever a republic of the hemisphere, including Venezuela, fights to defend its sovereignty, to fight against the Gnostics and narcotics traffickers, and to work for economic justice for its people, I am fighting by its side, and I think I shall continue to fight efficiently for that cause even long after I am dead.

Long live the sovereign republic of Venezuela!

## Currency Rates

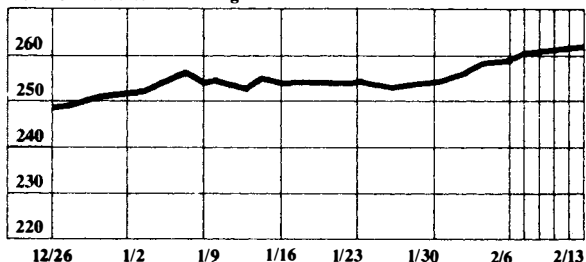
### The dollar in deutschemarks

New York late afternoon fixing



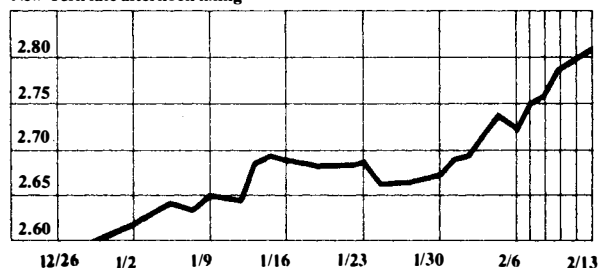
### The dollar in yen

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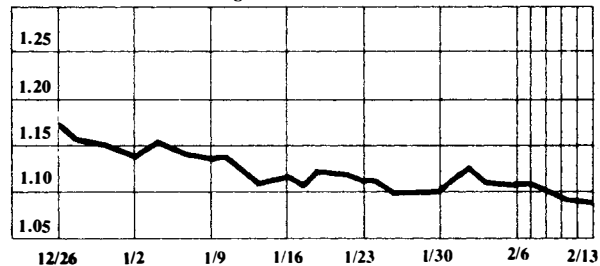
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing





## Will U.S. policies result in Argentina going pro-Soviet?

*The following interview was granted to EIR by Orlando Figueroa, from Tucumán, Argentina. Mr. Figueroa, an agricultural engineer, is a political leader in Argentina's Peronist movement and attended the Fourth International Conference of the Schiller Institute, held in Richmond, Virginia on Jan. 12, 13, and 14 of this year. He has been active for many years in the Peronist movement, and is currently the official representative in Buenos Aires of Governor Fernando Riera of Tucumán.*

**EIR:** Could you describe your work inside the agricultural sector of Tucumán?

**Figueroa:** Well, I am an engineer trained in "zoo-technology"; that is, I am immersed in the animal husbandry side of things. Zoo-techniques deal fundamentally with animals, not so much with plants and vegetable life. I have worked in several agricultural cooperatives as an extension agent, and later we tried and succeeded in forming some cooperatives in zoo-techniques. Right now we have some cooperatives which are set up, and we must build them up in an important way so they can move ahead.

**EIR:** Could you describe for us the effects on the province of Tucumán, and on a somewhat broader level, of the policies of the recent years—the economic policies of the IMF—on the agriculture sector?

**Figueroa:** The coup d'état of 1976 put Peronism out of power, and put in its place the nefarious military government, with an economic program carried out by José Martínez de Hoz, a front man for Rockefeller. Martínez de Hoz is undoubtedly one of the interpreters of the ideology of piracy for Argentina, where on one side the farmer was encouraged by the press to plant more land—that is, that he extend the farming limits. This is something which the producer, placing confidence in what the military government was saying at the time, did. To do so, he had to get credit, to plant a greater area than usual. He got credit, to buy machinery, to buy seeds and other elements which were necessary to extend his agricultural boundaries.

The producer who arranged credit to buy a tractor was hit by usurious interest rates on his loan. The result was that he then had to sell not just the tractor, but the land, in order to pay off the credit granted for the tractor. This brought about great ruin, great misery to Argentine agriculture, with the additional insult, that then along came the front men for Martínez de Hoz, in the wake of these economic problems, and bought up the land for a song.

This was a process which lasted six to seven years, and was carried out in conjunction with another element—the exorbitant rise in the interest rates that were paid out to depositors in the banks, 15% to 20%. The result of this was to put a brake on the productive economy, rewarding instead an economy of speculation. So then this landowner, who sold his land far below its value, put his money into short-term accounts with 15-20% monthly interest, and it proved much more lucrative than planting wheat or sorghum, which would perhaps give him a 10% profit. . . .

**EIR:** Is there a smaller number of producers in the agriculture sector of Argentina generally these days? The large cartels and multinationals operating, such as Cargill and Bunge and others, which operate at the international level, have even hit hard at the farm sector here in the United States. How are you affected by their policies?

**Figueroa:** The large multinationals prevent the farmers from organizing themselves and consequently from being capable of breaking away from the mechanism of supply and demand which is what sets the price in the liberal market. Looking at it from another angle, when there is an excess of supply, when the farmers are increasing their products at a time when demand is staying more or less stable, logically what falls is the price. Then the large multinationals take advantage of the situation and move in and buy. They have big stockpiles, and large silos where they can keep the grain until the price goes up. . . .

On the other hand, we see a general drop in [the number of] small producers, and increasing concentration in large producers—but "large producers" in quotes, because these

people are pirates. That is, this activity regarding land ownership . . . is the opening stage to consolidating increasingly larger landholdings, throwing out the small producers. . . .

**EIR:** And, in this context, what has been the role of the Socialist bloc countries in the farm sector?

**Figueroa:** Our rural producers are totally desperate, because they see no solution to their problem. Representatives of the Socialist bloc entered with a variety of offers. For example, one way to break this supply-and-demand mechanism is by having silos to store and sell the product when it reaches its best price. The other is to industrialize the product as a raw material. Then the Socialist bloc countries came in to offer our farmers the chance to industrialize, to install a turnkey factory, and to pay over 30 years, or 40 years, and with whatever products they can. . . .

In Tucumán, for example, we have the specific offer from Poland and Czechoslovakia, and before that Hungary, which offered to install a hospital complex and also highly complex health centers. The province would pay via barter—that is, via products which can't be sold at this time on the world market, for example, sugar. So this exchange is quite ideal at this moment, because [the East bloc countries] are the only ones to present an alternative solution.

At the same time, this [agricultural] producer identifies the people of the United States with Henry Kissinger; thus he identifies the people of the United States as exploiters. Then come the Soviet agents, and they easily spread anti-U.S. feeling. The kind of Americans I have had the good fortune to meet here are not known there [in Argentina].

**EIR:** What then should the U.S. attitude be in financial institutions, in regard to Argentina. What changes should the United States make?

**Figueroa:** Basically, it should understand that if it continues using the tools of the Trilateral Commission, committing injustices against the peoples of the world, especially with Argentina in this case, it will see the installation of a Soviet or pro-Soviet government in the very short term. So they must humanize capital, fundamentally.

Stated from the standpoint of Peronism, the U.S. should give the opportunity for a certain economic independence at the level of nations, that is, to encourage concrete development. We Argentines do not want to be given fish, we want to be shown how to fish ourselves. . . . It is important that the people of the United States and its officials realize that human beings, men, people, made in the image and likeness of God, live in Argentina, and therefore have the same rights as anyone else, independently of skin color, independently of other differences. . . .

**EIR:** In the past months we have seen items in the Argentine press on the penetration, specifically in the province of Tucumán, of a few units of the Shining Path terrorist group of

Peru. Do you have any information you can share with us on this?

**Figueroa:** Five or six months ago, a meeting was held in Tucumán, sponsored by the Argentine University Federation run by the communists. A kind of congress was held for three to four days, and it was there that some people from Shining Path got in contact with some student groups. They understand again that the path [for their objectives] is through the university. . . .

**EIR:** It has in fact been said that there exist, or existed, camps in Tucumán for the training of Shining Path cadres. This has been documented. I know the governor recently made charges to this effect.

**Figueroa:** Yes, the governor made those statements and gave them to the President. And these accusations are borne out by provincial authorities which have toured the province. There are remains of camps in five places in the province. I have a map where the training camps are marked, not necessarily target practice camps, but direct reconnoitering of terrain to be able to develop a form of guerrilla fighting in the zone. . . .

**EIR:** We have documented, as have others generally, that Shining Path has very close links to drug trafficking. This is the case in Peru, and in the whole area. Isn't this an important issue as far as Tucumán is concerned, and also given the increase in drug running in Argentina in recent months?

**Figueroa:** It is extremely important. So much so, that upon my return to my province, my country, I plan to pull some threads together for closer relations. Interestingly, marijuana plantations are beginning to be discovered in Tucumán, something which has never occurred before. This goes together with what I mentioned earlier. If our farmers obtain loans for planting, and these loans come with 20% interest rates, there is no farming activity which can produce 20% profitability, except if we go into the drug business—opium or planting marijuana, etc. This is the only thing which is sufficiently profitable for me to pull in earnings of 30%—20% to pay off the banks run by the Trilateral Commission and the IMF, and 10% to enable me to make myself into a revolutionary. Otherwise, there's no way.

Therefore, they are indeed related. In the guerrilla period we were aware that there were two drug groupings—one, the line of drugs run by the depraved of society, which will always be with us. But there was a second line of drugs run by the guerrillas. And today that is reappearing. The police found the plantations in abandoned houses in hippy-style communities, which are proliferating in Tucumán, imported from Buenos Aires. These have been found in the department of Bellavista, the home department of the governor. Therefore it is important to get to work and pull together the in-depth intelligence on this issue, something I will do as soon as I arrive in Buenos Aires.



## Financial scandal hits 'black' aristocracy

by Vivian Freyre Zoakos

The Bank of Spain's Brigade of Financial Crimes, headed by Commissar Cordon, began on Feb. 5 to hand down a series of indictments for illegal money exports from Spain into Switzerland that threatens to explode into a scandal of extraordinary international proportions. Thus far, according to a Swiss source, the investigation involves \$50 billion illegally exported into two Swiss banks: the Rothschild Bank A.G. and the Union de Banques Suisses. This \$50 billion is known to be merely the tip of the iceberg.

Apart from the size of the flight-capital sums, the importance of the scandal lies in the identities of most of the over two-dozen people thus far indicted.

The overwhelming number are representatives of the *crème* of Spanish aristocracy, the circles associated with Don Juan de Borbón, the father (and political opponent) of King Juan Carlos. Otherwise identified, this is the aristocracy of the Marbella *beau monde*, which numbers among its regulars Victor Emmanuel of Savoy, pretender to the Italian throne, as well as Libyan "financier" Adnan Kashoggi, the man named in innumerable investigations in Italy and elsewhere as a principal financier of the international illegal drugs-for-weapons traffic. Victor Emmanuel has been identified in the past as running Libyan dictator Qaddafi's arms purchases out of Switzerland, along with Kashoggi.

These connections are not extraneous to the Spanish investigation. According to a very highly placed Spanish source, the breaking of the Spanish case was made possible in part through cooperation with the Italian magistrates charged with investigating the so-called "Bulgarian connection." As this magazine has documented in the past, the findings into the Bulgarian connection stemmed from interrelated Italian investigations into both the attempted assassination of Pope John Paul II by the Turk Ali Agca, and into that sizeable portion of the illegal drugs-for-weapons traffic which runs through Italy.

It appears, therefore, that the emerging financial scandal in Spain will prove to have a scope far broader than that which has already been made public. Little wonder, then,

that so much of the international press has attempted to ignore the scandal. But Pandora's Box, once opened, is difficult to reseal.

The facts already made public are as follows: Don Francisco Xavier Palazón Español, career diplomat linked to the circle of Kissinger Associates, and lately turned "businessman," has been the central figure indicted for running the actual illegal money transfers on behalf of his aristocratic friends. After a lengthy career in the Spanish diplomatic corps spanning over two-and-a-half decades, Palazón quit diplomacy in order to go into the money-laundering business. At the time of his career change, he had been director of economic cooperation, a post to which he had been named in 1981 by J. Pedro Pérez Llorca, the only Spanish member of Kissinger Associates.

Palazón was running a number of operations in Switzerland, including heading Equitas S.A., a Geneva subsidiary of Elie de Rothschild's Rothschild Bank A.G. The capital flight technique he employed was straightforward: His aristocratic Spanish friends would give him large sums of money in Spain, which were drawn out by other individuals in that same country, in compensation for the Spaniards' being able to draw the equivalent sums in Switzerland.

Some other names cited in the indictments give an idea of the circles Palazón was servicing:

*Elena Vereá Corcuera, Countess Teba:* Her husband is the cousin of the Duke of Alba, possibly the most ancient and prestigious of the Spanish "black" oligarchy and the only non-Italian sitting on the board of Venice's Assicurazioni Generali, one of the centers of the Venetian oligarchy.

*Juan Antonio Gamazo y Arnus, Count of Gamazo:* His father was a member of the Private Council of Juan de Borbón, the father of the King. Currently out on bail, Gamazo y Arnus last June was disinvited to the King's birthday party for having publicly insulted him.

*Maria Teresa of Bavaria:* Married to the son of the Duke of Grimaldi, also one of the most important names among the powerful Italian "black" oligarchy.

*José Luis Pardos Pérez:* Until Feb. 9, the director of scientific and technical cooperation for Foreign Minister Morán. He was about to be named ambassador to Austria until the scandal broke and forced his resignation.

*Eduardo García de Enterría:* titular professor of administrative law at the Complutense University. One of the authors, in the former government of Adolfo Suárez, of the infamous LOAPA law. This was the 1979 constitutional change which gave virtual independence to the Spanish provinces, especially the Basque and Catalonia, thereby creating the foundation for the separatist-based Basque terrorism today.

*Raimundo Pérez-Hernández-Moreno:* Currently ambassador to The International Organizations in Switzerland, and former ambassador to Unesco. He was also director-general in the foreign service in 1970, at the same time that Palazón was director of personnel in the same department.

## **Weld and First Boston's money laundry**

*The U.S. Attorney's Swiss connections are part of the scandal now threatening Boston's finest citizens.*

**T**he Boston Brahmins at the First National Bank of Boston and Boston U.S. Attorney William Weld have been caught covering up two separate illicit cash transactions. The largest was \$1.22 billion in transactions to and from Switzerland which Assistant Treasury Secretary John M. Walker, Jr., said on Feb. 11 is "consistent with money laundering."

On Feb. 7, First Boston's holding company, Bank of Boston, pleaded guilty to a felony charge of "knowingly and willfully" failing to report \$1.22 billion in cash transactions with nine Swiss banks.

The Swiss connection apparently came to light in the course of a separate federal investigation into questionable domestic cash transactions which First Boston made with Boston's Angiulo mafia family. The *Boston Globe* reported on Feb. 11 that First Boston granted "exemptions" from the Treasury law to companies controlled by the Angiulo brothers.

Worse, First Boston managed to cover up both scandals for a full week, until Feb. 12, by "copping a plea" on the Swiss case with the cooperation of U.S. Attorney William Weld, who is in charge of both investigations. First Boston got off with a \$500,000 fine.

Weld's giving First Boston the easy way out is suspicious in light of his own Swiss connections. Weld's family is part owner of the White Weld investment bank, which merged in the 1970s with Switzerland's megabank, *Crédit Suisse*, one of the nine Swiss banks involved!

On Feb. 11, Bank of Boston chair-

man William L. Brown denied that the mafia's Angiulos were customers of the bank. "To the best of our knowledge, this is absolutely untrue," he said.

But Howard K. Matheson, recently retired chief teller at First Boston's North End branch, confirmed Feb. 13 that First Boston granted "exemptions" from cash reporting laws to the five Angiulo brothers. Legitimate high-cash businesses such as grocers may be exempted from the reporting requirements. The Bank's North End branch apparently wrongfully put the Angiulo businesses, including Huntington Realty Co. and Federal Investment, Inc., in the category.

Matheson and another employee disclosed that Gennaro J. Angiulo and his brothers had been bringing paper bags filled with large amounts of cash to the bank "for years" to deposit and buy cashier's checks.

A September 1983 racketeering, loan sharking, and murder indictment against the Angiulos states that Huntington is their front company.

James D. Harmon, chief counsel of President Reagan's Commission on Organized Crime, traveled to Boston Feb. 13 to chastise banks who work with the mafia before the New England Organized Crime Drug Enforcement Task Force. Harmon replaced a lesser official at the last moment. President Reagan appears to be sending a message to the Brahmins.

"The surest way to get at the mob is to get at the mob's money," he told the 250 policemen. "Banks that accept funds from illegal business should

know that every dose of heroin, every dose of cocaine, every bribe, every airplane, every bullet which finds its way into the bodies of Drug Enforcement Agency agents, is paid for by the money they have chosen not to see."

William Weld told the *New York Times* on Feb. 14 that Harmon's remarks "sure did sound" as if they were aimed at Bank of Boston.

A 1974 law, which Treasury official Walker points out is the "center-piece" of the Reagan administration's war on drugs, requires banks' cash transactions of more than \$10,000, domestic or foreign, to be reported.

The Swiss transactions were particularly suspicious as drug-related, consisting of deposits made by the nine Swiss banks at First Boston in cash bills of \$50 or less, and of money withdrawn and transferred out to the Swiss in bills of \$100 or less. Normally bank-to-bank transactions occur by check or electronic funds transfer.

Worse, Bank of Boston chairman Brown tried to justify the \$1.22 billion by claiming that the bank had "failed to notice in the Federal Register" that the law had been changed to include foreign transactions—in 1980! "It isn't conceivable they weren't aware of the requirement," Treasury official Walker said in response.

Weld's coverup was important because it gave First Boston time to prepare for a run on the bank's deposits by outraged depositors. After the Angiulo connection was revealed on Feb. 13, the cities of Boston, Medford, Malden, and private citizens began pulling out deposits.

State Rep. Royal L. Bolling, Jr. on Feb. 14 called on all state, municipal, religious, and charitable institutions to pull out of First Boston, saying the bank's activities show "the degree of influence on monies from illicit drug sales."

## Davos conference maps union busting

*What was Senator Bill Bradley doing hobnobbing with Prince von Thurn und Taxis in a Swiss resort early this month?*

**M**ore than 600 of the leading industrial, banking, and political figures of the world met in Davos, Switzerland for the week of Feb. 1-7, to receive policy direction from the top levels of European financial and industrial oligarchy.

The conference, "Davos '85," would be notable only for the list of personages present. After a keynote by German Chancellor Helmut Kohl, participants heard Karl-Otto Pöhl, president of the West German Bundesbank; U.S. Treasury Undersecretary R. Tim McNamar; M. Kurosawa, president of the Industrial Bank of Japan; Sergio Quintilla, economic adviser to Brazil's new civilian President Tancredo Neves; the heads of such industrial giants as Volkswagen, Nissan motors, French Total; and political figures including such has-beens as French ex-Premier Raymond Barre, ex-U.S. Ambassador to the U.N. Jeanne Kirkpatrick, and former Bank for International Settlements head Fritz Leutwiler.

One of the most significant figures present was the Bavarian financial wheeler-dealer, Johannes Prince von Thurn und Taxis.

The major theme of the conference, according to witnesses, was a blood-curdling cry by Prof. Herbert Giersch of the secret neo-feudalist economic brotherhood known as the Mont Pelerin Society. Under the cover of a fraudulent argument that "structural rigidities" of European economies, termed by the witty Giersch "Eurosclerosis," the head of

the Kiel Institute for World Economy demanded abolition of trade unions and along with them, minimum hourly wages. "The role of the trade unions in Europe will assume decreasing importance," the former economic adviser to the Willy Brandt regime of West Germany said. "In reality, we can say that the trade unions have no future in Europe."

Giersch couched his call for union smashing in terms of solving Europe's rising unemployment problem, ignoring, of course, that policies he and his cohorts advocated for stopping technology transfer from Europe to the developing world are the main source of industrial collapse and unemployment. Giersch is the stalking-horse for the Mont Pelerin crowd of European oligarchic families centered around such industrial groups as Olivetti Corp. and the Thurn und Taxis family, reputedly the wealthiest in Europe.

Giersch flaunts the plans of the top oligarchic financier families and key industrialists to wage an all-out war to break unions and smash living standards and social-security protection built up over decades. Raymond Barre echoed Giersch's call by attacking "inflexible labor unions" and the reluctance of workers to relocate. Barre tried to disguise what amounts to a series of fascist economic proposals for reorganizing a Europe-wide economy in a depression by claiming that labor concessions will help European industry to "unleash the entrepreneurial spirit."

Davos is important as a collecting

point. Once a year, under the aegis of the Geneva-based European Management Forum, Europe's titled families disseminate policy, under the cover of a week-long seminar in the relaxed resort village of Davos. With ample liquor and other refreshments, major industrial and political figures from around the world are subtly manipulated by speeches such as Giersch's to impose policies directly counter to industrial or long-term national self-interest. This time, themes included how to turn Japan's industrial economy into the next target for speculative cannibalization, how to make Brazil commit industrial suicide under its new civilian government, and how to open reluctant developing countries to asset grabs and resource takeover by international financial families. Such considerations could be suspected as fundamental to the desire by the mysterious Thurn und Taxis to be at Davos.

One panel, euphemistically titled "Business and Protection of the Environment," featured the heads of Volkswagen and Nissan Motors. The topic dealt with the controversial issue of placing platinum catalytic converters into the engines of European autos. The process, due to begin in West Germany following a fraudulent "debate" started by the Greens and their oligarchic allies, will cost the European auto industry billions of dollars and could actually increase environmental damage. Reliable sources have reported evidence linking the Thurn und Taxis interests to a New Jersey company which stands to get the prime contract for the platinum process essential to the new catalyzers. This is the kind of "environmental concern" which lies behind the Davos meeting.

In this light, it is interesting to ask why New Jersey Democratic Senator "Dollar" Bill Bradley was at Davos, along with Republican Jack Kemp of Buffalo, N.Y.

## The media cover-up

*Finally they're reporting that farmers are going bankrupt—but lying that the cause is too much food!*

Television "specials" and 18 pages of cover-story copy in *Newsweek* and *Time* in February are finally getting around to telling you there is a national farm crisis. What they are not telling you is that there is a national food-supply crisis.

The propaganda painting on the cover of *Time* on Feb. 18 showed a farmer "up to his neck" in "surplus grain." *Newsweek* ran a contrived picture of harvest-time wheat overflowing at storage elevators captioned, "A mountain of grain in Washington state."

Leaving aside such gems as *Time's* mislabelling a photo of beef cattle as a dairy herd, the media is simply covering up the looming food shortages.

Over one year ago, in December 1983, *EIR* featured excerpts from a special policy report by then presidential candidate Lyndon LaRouche, *The World Food Crisis of 1985*, released on Nov. 13, 1983.

LaRouche wrote: "In the United States itself, approximately 100,000 high-technology, family-operated farms produce about three-quarters of the essential food output of the nation; these farmers have been driven into bankruptcy at increasing rates since President Jimmy Carter and his Federal Reserve chairman Paul A. Volcker introduced policies which Volcker himself named 'controlled disintegration of the economy.' . . . If present policies continue through the time for the 1984 winter wheat planting, the United States will become a food-production deficit nation before the autumn harvest of 1985. It's just that

simple."

Now, even official Department of Agriculture figures, notoriously unreliable, show the acreage of 1984 winter wheat seeding down over 9%. Of the six states which produce over half of the annual U.S. wheat output, only in Texas and Missouri were farmers able to maintain planting levels. Winter wheat seeding in Illinois dropped fully 50%. In Missouri, planting dropped 30%. As LaRouche put it, "What you don't plant, you don't grow, and what you don't grow is not available to be eaten."

The food is simply not "out there," despite what you are told to believe. The meat supply is shrinking. The national cattle breeding herd is now at the lowest level since the early 1960s. The hog inventory is declining.

Your supermarket is full? Look again. There is more ham than ever from Denmark. Hog imports from Canada are at record levels. Your ground beef could be Mexican, Australian, or Canadian. Fresh produce is streaming in from Latin America. This flow is coordinated by a handful of cartel-companies—for example, Cargill's orange concentrate imports from Brazil, backed up by the International Monetary Fund's orders to nations to raise exports to pay debt.

Under this pressure to export cheaply and savagely reduce their own imports, the productive potential of the nations now supplying food to the United States is collapsing just as our own farm sector is being destroyed. The food coming in from outside will cease coming in. The interests behind the cartel companies aim for food

scarcities—under their strategic control. A top Cargill operative, Daniel Amstutz, now number-two man at the Department of Agriculture, speaks of eliminating family farmers and the economies-of-scale of the new serf-based custom livestock operations and factory farms Cargill is organizing. Amstutz told *Time* that "using modern mass-production techniques and breakthroughs promised by biogenetic research, the United States could soon grow enough grain and fiber to feed and clothe itself comfortably operating at just half its full crop-growing capacity. . . ."

This is a lethal delusion. If proper emergency measures are not taken to expand farm output, Americans can start tightening their belts literally. The middle-sized farms of our nation, those grossing \$40,000 to \$500,000, account for the bulk of the U.S. food supply as well as key world supplies of wheat, feedgrain, and rice. As much as 40% of these farms are about to go under—and the bulk of the U.S. food supply with them.

According to one study, done in part by a *Farm Journal* survey, fully 56 million of 373 million tilled acres are occupied by the most threatened one-third of farms, stuck with 65% of all farm debt, an average of \$325,000 per farm.

A just released survey by the American Bankers Association which spokesman Kenneth Lee called startling, reports that 13% of farmer borrowers will be unable to get credit anywhere to produce food this year. This contrasts with 3.4% last year, and 2.9% in 1982.

As LaRouche warned in November, 1983: "This means that there could be food rationing as early as 1985 or 1986. Don't delude yourself by saying to yourself that, 'They would never let it happen.' "

## No emergency care for uninsured?

*Cost-cutting measures are now affecting the seriously injured who fail the "green test," i.e., are financially indigent.*

**T**he push for medical cost cutting is relegating the uninsured, seriously injured to the same junk pile as the indigent, elderly, and handicapped. A series of items in the Feb. 7, 1985 *New England Journal of Medicine (NEJM)* deals with the disturbing tendency of hospitals to refuse care to seriously injured patients who lack health insurance.

The situation is vividly described by a physician in rural North Carolina, writing to the "Sounding Board" column of the *NEJM* under the subtitle "No Insurance, No Admission."

"I would like to address what seems to me to be a very disturbing trend from my vantage as a primary-care internist in a relatively isolated rural area approximately two hours in any direction from a referral center. To illustrate my problem, I report the following two cases.

"In May 1983, a mildly intoxicated 26-year-old man was in an auto accident, sustaining a bump on his head without loss of consciousness. . . . He began to have signs of . . . an acute subdural hematoma. . . . Attempts were made to contact a neurosurgeon at a private tertiary-care center in a well-endowed university setting in a city 130 miles to the south. . . . After the case was presented to the neurosurgeon attending, the first question was, 'Does the patient have insurance?' At that time, no family members were present and no information other than his name was available. After much pleading, the patient was accepted in transfer

and later died. As it turned out, he did have insurance.

"On Dec. 27, 1984, a 35-year-old woman was in an automobile accident, sustaining massive facial and head trauma. . . . A skull fracture . . . was seen on a skull film. . . . Attempts were made to transfer her to a neurosurgeon. . . . We again attempted to refer the patient to the neurosurgical service at the tertiary-care center mentioned above. Again, after hearing about the problem, the first question related to the patient's insurance coverage. When it was learned that the patient had no coverage, the transfer was refused on those grounds, ostensibly because the neurosurgeon to whom I talked had gotten into trouble with the administration for accepting a similar patient in the recent past. All the telephone calls caused at least a 45-minute delay in getting the helicopter off the ground. Eventually the patient was transferred to a secondary referral center 100 miles west.

"I do not think these patients would have been refused 10 years or ever 5 years ago at the institution mentioned because I trained there. I think that it is no coincidence that the first case was reluctantly accepted and the second summarily refused over the time span from May 1983 to December 1984. During this time, a major upheaval in medical economics and practice took place. . . . I speak of the dangerous trend of letting economic matters take precedence over matters of humanity."

Lest one get the impression that

the problem is confined to neurosurgeons in North Carolina, the "Law-Medicine Notes" column in the same issue of the *NEJM* reports on an Arizona Supreme Court decision on a case involving a 13-year-old boy who suffered a tearing of the femoral artery in his left leg in an accident. It was agreed by the surgeons of the community hospital that consulted on the case that he required immediate surgery, but he was transferred to the country hospital "for economic reasons." His condition worsened after transfer, and after surgery he has permanent damage to his leg.

At trial, the hospital stipulated that the transfer was made solely for financial reasons and, since none of the physicians involved could have prevented the transfer, they were absolved of liability and judgment was rendered against the hospital itself.

While this decision indicates that the courts will not allow financial considerations to absolve hospitals of responsibility for permanent harm to patients resulting from cost-influenced medical decisions, the pressure from austerity will continue to produce such situations. In the day-to-day practice of medicine, the immediate pressure of cost containment will outweigh the more remote consequences of a potential law suit.

The real issue is that no so-called legal safeguards will be effective in a context of continuing economic collapse. The pressures which initially fell on the so-called "brain dead" and "incurable" are now spreading to those acutely injured who fail the "green test," i.e., are financially indigent. In the absence of a true economic recovery, there is no remedy for the continuing destruction of the medical profession in the name of "cost containment."

# Business Briefs

## Domestic Credit

### Volcker and Conover brief big banks

Fed Reserve chairman Paul Volcker and Comptroller of the Currency C. Todd Conover have been meeting with the megabanks, Washington sources say, to get them ready for the coming U.S. banking shake-out. Volcker gave the big banks a boost in cash flow with the drop in interest rates, and is now telling them: "You have to use the breathing room of new cash to bolster your capital and cover your \*ss."

"You have to put yourselves now in a position to survive the coming hit on the balance sheets of the banking system as a whole," is the word, so that when U.S. regional farm and oil banks go under, the big banks can weather it.

The Federal Deposit Insurance Corp. (FDIC) announced a crackdown against banks on Feb. 12 to "increase market discipline," proposing to issue weekly press releases detailing FDIC "enforcement actions." That is, they will publicize banks which the FDIC has compelled to take losses. This will force banks generally to cut back on lending, especially to shaky sectors like farm, oil, and real estate.

Smaller banks, of course, will be worst hit because they won't have the deposit base or the cash to cover the losses from the bad publicity, which could mean that bank runs will begin.

The American Bankers Association on Feb. 12 denounced the FDIC move, saying they are "sharply at odds" with it. "The information could be misinterpreted by depositors, who could withdraw their funds."

## Agriculture

### Farm congressman calls farm debt a 'volcano'

Reporting a growing incidence of demonstrations in protest of loan processing delays outside the Farmers Home Administration in his congressional district, Wisconsin Re-

publican Rep. Steve Gunderson told a House panel in mid-February: "There's a volcano ready to explode out there."

In the hearings, Donald Wilkinson, governor of the Farm Credit Administration, stated that he had come out of a recent meeting with Agriculture Secretary John Block and Undersecretary Frank Naylor "feeling that the administration does not view the agricultural credit situation nearly as seriously" as do the people who must lend to

Block did little to dispel that criticism in testimony before the Joint Economic Committee during mid-February when he declared that the "situation continues to deteriorate as commodity prices remain weak, interest rates remain high, and land values continue to decline in key farming areas."

## Invisible Hand

### Mt. Pelerin minion: drugs 'wave of future'

Speaking from his hotel room in Jerusalem, Max von Thurn, secretary of the Mt. Pelerin Society and member of the extended family of Prince Johannes von Thurn und Taxis, told *EIR* on Feb. 9: "The wave of the future is the black market and revenues derived from drug trafficking."

The feudalist reiterated themes he has developed on past occasions at conferences of the Mt. Pelerin Society, the right-wing monetarist organization created by the British Fabian Society to push "free enterprise" drug-based economies around the world:

"We'll certainly see a greater international role for the black economy. It's mainly a consequence of overtaxation and exchange controls. It is an inevitable consequence of the fiscal system. . . . We will certainly see a greater role for money derived from drug-trafficking. This is the *growth* sector of the economy. . . . It's not a good thing, but inevitable. It's the wave of the future. . . ."

Von Thurn also said that he agreed with a group of Vienna-based economists who contend that "the conditionalities policies of the International Monetary Fund are the foundation stone of the world economy."

## Technology

### Europe plans for a nuclear future

The European Community released a report in mid-February reviewing the EC's progress in implementing nuclear power development over the last decade and plans for future capacity to the end of this century. It is an aggressive program which sharply contrasts with the horrifying picture of nuclear energy in the United States.

The EC's energy plan includes a goal of 128 nuclear reactors on line, with a total capacity of 98 gigawatts by 1990. At the end of 1983, there were 95 reactors on line, with a capacity of 52GW. By the year 2000, the plan calls for 50% of the EC's electricity to be nuclear generated, and for more cooperation on nuclear energy development among the member states.

The report states that nuclear energy is economical because of its "great energy density" and that, with the breeder reactor, it is a "virtually renewable energy" source. The contrast with the United States is striking.

At the time of the 1973 Middle East oil crisis, the United States was producing 4.3% of its electricity from nuclear power plants. By 1983, the percentage had only risen to 12.6%. In Europe, on the other hand, the 1973 level of 5.4% nuclear jumped to 22.4% in the same decade.

The EC report refers to nuclear as an "economical and strategically secure energy option." Gaining independence from foreign oil suppliers is a major goal of the energy plan.

## Development

### Satellites could aid Third World development

The International Telecommunications Union (ITU) has recently completed a study which outlines the vast benefit to economies of the developing nations which these space-

based technologies could provide. During the past 15 years, satellite communications have revolutionized telephone, television, and data transmissions throughout the industrialized nations of the world.

Technology on the horizon would allow rural and dispersed populations around the world to purchase or even lease small, inexpensive satellite receiving terminals which viewers could use to "go to school" and learn everything from basic reading skills to simple medical procedures. They could receive news from around their nation and the world and have access to all of the world's learning and culture.

The Independent Commission for World Wide Telecommunications Development, set up in 1982 by the ITU, recommended that satellite manufacturers develop and use technology that meets the needs of developing nations' remote areas at low cost. It is noted that in many nations, there is 1 telephone per 100 persons. "There are more telephones in Tokyo than in all of Africa," a member of the commission stated when the report was released.

The State Department reports that many of these development projects would be funded by the Export-Import Bank, from the U.S. side, but that the Ex-Im Bank is "on the chopping block" in the current budget. A conference to implement the commission's findings is proposed for Tanzania at the end of May. Various financing mechanisms are under discussion for these projects.

## **International Trade**

### **U.S.-EC trade war over steel imports?**

A new U.S.-European trade war is threatening to erupt over the surprise demand by the Reagan administration on Feb. 8 to the European Community that a loophole in a 1982 steel-export agreement be closed. The outcome could be unilateral U.S. action to restrict EC imports of semi-finished steel, primarily for auto production, if agreement is not reached in 60 days.

The restriction could have a devastating

impact on the West German economy, where exports to the United States have risen some 300% since 1983. The relative competitiveness of German exports is due to the dollar rise and to the qualitative superiority of German steel production technology using the continuous-casting method. A spokesman for Thyssen Steel warned that the new dispute "could have far more serious consequences for the European steel industry than the row over the Europeans' share of the U.S. pipes and tubes market."

The latest controversy comes amid rising U.S.-EC tensions over agriculture exports as architects of the U.S. "free market" farm bill in Congress prepare to unleash food war between U.S. and European farmers. One leading City of London financial analyst told this news service on Feb. 12 of reports that U.K. farmland values are falling, aggravating farm bankruptcy pressures there, as in the United States.

## **International Credit**

### **Brazil's credit cut off by IMF**

The *Wall Street Journal* announced on Feb. 14 that according to sources in the financial community, the International Monetary Fund is cutting off credit to Brazil until the country proves it can comply with economic targets set under an IMF austerity agreement. The IMF demands are provoking a wave of collapse of financial institutions in Brazil. The federal government is now being forced to intervene to save major and minor banks.

The *Journal* said that the IMF cutoff involves about \$1.5 billion remaining from a \$4 billion IMF program. Negotiations between Brazil and a group of 14 international banks on its \$100 billion foreign debt, to restructure about \$45 billion in principal payments falling due between 1985 and 1991, broke down on Feb. 13.

Bankers said that the IMF's managing director, Jacques de Larosière, is "fed up" with Brazil and that he fears that the IMF's credibility would be seriously damaged if he kept excusing Brazil's economic failures.

## **Briefly**

● **HELMUT SCHMIDT**, the former West German chancellor now working with Kissinger Associates, wrote in the German daily *Die Zeit* that while "the time bomb of the Ibero-American debt crisis is still ticking," a second time bomb—the U.S. economy—is now ticking as well, and that Reagan's "second American Revolution" is only a "borrowed revolution." He also characterized Paul Volcker as "an outstanding monetary policy steersman of the Western World," and warned Reagan to limit the defense budget, among other things, to create the situation Volcker calls the precondition for lowering interest rates.

● **PAUL VOLCKER**, meanwhile, in statements before Congress during the week of Feb. 11, warned that the United States is risking "the same economic collapse that hit Latin America because of heavy borrowing abroad." Most of that continent's economies, he stressed, are now locked into "harsh long-range austerity programs."

● **GRUMMAN Corporation**, a major aerospace firm, announced on Feb. 12 that it has signed an agreement with NASA to develop a research program for materials processing in space—the first step toward commercial use of space. Spokesmen said the first experiments will be conducted on a process that can be used to build semiconductor crystals and magnets for electric motors.

● **DAVID STOCKMAN**, OMB director, is in trouble with his mother Carol, who said in mid-February that recent anti-farmer comments by her son, who grew up on the family farm in St. Joseph, Michigan, had not "set too well with me." In an interview with radio station WHO in Des Moines, Stockman's mother said: "We've had an abundance of crops and we're just not getting any money at all for our crops," she said. "When I looked at our books last week and found out how much money we lost, I was awed. But, you know, we've chosen this kind of a life."

## The crimes of the IMF: Ignorance is no excuse

by the Editors

In the war-crimes tribunal held at Nuremberg in the aftermath of World War II, individuals were held responsible for the consequences of their actions. Many pleaded their ignorance as a mitigating circumstance for the different categories of crimes that were there brought to account. Before this tribunal, as indeed has been well-established in Western law over the millennia, ignorance was no excuse. It was found, rightly, that the Nazi war criminals “knew or should have known,” what the consequences of their criminal actions were.

Individuals who tried to evade responsibility by claiming “I was only following orders,” were permitted no safe retreat into the collective anonymity of bureaucratic institutional life. They were held responsible as individuals for what they as individuals did, or did not do.

Are such precedents justly cited, as warnings to those who claim, again today, either that they do not know what crimes are being committed in their names, or that they are merely following orders? In the case of the International Monetary Fund and related institutions, such as the Bank for International Settlements and the World Bank, the evidence accumulated says overwhelmingly “yes.”

The categories of crimes brought before the judges at the Nuremberg tribunal were primarily three:

**Crimes against peace.** Under this heading, the leaders of the Nazi regime were held accountable for violating international agreements, to provoke war. The invasion of Poland was exemplary.

**War crimes.** On this count, Nazi leaders were prosecuted for crimes committed against military and civilian populations in the prosecution of the war itself.

**Crimes against humanity.** Here were assessed crimes committed in defiance of Western civilization’s fundamental conceptions of the dignity and worth of the individual and human life. For example, euthanasia policies directed against the aged, the sick, the handicapped, in pursuit of Nazi racial doctrines. Or the genocidal slave labor-policies pursued at Auschwitz.

What if the actions of the IMF were assessed in the same way? Let us take the reverse order.





UN Photo/John Isaac



*Under the International Monetary Fund's austerity conditionalities, genocide has been perpetrated against the populations of the Third World. Now the international bankers want to impose the same financial dictatorship on the United States. Shown are victims of the famine in Ethiopia, and a street in New York City's Harlem.*

Mass starvation in Africa, a portent of what will happen elsewhere in the globe, is the direct consequence of what are called the "IMF conditionalities policies," applied with increasing viciousness since the early 1970s. Africans, for racial and insane ideological reasons, have been denied access to the technical and other means, that would permit their continent's development. They have been denied terms of trade that would permit the mutually reciprocal development of their own and the metropolitan economies. They have been forced to loot their economies to service unfinanceable debt. These are crimes against humanity, measurable in starvation, in death through disease, in infant mortality, in life expectancies that do not exceed 40 years. What is being done to the continent of Africa, and elsewhere, is exactly what was done in microcosm at Auschwitz. Self-cannibalization, the Nazis found, is the cheapest way to kill in mass.

The think-tanks and cult movements demanding austerity and cuts in health and social services in the advanced-sector nations themselves are the spawning ground for the revival of euthanasia and related practices, for which the Nazis were judged at Nuremberg.

Ibero-America's heads of state have found, and informed the world, that the international drug trade is a "crime against humanity." That trade is promoted by the conditionalities policies of the IMF and related financial institutions, including David Rockefeller's Chase Manhattan bank, which has come to depend on drug revenue flows for its own survival. The cases of Jamaica and Colombia, and the commercial growth of marijuana production inside the United States, are exemplary.

## In this section

### **The IMF in Mexico: 'Adjustment program' means starvation**

by David Ramonet

### **The history of the IMF: Keynes's conspiracy against Western civilization**

by David Goldman

### **IMF demands economic shutdown, financial dictatorship in the U.S.A.**

by Richard Freeman

What were called “war crimes,” and “crimes against peace,” at Nuremberg, are also committed by the drug lobby every day. There is a proven interrelationship between the international drug trade and weapons trafficking. The weapons are used to equip separatist and terrorist movements deployed in covert war against nations. Armed establishments of significant size are maintained by drug interests in such nations as Bolivia.

The policies of the IMF toward the advanced-sector nations also constitute “crimes against peace,” since they have fostered the conditions in which disorders up to the level of insurrection occur. The separatist, fundamentalist, and terrorist elements deployed for such purposes also work with, and for, the policies of world domination of the Russian imperial political intelligence services.

The IMF and its allies are smoothing the way for Russian takeover, and not just in Yugoslavia. They are insisting that advanced-sector nations like the United States cut defense expenditures, to continue to service the debt which the IMF itself helped to create, in order to destroy the sovereign nation-state as an institution.

Is it only with the hindsight acquired in the aftermath of war that one may correctly say, the following policies constituted crimes against peace, at the pre-war point they occurred? Do not the Nuremberg guidelines—“knew or should have known”—establish responsibility before the case, and not simply afterward on the basis of *post hoc ergo propter hoc*?

Here the ignorant, or the sniffer of the winds of oppressive dominant opinion in the bureaucratic pecking order, will take refuge in the nonsense argument, for example, that economics is not classed among the exact sciences. That the behavior of economies is therefore not predictable, and that consequently the individual cannot be held responsible for what he cannot do.

Fortunately, that was all taken care of in the founding document of economic science, the Book of Genesis: “Be fruitful and multiply. Dominate the earth and subdue it.” In some ways we have come a long way since then, in others not so far at all. To the extent we order the affairs of our culture and society to increase the capacity to support an expanded population, at higher levels of potential relative population density, by developing the science and technology which enable us to “dominate and subdue the earth,” we can be assured that we are violating the laws of neither God nor man in the conduct of our affairs. We can know that we are acting as instruments of the good in the governance of man’s affairs.

But on the other hand, we have a force of international institutions, based on the debt they created and the drug weapon they employ, working with the Eastern enemies of our Western culture, which recognizes no such good.

Where does that leave those who claim ignorance, or that they were just following orders today?

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## The IMF in Mexico

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# ‘Adjustment plan’

by David Ramonet

The precipitous decline of the Mexican economy since the signing of a “program of economic adjustment” with the International Monetary Fund on Dec. 23, 1982 is a particularly savage case study of the effects of the IMF’s austerity policies in the Third World. The program included cuts in government spending to reduce the budget deficit by half, an end to subsidies for goods produced by state-run enterprises, maintenance of domestic interest rates above the rate of inflation, and “market control” of prices and exchange rates.

At the beginning, the government’s spokesmen—particularly Secretary of Planning and Budget Carlos Salinas de Gortari—insisted that the “adjustments” were merely aimed at resolving deep-seated problems which grew worse with the “maladjustment” of 1982—when then-President José López Portillo nationalized the banks, stopped paying the foreign debt, and imposed foreign-exchange controls. More than two years after the adjustment program started, it is now difficult to sustain this myth in public, so seriously have the measures adopted eroded the productive capacity of the economy—in particular the productive capacity of the workforce. Mexico’s economy is now on the verge of an irreversible collapse, with food production and consumption levels approaching those of the “Fourth World” countries of Africa.

The Immediate Program of Economic Reordering (known by its Spanish acronym of PIRE, which in Mexican slang means “flight from reality”) was supposedly designed to resolve Mexico’s balance of payments problem. The foreign debt could not be paid since Mexico’s income was not sufficient to buy the imports needed to maintain the economy at a functioning level and at the same time comply with debt-service payments. But in essence, the PIRE was only the programmatic expression of the famous “IMF conditionalities.”

The only promise which Budget Secretary Salinas de Gortari made two years ago that has been kept, is his pledge that the economy would undergo a “structural change.” This means allowing that sector of the economy oriented to satisfying the needs of the domestic population to die, while the entire sector which is oriented to markets abroad is strengthened. Of course, this is not what was explicitly proposed by the Budget and Planning Department, nor by the Finance and

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# means starvation

Public Credit Department, nor by the Bank of Mexico. But this is the case in practice.

According to a study of the National Nutrition Institute, in 1970 meat consumption in Mexico was at 170 grams per capita per day. In 1983, it was barely 38 grams, an amount barely above the consumption levels of Ethiopia, Iran, India, and Kenya, which take in an average of 30 grams per capita per day.

The cause of Mexico's plummeting meat consumption is, on the one hand, the dramatic deterioration which the buying power of wages has undergone, and, on the other hand, the fact that financial and monetary policy has provoked an increase in the costs of agricultural products, which causes the farmers to lose their investment if they sell their product domestically.

Right now, the minimum wage of a Mexico City worker is 1,060 pesos a day. Although the government has fixed a limit on the price of a kilo of beef at 900 pesos, in reality meat can only be found at 1,200 pesos a kilo. This means that a worker must use up almost 11 hours of his labor to buy one kilo (slightly over two pounds) of meat. In 1981, he had to invest 3 hours and 32 minutes of labor to acquire a kilo of beef. In 1982, it was 5 hours and 32 minutes. In 1984, 6 hours and 28 minutes. Today, even if the price of meat were to stick to the official price, the worker would have to work 7 hours and 40 minutes, or 85% of his day, to buy it. This, of course, assumes that he would not have to pay rent, transportation, nor clothing for his whole family.

At the start of the present government in 1983, the Budget Department planning office issued a study proposing that due to the adjustments in the economy, the fall in the buying power of wages and unemployment would be the causes of 30 million inhabitants or 40% of the population having to drastically reduce their food intake. They designed a program providing for a "change in eating habits" of this sector of the population as a solution.

Recently, a nutrition specialist at Mexico City's General Hospital, Dr. Luis Llescas Ambriz, proposed that in Mexico City, "people will have to get accustomed to eating cat meat, and, if necessary, rat meat, as they do in some Asiatic countries."

None of the government departments having to do with the economy has made known its official statistics for 1984. Nonetheless, *unofficially* it has been pompously announced that a growth rate of 2.5% was realized last year, and that inflation at year's end was 60%—22 points below 1983, and nearly 30 points under the record of 1982. It has also been leaked that the current account of the balance of payments shows a surplus of \$3.5 billion, and that the international reserves of the central bank added up to \$8.5 billion. All these indices are presented as the proof that "the crisis has touched bottom."

However, the reality is that these figures only serve to hide the wretched condition of the national productive apparatus.

How can one speak of economic growth at the same time that the average wage was reduced during 1984 by 30%, on top of the 26% that it was reduced in 1983? This, on top of—according to official statistics themselves—a drop in operatives employed in manufacturing industries by 8.4% in 1983, and a further drop of 2.5% in 1984. Evidently, if there was so much growth, it did not provoke any growth in domestic consumption.

And in effect, the statistics themselves give a signal of the direction which such "growth" was taking (quite apart from the fact that "growth" of that level, after two consecutive years of drastic economic contraction, is hardly something to crow about).

Unofficial leaks report an increment of 2.5% in manufacturing production (after it dropped in 1983 by 8.1%). But the production of durable consumer goods again fell by 1.6% (in 1983 it went down by 18.2%). In 1983, refrigerator production was reduced by 28.7%, according to Budget Department figures; and in mid-1984, production had fallen an additional 40%. Production of stoves went down by 10% in 1983, and by the first half of 1984 was reduced a further 13.4%. Washing-machine production fell by 21.9% in 1983, and by June 1984 was off by an additional 50.9%. Black-and-white television sets fell by 44.5% in 1983 and then 35.4% again in the first six months of 1984. Not to mention the automotive industry, which has practically turned into a cheap-labor assembly plant like those which have sprung up along the border with the United States. The list goes on and on.

## Eliminating consumers eliminates inflation

Yet government claims of a "recovery" are based on the form in which the Bank of Mexico, directed by the liberal Miguel Mancera, computes inflation. One sector of the population has been turned into "useless eaters," and for statistical purposes, these people don't count.

The Bank of Mexico's economists calculate as follows: They start with a "sample" of selected products in the most important cities of the country, comparing the prices of these products each month. Then they take a weighted average of the increases in the monthly prices. "Weighted average" means

TABLE 1

**Industrial activity indicators have plummeted**

(variation compared to previous year)

	1983	1984 II Q.	1984 III Q.
General index	- 8.2%	0.4%	2.6%
Mining	- 2.8	2.9	1.4
Manufactures	- 8.1	- 0.3	2.5
Consumer goods	- 6.8	- 0.5	1.7
Durables	- 18.2	- 9.8	- 1.6
Non-durables	- 4.2	1.5	2.3
Intermediate goods	- 7.0	0.2	3.0
Capital goods	- 25.1	- 3.7	4.2
Construction	- 15.1	- 0.6	2.8
Electricity	1.8	7.8	6.2
Manufacturing operatives	- 8.4	- 6.2	- 2.5
Fixed gross investment	- 23.9	- 2.1	4.9

Source: Banco de México

TABLE 2

**How Mexico's trade balance has shifted**

(billions of dollars)

	1981	1982	1983	1984*	1984(e)
Exports	19.4	21.2	21.4	18.0	23.5
Imports	23.9	14.4	7.7	8.0	11.0
Trade balance	- 4.5	6.8	13.7	10.0	12.5

Source: Banco de México

\*At 3rd quarter.

(e) Estimated by EIR.

TABLE 3

**How wages have dropped under the IMF**

(annual variation in percents)

	1981	1982	1983	1984(e)
Average annual wage	4.6	- 2.4	- 26.0	- 30.0

(e) Estimated by EIR.

that not all the products have the same weight, at the time the average of increases is derived. In effect, the products that have the greatest weight are the ones that have the greatest demand; the products that have less demand have a lower weight. This means that the "weight" of the same product could go down from month to month, as demand for it fell off.

So the products that go up in price the most, will keep having less and less demand, since most of the population

has no access to them on the market. And the products that most rapidly increase in price are those with the least specific weight when the "weighted average" is taken. Presto! Inflation is reduced by the method of eliminating the consumer, and the technocrats euphemistically call this "reducing demand."

Therefore, what the Mexican citizens cannot buy—and not exactly because they don't want to—is sold abroad to get dollars and pay interest on the debt. And thus it is that in the 11.1% growth in exports in 1984, increases in agricultural and manufacturing exports played a very key role. Agricultural exports increased by 26.5%, and manufacturing exports by 28.5%. The rise in imports (which did not even reach 1981 levels) was due to the fact that the private sector increased its purchases abroad by 51%, although most of these goods returned abroad. The public sector only increased its imports by 7%.

In the last three years, Mexico has had a surplus in its trade balance. It used to be claimed that one of the "structural" problems of the economy was its constant trade deficit. Yet the United States has had a record-breaking trade deficit for three years, and the bigger the deficit, the louder the cries of "recovery"!

**More austerity, fewer petrodollars**

In spite of the fact that the public budget for 1985 included a "budgeted reserve" of 260,000 million pesos (more than \$1 billion) to guard against any reduction in international oil prices and rise in interest rates, it was recently announced that, thanks to the fall in oil prices, additional austerity measures would be taken.

In 1983, the direct cause of the closing down of many private firms was the drastic cutback in public-sector investment. This tendency continued last year. And with the announced reduction of another 4% in public investment, the situation can be expected to worsen.

However, it is calculated that losses on account of the fall in oil prices will only be \$300 million. Why, therefore, reduce the budget by more than \$1 billion? The secret, rumors have it, is that the banks don't want to sign the new restructuring plan for the debt if President Miguel de la Madrid's government does not give evidence of continuing the austerity program *even when the IMF accord, which expires at the end of this year.*

With these grim prospects in sight, a social explosion could be in the making. The leader of the powerful Confederation of Mexican Workers, Fidel Velázquez, stated recently that "if they cannot buy food to sustain themselves, the emaciated workers cannot contribute anything to the productivity of the country. . . . The deterioration of the buying power of the workers is already worrisome. . . . In the face of the impossibility that the government, which is busy with other grave matters, will solve the problem, the workers' movement will try to do it by its own means."

# The history of the IMF: Keynes's conspiracy against Western civilization

by David Goldman

The year 1984 was the 40th anniversary of the International Monetary Fund. Established as the cornerstone of the postwar "Bretton Woods" monetary system, the IMF's purpose from its inception was to establish a world financial dictatorship by the City of London bankers, and to prevent the United States, with its newfound status as a military and economic superpower, from extending its wartime economic boom into a worldwide "American century" of prosperity.

There was, in fact, no need for a "new" postwar monetary system. President Franklin D. Roosevelt had just successfully carried out the 1939-44 military-industrial mobilization which doubled U.S. manufacturing output and clinched the victory over Hitler, and the President was now threatening British Prime Minister Winston Churchill with bringing such a high-technology-vectored boom to the rest of the world—including most emphatically the countries of British Empire.

The bankers' answer was the International Monetary Fund, set up according to the prescriptions of John Maynard Keynes, who first proposed the IMF's creation after hearing of the Nazi economics minister's 1942 radio appeal for a new postwar monetary order. The result was one of the most destructive institutions in human history, which 40 years later has ruined the economies of what is euphemistically called the developing sector, and is now trying to place the United States itself under the same deadly austerity conditionalities.

If the Second World War was the product of the Versailles Treaty that concluded the First World War, then the International Monetary Fund was the culmination of the Anglo-Venetian schemes for oligarchic world monetary order first promulgated in the context of the Versailles Treaty. The IMF's Articles of Agreement are a slightly vaguer restatement of the protocols of the International Monetary Conference at Genoa in 1922, which amounted to forcing all nations to hold their reserves at the Bank of England and accept a British dictatorship over world credit. The City of London's dictatorship emerged after 1944 despite Britain's national bankruptcy, and for one reason only: America agreed to play by British rules. The British jingle at the time said it all:

"Lord Halifax to Lord Keynes: "They've got the moneybags but we've got the brains."

While delegates of the Western countries deliberated in 1922 at the Genoese Palazzo di San Giorgio, the former seat of Genoese banking power, Soviet representatives met with their German counterparts at the small resort town of Rapallo down the Ligurian coast. Under the direction of Soviet Foreign Minister Chicherin (Cicerone), himself the descendant of the banking families who had ruled world finance from Genoa and Venice, the Soviets struck a private deal with German Foreign Minister Walther Rathenau. The deal had the blessing of Count Ulrich Brockdorff-Rantzau, diplomat and leader of the German opposition to the Versailles Treaty. As ambassador to Moscow, he then oversaw the military cooperation between Germany and the U.S.S.R. which began under the Rapallo Treaty and continued under the Hitler-Stalin Pact.

Although the Soviets were the explicit subject neither of the 1922 nor the 1944 world monetary conferences, they nonetheless figured prominently in the deliberations on each occasion. In 1942, Gladwyn Jebb of Britain's Foreign Office circulated a policy document outlining this perspective for Britain in the postwar period: that Western Europe should become an Anglo-Soviet condominium in the postwar period in order to avoid American domination of the continent. The extent of British and European ruin by 1945 and the enormous power of the United States prevented that plan from coming to the surface in any explicit fashion. Nonetheless, the role of Keynes and his American factional allies at the 1944 Bretton Woods conference ensured that the seeds of Anglo-Soviet condominium in Western Europe would be planted in the postwar monetary order.

Thus it is of the highest significance that the American negotiator who faced Keynes across the meeting table in the preparations for Bretton Woods was Harry Dexter White, later proven by congressional investigations to be a member of a Communist Party cell in Washington, D.C., and suspected to be a Soviet intelligence operative. Dexter White's

counterpart at the Federal Reserve Board during the preparations for Bretton Woods was Laughlin Currie, who fled the United States for Colombia following congressional allegations that he, too, was a communist and possible Soviet agent.

### A currency for looting

The IMF prevented the industrialization of the Third World from the very start, by insisting on its cardinal rule of international economic affairs: that nations must remain in a "balance of payments equilibrium," i.e., that they cannot sustain a deficit in their trade and payments. On the surface, that may sound sensible; in practice, this dictum constituted a slow but



*John Maynard Keynes (right) with Soviet agent Harry Dexter White, at the founding meeting of the IMF and World Bank in Savannah, Georgia.*

deadly poison. For the developing nations to industrialize, they would require a prolonged period of balance of payments deficit, while they provided a market for industrial nations' exports of capital goods for the purposes of infrastructural development. On the basis of such deficits, which can be financed only through long-term credits, the developing world would, over an extended period of time, create the export capacity to repay its debts many times over. In the few cases in which such long-term help was made available, e.g., South Korea, the result was a rate of growth termed an "economic miracle."

The IMF turned the principles of the City of London usurers and their Wall Street counterparts into international law, International banking, as practiced by the Venetians and

Genoese, then the Dutch, Swiss, and British, is really loan-sharking: The point of lending is not to finance economic development, but to hook the victim through debt service such that the banker may then dictate policies. This is what has happened to the 3 billion people of the developing world in the past decade and a half.

What appeared to be the strength of the United States following the Bretton Woods meeting—the dollar exchange standard—was in fact to be its ruin. With the remainder of the world's economies in shambles, the dollar was the only functioning currency. But the IMF's actions prevented the huge capital-goods capacities built up during America's war mobilization from being converted for civilian capital-goods exports. The IMF forced the massive undervaluation of the currencies of Western Europe, ensuring that the United States would not be an exporter of industrial goods to the economies then under reconstruction, but a purchaser of cheap labor in those economies.

The dollar was thus steered toward the status of a rentier currency from the beginning, and the potential for a monetary crisis had already emerged—in the judgment of such vultures as Belgian economist Robert Triffin—by 1959, when the United States went into a chronic balance-of-payments deficit only 15 years after the Bretton Woods conference. Since then, the United States has financed its deficit, now in the \$100 billion per year range, by playing the role of usurer with respect to the rest of the world, leaving the world at the brink of a global payments collapse.

### The oligarchy's worldview: 'higher sodomy'

But the issue of the IMF's policies goes deeper; the bland legalisms of the IMF Articles of Agreement disguise a Nietzschean pessimism. Consider the case of the Dutchman Johannes Witteveen, the IMF's managing director during the 1970s, who is also the leader of the Sufi (Islamic mystic) cult in Western Europe. According to friends of Witteveen, the cult decided to take custody of Witteveen's children at a certain point, when it appeared that the IMF chief was slowly starving them to death.

Or look at the IMF's founding father, John Maynard Keynes. The figure of Keynes, like that of his fellow Cambridge University inmate Bertrand Russell, must be understood to make sense out of the apparently self-inflicted decline of what was, at the close of the Second World War, the dominant world power. Keynes's vision of a mature industrial society which would intentionally suppress industrial development, and Russell's scheme to limit military technology through arms control, derive from the same oligarchical worldview that characterized the British leading circles who supported Hitler. It is axiomatic that a nation's industrial base is the foundation of its military capabilities, just as the nation's commitment to its own defense is a powerful guide of economic policy. Under Roosevelt's 1939-44 mobilization, this was demonstrated dramatically. But Keynes and Russell opposed both national self-interest and economic

development.

Keynes's viewpoint was shared by the Malthusian "brain trust" that surrounded FDR during the first years of the New Deal—Rexford Guy Tugwell, A.A. Berle, et. al. Tugwell advanced the thesis that the United States had become a "mature society" whose capacity to develop had reached an end; further efforts to invest in capital-goods capacity would only lead to overproduction and depression. After Roosevelt's death, the same band of East Coast "Establishment" jackals imposed its views upon the gullible Harry Truman.

The growing acceptance of the Keynes-Russell outlook during the Johnson, Nixon, Ford, and Carter presidencies produced such disastrous economic effects as to generate a degree of cultural pessimism hitherto unknown among Americans, with the cultural consequences that may be seen any evening on the streets of American cities. America's domi-

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nant position in world military affairs, indeed her capacity to defend herself, became the victim of the economic decline, to the point that the creation of an Anglo-Soviet condominium in European affairs, the "decoupling" of Western Europe from the Atlantic Alliance, is on the agenda for the first time in the postwar period.

In this context, John Maynard Keynes's personality and policies are an urgent subject of investigation, and Charles Hession's new biography provides relevant details on two essential aspects. The first is the barely concealed, cultish homosexuality of the IMF's founder. The second is a subject usually ignored in treatment of Keynes in American universities, although discussed incessantly upon Keynes's home ground: the identity between Keynesian economics and Marxism.

According to Hession's account, Keynes became a homosexual not merely by inclination, but by philosophical choice, by recruitment to a movement of decadents centered around the Cambridge circle of Apostles, who migrated to

London's Bloomsbury Square and took up with a set of modernist painters and writers. The British elite of Keynes's generation was drawn into a Gnostic rebellion against the values of Judeo-Christian civilization, as Hession shows in his chapter entitled "Bloomsbury and Its Influence on Keynes' Creativity":

These intellectual aristocrats felt that they had discovered new conceptions of morality, justifying them in rejecting Victorian earnestness and sexual respectability. As a consequence, Bloomsbury tended to be gay and "remorselessly frivolous." For example, according to one account, in the twenties some of its members, like the recent "counterculture" of this generation, showed their contempt for bourgeois culture and morals by joining what (Oxford scholar) Isaiah Berlin called the "Homintern." In other words, they made a cult of homosexuality.

Keynes's cult of homosexuality is no different from the sodomic practices of the castration cults of ancient Rome or the Gnostic Cathars of the 12th-century Albigensian heresy or Ernst Röhm's Nazi *Sturmabteilung*.

Keynes built himself a world where nothing was true or real, in which the elites indulged in the narcissism they called the "higher sodomy," and conspired to ward off the impinging, intolerable efforts of the remainder of humanity to subdue the earth and multiply. The elites indoctrinate their initiates through homosexual practices and Russellian positivism, until nothing remains but the Bloomsbury variety of self-infatuation.

Several books published by British authors during the past half-dozen years have dwelt at some length on the irony of children of the British elites turning into traitors and communist sympathizers during their university years at Cambridge in the 1930s. But, as the case of Keynes shows, the entire outlook of the British oligarchy was aberrant, and the Cambridge "queers and commies" were merely a more colorful variant of their elders.

Keynes's life work was dedicated to the thesis that man will inevitably frustrate his own efforts to transform nature by the introduction of improved technology, and must therefore reconcile himself to self-imposed limits to growth. This has provided the ideological basis for 40 years of genocide by the International Monetary Fund—no surprise to anyone who scratches beneath the surface of his "liberal" economics. In his introduction to the first German edition of *The General Theory*, Keynes stated that the Hitler regime represented precisely the kind of social order which could put his theories to work. His political sympathies lay with Prime Minister Neville Chamberlain's "appeasement" of Hitler until well after the disastrous 1938 Munich pact.

Keynes's Malthusianism coincided in all important areas with Karl Marx's argument that technological progress was impossible under capitalism, both in Keynes's own words, and according to the testimony of his closest associates.

# IMF demands economic shutdown, financial dictatorship for the U.S.A.

by Richard Freeman

The International Monetary Fund, a private, supranational institution, is preparing to dictate austerity policies to the United States which, if adopted, will put the U.S. economy out of business. This is a particularly urgent issue of national security, for the bankers' special target is the defense budget and President Reagan's Strategic Defense Initiative.

Jacques de Larosière, the French technocrat who is managing director of the IMF, boasted at the Fund's annual meeting in September 1984 that he had given America its marching orders—to cut the federal budget deficit or else. "I read America paragraph two of the joint meeting's communiqué, which states that it is necessary 'to improve the structure of government budgets and reduce deficits, primarily through reduced spending,'" he said.

Ernesto Hernandez-Kata, the director of the Western Hemisphere for the IMF, spelled out the way his institution intends to shut down American defense capabilities. He told an interviewer, "We want the Reagan administration to cut the deficit, period. . . . There are a lot of military bases you can close. I'm sure there is a lot of waste there. There is also a wide range of programs to choose from which are less expensive than others. For example, the MX system is horribly expensive."

The principal lobbyists for the IMF policy in the United States include the top Wall Street banks and investment houses, and their political frontmen like Henry A. Kissinger. At a private gathering of 400 drawn from the central bankers, private bankers, and finance ministers attending the September IMF meeting, Kissinger demanded the end of U.S. national sovereignty: "The biggest politico-economic challenge . . . is to resolve the discordancies between the international economy and the political system based on the nation state. . . . The U.S. and other major industrial democracies have been unwilling to modify their policies in response to IMF criticism. . . . The fundamental issue is that the international financial system cannot be sustained indefinitely by unilateral American decisions."

## The Treasury debt

The international bankers' chief control mechanism over the United States is the Treasury debt, which will total \$1.828 trillion by the end of fiscal year 1985. Thirty seven Wall

Street and European commercial and investment banks, like Goldman Sachs, Lazard Freres, and Morgan, directly control sale of the Treasury debt. Furthermore, the United States is now dependent for fully 80% of its Treasury debt financing upon foreign financial sources, the big U.S. banks, insurance companies, trust funds, pension funds—all of them controlled by the same close-knit international financial oligarchy. All these groups need do is withhold the financing of America's giant Treasury needs of \$4 billion in new capital per week, and America's budget structure and financial system would blow sky-high.

A financial insider sneered on Feb. 14, "If Congress doesn't approve the budget cuts, the financial community will react negatively to the budget and that will mean trouble for Reagan." This threat could translate into a massive dumping of U.S. Treasury bonds, with prices plummeting precipitously.

The impact of the IMF policy can be seen in the fiscal year 1986 budget, drafted by Budget Director David Stockman—a man who told the *Wall Street Journal* on Feb. 14, "America has too much farm output." Working closely with Stockman is the Bipartisan Budget Appeal, a group of 600 Wall Street businessmen, pacifists, and zero-growthers headed by former Lehman Brothers chairman Peter Peterson. The director of the Appeal insists that the cuts have just begun: "Reagan is going for \$50 billion in cuts. There should have been \$100 billion." Where would the cuts come from? "The Strategic Defense Initiative has no strategic value. It is not an effective deterrent. It is a waste of money. Thank goodness, we have the Anti-Ballistic Missile Treaty to stop an expensive arms race."

This same gentleman revealed that his organization's position on defense was written by Cyrus Vance and Robert McNamara. The Bipartisan Appeal is pushing for a social security freeze, the elimination of Small Business Administration loans (a demand incorporated in the Stockman budget), and more cuts in the farm sector, as well as the elimination of government help to the Amtrak railway system. The Bipartisan Appeal has roped the Homebuilders, the U.S. Savings League, and other trade organizations into supporting its demands.

Meanwhile, Congress and the administration have re-



mained mute on one enormous budget category which has escaped Stockman's knife: debt-service to the banks. Federal Reserve Board chairman Paul Volcker's high interest rates have accounted for 75% of the \$1 trillion growth in the U.S. Treasury debt outstanding from 1979 to its current level of \$1.8 trillion at the end of the fiscal year 1985. The interest on the public debt—at \$169.7 billion—nearly equals the projected deficit. The increase in interest on the public debt in just the last two years' budgets is greater than the cost of welfare for an entire year.

### The 1986 budget

The Reagan administration's fiscal year 1986 budget, although it attempts to hold the line against the budget-cutters

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on defense, is a disaster for America's industry, infrastructure, and farming. Its major provisions include:

- **Water resources:** The expenditures for dams, canals, and reservoirs, upon which agriculture, transportation, creation of new manufacturing sites, etc., depend, will be cut from \$3.916 billion in 1985 to \$3.091 billion in 1986, a fall of 21%, not adjusted for inflation.

- **Fission and fusion:** Outlays for the fusion program, a technology upon which the future energy supply of America rests, have been slashed from a paltry \$446 million in 1985 to \$401 million in 1986, a 14% cut when adjusted for inflation. Fission will plunge from \$416.3 million to \$371.8 million. The fission budget was \$800 million at the end of the rabidly anti-nuclear Carter administration.

- **Agriculture:** True to Stockman's pledge to destroy agriculture, the budget makes a radical shift in agricultural policy. Expenditures for the Commodity Credit Corporation, which helps stabilize farm prices, would have totaled \$73 billion between 1986 and 1990. Stockman will cut this by \$39 billion, a cut of more than 50%.

New agricultural loans will plunge 58% to \$4.88 billion,

just between 1985 and 1986. \$2 billion in advance support programs, the sop that Agriculture Secretary John Block threw to farmers during the election campaign to stop bankruptcies, will be eliminated.

The outlays for the farm extension program, which helps combat crop diseases, will be cut 23%.

- **Health:** Stockman has proposed for Medicare, a health insurance program for the elderly and disabled, freezing in 1986 the hospital payments at 1985 levels, and extending the 15-month freeze on physicians' charges an additional 15 months. Physicians and hospitals will thus be encouraged by expediency to refuse to take Medicare patients.

Outlays for child nutrition will be cut 10%.

- **Veterans:** When adjusted for inflation, veterans' benefits will be cut by 5%. Construction and rehabilitation of veterans' hospitals will be reduced from five per year to two.

- **Housing and urban aid:** Housing production has been falling for the last nine months. The government loan program of housing for the elderly will be cut from \$564 million in 1985 to \$20 million in 1986. On- and off-budget rural housing loans will fall from a combined level of \$6.720 billion in 1985 to \$2.306 billion in 1986. The charge on Government National Mortgage Association (GNMA) loans will rise from 6 points to 15 points.

The Housing and Urban Development program which gives housing assistance to 3.9 million families will be frozen for two years.

No-strings-attached revenue-sharing and community-development block grants, which are used by cities to build streets, transit, fire houses, etc., will be cut drastically. The former will be slashed from \$3.4 billion to \$1.16 billion between 1985 and 1986.

- **Transportation:** When adjusted for inflation, transportation outlays will be slashed 9%, to \$25.1 billion. The administration proposes to eliminate the government's \$684 million subsidy to Amtrak, a commuter rail line that serves 500 communities in the Northeast. Amtrak says that without the subsidy it will have to shut down.

Government support to mass transit will plunge from \$4.17 billion to \$3.28 billion, including ending all operating assistance and money to help build new city rail systems.

- **Employment:** The Job Corps, a 20-year-old program that trains youth, will end in mid-1986. The program is one of the "Great Society" programs and was highly ineffective, with a reported 65% drop out rate. But with youth unemployment at 25% to 40%, and no alternatives in sight, the ending of the program puts more jobless youths onto the streets.

- **Small Business:** Small business and minority assistance loans will be cut from \$775 million to \$318 million.

The revenues of the entire budget are premised on a 4% GNP growth rate. Yet steel production has been down for six months in a row, aluminum production has been down seven months in a row, and unemployment is up.

## West Germany joins the Strategic Defense Initiative

by George Gregory

The Federal Republic of Germany has said "yes!" to the Strategic Defense Initiative (SDI). At the Wehrkunde Society's annual gathering of Western military elites in Munich Feb. 9-10, Chancellor Helmut Kohl dropped his government's long-standing skepticism about the program and made it clear that his country—with its high-technology industry—is ready to participate, in the interests of defending the Western alliance as a whole.

"We ought to counter the Eastern argument," said Kohl, "that a 'demilitarization of outer space' is necessary with reference to the shift of emphasis intended with SDI from offensive nuclear weapons to defensive conventional measures." Addressing the left Social Democrats and the "peace movement," Kohl continued, "Is it not paradoxical that those who have hitherto been the strongest opponents of the strategy of nuclear deterrence should now, by rejecting SDI, turn out indirectly, to be its champions?"

A diplomatic note will soon be delivered from Washington to Bonn, to officially request that the Federal Republic participate in joint research to develop technologies for the defense shield.

### No to the 'decouplers'

Kohl's speech has dealt a powerful blow to Soviet efforts to divide Western Europe from the United States, and thereby gain the leverage required to crush the American SDI effort. The Soviet-backed drive by Henry Kissinger, Sen. Sam Nunn, and other "decouplers" to engineer a U.S. military disengagement from Europe—and sabotage the SDI—is also now in deep trouble. For it is precisely the repeated assurances to Western Europe from President Reagan, Defense Secretary Caspar Weinberger, and other U.S. spokesmen that the SDI

does *not* signify a "Fortress America" split-off from Europe, that has convinced Kohl to give the program his government's support.

Weinberger reiterated this in his speech at the conference: "Twice in this century the United States has concluded that a fight for Europe's freedom was a fight for our own. If the concept of a Fortress America proved a dangerous and foolish illusion in 1917 and 1941, how much worse it would be in today's shrunken world. There is no fortress, and there can be no retreat. America could not survive, nor live, in a world in which Europe was overrun and conquered."

A most significant intervention at the Wehrkunde conference came from Dr. Edward Teller, a close scientific adviser to President Reagan and long-time supporter of the SDI. He described in detail the scientific, technological, and economic benefits that would derive from the industrial revolution that the SDI would create—for all the alliance countries.

West German industrialists did not need much convincing. They have long been quietly studying the SDI budget projections, and have determined potential areas for their own contributions. In government institutions, laboratories, industries, and in the military, hardly anyone is now trying to hide his exuberance. "The chancellor's speech opened the gates wide open! When we get the go-ahead, European industry is so intertwined, that all of Europe will be on board. Almost nothing can go wrong," was a typical remark.

Others displayed a hard-nosed determination to make sure that the Federal Republic gets its fair share of the action. A parliamentarian in Munich insisted that West Germany not be relegated to the status of "casting the steel plating," where American scientists do the top-of-the-technology-line work. Another expert says, "We have to make sure that our past

experience is not repeated, where the Americans put up the scientists, and we are graciously allowed to manufacture the laboratory coats for their scientists.”

U.S. Undersecretary of Defense Richard Perle stated in Munich that two lines of cooperation were unfolding: joint research programs fully open to applications in the United States and West Germany, and contracting for components for SDI systems. The United States has made it known to the Europeans that a share of SDI contracts will be open for bidding by European firms if their contributions are really at the top of the technological line.

A high-level team from the SDI organization will soon visit Bonn for the most intensive briefings and discussions on the current status of work in the United States, and to concretize research cooperation projects.

### **A new political configuration**

These deliberations are creating a new German-American “special relationship,” in which Germany is emerging as a spokesman for all of Western Europe. The French have noticed it, and so have the British. This represents the birth of a totally new era of German foreign policy, in which the German-American “axis” will no longer mean that Bonn has to follow Washington, right or wrong. Nor is it a “special relationship” on the U.S.-British model, with the “British tail wagging the American dog.”

Bavarian Minister President Franz-Josef Strauss, in his speech at the conference, underlined that Europeans have to overcome their disgruntlement toward the United States: unhappiness when the United States was practically invulnerable to Soviet nuclear weapons, and then equal unhappiness when the United States became just as vulnerable as Western Europe. Strauss insisted that Western Europe is safest when the United States is secure itself, and that, therefore, the United States must not allow Soviet moves to stall or sabotage the Geneva arms talks to have any effect upon the development of the SDI.

How will the rest of Europe respond? France represents the principal Soviet Trojan horse at present. For the first time, the Wehrkunde meeting was attended by the French defense minister, Charles Hernu, whose presentation reiterated the anti-SDI position of the French government, and explicitly formulated French policy as a defense of Mutual Assured Destruction—with one mention of the fact that Soviet ABM systems and advanced efforts in beam-weapon defenses are already degrading the deterrent value of the French nuclear forces, the *force de frappe*.

Hernu’s speech prompted German participants to demand that he explain the French conception of strategic stability, because, as the Germans explained, “We have the feeling that French strategy is to let German soldiers fight to the last man in the defense of France, and then when the threat comes home to you, you will drop nuclear bombs on our heads.” No European could be satisfied with strategic stability the way

Hernu formulated it, when he stated, “It has been said that French nuclear bombs will fall on German heads, but Russian nuclear bombs will, too.”

Yet, France most desperately needs the technological and economic benefits of cooperating in the framework of the SDI, and this will be high on the agenda in the discussions to change French opposition to the program in the coming months.

Out of the crisis of French policy, however, the West German chancellor indirectly gains internal strength from which to help solve that crisis. This is because the anti-SDI grouping in the West German Social Democracy, represented by arms-control strategist Egon Bahr at the Wehrkunde meeting, demonstrated that it has been driven into a corner by the Bonn government’s policy orientation. Bahr and the SDI rejection front no longer enjoy a hegemonic position even among the Social Democrats. Yet, Bahr attempted to agitate against the SDI with arguments which, as Dr. Edward Teller demonstrated in his own responses to Bahr’s speech, are simply incompetent. “The Soviet response,” Bahr argued, “to American endeavors, whether it be the Strategic Defense Initiative, or, more popularly, the concept of ‘Star Wars,’ could, *inter alia*, be an increase in its offensive-capable intercontinental ballistic missile potential.”

### **Resistance crumbles**

The view in West Germany is that Chancellor Kohl also has an excellent potential for overcoming British resistance to the SDI. As one German official said, “Have you seen the British reactions to the Wehrkunde meeting? They are jealous, and that means they are thinking, because they only really think when they are jealous.”

British Industry Minister Norman Tebbit certainly confirmed this assessment, remarking that “there seem to be some European arms industries that are hanging their snouts in a trough [SDI] that has yet to be filled.” Britain’s Minister of Information and Technology Geoffrey Pattie agreed that “the SDI could lead to a massive rise in military spending. . . . Some Europeans are eagerly trying to sniff out the rewards of the SDI.”

Despite such comments, which West German officials interpret to mean that resistance is crumbling fast in England, the view in England following Defense Secretary Weinberger’s recent address to the Royal College of Defense Studies and the address by Chancellor Kohl in Munich, is that the British are now “fully on board the SDI bandwagon.” Several British sources report that the impetus behind the European steamroller for the SDI is the emphasis given recently by Reagan and Weinberger to the civilian economic spin-offs of the program.

Industrial and manufacturing circles in England, Italy, Holland, Denmark, and other countries are also insisting that they have no intention of being “left out” of the coming economic boom.

## Speeches from the Wehrkunde meeting

*The following are excerpts from speeches delivered at the 22nd annual conference of the Wehrkunde Society, held Feb. 9-10 in Munich, West Germany.*

### **Kohl: Germany will join the SDI**

*Keynote speech by West German Chancellor Helmut Kohl, titled "The Federal Republic of Germany and Europe in the North Atlantic Alliance." Text abridged; official government translation.*

Mr. Reagan's Strategic Defense Initiative will be the dominating issue in the years ahead. We should be aware of the philosophical and moral considerations behind this initiative and of President Reagan's deep personal commitment, and thus take them seriously.

The basic idea is for both sides to abandon the deterrence strategy of Mutual Assured Destruction and instead adopt a position in which each is capable of reliably defending itself. Slogans, especially those coming from the East, about the militarization of space and the American aspiration to nuclear supremacy, are misleading. Outer space is already being used to a considerable extent for military purposes. Offensive strategic nuclear weapons travel through space. The Soviet Union possesses the only operable anti-satellite system. It can also carry a nuclear payload. The Soviet Union too is engaged in research on strategic defensive systems without saying much about it. This research is more advanced than is generally known.

We ought to counter the Eastern argument that a "demilitarization of outer space" is necessary, with a reference to the shift of emphasis intended with SDI from offensive nuclear weapons to defensive conventional weapons. Is it not paradoxical that those who have hitherto been the strongest opponents of the strategy of nuclear deterrence should now, by rejecting SDI, turn out, indirectly, to be its champions?

It is of crucial importance that

- the Soviet Union should explicitly recognize that SDI research does not violate the provisions of the ABM Treaty and
- the United States, as promised in Geneva, will enter

into negotiations with the Soviet Union before developing or introducing such systems.

The Federal Government will not only look into the arms control and military strategy aspects of SDI but also take into account its implications for the Alliance and its economic and technological elements. It is still too early to make a final assessment of strategic defense. Not before the end of this decade will research in the United States have reached a point where a conclusive evaluation can be made. At the present time it is possible to identify the following objectives:

- A space-based defense system must make full allowance for the strategic unity of the area embraced by the Alliance.
- Strategic instability, especially during a possible transition phase, must be avoided.
- The Strategic Defense Initiative of the United States, owing to its far-reaching consequences, especially for our security, presupposes the closest possible consultations both bilaterally and within the Alliance. We are grateful to the United States Government for keeping us up to date.
- SDI, irrespective of whether research produces the intended results, will spark a considerable technological innovation in the United States. A highly industrialized economy like the Federal Republic of Germany and the other European allies must not be technologically decoupled.
- The American space program is a powerful incentive for the Soviet Union to negotiate.

The concept of strengthening strategic stability, which was originally presented by the United States and ultimately became one of the objectives of the negotiations by mutual consent, will be crucial to the success of the Geneva negotiations. It is already apparent that, at the moment, the two superpowers give this concept different interpretations. The United States believes that by introducing SDI it can maintain and ultimately improve "strategic stability." The Soviet Union appears to take the view that the only way of ensuring strategic stability is by obstructing the space designs of the United States.

Without wishing to offer a panacea for the negotiations, the Federal Government sees the concept of "strategic stability" as containing the following elements:

- the maintenance of a high first-strike risk which in the final analysis will be untenable for both sides;
- efforts to improve war-prevention capabilities through the introduction of the defensive element into the deterrence strategy;
- the fixing of a new ratio between offensive and defensive systems, taking into account existing new technologies;
- neither side should seek supremacy. It will be necessary to ensure that technological developments on either side do not destabilize the relationship between the two superpowers;
- effective crisis management to exclude the outbreak of

war as a result of technical or human failure.

East-West politics must not be confined to arms control and security issues. Nor should they consist exclusively of a global bilateralism between the two superpowers, with European matters being treated as regional problems. We sincerely trust that the negotiating process will usher in a development that will improve the general climate between East and West and open up the ways to contacts among all concerned and at all levels. We are convinced that this will bring us to an end of a campaign in which the unfounded accusations leveled at our country have distorted its image beyond recognition.

The Federal Republic of Germany has contributed to a substantial extent to the increase in NATO infrastructure measures. It has developed a stable economic and social order at the dividing line with the Warsaw Pact. It helps weaker members of the alliance to make their defense contribution. The outlays for Berlin and the substantial amounts of Eurodollars that flow to the United States from the Federal Republic of Germany must also be counted as defense efforts in a broader sense. Many efforts which have to be made here in Europe at the front line cannot be measured in figures: They range from extended military service for conscripts to the psychological strains on the population and the multiplicity of military activities here in this densely populated region.

Allow me at this point to comment briefly on the Nunn Amendment. Any demands by Congress to the U.S. administration to withdraw some of the American troops from Europe so as to induce the Europeans to make greater defense contributions would, if effect were given to them, merely be counterproductive. They would also send the wrong signals to the East. In the Alliance, we are dependent upon each other. Whoever wishes to strengthen the Alliance must first of all exercise solidarity. The conventional defense capability, which we are all concerned about and which we want to improve to the best of our ability, would not be enhanced, but weakened if the Nunn Amendment were implemented.

### **Weinberger: We are not a 'Fortress America'**

*Speech by U.S. Defense Secretary Caspar Weinberger, titled "Seizing the Future: The Strategic Defense Initiative's Promise for NATO." Text abridged.*

Ronald Reagan may be America's youngest and *least* reactionary President. One of his boldest steps has been to propose, through his Strategic Defense Initiative, that we not simply bow to technological imperatives, but instead strive to channel technology to achieve new possibilities for peace. Strategy need not always just react to technology. Indeed, technology should be the hand-maiden of strategy. Today we have an opportunity to let strategic vision guide us in our pursuit of technological opportunity.

I must say that I was baffled by the outcry against this

initiative from what in America we ironically call opinion leaders. (I say ironically because we are convinced that a large majority of our people supports the initiative.) After all, President Reagan has proposed nothing more than that we *explore* the possibility of defending ourselves and our allies against ballistic missiles, through a research program that is entirely consistent with our treaty obligations, and certainly is only prudent given the tremendous Soviet advances in this area and the dangerous potential of a Soviet ABM treaty breakout.

Some of you, I suspect, are thinking that I have the question all wrong. The real issue in Western Europe, you might argue, is whether Europeans will become hostages to the Soviet Union as the United States retreats to an illusory fortress across the ocean.

As President Reagan strongly reaffirmed just recently, "Our vital interests and those of our allies are inextricably linked. Their safety and ours are one."

This is not just comforting rhetoric. It is historical fact. Twice in this century the United States has concluded that a fight for Europe's freedom was a fight for our own. If the concept of Fortress America proved a dangerous and foolish illusion in 1917 and 1941, how much worse would it be in today's shrunken world? There is no fortress, and there can be no retreat. America could not survive, nor live, in a world in which Europe was overrun and conquered.

Finally we should bear in mind that the strategic defense we are working on would be equally effective against the SS-20 and other intermediate-range Soviet weapons.

Let us not be enthralled by what Henry Kissinger has called "the historically amazing theory that vulnerability contributed to peace, and invulnerability contributed to the risks of war." If we look beyond the peculiar theology of MAD [Mutual Assured Destruction—ed.] to the essence of deterrence, we see that an effective defense—even if it were not a perfect defense, although we would always strive to make it perfect—could substantially raise the costs, and enhance the uncertainty, of aggression. It would provide insurance against a world in which the Soviets—and the Soviets alone—could brandish their sword from behind the protective shield *they* are continuing to develop.

It is worth pointing out that the Soviets themselves have never subscribed to the worth of mutual vulnerability. For years they have pursued a major research effort into defensive technologies. Indeed, the Soviet Union is almost certainly violating the ABM treaty by constructing a large ballistic-missile early warning radar in Siberia, which is located and oriented in a manner prohibited by the treaty.

I believe that the President's vision of nuclear peace through defense can, in the end, appeal more realistically and persuasively to expressed Soviet concerns than an approach based on mutual vulnerability. The Soviets have already cooperated with us in certain areas to reduce the risk of nuclear

war. It should not be impossible to work with the Soviets to create a new arrangement that offers far more safety to both our societies and those of our allies.

I believe that the President's Strategic Defense Initiative gives us a special, indeed unique, opportunity to pass on not just responsibility but hope to NATO's next generation: the hope that peace can be maintained, not by the threat of nuclear destruction, but by a strong defense which could not only deter, but defeat, the most awful offense of all.

### **Teller: SDI will 'revolutionize industry'**

*Dr. Edward Teller emphasized in his speech the potential of Strategic Defense Initiative technology to transform industry and agriculture, according to a report in the Boston Globe on Feb. 12 by correspondent William Beecher. Beecher describes the process underway at the Wehrkunde meeting as "beating star-wars technology into profitable plowshares." The following account is based on the Globe's summary.*

"Industry will be revolutionized," Dr. Teller declared. "Those of our allies who don't want to participate will fall behind in their peaceful economies." X-ray lasers, he explained, will make possible detailed pictures of viruses and molecules with enormous implications for agriculture and industry. Low-energy lasers can be used for observation, high-energy lasers to precisely shape the hardest materials, highly accurate lasers for electronics.

The Germans, who are worried they may be falling behind the Americans and Japanese in high technology, pleaded for an official commitment from Washington to let them participate. Assistant Secretary of Defense Richard Perle replied: "I can see no limit, in theory, to the degree to which the best minds, the best labs, the best industrial bases in Europe can contribute. One obvious way is for contracts to be made available for bidding in Europe, and I have no doubt we will find ways to do it."

### **Hernu: No to a 'space arms race'**

*Excerpt from the speech by French Defense Minister Charles Hernu. Translation by EIR.*

Today space is emerging among the challenges that Europe has to take up. The technological, scientific, and industrial perspectives opened by peaceful use of space are considerable. By virtue of the lead they have achieved, the two superpowers have begun new projects that require thorough investigation. Their feasibility is not yet certain, nor the conditions under which these systems could be deployed. France, for its part, holds firm to the peaceful use of space, for this conditions stability at the lowest level of armament. The first military use of space occurred over two decades ago. Today, totally new paths are now being struck, in which it is planned to station killer satellites or ABM systems in space.

If such systems are deployed, it is to be presumed that the old dialectic of bullet and armor will also hold true for nuclear

armament. Nuclear weapons were protected from this previously, for the reason that no defense against nuclear weapons was conceivable. This incontestable reality protected the world, and especially Europe, from a catastrophe that had destroyed the war-waging powers. The certainty of facing damages out of proportion to expected gains led to a balance of the threat and consequently promoted peace.

It is not evident that the balance that would result from stationing defensive systems and from the reduction of offensive weapons would in fact be stable. Who can really believe that the negotiating partners would not agree on a certain number of offensive weapons that would at least be sufficient to saturate the opposing defensive systems? Should such a situation occur, the question would be posed, whether the given conditions of balance had really been changed, for in the final analysis each power would retain the capability of causing the opponent unacceptable damages.

If one assumes that the extent of offensive armament could be reduced to a level beneath the threshold of saturation of the opponent's defense systems, then there would surely open new perspectives in strategic stability between the superpowers. One must assume, however, that such a situation would only be conceivable to the extent that the competition between the two superpowers had turned into a complicity that would eliminate their rivalry.

Must one *a priori* exclude such a perspective? Surely not, but it is to be assumed with the highest probability, as history teaches, that it will come to a new push in the competition of offensive armament because of stationing of defensive systems. There thus exist real risks of instability. For this reason, France has welcomed the resumption of negotiations to promote the peaceful use of space, so that no new arms race results.

### **Bahr: SDI will 'militarize' space**

*Excerpt from the speech by Egon Bahr, the leading arms-control spokesman for the West German Social Democratic Party (SPD), architect of Willy Brandt's Ostpolitik, and one of Germany's top advocates of a "New-Yalta" deal with the Soviet Union. Translation by the SPD.*

Nobody can say or decree that the SDI will become feasible. In the light of historical experience, there is nothing to be said for projecting a Maginot Line into space. But quite apart from this, it could be that only partial successes are achieved, or results which open up new offensive possibilities. Anything stationed in space in order to deter from aggression could also be used to launch an attack. And the discussion about killer satellites (ASAT) shows how little both sides are, jointly or separately, prepared to have confidence in the appeal. It would therefore be better and, incidentally, also cheaper to prevent the militarization of space, and for mankind it would be more fruitful to concentrate the ingenuity of its researchers and engineers and its money on developing a structural defensive capability on earth.

# The fraud of Soviet 'anti-revanchism'

by Konstantin George

Since January, West Germans have been bombarded with "news," "commentary," and "scholarly" pontifications from the media on so-called German revanchism, a made-in-Moscow Orwellian term for an alleged German syndrome caused by the postwar loss of extensive territory by Germany, including the provinces of East Prussia, Pomerania, and Silesia, to Poland and the Soviet Union. These territorial changes and the ravages of the advancing Red Army produced a flood of people escaping or expelled from these regions—some 15 million in 1945.

Soviet media attacks on West Germany as "revanchist" and "neo-Nazi" began in a massive way in December 1983, timed with the near-conclusion of a huge hardware buildup of troops, armor, aircraft, and munitions among Russian forces stationed in East Germany. The charges of repeated West German violations of the "German militarism" and "Nazi removal" parts of the 1945 Potsdam Agreement are meant to build a pretext for Soviet military actions against West Germany. That propaganda proved to be the opening gambit to the huge June-July Soviet military maneuvers rehearsing a surprise attack on West Germany, and the "violation of the Potsdam Agreement" Soviet demarche to West Germany on July 10.

Now an additional real reason for this campaign has finally come out into the open in the Soviet media: West Germany's growing desire to participate with the United States to develop laser technology, space-based missile defense systems—the Strategic Defense Initiative (SDI).

Moscow's excuse for the latest media attacks on West Germany was the decision of the West German expellee organization of the Silesians (now southwestern Poland) to hold a July conference on the 40th anniversary of their expulsion, with West German Chancellor Kohl as guest speaker, under the slogan "Silesia remains ours." After a week of the West German media being obsessed with this theme, the compromise slogan, "Silesia is our future in a free Europe," was arrived at, and Kohl agreed to speak.

In the midst of the hubbub, a 21-year old youngster, the offspring of Silesian expellees, with a head full of fantasies, to say the least, and perhaps requiring psychiatric care, wrote an article "describing" a future West German Army march into Eastern Europe.

The East German government used these pathological scribbles to fabricate a Goebbels-style Big Lie that the Bonn Defense Ministry has a military plan to invade Poland. The newspaper of the ruling Socialist Unity Party *Neues*

*Deutschland* carried a major piece by the East German news agency ADN's Bonn correspondent charging that the 21-year-old's fantasy was based on an article written by Colonel Hubatschek of the West German Defense Ministry, in the military magazine *Wehrkunde*. Hubatschek merely made the correct legal assertion that the final borders of Germany can only be defined by a peace treaty, legally settling all questions open from the Second World War. Hubatschek also referred to the goal in principle, and with no time deadline, of unifying Germany.

The Bonn correspondent of ADN, with a fantasy-ridden imagination rivaling that of the crazed youngster, wrote that "confidants of Defense Minister Manfred Wörner" are responsible for this "concept of aggression." "The author . . . got the recipe to change the European postwar order and to recreate the German Reich within its 1937 borders, a recipe which openly calculates the option for war, from West German Army Colonel Hubatschek: . . ."

It's obvious to all, including the propagandists of the Kremlin and East Berlin, that the West German Army would only be in a shooting war if the Soviet Union were to invade. So why all the fuss?

The Soviet military newspaper *Krasnaya Zvezda* of Jan. 27, answering that question, began a sharp escalation in the campaign against West Germany: "The Bonn government is declaring its readiness to take part in the realization and development of Washington's plans to militarize outer space," writes *Krasnaya Zvezda*, attacking Defense Minister Wörner and Foreign Ministry State Secretary Alois Mertes for their "approval of the Star Wars." *Krasnaya Zvezda* adds that "to coordinate their activities" with NASA and the "American Space Industry . . . the German Scientific-Research Society of Aeronautics and Astronauts has opened an office in Washington."

The paper on Feb. 1 denounced the Bonn government for supporting the U.S. SDI, "on orders from across the ocean." Singled out for attack is a recent newspaper article by West German Defense Ministry State Secretary Hans Rühle, not only endorsing the SDI, but categorically documenting the Soviet program, "from at least 1957," to research and develop an effective ABM system. *Krasnaya Zvezda* then threatens that West German "declarations in support of Pentagon plans. . . simply provoke an aggravation of the situation on the European continent and the intensification of the nuclear confrontation here."

*Krasnaya Zvezda* gives its readers in the Soviet Armed Forces a new definition of "revanchism"—support of the SDI. Calling West Germany "the most militarized region in the world" and accusing the Bonn government and Chancellor Kohl of encouraging "those forces in the Federal Republic of Germany who refuse to accept the postwar order of Europe," The paper writes, "These revanchists are counting on the offensive potential of the Bundeswehr based on American nuclear weapons on earth and in space, to hatch sinister plans for a new campaign to the east."

# Anglo-Soviet deal behind ANZUS breakup

by G. Allen Douglas

In the last month, the Socialist governments of New Zealand and Australia have acted to turn ANZUS, the defense cooperation pact between these two countries and the United States, into a non-functioning entity barely worth the paper it was written on. On Feb. 5, New Zealand Prime Minister David Lange stated that New Zealand would not permit the porting of the USS Buchanan, given his government's policy to refuse visits of nuclear-carrying and/or nuclear-fueled ships. The United States responded by canceling upcoming ANZUS Sea Eagle military exercises scheduled in March. At the same time, Australian Prime Minister Robert Hawke announced that Australia would not cooperate in provide servicing for U.S. ships involved in monitoring a scheduled testing of the MX missile.

While New Zealand and Australia are ripping up the ANZUS treaty, U.S. fallback positions in the Pacific are also being eroded—fast. At the root of this grave danger to U.S. national security and that of its Asian allies is an Anglo-Soviet deal to sweep the United States out of the Pacific.

From the Philippines in the north, down through Micronesia, West Papua, and East Timor to Australia, and further to the east, from the Marshall Islands down through New Caledonia to New Zealand, a range of anthropologist-led and Pacific Council of Churches-financed "indigenous peoples" movements is being geared up against U.S. bases in the path of Soviet advances south from Cam Ranh Bay in Vietnam. The insurgencies on the smaller islands are coordinated with the British Fabian Society-organized disarmament movement in Australia and New Zealand, the entire potpourri being launched under the heading of the "Nuclear Free and Independent Pacific Movement."

## The strategic stakes

Lange's decision against the porting of U.S. ships will have two interrelated effects in ANZUS and beyond. First, it will strengthen similar anti-NATO tendencies in the NATO countries of Belgium and the Netherlands, and fuel the Japanese Socialist Party-led disarmament movement in Japan. Japan has a formal policy of not allowing U.S. nuclear-armed ships in its waters, but under U.S. policy which does not state the nuclear status of a ship, permits U.S. ships to dock at its ports.

Second, New Zealand's action is a first step toward shutting vital U.S. communications and testing facilities in the Pacific. There are three crucial Australian-U.S. joint defense facilities: at Pine Gap in central Australia, Nurrungar in the

south, and at North West Cape on the coast of western Australia. Pine Gap and Nurrungar monitor data from U.S. satellites to provide early warning of Soviet missile launches and will receive data from the new communications interception satellite launched in January by the Space Shuttle Discovery, whose mission the *Washington Post* attempted to scuttle. The North West Cape base is critical for low-frequency communications with submerged submarines as well as for over-the-horizon radar.

- The Kwajalein Atoll in the Marshall Islands is the site of a \$1 billion U.S. missile base. In the last year, a movement of local landlords has sprung up to force the base out. Over the last 20 years, Kwajalein has been perhaps the most important site for developing and testing all major U.S. missile and anti-missile systems from the Minuteman, Titan, Polaris, Spartan, Nike, and Zeus to the MX. When the successful June 10, 1984 intercept of an ICBM 100 miles in space was carried out, it was from Kwajalein that the intercept missile was launched. The base will play a critical role in tracking and related functions for the Strategic Defense Initiative.

- The island of Palau, hundreds of miles to the west just off the Philippines, was considered the primary fallback option if U.S. bases at Clark Field and Subic Bay in the Philippines are forced out. But this year, Palau is being trumpeted by the disarmament lobby for its passage of "the world's first anti-nuclear constitution."

The activities against the U.S. military in the South Pacific are coordinated through the pro-Soviet "New Yalta" faction in Britain, centered around NATO Secretary General Lord Peter Carrington. In Australia and New Zealand, the British direction is wielded through the Fabian Society's hold over the trade-union movement and all of the disarmament lobby. Their objective has nothing to do with "nuclear" this or that. As a spokesman for the Pacific Trade Union Forum, founded in 1981 to lobby for the "nuclear free and independent Pacific," put the point: "New Zealand does not want the U.S., or the ANZUS pact either. We want to see that pact destroyed."

On the smaller islands of the Pacific, the insurgencies are manufactured by British and U.S.-based anthropologists, with support and money coming from the gnostic Pacific Council of Churches, part of the Russian Orthodox-Moscow Patriarchate-led World Council of Churches.

Typical of the Nazi-communist alliance the Soviets are involved in all over the world, two of the key institutions involved in the smaller islands are the Wenner-Gren Foundation of New York and Cultural Survival of Cambridge, Mass. The founder of Wenner-Gren, the Swedish industrialist Axel Wenner-Gren, was blacklisted from entry into the United States during World War II because of close associations with leading Nazis, not excluding Goebbels and Hitler. Cultural Survival is the U.S. outpost of the Society for Endangered Peoples, run by the Nazi International. The Soviets have recently participated in a series of Wenner-Gren "ethnological" conferences in Europe.



# Japan's Nakasone leads Asian fight to join U.S. beam-defense program

by Paul Goldstein

At a time when U.S. allies Australia and New Zealand in the Pacific Basin are attempting to weaken the strategic position of the United States, the Japanese government of Prime Minister Yasuhiro Nakasone continues to express its commitment to "understand the necessity" for President Reagan's Strategic Defense Initiative (SDI). Albeit Nakasone's public pronouncement is couched in diplomatic language, his policy thrust in defending the SDI represents one of the most significant postwar events in U.S.-Japanese relations.

Following the Jan. 2 meeting between President Reagan and Prime Minister Nakasone in Los Angeles where the Japanese prime minister indicated his support for the SDI, the central focus of the Japanese Diet debate is on this issue and on Nakasone's push to break the psychological barrier of the 1% budget spending ceiling on defense.

The Diet debate began on Jan. 25 and continued through the week of Feb. 3. The pro-Moscow propaganda campaign is led by Socialist Party head Masashi Ishibashi, who has been unrelenting in his attacks on Nakasone's defense policy. In addition, certain forces inside the ruling Liberal Democratic Party (LDP) have voiced their "concerns" about the defense issue.

However, the effect of Prime Minister Nakasone's move has been to initiate a transformation of Japan's role in the strategic defense of Asia and the Western alliance, based upon a common understanding of the Soviet threat and its ominous potential for dominance in the Pacific Basin and Western Europe.

Nakasone has publicly declared that his "defying the taboo" means broadening the role of Japan in the world. He said on Jan. 25 that "since assuming the weighty responsibilities as prime minister, I have been saying that this is the time for settling the accounts for postwar politics and making every effort to make Japan an international state that contributes positively to world peace and prosperity." "Defying the taboo" in terms of U.S.-Japanese cooperation means that Nakasone has decided to allow U.S. access to Japanese military technology and more importantly, the break-up of the "consensus-making" apparatus of postwar Japan through a revision of the postwar Japanese Constitution.

During a recent trip to Japan this writer met with officials and experts concerning these recent developments. One in-

formed editor of JIJI press acknowledged that Nakasone is attempting to move away from the consensus-making deliberations inside the cabinet by defining and defending positions which are not only unpopular inside the LDP but are guaranteed to enrage Nakasone's opponents, such as the faction around former Prime Minister Suzuki. Foreign Minister Shintaro Abe has given support to Nakasone's "qualified" support for the SDI, but has refused to back the drive to push the defense budget over the 1% barrier. The editor stated quite frankly that in November 1986, when the LDP holds its elections, Nakasone will not remain as head of the party and therefore the government.

The danger of the byzantine internal party factional realignment in the LDP is that any weakening of Japan's strategic stance will encourage the Soviet Union to continue escalating tensions in the Pacific theater. Although Nakasone is extremely popular with the Reagan administration for his strategic support of the SDI, nonetheless, the stupidity of the U.S. policy on trade and economic questions will encourage the wrong forces in Japan. This, in turn, will undercut Nakasone's position on the SDI.

For instance, the former U.S. secretary of state and Soviet agent of influence, Henry Kissinger, recently went to Tokyo to meet with Japanese officials. According to one Japanese insider informed of Kissinger's talks with Japanese leaders, Kissinger was looking to profile Nakasone and his factional position in the LDP. Kissinger came away with the impression that Japan's support for the SDI could be weakened if Nakasone were removed from power.

The Kyioshi Miyazawa forces, identical to the Trilateral Commission apparatus, are looking to Kissinger and the U.S. State Department to help end the support for Nakasone by the faction under Kakuei Tanaka, the prime minister who was ousted in the Lockheed scandal. The all-powerful Tanaka faction, upon which Nakasone's position of power balances, is splitting between its younger members and the Tanaka-backed head of the faction, Nakaido. Although the reasons behind the growing split are somewhat unclear, one Japanese source reported that Nakaido and Tanaka met with Kissinger to discuss their support of Nakasone.

Kissinger's profiling operation occurred before the arrival on Jan. 25-27 of a high-level U.S. delegation led by Un-

dersecretary of State for Economic Affairs S. Allen Wallis, to "open up Japan's markets for U.S. exports." The delegation included officials from the National Security Council, Treasury, Agriculture, and U.S. Trade Office and ostensibly was aimed at acquiring Japanese cooperation in the areas of pharmaceuticals, forestry products, telecommunications, and electrical products.

The result was that Kissinger Associates partner and ex-Foreign Minister Saburo Okita will head a 10-man ministerial advisory group to meet with their U.S. counterparts in Hawaii during February and March. Okita has been one of the most vociferous opponents of the SDI and U.S.-Japanese cooperation in the projected construction of Thailand's Kra Canal, the key project for the rapid economic development of the entire Pacific Basin region.

Whether Kissinger and his State Department allies will be capable of undercutting Nakasone and the ongoing secu-

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*What Nakasone has done in 'defying the taboo' has opened up new potentialities in U.S.-Japanese relations. If the Kissinger-backed forces are allowed to sabotage this effort, then the Reagan administration's chance for pushing a 'new Pacific policy' may be lost for some time to come.*

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urity cooperation between the United States and Japan depends on the pace of the incorporation of the Japanese into the SDI project. The Soviet-backed forces in Japan are looking to chip away at U.S.-Japanese SDI cooperation before the consolidation takes place.

The Soviet military newspaper *Krasnaya Zvezda (Red Star)* has attacked Nakasone for supporting the SDI. The role of the Japanese Socialist Party, according to another Japanese source, will be to whip up the latent anti-nuclear hysteria against Nakasone's position not just in parliamentary debates, but by beginning to mobilize political demonstrations against him. Informed sources in Japan were quick to point out that the New Zealand announcement that it will deny U.S. nuclear-armed or nuclear-powered ships port of entry will fuel the anti-nuclear hysteria inside Japan.

What Nakasone has done in "defying the taboo" has opened up new potentialities in U.S.-Japanese relations. If the Kissinger-backed forces are allowed to sabotage this effort, then the Reagan administration's chance for pushing a "new Pacific policy" may be lost for some time to come.

# Alliances changing

by Thierry Lalevée

The unexpected announcement that Algeria's President Chadli Benjedid will visit the United States on April 17 will create waves for quite some time. Not only will it be the first visit ever of an Algerian President to Washington, but it represents a significant shift of alliances in North Africa. A direct result will be to enhance the ability of the United States to consolidate what is often rightly considered the southern flank of NATO, across the Strait of Gibraltar.

Ever since Chadli became chief of state after Houari Boumedienne died of a long illness in a Soviet hospital, Algerian-American relations have been put on a new footing. Indeed, after the regime of Ahmed Ben Bella which had brought Algeria near bankruptcy in 1965, and the more than 15 years of Soviet-sponsored "Islamic socialism" under Boumedienne, Chadli Benjedid was chosen as one of the remaining historical figures of the independence war considered a moderate. Over the years, this assessment was confirmed: Chadli first oriented Algeria toward more diversified relations, away from the Soviet bloc to Europe, then toward the United States. Economic realities, such as the need to export Algerian gas to America, played a key role. More recently, military and commercial ties in general between the two countries have increased.

The stage for Chadli's trip to Washington was set last October when one of U.S. Defense Secretary Weinberger's closest associates, General Burns, undersecretary for North African and Middle East affairs, led a high-ranking military delegation to Algeria. Little of the discussion filtered through publicly until December when it was revealed that the first units of the Algerian Popular Army would be sent to the United States for training—the monopoly held by the Soviet Union and its allies was broken.

Preceding and following Burns were visits to Algeria of other U.S. officials, including Agriculture Secretary John Block and many representatives of the State Department—among them the grotesque Gen. Vernon Walters, an intimate of Henry Kissinger very familiar with the entire Mediterranean terrain and intent on making sure the Reagan administration does not "break profile" and launch economic development policies outside the framework of the International Monetary Fund.

## Opportunity for Reagan

The Washington trip of President Chadli will represent a unique opportunity for precisely the break in "profile" Kis-

# in the Maghreb

singer and Walters fear. As for many other countries of the Maghreb and of the African continent, Algeria's pro-U.S. shift is a slap in the face to policies followed by both the Soviet Union and most of Europe. More than 15 years of close political, military, and economic ties with the U.S.S.R. have wreaked havoc in Algeria, despite its oil wealth. On Feb. 9, Chadli Benjedid made it official that the 1976 National Charter imposed by Boumedienne and considered a "sacred text," would be put into question as "not adequate to the present problems."

Chadli referred to the extreme nationalization policy enforced by the previous regime. It not only killed the creativity of industry but led to a new class of "socialist" profiteers like those of the East bloc. He particularly had in mind the catastrophic situation of agriculture in a country which used to export many products and is today a net food importer of basic commodities, thanks to decades of "socialization" of the land. Hence without breaking with the basic tenets of Algerian socialism—yet—Chadli wants to return to a more productive mixed economy where farmers would be encouraged to have their own production. This change in the economy will take time, and depends on growing economic ties to the United States.

Another aspect of the new outlook in Algiers is growing suspicion toward Western Europe. Relations to France will always be a cornerstone of Algeria's economy, as several million of its workers are in France, but a move toward the United States is aimed at decreasing the blackmail power too often used by Paris either through economic reprisals against Algiers or by the on-again-off-again fostering of Islamic fundamentalism within the Algerian expatriate community in France.

## **Soviets' regional gambit**

If Paris doesn't appreciate the pro-American turn in Algiers, Moscow likes it even less. The recent visit to Algiers of Navy head Admiral Gorshkov received little coverage in the Soviet press. There was little to cover, as Gorshkov reportedly left the country very unhappy. Algerian military circles candidly assess that Moscow aims to stage a coup against Chadli, or whatever is required to prevent an Algiers/Washington axis. Moscow has not given up on what was once a privileged relationship, and it does have a few friends in the Algerian military establishment who are nostalgic for the Boumedienne era and want to strike soon.

These same circles joined hands with Libya's Colonel Qaddafi in the 1970s to sponsor international terrorism, from Direct Action in France to Germany's Baader Meinhof, to Spain's ETA, Grapo, and Gari. One of their men, Slimane Hoffman, was forced out of his decade-long position of director of the external relations of the FLN—the party in power—under which cover such contacts were maintained, into an early and obscure retirement. But another Boumedienne legacy still hangs around Chadli's neck, the Polisario claiming the former Spanish Sahara now occupied by Morocco. When, in mid-1983, Chadli was close to making an agreement with Morocco's King Hassan which would have paved the way for a settlement, Polisario under Libyan guidance launched a series of raids to blow up the talks. Then Qaddafi himself decided to dump Polisario to join hands with Morocco, a relationship whose only aim was to hand the burden of the Polisario to Algeria again.

## **Rabat looks to Moscow**

Months of this kind of diplomacy, fostered by Moscow, have brought the region close to a regional war. Egged on by Qaddafi, Morocco's King Hassan has hardened his stance, and is making no secret that, while Algeria looks toward Washington, Rabat looks toward Moscow. The Soviet Union is after all Morocco's biggest phosphate customer. King Hassan surprised everybody on Feb. 9 when he told Spanish television that the "Soviet Union will not tolerate that Spain as a member of NATO holds the keys of Gibraltar as well as of Ceuta and Melilla" in reference to the two Morocco cities occupied by Spain today.

No further explanation has yet been given but the meaning is clear. Despite the catastrophe it can bring for Morocco, King Hassan then announced he would celebrate the anniversary of his accession to the throne in the Saharan city of Laayoune, claimed by the Polisario, a most embarrassing situation as many diplomats of countries who do not recognize Morocco's de facto annexation will refuse to attend. Included in the lot is the U.S. ambassador, who has received Washington's orders not to go—a gesture to Algeria, but a significant break with Morocco.

However, Washington still has a little influence in Morocco and it will have to be brought to bear, as doubtless Chadli will request. Despite present alliances, there is no doubt that Washington, Rabat, Algeria, and Tunis should have a common aim in the region—to neutralize and ultimately get rid of Muammar al Qaddafi. Hence it is directly relevant to that crisis that one of Chadli's main topics of discussion with President Reagan will be America's economic policy toward Africa and North-South relations. A radical change in U.S. economic policy toward Africa would be the key to breaking up the Morocco/Libyan alliance, originally prompted by Morocco's need for financial help to counterbalance the austerity measures imposed by the International Monetary Fund.

# Lord Bethell, the Queen of England, and the assassination of Mrs. Gandhi

by G. Allen Douglas

Immediately after the Oct. 31 assassination of Indian Prime Minister Indira Gandhi, *EIR* founder Lyndon H. LaRouche, Jr. issued a mass-circulation statement charging that "certain factions in British intelligence killed Mrs. Gandhi, as a favor to Moscow. . . . Which factions of British intelligence? Ask Britain's Lord Bethell, a close contact and ostensible political backer of Jagjit Singh Chauhan," the London-based Sikh terrorist leader.

A continuing investigation by *EIR* has uncovered much more information on the precise British intelligence factions involved. The tracks of the assassins lead to the steps of the Royal Household through the person of Lord Bethell, a lord-in-waiting to the Queen in 1970-71 and a key figure in the Sikh-supporting Afghan-rebel apparatus in the United Kingdom. One of the key groups involved in the Afghan-rebel support apparatus, which U.S. and Indian intelligence have repeatedly cited as a source of routing weapons to the Sikh terrorists, is Radio Free Kabul, on whose board Bethell sits and for whom he is a top propagandist. The chief communications and fundraising address of Radio Free Kabul is Coutts Bankers, One Old Park Lane, London, *the private banker to the Crown for over 100 years*.

The coincidence of Soviet-British policy views represented in the Gandhi assassination was publicly apparent in the week-long love-fest between British Prime Minister Margaret Thatcher and Soviet heir-apparent Mikhail Gorbachov, just six weeks after the Gandhi assassination. Though stopping the Strategic Defense Initiative of President Reagan was the leading agenda item, the British Establishment is in full agreement with Soviet aims to destabilize crucial developing-sector nations such as India, which from the British end, would be targeted for de facto recolonization.

## The networks behind the assassination

Several days before her death, Mrs. Gandhi made repeated references to "the colonialists" who were trying to destabilize India by methods up to and including her own assassination. In India, as for a good part of the rest of the world, "the colonialists" has a specific meaning—the British. As for the Sikh networks which pulled the trigger, their chief spokesman, Jagjit Singh Chauhan, has enjoyed the full protection of the British government since taking up residence

in London after earlier training at the Soviet orientology intelligence center in Tashkent, U.S.S.R.

While most of the Sikh community in India have helped to build India as a modern, secular nation-state, the British since the 19th century have cultivated a series of religious and cultural "reforms" among a faction of Sikhs to be deployed against the Indian state. Indicative of the British support for this network is the non-stop plane route from Birmingham, U.K. directly to Amritsar, India, stronghold of Sikh fanaticism. Indeed, the entire apparatus in the Golden Temple which had been calling for a separate Sikh state of "Khalistan" was due exclusively to over a century of British cultural engineering. As one of British intelligence's own Sikh specialists, W. Owen Cole, wrote in a recent book, "The strong distinctive culture and identity which is associated with the word 'Sikh' in the 1970s, whatever its origins, *is really the consequence of movements which developed after the British annexation of the Punjab* [emphasis added]."

The Afghan rebel groups for whom Bethell is the chief spokesman, Radio Free Kabul and the Committee for a Free Afghanistan, are a key control point of day-to-day Sikh terrorist activity through joint press conferences, demonstrations, tours for Sikh spokesmen, etc.

## The Fourth Baron Bethell: KGB handyman

The career and associates of Nicholas, the Fourth Baron Bethell, begin to precisely define the networks who killed Mrs. Gandhi. Chauhan, who boasted of drinking champagne to celebrate Mrs. Gandhi's assassination, has been introducing Sikh terrorists to Bethell, according to the accounts of some of Chauhan's own associates such as Gen. Bullar Singh, chairman of the World Sikh Organization. Chauhan himself reports collaboration with Bethell, often mediated through Bethell's reputed mistress, Karen Mackay, the executive director of the Committee for a Free Afghanistan. Bethell, who had to resign from his position in the Heath government in the early 1970s to attempt to prove his innocence of charges that he was a KGB agent (not the first time), has made repeated trips to the Soviet Union and East bloc. Though the Soviet and East bloc press regularly play him up as "a dangerous intelligence officer," there has been no curtailment of his East bloc activities, allegedly on behalf of "human rights."

Bethell has inherited, along with his “slightly phony title” as U.K. insiders put it, a place in the lower rungs of Establishment dirty tricks. His predecessor, the First Baron Bethell, bought his title in the early 1920s when Lloyd George was selling them as a fundraising gimmick, the First Baron’s money coming from a series of shady operations for Barclays Bank’s Herbert Hamberlin, as Barclays’ own official history notes. Barclays, “the bank of the Empire,” is the chief correspondent bank of the André grain company of Switzerland, one of Chauhan’s major sources of funds.

The institution handling Bethell’s Radio Free Kabul, Coutts Bankers, is one of the most sensitive establishments in the United Kingdom. Set up in 1697, it serves as the private bank for many of Britain’s oldest (and dirtiest) families. It not only handles the Queen’s finances, but its board is closely related to the Royal Family through Michael Albermarle Bowes-Lyon, cousin to the Queen Mother, the former Elizabeth Bowes-Lyon. The family of Soviet appeaser Lord Carrington is also heavily represented in the bank, since National Provincial, into which the Smith family (Carrington) bank merged earlier in the century, bought up Coutts some years ago. A Carrington cousin, John Eric Lindsay Smith, sits on the Coutts board.

The rest of Bethell’s associates at Radio Free Kabul are also interesting. This collection of presumed “staunch anti-communists,” like Bethell himself, includes Ray Whitney, a British intelligence operative who for years ran the “disinformation department,” the Information Research Department of the pro-Soviet British Foreign Office, and Winston Churchill III, grandson of the World War II leader and son of Pamela Churchill Harriman, now married to Averell Harriman. Churchill himself banks at Coutts and handled the initial arrangements to establish Radio Free Kabul’s account there. Also on the board is Lord Chalfont, a former Labourite who switched benches some years back and who has since made quite a name as an anti-communist, as well as Lady Morrison, wife of the Fabian Socialist Herbert Morrison, the head of the Foreign Office when his employees Burgess and Maclean defected to the Soviet Union in 1951.

### **The broader networks**

The board of RFK begins to indicate the broader apparatus for whom Bethell is deployed—the entire right-wing, professional anti-communist lobby of the U.K., most of whom are bitterly opposed to the one thing which has scared the Soviets in the past decade, the American Strategic Defense Initiative. This lobby centers around the Monday Club, established by the Marquess of Salisbury (Cecil family), and a host of other, affiliated organizations such as the Lord Chalfont-chaired Committee for the Free World, whose board heavily overlaps Bethell’s RFK. It includes the Foreign Affairs Research Institute (Chalfont, Salisbury, and several others including Brian Crozier and Robert Moss, the man whose speechwriting won Thatcher her title as “Iron Lady”).

Though there are undoubtedly some genuine British pa-

triotis in these circles, the bitter farce of the matter is that the entire left wing (Labour Party, etc.) that this “right wing” is allegedly fighting (along with the Soviets) was founded and is fully controlled by the forces who founded the right wing. Though the Marquess of Salisbury founded the Monday Club to fight the “pinko” policies of Harold Macmillan, it was Salisbury himself who played a key role in putting Macmillan in power in the first place. Long before there were Bolsheviks, the British Establishment was playing the right-left game, the better to crush republican and pro-nation state forces in the middle, both at home and throughout the Empire.

### **Philby and the Royal Household’s deep secrets**

Though Bethell is clearly operating on behalf of the Soviets in the Gandhi assassination and other matters, to expose him as a KGB agent is almost beside the point, since one of the national pastimes in Britain is speculating on who is “the fifth man, the sixth man, the 151st man.” The real truth is a purloined letter: Since there are almost infinitely many “spies,” what force sponsors and protects their existence in the U.K. over decades? Just as “fourth man” Anthony Blunt was a trusted private intelligence operative of the Royal Household while also serving as a KGB agent, and the whole Round Table apparatus in which the Royal Family was deeply involved, including the Rothschilds and the Astors, was funding and employing Blunt, Philby, Burgess, etc., it is not the individual operatives who are the problem, but the dominant portions of the Establishment itself who played a key role in placing the Bolsheviks in power in the first place and in acting to strengthen the Soviet Empire for decades. *The individual spies work for them.*

So, the trail of Gandhi’s assassins leads up through Lord Bethell and Coutts Bankers to the Royal Household, and down through Radio Free Kabul to Jagjit Chauhan Singh’s hitmen. The pro-Soviet British actor Peter Ustinov and his camera crew were the only scheduled appointment of Mrs. Gandhi the day of her assassination (the others having been cancelled on short notice). The Queen’s daughter Princess Anne was scheduled to have dinner with Mrs. Gandhi that night. As Lyndon LaRouche has pointed out in the introduction to a book on the Gandhi assassination soon to be released by *EIR*, the crucial moment in a major assassination of this sort, run by a “general staff” of men and women through several distinct command structures, is the “pin-down” of the targeted figure to a time and place of the assassins’ choosing so that the assassination has virtually a 100% chance of success. Whether or not Ustinov, who had toured with Mrs. Gandhi for two weeks before the assassination, giving ample time for profiling her security, knew what his role was, or Princess Anne what hers was, they nonetheless performed the indispensable pin-down function. The fact that it would seem “incredible” that they would be involved is all the more useful for the authors of the assassination, since it would be all the more unlikely that that track of questioning would be pursued.

# The French opposition's program: monetarism, racialism, colonialism

The Club 89 of Michel Aurillac, an associate of a former interior minister, Prince Michel Poniatowski, has succeeded in getting the right-wing opposition parties of France to endorse a program of monetarism, racialist garbage, and colonialist looting schemes which amount to an outright fascist program. Among the planks enumerated at the second annual convention of Club 89 in early February in Paris:

- It is "perverse" to provide food and other assistance to Third World countries, and "simplistic" to provide them with modern technologies. The developing sector needs "the French language." An extensive program promoting Francophilia is the number-one "international tool" of cooperation.

- It is "morally unjustifiable" for the state, either in France or in other European nations, to provide assistance to individual enterprises or to permit the continued existence of large, state-controlled industrial concerns such as the nuclear sector.

- It is "against the national interest" to tolerate non-French immigrants in French schools, or to let non-French babies benefit from social programs, thus permitting non-French mothers to procreate on French soil.

Former President Valéry Giscard d'Estaing, former Prime Minister Jacques Chirac, and former Prime Minister Pierre Messmer came to express their endorsement of such a program. Former Prime Minister Raymond Barre had a message read in his name because he was hobnobbing with his Swiss friends and such as the Prince von Thurn und Taxis at Davos, Switzerland that weekend.

## What is Club 89?

Club 89 was created in 1981 as a "think tank" for the opposition. Its primary purpose was to halt the influence of Lyndon Larouche's associates in the Parti Ouvrier Européen, led by Jacques Cheminade, especially their influence among supporters of the Gaullist RPR Party headed by Chirac. Circulating slanders and threats, Club 89 moved to prevent Cheminade from speaking at opposition-party meeting, and to prevent collaboration between Cheminade's party and others around such programs as defensive beam-weapons, nuclear energy, and so forth.

Instead, Club 89 introduced the program of France's degenerate, titled oligarchy.

The situation in France today is such that the provincial industrialist or white-collar worker, enraged at the depression policies of François Mitterrand's socialist regime is susceptible to the belief that freedom from socialist-style bureaucratic tangles and regimentation requires adoption of monetarist "free enterprise" policies that will in fact destroy what is left of industrial capacity and scientific capabilities. If Club 89 succeeds, France will be turned into a Pétainist nightmare.

## A racialist policy

"The presence of immigrants markedly exceeds economic needs," states the Club 89 program. It blames immigrants for the fact that France is not yet fully a "post-industrial society." The immigrants are responsible for the lack of modernization in industry, the lack of "small" plants in the countryside, the slowness in converting from "obsolete" heavy industry to light industry.

One is reminded of the prescription of "economist" John Kenneth Galbraith writing in the daily *Les Echos* on Oct. 12, 1984: "France should give up industry. . . . It will never produce the best engineers; it should stick to where it is best, perfume, haute couture, and cuisine."

The Club 89 plan, adopting all the racialist garbage of neo-fascist leader Jean Le Pen, implies the need for violent confrontation between French and non-French by presenting immigrants, a large percentage of them Arabs and Africans, as loiterers, criminals in the streets, the main cause of unemployment, a burden on taxpayers, and less productive than the French. What could be worse than allowing them to proliferate? It proposes a policy of forced repatriation, tighter border control, edicts forbidding the immigration of non-French workers' families, and a cut-off of social-program payments. (Considering the low wage received by this strata of the workforce, this policy would starve Arab babies!) It puts penalties on employers who hire immigrants above a definite limit, proposes a computerized work-card system, and even moots forbidding immigrant youth to enter French schools! Those willing to become French citizens would be required to master the French language, identify patrons of French origin, and adopt French names and patronyms.

The racism is open: It asserts that the difference between French people and non-European immigrants is so great, they are "not analogous."

## Deindustrialization

"The old concept of the '50s, de Gaulle's mixed economy . . . is inefficient because it proposes to use the state to shelter productive activity from competition." Club 89 proposes to kick the crutches out from under the paralyzed economy and let failing industry fend for itself. Chirac devoted his entire speech to attacking those in his party who still hold on to a dirigistic Gaullist economic outlook. From statism "the pendulum can never swing too far," said Chirac. As for Giscard d'Estaing, he donned his most aristocratic facial expression (he always looks as if he is sucking something) to announce that the vocation of France is "away from Colbertism." But the utter degeneration of the French elite was exemplified by aging Gaullist baron Pierre Messmer, remembered for launching the extensive French nuclear development program under President Pompidou in the early 1970s. Messmer nodded and approved all.

In sum, what Club 89 proposes as French national economic policy is the following:

- An end to "morally unjustifiable" state subsidies to particular industries, industrial projects, or exports, including an end to cheap credits and subsidies of interest payments on debts incurred on international markets.
- Denationalization of all banks and industry, including the dismemberment into smaller units of all large industrial concerns in the name of "free competition."
- Total deregulation of the economy, an end to price controls and exchange controls.
- Privatization of social security and health care generally, which will mean cost accounting for health care at all levels, i.e., euthanasia in the short run.
- Creation of part-time labor pools, an end to the monthly minimum wage, etc.

Club 89 proposes that this also be the program for Europe as a whole, that no country be allowed to unfairly support its science and industry.

To further this program, the European Currency Unit is to replace both the dollar and national currencies as the means of denominating international trade and credit transactions—the ECU being the favored instrument of oligarchical European central bankers for financially "decoupling" from the United States.

## A policy of triage

Toward the Third World, Club 89 proposes: "Eurafrique will save Europe from the American-Soviet straightjacket." Eurafrique means that Africa is to be treated as a huge plantation for French and other oligarchical interests. To wit: "For agriculture in the southern hemisphere, food aid is perverse, it reinforces the omnipresence of the state, becoming the feeding state." There is "no universal model for industrialization." The problem so far has been the "primacy given to large and unmanageable projects." If there is devastation today in the Third World, advanced-sector financial struc-

tures are not to blame. Rather, the Third World has too many people and too much state control!

Then, Club 89 proposes Henry Kissinger's "debt for equity" scheme:

- Harsher conditionalities, coupled with repayment of debt in national currencies.
- French equity investments proportional to the purchase of raw materials by France in countries tied to France by global association contracts (i.e., once and future colonies).
- Creation of a bank of industrial investments in the developing sector which would finance small plantation-style projects or runaway shops—"Priority must be given to small units."
- "Break into pieces" the energy industry in the developing sector.

Above all, the French oligarchy suggests that the French language be imposed on Africa in line with "the vocation of the French nation a thousand years hence."

## The defense issue

While in the plenary session, Xavier Deniau spoke of the need for France to have a close alliance with the United States and to participate in the program to develop lasers, his intervention came as a surprise to most participants. Such is not the tone of the written program, much less the content of the defense commission discussion in which this writer participated.

In the program, emphasis is placed on the fact that the U.S. Strategic Defense Initiative or beam-weapon program "implies the danger of decoupling of Europe from the United States," actually the Soviet line which ignores President Reagan's repeated public statements to the contrary. Otherwise, the statement says that "perhaps" the SDI will modify present strategy, and "perhaps" the French could participate in the development of ground based—and only ground-based—anti-missile systems, "for it is perhaps less costly to develop systems aiming at the target during re-entry."

So, amid nonsense about informing the private citizen what to do when the Red Army arrives (e.g., where to hide), the program is compelled to nod in the direction of the U.S. SDI, here to stay, like it or not.

In the defense discussion in commission, however, participants were told that the Russians are "realists" who are afraid of war, that Europe and the East are geopolitically tied together, and that France must develop good relations with Russia and the East bloc. This was uttered two days after the murder of Gen. André Audran by Soviet-controlled terrorists and/or outright Soviet spetsnaz (special forces) units.

There was some discontent in the room at these resemblances to Neville Chamberlain, but most participants only applauded the chauvinist, racist, and colonialist resemblances to the regime of Marshal Pétain. But until such time as the French opponents of Mitterrand learn the difference between de Gaulle and Pétain, France will live in ignorance of what being a nation means, on the way to disaster.

## Is Shimon Peres the next Shlomo Argov?

*EIR* has learned that the Zionist terrorist organization Terror Against Terror (TNT) has targeted Israeli Prime Minister Shimon Peres for assassination at the earliest possible date, possibly during his imminent trip to Rome, Italy. In a semi-public communiqué issued by TNT entitled "Jewish Action," Prime Minister Peres is characterized as a "Jewish traitor" who has destroyed the nation of Israel, and who must die.

Here is the full text of the "Jewish Action" communiqué:

"In a situation where the nation of Israel is undergoing hard times of social and economic uncertainty, the head of the National Catastrophe Government is getting ready for another canvassing tour of Europe. The ostentatious show Shimon Peres staged in the streets of Paris during his visit to France, he is ready to play again in the capital of Italy before long. The selfish political ambitions of this traitor to Zionism must be dearer to him than the future of those, that surrounded by the ruthless enemy, have built up the state of Israel and have been striving for its prosperity.

"The five months of the National Catastrophe Government rule have demonstrated the depth of betrayal in which the leaders of the political guard that have brought the Jewish state into an unprecedented crisis have found themselves. For five months the nation of Israel has been harassed by the parasitic bolsheviks of the left, and the hypocrites of that faction that has brought Likud under its control.

"Under the disguise of democracy and anti-racism, the true advocates of Zionism are being persecuted. In a disgraceful trial, Jewish judges are condemning dauntless fighters against Arab intruders. An excellent man defending the interests of the true Zionists in Knesset [parliament] is being scandalously persecuted by Israeli policemen sent to protect Arab assassins.

"The National Catastrophe Government is doing its best to prevent the construction of more settlements in liberated Judea and Samaria. The Israeli Defense Forces are being weakened by unprecedented cuts in the defense budget.

"These developments are taking place at the time when Shimon Peres is offering his services at a low price to the

Arab aggressors in Cairo and Amman. He is doing that just in order to satisfy the Arabs' friends in Washington and the capitals of Europe. The shame that Shimon Peres has brought on the banner of Zionism has been crowned by his readiness to expose the area of Galilee to the danger of new attacks by the Arab assassins.

"Terror Against Terror will not let the work of the pioneers of Zionism fall to pieces in the dust whirled by the raids of Arab hordes encouraged by the weakness and cowardice of Israel's old political guard. TNT arouses all Zionists who have not yet seen through the farce Peres and Shamir are playing with the Jewish nation.

"We declare the setting up of a special brigade of Eitan Avrahami, a Zionist hero killed by Muslim terrorists while defending the state of Israel. Eitan Avrahami, a young member of the TNT patriotic organization has lost his life due to Shimon Peres' willingness to hold the disgraceful Nakoura talks. His blood has stained the hands of the head of the National Catastrophe Government.

"That's why Eitan Avrahami's fellow fighters have decided to repay their hero's death with the death of the traitor who has conceived the idea of peace in exchange for territory. *This traitor is Shimon Peres.* Death onto Jewish traitors and their associates. Hurray for the heroes of Zion."

Terror Against Terror is nominally the hard-core terrorist arm of the Kach Party of Meir Kahane, known in the United States as the Jewish Defense League. TNT, like Kahane himself, is deployed under the direction of friends of former U.S. Secretary of State Henry Kissinger in Israel, most notably Ariel Sharon, the current minister of industry. Its immediate controller is Rafi Eytan, the former head of Mossad clandestine (assassination) operations in Western Europe and of the Warfare against Terrorism unit, which is also known as "terror against terror." Eytan's close associates include, in addition to Sharon, Samuel Flatto-Sharon, whom Israeli press have called "the head of the mafia in Israel." Flatto-Sharon had himself elected to parliament several years ago in order to escape extradition to France, where he is wanted on a variety of fraud charges.

It is Sharon's "parasitic bolshevik friends" of the right who are deploying the TNT terrorist organization to assassinate Prime Minister Peres, as they have deployed them in the past for terrorist actions against inhabitants of the West Bank.

Such an assassination, with the same authorship, may also be carried out under the cover of an Islamic or Arab terrorist organization, a *modus operandi* not unknown to TNT.

The decision for such a move itself emanates from the highest level of aristocratic circles in Europe, which, along with the Soviet Union, are committed to destroying any and all governments working with the U.S. Reagan administration for peace and stability, by no later than May 8 of this year, the date of celebrations over the end of World War II in Europe.



### Time to act against the Greens!

*Their Nazi connections in the public eye, a law suit against their accusers could be the occasion of the party's undoing.*

If the political establishment in Bonn had not been so pragmatic over the past 10 years, there would be no Green Party in the national parliament of West Germany today. But the Greens are now in parliament, and spare no effort to paralyze its functioning. After all, they have sworn to abolish the country's parliamentary democracy.

Green Party deputies are currently blocking the work of key parliamentary commissions by delay, side-tracking motions, sabotage, and so on. They keep more than 90% of all legislation prepared in the crucial Interior Affairs Commission buried in the drawers. The same situation paralyzes the work of the Juridical Commission—the Greens are naturally determined to block any legislation which would strengthen the state's institutional power to defend the parliamentary system.

During a period in which more than 80 terrorist attacks have shaken the country, the Greens presented a set of parliamentary motions calling for the repeal of laws which ban terrorist groups and the promotion of political violence. The motions were drawn up by a group of left-wing and pro-terrorist lawyers led by Sebastian Cobler, a sponsor of a ring which surveils police activities, monitors police telecommunication, and so forth.

Several months ago, Cobler defended two anarchists in Berlin for promoting violence in their publication *radikal*. They also circulated pamphlets of the terrorist Revolutionary Cells. The two, Michael Klöckner

and Benny Haerlin, were about to go to trial when the Green Party provided them with immunity from prosecution by placing them among the first ten candidates on its slate for the June 17, 1984 European Parliament elections. They now sit as Green representatives in that body.

Cobler, incidentally, represents one more interface of the Greens and the Nazi International. When the leading West German neo-Nazi, Michael Kühnen, whose ANS (Action Group of National Socialists) was outlawed one year ago, was put on trial in Frankfurt in January for violating the West German Constitution, Cobler and other Greens came out in public defense of him. The Greens' argument was that "freedom of thought," no matter what thought, had to be protected—even Nazis.

Kühnen was sentenced to two years in jail by the Frankfurt court—but the sentence did not stop Cobler and his entourage from continuing support for Kühnen's "objective human rights," even as six other members of his ANS were put on trial on charges of bombing U.S. Army cars and installations in the Frankfurt area two years ago.

The Nazi connections are not limited to Frankfurt, of course. The whole Green Party section in Berlin has recently been dissolved by the national party executive after being exposed as "infiltrated" by neo-Nazis.

The Greens are not infiltrated by Nazis, they *are* Nazis, including plenty of old but still practicing members of Hitler's party among their foun-

ders. And recall that Rudolf Bahro's keynote address to the national Green Party convention in Hamburg in December included the proclamation: "The Green movement will rise to power according to the same model as the Nazi Party." Another prominent spokesman proclaimed: "We have much to learn from brother Hitler."

All of this has made headlines in Germany over the past four or five weeks. It simply corroborates charges made by the European Labor Party, Christian Democrats, and even some prominent right-wing Social Democrats that the Greens are comparable to the Nazis during the period of the Weimar Republic.

Such charges were issued in a million-run leaflet of the European Labor Party on Oct. 17, 1984. It made the Greens nervous, because they were then planning a new escalation in an admitted campaign to make the country "ungovernable." But they made no reply.

Now, some months after the leaflet with the aforementioned Nazi connections stirring up a broad sentiment in favor of banning them, the Greens have decided to act. They have filed a suit against the European Labor Party and its chairwoman, Mrs. Helga Zepp-LaRouche, charging that the October leaflet had "insulted" and "instigated hatred" against them.

The court action might prove to be a deadly trap for the Greens rather soon, since the European Labor Party, which recognized "environmentalists" for what they are years ago, has compiled some pretty explosive dossiers on the Greens. In court, they will be the focus of public attention at a time when they are most vulnerable—their relations to terrorism and Nazism now very much more in the public eye. Now, before a new wave of terrorism strikes this country, is the time to destroy them.

## The Scythian

*Andropov gives a list of marching orders to the Papandreou delegation as it departed for the Soviet Union.*

Igor Andropov, the Soviet ambassador to Athens, inadvertently has revived the ancient Athenian tradition of the Scythian policeman, but with a modern twist. When, 25 centuries ago, Athens was a great republic, launching in fact history's most brilliant and most unforgettable experiment in republican self-government, the job of policeman or law-enforcement officer was considered too demeaning and menial for self-respecting citizens. It was therefore handled by specially trained slaves, the celebrated club-bearing Scythians, imported from the Russian shores of the Black Sea.

Mr. Andropov, in his capacity as Greece's chief policeman, gave a major interview to the Athenian press on Feb. 10, the day on which Greek Prime Minister Andreas Papandreou and nine of his cabinet ministers departed to pay homage to Moscow. Andropov's interview demonstrated that the ancient institution of the Scythian slavecop had undergone a modern twist: The Scythian has apparently carried off a coup d'état and has instituted a veritable police state over the erstwhile free citizens whose laws he was supposed to uphold. Andropov's interview was essentially a list of marching orders to the departing Papandreou delegation.

As it turned out, Papandreou and company did carry out the ambassador's instructions down to a tee: Apart from the numerous agreements on so-called economic cooperation, the principal agreement signed was a "Protocol of Political Consultations" on the basis of which the pathetic Papandreou government, acting as a mere colonial administration, is supposed

to report its foreign policy actions and initiatives to the Kremlin for prior approval. It is also supposed to receive suggestions as to what to emphasize in its foreign policy.

Ambassador Andropov's precedent-breaking interview provided the first such "suggestion" to Papandreou: The Greek government must mobilize internationally against President Reagan's "Star Wars."

Following are the relevant excerpts from Igor Andropov's interview: "The Soviet-Greek summit discussions in Moscow and the protocols and agreements which are about to be signed constitute, in our opinion, an augmentation of the spheres of cooperation between the two countries. . . ."

"The Soviet Union views positively the peaceloving position of the Greek government on a number of important international issues relevant, above all, to averting the threat of nuclear war and to the reduction of arms competition, especially of nuclear arms. . . ."

"In the recent period, mankind is more and more concerned with the danger of seeing outer space become another arena of the arms race as a result of the United States' plans for 'Star Wars.' . . . Most important in the Americans' plans for a 'Star War' occupies the so-called comprehensive system of defense against ICBMs which the American President announced in March of 1983. The American side pretends that it is trying to construct a 'screen' designed to destroy missiles aimed at the United States. However, there is nothing 'defensive' about this plan. It is a 'sword,'

an offensive weapon. According to the Pentagon, under this 'screen' in case of an emergency situation, the United States must launch nuclear missiles against the other side, against the Soviet Union. Let us assume that the United States creates such a system but does not exploit its ability to launch against the U.S.S.R., does not deliver a nuclear strike. They would, however, be in possession of the capability to do so, as a result of the existence of this 'screen.' Would they not use this capability to exercise pressures and vetoes in order to dominate the world? . . .

"If there exist persons in the U.S.A. who assume that America will dominate the world by either realizing all the way this plan or even without realizing it, and that the Soviet Union will be placed in a position of inferiority, they are making a mistake, a great mistake. No such possibility will be allowed. . . . [Chernenko] personally informed President Reagan: 'We rule out such an eventuality. We shall not allow it' . . ."

The Papandreou government has followed these instructions and admonitions with great care. It has been reduced to a pathetic clown show of self-importance: mustachioed and bearded fools traveling around the world making loud voices and posturing heroically against "American imperialism" and against "Star Wars," not mindful at all of their nation's great and serious problems, ruining their country for the sake of international poseur politics. While they righteously denounce "American imperialism" in the style of a 1968 teenager who flunked his college courses, all they do, as governments and as individuals, is to merely repeat in international forums what their colonial master, the Imperial Proconsul Igor Andropov, orders them to say.

## What can you expect from friends?

*The Soviets and the East bloc are emerging as the key patrons of the largest espionage ring in Indian history.*

**T**he Indian intelligence team pursuing the far-flung spy case that erupted into public view on Jan. 17 with the arrest of more than 10 top government bureaucrats is on a trail that gets hotter and more interesting every day. It is impossible to predict exactly what lies at the end of the trail, but it is a fact that the business-as-usual political equations in the country are getting a healthy jolt.

In a 15-page confession, businessman Coomar Narain named East Germany and Poland, in addition to France, as the main beneficiaries of his efforts. Narain was the apparent manager, in New Delhi at least, of the spy ring's "supermarket of secrets."

According to Narain, classified material was also channeled to the KGB in Bombay through a Punjab businessman, Ashok Kumar Jaithka, who has now been arrested.

But Narain claims he is not the "kingpin" of the operation. The probe entered a new phase with the arrest of Yogesh Maneklal, owner of the Bombay-based S.L.M. Maneklal Industries, Ltd., and Narain's boss. The company has a string of small manufacturing facilities and is also engaged in technology transfer. Maneklal represents several East bloc countries in India, including East Germany. Investigators expect Maneklal to disclose some "big names" in coming days.

Two attachés in the Polish and East German embassies have been asked to leave India, and there are reports that several Soviet nationals have

also been deported. While official government spokesmen are scrupulous in refusing to name the countries involved in the spy case, high-level sources are leaking the relevant information to the press in a controlled manner.

In a refreshing departure from diplomatic rituals, Prime Minister Rajiv Gandhi made a point of discussing India's displeasure over Polish involvement in the spy ring with Prime Minister Jaruzelski during his recent five-day state visit to India. As a result, the Polish head of state was barraged with questions on the subject at his press conference in New Delhi.

According to press reports of Narain's confession, he disclosed that the "NATO pool" allegedly serviced by expelled French military attachée Alain Bolley was interested in all Indian defense deals as well as the country's military hardware production programs. The KGB, he said, was mainly interested in the diversification of defense purchases undertaken by the government in the last four years.

Narain also confessed that he had been asked to supply information about the prime minister's security setup, the first significant indication of a possible tie-up between the spy ring and the assassination of Indira Gandhi.

The course of the spy scandal has left ideologically inclined pundits tongue-tied. With the exposure of Bolley, the left jumped at the chance to launch a new round of U.S.-bashing. Notwithstanding rumors that a Soviet military attachée had been asked

to leave fully a week before Bolley, the view that the espionage racket was a Western ("CIA") operation stood up until Narain's confession.

Just days before the confession, the *Hindustan Times* asked on its front page: "Was Bolley a Double Agent?" The paper quoted "reliable sources" saying that Bolley was passing classified information to the intelligence agencies of both superpowers. The paper went so far as to speculate that Bolley might be a KGB agent working inside the French government.

The Soviet involvement is something of a shock to the Indian elite, if the press is any indication. *Times of India* editor Girilal Jain wrote in a lengthy editorial: "Only innocent children could believe that, in spite of our friendly relations with the Soviet Union, they don't 'spy' in India, but thank goodness, unlike that monster the CIA, the KGB does not involve itself in hard 'ground' operations in India."

Recent reports indicate that the investigation of Indira Gandhi's assassination has been reorganized, and those concerned with the earlier part of the probe dumped. It is now focused on the interrogation of Jaseir Singh and S.S. Mann. The former is slain Sikh terrorist leader Bhindran Wale's nephew. S.S. Mann, who was captured several months ago attempting to cross the Nepal border, was a police officer in Punjab. He played a pivotal role in the Punjab developments and went underground shortly after the government assault on the Golden Temple. Investigators suspect that in the months prior to the assassination, Mann was operating out of a hideout in West Bengal, where he had close ties with some of the police officers and political protection from the Communist Party-Marxist state government.

## Fortuna demands euthanasia

*Linked to drug-running, gun-running, and terrorism, the socialist parliamentarian now demands the elderly be killed off.*

After years of hesitation due to the strong role of the Vatican and Catholic Church, Italy's death lobby on Feb. 8 unveiled a parliamentary bill to legalize Nazi-style euthanasia. Eight socialist parliamentarians called a press conference to present the bill, saying that this form of murder is an exercise of the murdered person's "civil rights."

They were led by Loris Fortuna, member of both the Socialist Party and the Radical Party, who is known as Italy's main proponent of abortion, divorce, and drug legalization. Fortuna told the press that as far as the elderly and terminally ill are concerned, "survival at any cost would violate the Italian Constitution" and the "dignity of the human person."

Fortuna's bill calls for an end to the "rage to treat" of physicians who try to keep "terminally ill patients" alive. In a previous interview with the weekly *L'Espresso*, Fortuna had declared that the decision on who should die and who should be kept alive should be assigned neither to the patient nor to the relatives nor to the doctor, who are not "objective" enough, but to "a sort of popular jury" formed by various representatives of society, for example, a doctor, a sociologist, a priest, etc.

The Church is now in a full-scale mobilization against Fortuna's Nazi parliamentary faction. The Catholic daily *Avvenire* immediately emphasized in a front-page editorial that this would correspond to establishing "state death" based on the "presumption ac-

ording to which ill people would refuse therapy." Pope John Paul II has already announced the formation of a new Pontifical Commission for Pastoral Work Among Hospital Workers, which is to educate doctors, nurses, and other hospital employees to respect the inalienable right to life.

As the Bishop of Carpi declared to *La Stampa*, "the Church has the duty to oppose with all its force legislation in favor of euthanasia, which could be used to perpetrate the most incredible, if logical, crimes."

The president of Azione Cattolica, a powerful association in Italy, added that Fortuna's bill will be heavily opposed, because "nobody can decide who should live and who should die." He warned of the danger of "a new racism, the racism of the rich, powerful, and healthy people over the weak, poor, and sick ones."

Not everybody in the Church agrees with the Pope. For example, the Jesuit order some months ago published an article in favor of euthanasia in its organ *Civiltà Cattolica*, while a number of Jesuit and Dominican priests have been quoted recently by the daily *La Repubblica* attacking the "rage to treat," indicating that even inside the Church there will be a tough battle on the issue.

Despite the insistence of many that the strength of the Church meant that euthanasia could never come to Italy, two organizations founded by Helga Zepp-LaRouche, the Club of Life and the Schiller Institute, warned of this

threat long ago.

The head of the Club of Rome, the late Aurelio Peccei, first introduced the discussion over how to eliminate "useless eaters" and cut hospital expenses by killing the elderly and terminally ill. At that time, the Club of Life called on all men of good will to oppose such proposals as "crimes against humanity" punishable under the Nuremberg Statutes.

When Fortuna made his proposal known, the Schiller Institute issued a call to all physicians, nurses, social workers, and religious people to mobilize against it. The Institute also made sure that Loris Fortuna would not become the president of a proposed special parliamentary commission on aid to Africa, which would have put him in charge of 1,900 billion lire (\$1 billion). In a January press release, the Institute charged Fortuna with involvement in "weapons smuggling in Africa," and cited his clear position in favor of genocide to assert that placing him in charge of famine relief would be an outrage.

The Italian parliament voted down the proposal to institute such a commission, and Fortuna went back to his domestic genocide proposals.

In 1974, Fortuna became famous for his bill to legalize divorce, which split Italy down the middle between Catholics and non-Catholics, breaking an alliance which until then had kept the Italian government relatively stable. In 1975, he proposed the legalization of all drugs. In 1979, he testified in favor of drug-smuggler Pier Luigi Torri, among whose clients was fascist terrorist Pier Luigi Concutelli. Thereafter, he proposed free abortion. Now, it's euthanasia.

Fortuna is a case in point that between fascism, terrorism, drug-trafficking, and genocide, there isn't an iota of difference.

## Palme's 'conservative' mirror image

*The defense spokesman for Sweden's opposition Moderate Party turns out to be a mere echo of the Prime Minister.*

Since Sweden's socialist prime minister is titular head of the Soviet-run Palme Commission on disarmament, there is little basis for hope that Sweden will join in or support President Reagan's Strategic Defense Initiative to render nuclear missiles obsolete. It should not be astounding, therefore, that some U.S. officials cultivate relations with such opponents of Palme as Carl Bildt, the defense and security spokesman for Sweden's "conservative" Moderate Party.

Supported by some 30% of the electorate according to recent polls, the Moderates have become by far the largest of the three non-socialist opposition parties challenging Palme's rule this election year.

Bildt and the Moderates, one would think, represent the hope for a pro-Western government and the possibility of restoring Sweden to the role of NATO's unofficial northern flank. One might think this unless one listened to a Feb. 2 call-in talk show featuring Bildt, broadcast by the Moderate's own local radio station in Stockholm.

Bildt told one worried caller that he had no objections at all to the Swedish premier's chairmanship of Georgii Arbatov's international disarmament commission. On the contrary, Palme being on board the commission was rather advantageous to Sweden, Bildt claimed, as Sweden could use the occasion to forward its points of view to the Russians. The caller didn't seem too convinced.

Another query phoned in to the

talk show concerned the bloated staffs at the Soviet embassy and consulates in Sweden, personnel which the caller suggested were there to run Soviet espionage activity in the country—"Couldn't the Soviet diplomatic representation be cut down to size?"

No, Bildt told the astonished listener. Rather, one has to understand that the Russians indeed *must* keep many intelligence agents at their embassy because they have a different political system than we do: Unlike Western diplomats, Bildt reasoned, the Soviets cannot trust what's in the Swedish press. Therefore, they have to find out everything for themselves!

One listener asked what Bildt's view was of the so-called "Star Wars" program of President Reagan. Palme was certainly deeply opposed to it. The caller also asked why Bildt had stated that the Soviet cruise missile that flew over Norway "did not concern Sweden." The listener concluded with the rather rude question: "Is it permissible for a Swedish politician to be as cowardly as you are, Carl Bildt?"

Bildt's spontaneous reply was: "Yes, it is fully possible."

Realizing after a moment's reflection that the question might have been intended as an attack on him, Bildt asked angrily, "Are you from the European Labor Party?"—the LaRouche co-thinker organization in Europe. The astonished caller asked back, "What's the ELP, and what does that have to do with it?"

"I guess no," Bildt said, and then stated again that political cowardice

must be permissible, as no policeman had shown up to arrest him for the offense.

Bildt turned to the SDI, and stated that the proposed systems of defense against nuclear attack, already becoming "the largest research program in history" in the United States with a five-year, \$26 billion budget, "is and remains a technological impossibility." Such weapons are "enormously advanced and fantastically costly. . . . They are a number of generations into the future." Moreover, a defensive shield against nuclear arms would "have troublesome consequences for Europe."

Down to the last detail, his statements were those of Moscow, and of Olof Palme.

Asked whether Sweden ought not to accept the U.S. offer to neutral states that they, too, be defended by the SDI shield, Bildt professed not to know about any such offer.

Bildt grew extremely agitated when the caller suggested that Sweden deploy neutron weapons to protect its borders. "The neutron bomb is an H-bomb," he proclaimed, and "it is not considered a serious defense by anybody"—except by the Russians, whose ground forces could not move an inch in the face of an N-bomb defense.

Finally, an ELP spokesman did call in to the show, to correct several factual errors committed by Bildt. The Moderate defense specialist conceded, "Yes, you people of the ELP usually do have the technological details straight."

With such "opposition," Olof Palme should be a shoe-in in the next elections—but then, would it make any difference if the Moderates won?

As for U.S. officials' choice of interlocutors, we must ask: What makes talking to Carl Bildt useful? Why not get Moscow's line straight from the Kremlin, or from Olof Palme?

# International Intelligence

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## *Italy and Germany map ant-terror fight*

The meeting between Italian Interior Minister Oscar Luigi Scalfaro and his German counterpart Fred Zimmermann in Bonn ended with a "total agreement" on the necessity of coordinating the efforts in Europe against terrorism and drugs.

In an interview in the Feb. 12 *Il Giornale*, Scalfaro repeated his hypothesis that Euroterrorism is coordinated by a single international center, saying that "the information we have demonstrates that there is an agreement among terrorists of various countries, and a common target. Leamon Hunt, General Audran, and Zimmermann were not three leading people; why have they been chosen? Because they had qualifications, competence, particular tasks. There is somebody at the international level who watches attentively these things and orders to hit for these reasons. There is somebody conducting this."

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## *TASS blames church for priest's death*

The Soviet news agency, TASS, on Feb. 8, broke the U.S.S.R.'s silence concerning the trial of the murderers of the Polish priest Popieluszko with a provocative release, three-quarters of which is devoted to castigating the Roman Catholic Church of Poland and its leadership. In its not-so-indirect threat to the Pope, TASS accuses the Polish church of "anti-statism" and "anti-Sovietism."

The Polish church's alleged "misuse of church services for political purposes . . . not infrequently carry an anti-Soviet character," TASS says. Moscow charges the "leadership of the Catholic Church" with "tolerating the anti-state activities of priests," including the "anti-state activities" of the murdered priest, Popieluszko. In this fashion, TASS justifies its "understanding" of the fact that the "four citizens"—as TASS describes the four officials of the Polish Interior Ministry directly responsible for the

murder—could be motivated to kill a priest. "Evidence was presented to the public at the trial in Thorn which proves that the churches often place their premises at the disposal of opposition and subversive elements, enabling them to conduct their anti-state and anti-social propaganda."

Reflecting the Moscow line on the murdered Polish priest, the Polish minister for religious affairs, Lopatka, declared on Feb. 8: "Popieluszko would still be alive today if he were still in prison.

"It was a mistake to release him, because from the evidence he was a dangerous man. . . . He's not the only one. There are hundreds of priests working against the state. . . ."

Lopatka, like TASS, does not confine his venom to attacking one priest, but assails the entire Roman Catholic Church of Poland, charging that "despite recommendations from the government," the Church "failed to handle" the rebellious priest.

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## *U.S. anti-drug agents kidnapped in Mexico*

An agent of the U.S. Drug Enforcement Administration was kidnapped in Mexico Feb. 7 by four suspected drug traffickers. Drug traffickers also kidnapped a Mexican pilot who works frequently for the Drug Enforcement Administration in Mexico, just hours after the DEA agent was abducted.

These incidents confirm a previous *EIR* Dateline Mexico column (Feb. 19, 1985) that showed that international drug traffickers had exponentially increased the growing, marketing, and smuggling of dope on Mexican territory for export eventually to the United States over the last 12 months. The Mexican government has taken direct action against the drug traffickers, which has resulted in the deaths of several prominent Mexican judicial and police authorities by assassination or in direct fighting with the drug gangs.

The DEA believes the four kidnapers are linked to drug traffickers or are drug traffickers themselves, because Camarena was working as part of a U.S. effort—in cooperation with the Mexican govern-

ment—to stop the flow of heroin and cocaine across the border and to halt the growing of marijuana and opium poppies.

U.S. drug enforcement officials have been previously threatened in their work in Mexico, but this is the first reported kidnapping. An investigation is now being conducted by the DEA and the Mexican Federal Judicial Police and coordinated by the attorney general in Mexico.

The National Action Party of Mexico (PAN) has come out in defense of the drug traffickers by charging that the Mexican government is complicit in the narcotics trafficking. This charge comes in spite of clear evidence that drug growing and smuggling is concentrated in those northern states of Mexico in which the PAN has gained its greatest political strength. The U.S. ambassador to Mexico, John Gavin, an outspoken PAN supporter, recently said that the United States is considering evacuating U.S. officials and their families from Mexico due to the increased violence against DEA personnel.

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## *U.S. liberals aid Soviets in Korea*

The Soviet Union is running an operation to embarrass and humiliate the United States government in South Korea. On Feb. 8, South Korean opposition leader Kim Dae Jung returned to Seoul after a two-year self-imposed exile along with a 38-person entourage. When the South Korean police attempted to separate Kim Dae Jung from this "human rights" delegation, the members of the entourage started fighting with the police, producing a scandal for the United States and its ally, the government of Chun Doo Hwan, that was plastered on the front pages of the world's press.

A hapless U.S. ambassador to South Korea, Richard Walker, was then left to attempt to clean up the mess, amidst charges by the delegates of Kim's entourage that they had been "mauled" by the South Korean police. Moscow's liberal assets in the U.S. are now screaming for Walker's head, along with that of Chun Doo Hwan.

The following U.S. members of Kim's

entourage, are part of this ongoing operation of the Soviet Union and the U.S. Liberal Eastern Establishment to humiliate the United States before its allies:

- Robert E. White, former U.S. ambassador to El Salvador and Paraguay
- Rep. Edward Feighan (D-Ohio)
- Rep. Thomas Foglietta (D-Pa.)
- William Butler, chairman of the International Committee of Jurists
- Patricia Derian, former assistant secretary of state for human rights under President Carter.

### ***Danish official supports the SDI***

Speaking to Danish correspondents covering the European Community (EC) foreign minister meeting in Rome on Feb. 11, Danish Foreign Minister Uffe Ellemann-Jensen announced that in the meeting he would stress that the American Strategic Defense Initiative should be an important element of the upcoming debate on European-American relations.

Interviewed by the Danish conservative paper *Jyllandsposten*, Mr. Ellemann-Jensen said: "We, too, should pay attention to the fact that the 'star wars' program ought to be a part of the East-West dialogue. In principle, I agree with the statements by West German Chancellor Helmut Kohl, calling for Europe to be included in the star wars defensive system." Mr. Ellemann-Jensen also stressed that Denmark, being an integrated member of NATO, should participate in the development of this defensive system.

This statement created chaos in the Danish press. Most papers attacked the foreign minister for his "outrageous" statements. The head of the Danish Social Democracy, Anker Joergensen, threatened a no-confidence vote in parliament if the statement wasn't retracted immediately. According to two of the papers, the foreign minister made a partial retraction upon returning to Denmark, but so far nothing official has been released by the Danish government.

The President of the Schiller Institute in Denmark, Martin Kruse, released a state-

ment to the press on Feb. 13 supporting Mr. Uffe Ellemann-Jensen, and expressing great relief over the fact that "finally a member of the Danish government shows the guts to publicly support President Reagan's SDI." The Schiller Institute also called for the immediate establishment of a government committee to investigate potential areas of Danish scientific contributions to the SDI program.

### ***Andreotti attacks the SDI in Rome***

Exploiting the fact that Italy has the presidency of the European Community (EC) until June, Italian Foreign Minister Andreotti induced all 10 foreign ministers of the EC to sign a statement against "an arms race in space," and attacked the SDI and President Reagan at a press conference on Feb. 13.

The statement was signed at the end of the EC foreign ministers meeting in Rome. Both *L'Unità*, the official paper of the Italian Communist Party, and *Paese Sera* wrote: "The 10 expressed their satisfaction with the decision of the United States and the Soviet Union to start negotiations next March 12 in preparation for efficient agreements aimed at preventing an arms race in space, and at stopping one on the Earth by limiting nuclear weapons and strengthening strategic stability."

*L'Unità* claims that this means: "The Europe of the 10 is distancing itself from Kohl's line," referring to the German chancellor's support for the SDI. At the press conference, the *L'Unità* correspondent asked Andreotti what he thought about Reagan's Feb. 12 interview in the *New York Times* and particularly about his statement that the United States will continue the SDI even after an agreement with the Soviets. Andreotti answered: "Did he really say that? I don't agree," and added, "Star Wars is only at the research phase and was opposed by many people. . . . When we say that we endorse this effort of negotiations to reduce armaments, it would be, in my opinion, extremely wrong to support the creation of a third type of weapons besides the conventional and nuclear ones."

## Briefly

● **RUSSIAN DEFECTOR** Shevchenko, in his newly released book, quotes Soviet Foreign Minister Andrei Gromyko characterizing former West German Chancellor Willy Brandt: "He drinks like a lush . . . but he is not dumb," and, "I believe that he will meet us half way on this matter [the 1970 German-Soviet Treaty]. That then will be the lever with which we will pull apart Europe and America."

● **LOTHAR SPAETH**, the governor of the West German state of Baden-Württemberg announced in a Washington, D.C. press conference on Feb. 15 that "fantastic perspectives are opening up for German industry because of the SDI program." He noted that even if the United States has not yet fully worked out the details of the program, the Europeans should nevertheless move ahead and formulate their proposals and interests.

● **CHINA'S MALTHUSIANS** are climbing the Great Wall over the Reagan administration decision to withhold a \$23 million contribution to the United Nations Fund for Population Activities. A Chinese official from the State Family Planning Commission quoted in the official New China News Agency yesterday attacked the Reagan administration for being "unreasonable," and asserted that false information was being circulated about Chinese government population policies. The official asserted that the U.S. decision interfered with the "sovereign rights of every country" to determine its own population policy.

● **CECILIA SOTO** de Estévez, an executive committee member of the Mexican Labor Party, announced her candidacy for mayor of Hermosillo, Sonora on Feb. 8. All local TV stations broadcast a communiqué issued by the Authentic Party of the Mexican Revolution (PARM) announcing that she would be its candidate. The PARM is a party that pre-dates the ruling PRI, but which has been almost moribund in recent years.

# Reagan and King Fahd: green light to peace plan

by Linda de Hoyos

The events surrounding the visit to the United States of Saudi Arabia's King Fahd Feb. 10-15 have created the first serious opportunity for Mideast peace in many decades. In a background briefing of Feb. 8, a senior administration official reported that the Saudis see the current confluence of factors as a "historic moment," a unique opportunity for peace, given the mandate awarded President Ronald Reagan in the November elections.

But there are two other key reasons why there is a new potential for peace in the Mideast. First, Henry Kissinger and the U.S. State Department are not in control of U.S. policy toward the region. On the eve of the Saudi King's arrival, Kissinger advised on national television that the United States stay out of the Mideast altogether (leaving it to the Soviet Union). This and the State Department's drive to play a "Syrian card" (eschewing America's Arab allies) and concentrate on the Lebanon maelstrom, however, are not determining White House policy. Instead, the President himself and Defense Secretary Caspar Weinberger are leading the U.S.-Arab coordinated initiative. If Kissinger and his friends, the faction that has contrived every war in the Mideast since 1967, are kept out of the picture, there is no telling how fast things might fall into place.

Second, as reported in *Newsweek* magazine and subsequently corroborated by informed Washington sources, Saudi King Fahd brought with him a \$30-40 billion plan for development of the entire Mideast region, including Israel. The development fund would be financed by the United States, Western Europe, and the oil-producing states of the Mideast itself. As American statesman Lyndon LaRouche has pointed out since 1975, the only guarantee for peace in the area is a coordinated regional division of labor for the "greening of the deserts" and industrialization.

These two factors have brought the potentials for peace

to their highest point since President Dwight Eisenhower's Atoms for Peace plan of 1959.

King Fahd arrived in Washington on Feb. 10 to call upon the United States to take a major role in securing peace in the region, a request that the administration take serious action to realize the Reagan plan of September 1982. Under that plan, Jordan and the Palestine Liberation Organization would be treated as one negotiating party and negotiations would be based on U.N. Resolution 242, which calls for self-determination for the Palestinians and Arab recognition of Israel.

Exactly a year ago, within a week of the pull-out of U.S. Marines from Lebanon, Egyptian President Hosni Mubarak and King Hussein of Jordan had come to Washington with the same request, stating that the Israeli-Palestinian conflict was the root cause of instability in the region, including the crisis in Lebanon. Their appeal fell upon deaf ears, as U.S. policy was then firmly in the grip of the State Department.

This time, King Fahd's trip culminated a series of careful negotiations coordinated not by the State Department but by Defense Secretary Caspar Weinberger, a process set into motion during Weinberger's fall trip to Egypt, Jordan, Saudi Arabia, and Israel.

As King Fahd and President Reagan were preparing to meet in the United States, Jordanian King Hussein and PLO chief Yasser Arafat emerged from two days of discussions with an "Amman agreement" to pursue a joint course toward resolution of the Mideast conflict. Although the detailed contents of the agreement have not yet been made public, reports are that Arafat, who has defeated a year-long effort by the Soviet-Syrian-backed terrorist wing of the PLO to oust him, has agreed to King Hussein's November 1984 proposal for PLO recognition of Israel, a Palestinian-Jordanian confederation, and Jordan as the Palestinians' representative in negotiations.



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## Documentation

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# 'Now the U.S. has someone to talk to'

*The following are excerpts of the background briefing by a senior administration official delivered on Feb. 8. The contents of the briefing were totally blacked out by the U.S. press. The briefing, however, is conclusive evidence of the degree to which the White House is coordinating its efforts with the moderate Arab leadership.*

**Senior Administration Official:** This will be the first state visit of the President's second term. King Fahd will be the first Middle Eastern head of state to visit this year. He's going to be followed, of course, by a series of Middle Eastern visitors: Egyptian Foreign Minister Abd al-Baqi is already here to prepare for President Mubarak's visit in March and that will be followed by others later on, but Fahd is the first.

This will also be the first official visit by a reigning Saudi monarch since King Faisal visited in 1971. . . .

Fahd is coming not only as King of Saudi Arabia, and as the main architect of U.S.-Saudi relations and the close relationship that Saudi Arabia has maintained to the United States, but also, in this instance, as a primary Arab statesman who has sent a series of emissaries around the Arab world in the last few weeks. So we think he's going to be able to articulate not only his own point of view, but a point of view that reflects a general set of understandings among modern Arab leadership.

The timing of the visit was dictated, I think, by nothing more complicated than the President's reelection. Fahd wants to come here at this point, I think, reflecting a widely held view in the Arab world, particularly among the more moderate Arab leadership, that this is the moment to urge the United States to reinvigorate the peace process and move ahead on that issue in light of the political mandate that the President has just secured. . . .

There are a number of other things in the region that contribute to this feeling that this is a moment for activity. A new Israeli government, which has displayed evidence of greater flexibility on peace issues than its predecessor, a new activism by King Hussein in his negotiations with Arafat to seek a mandate to go into peace negotiations. . . .

**Q:** What are you prepared to say to the King if he says to you, we think the U.S. should open a dialogue with the PLO, as the Egyptians seem to be urging?

**Senior Administration Official:** Well, a dialogue with the PLO we don't think is really going to move matters ahead.

Egyptian President Mubarak's special adviser, Osama al-Baz, who was present at the talks between King Hussein and Arafat, reported that "for the first time, the PLO has unequivocally and irrevocably accepted the premise of a peaceful settlement to the Arab-Israeli conflict. . . . What counts is that there has been a decision by the Jordanians and the Palestinians to take a risk. Entry into negotiations involves a risk." He called on the United States to respond to Arafat's "courageous step" by demonstrating "a willingness and the ability to come to terms with a joint Arab move."

Immediately, King Hussein flew to Algeria to inform Algerian President Chadli of the agreement, and Arafat went to Tunis to face a stormy meeting of the Fatah Revolutionary Committee. Both Hussein and Arafat will be in Cairo a few days before President Mubarak departs for Washington on March 12.

In Washington, President Reagan and King Fahd together assessed the Amman agreement as positive. On Feb. 14, the President declared to reporters the step was "constructive" in "finally getting us out of the stalemate since 1982."

### The enemy line-up

The moderate Arab leadership and the Reagan administration already face challenges coming from those quarters which have a great stake in continuing the imperial crisis-management game over a region in perpetual instability.

No sooner had the Fahd-Reagan and Arafat-Hussein agreements been made than the State Department announced that it had "set the date" for agreed-upon discussions with the Soviet Union, to be held in Vienna. The talks, not designed to come to any agreement but to exchange views and clear up "misunderstandings," will be held on Feb. 19. Representing the U.S. side will be "Syria-card-pusher" Undersecretary of State Richard Murphy.

Meanwhile, Moscow's surrogates in the Arab world, Syria and the rejectionists, excoriated the Amman agreement as a "surrender to American imperialism." On Jan. 17, in expectation of the breakthroughs occurring around King Fahd's trip, the foreign ministers of Libya, Syria, and Iran met, deciding upon a policy of terror escalation against the moderate Arabs and Israel. On orders, the Shi'ite Muslim leaders in Lebanon on Feb. 15 declared a new *jihad* against Israel. The Shi'ite "Islamic Resistance Movement" then called upon Palestinians on the West Bank to escalate terror actions.

This terror war is designed to propel former Israeli Defense Minister Ariel Sharon back into power in Israel, ensuring that the Arab leadership of Jordan, Egypt, and Saudi Arabia has no one to negotiate with on the Israeli side. There is also an assassination threat coming against Israeli Prime Minister Shimon Peres from the extremist Israeli circles of the Terror Against Terror apparatus backed by Kissinger-ally Sharon (see p. 46), who functions as the combined asset of Moscow and the British faction that has cut its deal the Kremlin.

In our view, what's important is for the Arab side of the equation to give support to King Hussein's efforts to get an Arab mandate to produce an Arab interlocutor. That's what's been missing continually in the peace process—no one on the Arab side to negotiate with.

Quite clearly, King Hussein wants to be that interlocutor. Quite clearly, he doesn't believe that he can be effective and legitimate in that role unless he has a mandate from the Arab side, which includes principally the Palestinians. And that, at the moment, is what he and Arafat are talking about.

And where we see the next steps coming is in a successful conclusion of the Arafat-Hussein dialogue. And we believe Saudi Arabia, as well as other moderate states, including

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*The key to it is to have someone to talk to on the Arab side. And I think we will be able to assure the Saudis that we will be active and play the kind of role they would like to see us play but only in the context of a commitment from the Arab side to direct negotiations with Israel.*

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certainly Egypt, need to support that process and give Hussein what he is trying to obtain in the way of a mandate.

**Q:** Well, what makes you think, after so many years where we've been disappointed in the Saudi activism in terms of pushing the peace process, that now, suddenly, they're going to start pushing the Palestinians to negotiate, either directly or through Hussein?

**Senior Administration Official:** I can't predict, of course, what they're going to do. But our impression is that the Saudis do see this as a, to be trite, historic moment. Perhaps it is, but whether or not it turns out to be historic and really be significant, I think, depends on their own sense of commitment and what they're prepared to put into the effort to get peace talks started.

**Q:** Can you talk a little more about why we have the impression that the Saudis see this as a historic moment and they're going to act more decisively than they have in the past?

**Senior Administration Official:** Well, for the reasons that I attempted to outline earlier. They see the President with a massive new political mandate. They see the President as the first American President who is likely to complete a second term since Eisenhower. They see him in a position not being able to succeed himself as being relatively free in

terms of our own political environment to take a more aggressive posture.

That's all well and good, but the key to it is to have someone to talk to on the Arab side. And I think we will be able to assure the Saudis that we will be active and play the kind of role they would like to see us play but only in the context of a commitment from the Arab side to direct negotiations with Israel.

**Q:** Sir, if there is an Arab interlocutor who's emerging . . . do you feel confident that the Israeli government will be ready to negotiate?

**Senior Administration Official:** Well, let me differ with you on one part of your statement, and that is the position of the present Israeli government. I don't think that it has taken the same position as its predecessor toward the Reagan Initiative. Prime Minister Peres, I think, has left that question open as to what the government's attitude toward the September 1 Initiative is.

It was rejected by the previous Israeli government. I think there's less certainty about that, and certainly in the present situation. It's going to present Israel with some very significant choices. And it's going to challenge Israel to respond to an offer, a genuine offer, from an Arab negotiator. They've never had to do that before. The Arabs have never produced a negotiator until now. What the Israeli response will be, I can't predict. But it seems to me unlikely, and I hope unthinkable, that such an opportunity would be allowed to escape.

. . . The September 1 Initiative was announced in 1982. It's still on the table. It still represents the definitive American position. But it's not presently under negotiation. How do you get from this to negotiations? And, perhaps, the Saudi view is that this is really up to the United States to define and do something about. And I think our view is you can't do anything about it until you've got a party to negotiate with.

**Q:** The Saudis did come forth with one thing, or at least they helped to put it through, the Fez Plan, if you'll recall. Has that gone by the boards or how does the U.S. government feel about this Fez Plan or Declaration?

**Senior Administration Official:** It's up to the Arabs to decide, in the same way as we have to, to decide how to proceed on the basis of the September 1 Initiative, how they plan to play the Fez Communiqué or the Fez Plan. That could be, and at the moment is, the closest thing that the Arabs have to an Arab negotiating position.

There are two remarkable things about that, while the subject's come up. One is that they were able to get an Arab consensus, which even in this case included Syria explicitly, that is a major accomplishment.

The second is, if you look at what Fez is a departure from, it comes quite a long way. The preceding Arab position, going all the way back to 1967, was the Three No's: No recognition, no negotiations, and no conciliation. That's very different from where they are in Fez, which is a position that accepts the necessity to make peace, rather—So the question now is how do you do it, rather than whether you should do.

# SDI charts revolution in science, industry

by Paul Gallagher

In a series of surprise announcements calculated to shatter vodka glasses all over Moscow, President Reagan's anti-missile defense program, the Strategic Defense Initiative, has set itself the goal of pulling 30,000 U.S. scientists and engineers into "consortia" to force breakthroughs in crucial areas of science and high technology. With the formation, announced the first week of February, of a Division of Innovative Science and Technology within the SDI project headed by Lt. Gen. James Abrahamson, the planners of the beam-defense program are setting their sights even higher than building a defense against nuclear missile attack—they aim to create a scientific and technological revolution for our entire society.

This is the "science driver" idea of using the beam-defense program to restart the U.S. industrial engine with the productivity leap of a "laser revolution"—specifically the LaRouche policy for the SDI which was debated quietly within the National Security Council several times during 1984.

These discussions were fueled by a July 1982 *EIR* Special Report, *The Economic Impact of Relativistic Beam Technologies*. It was these NSC debates which drew out the *Washington Post* and *New Republic* magazine into 20,000-word attacks on LaRouche's feared influence on the Reagan administration's strategic defense policy.

## Abrahamson's revelations

The entire U.S. press has now blacked out or "missed" the new revelations on what it derisively calls "Star Wars," but the new, \$100-million science and technology breakthrough program of SDI was announced and discussed at length by SDI Director Abrahamson himself on Feb. 8 in a keynote speech to the American Astronautical Association. Abrahamson introduced Dr. James Ionson, who had been brought in from NASA to head the SDI Division of Innovative Science and Technology. Ionson immediately made clear that "this mission is a fertile ground of revolutionary technologies."

Specifically, Abrahamson and Ionson made clear that the SDI will:

- Mobilize scientific talent to develop entirely new types of high-frequency lasers, super efficient, including some not yet even tested in the laboratory.

- Find out how to use these lasers and particle beams in tuneable form to master "molecular engineering" of new crystalline and metallic materials, as well as new microbiology techniques.

- Do it explicitly on the "Apollo" model of open, unclassified research radiating out from firms, universities, and labs.

If the currently requested SDI budget of \$3.8 billion is passed by Congress, Ionson and Abrahamson will announce by May the first 50 sites for this "consortia" research; 5% or more of the total budget will be funding completely open research and development, and the total SDI program will be heading for employment of 30,000 scientists and engineers, according to others familiar with the new plans. This is more than three times as many scientists and engineers as were employed by the World War II Manhattan Project at its height.

Any congressman who plans to vote against this budget by claiming, "We can't afford the money for SDI," might now be charitably considered a fool by his labor, farm, student, minority, and other constituents.

European leaders grasped the new thrust much faster than the U.S. press. They heard about it the same day from Defense Secretary Caspar Weinberger, just prior to the annual Europe-wide Wehrkunde ("Military Strategy") meeting. At that meeting, West German Chancellor Kohl responded with his first open, outright endorsement of the SDI, and said, "It is Bonn's vital interest that Germany, as a highly industrialized nation, participate in the technology," and that German industry doesn't fall behind the pace of research and development.

In making his Feb. 8 announcement, Abrahamson stressed that the SDI "is already reporting technological breakthroughs across the board, coming from the labs and industry across this country all during the past year." One dramatic announcement made at the Feb. 8 meeting was that a method of generating and propagating an anti-missile charged particle beam in low-earth orbit had been demonstrated by Lawrence Livermore Laboratory, through a concept known as "Project Antigone." As recently as last year, the Fletcher Committee, formed to assess anti-missile technologies for President Reagan, told the President that charged particle beams—the most lethal of anti-missile beams—"would not play" in space.

Immediately after last week's announcements, sources familiar with the SDI made clear that Reagan wants to use the program to unleash the "science driver" on the U.S. industrial base and those of its allies, which will be fully included as they sign on, as Germany and Japan have done.

"For the first time in U.S. history," said one defense research official, "the President is making science and technology in itself a tool of state policy. Reagan sees SDI as the steam engine of progress. . . . And if the \$3.8 billion budget

gets through Congress . . . history has never seen such a concentration of skilled manpower on one R&D project." At least 5% of the work will be pure innovation at the frontiers of energy, power, radiation, communications, molecular engineering, and microbiology technologies; SDI officials emphasize that this work will be unclassified and will be wide open. "It is designed to bring out the basic innovative juices of American know-how," said one. "Never has such an open-ended science program been presented to Congress."

If the SDI budget does go through, this U.S. scientific powerhouse will be linked directly to the plasma physics, computer, and laser labs of Europe and Japan. The Soviets, in their endless denunciations and threats against "Star Wars," have all along known it was precisely such an earthbound technological revolution in the West which might face them. This explains the Soviet-backed wave of terrorism which has murdered several of the European leaders of this "laser revolution" in past weeks.

## The wire in the sky: What is Project Antigone?

Laser beams can destroy nuclear missiles. But charged particle beams would be a thousand times more effective in destroying missile warheads. That was considered academic as recently as the late 1983 Fletcher Panel study for the President: Unlike neutral particle beams already under development, charged particle beams could not be based in space, because their positive ions and negative electrons have mutual electrostatic repulsion, causing the beam to fly apart within a few feet in the vacuum in space.

No longer. Lawrence Livermore scientists have found a way, now being developed in Project Antigone. The concept is to create a "wire in the sky," a plasma channel generated by a pulse of laser light. It acts like a wire in that it will charge-neutralize the particle beam, permitting its focused propagation through space. Livermore Antigone experiments have used a laser pulse to produce a plasma channel through benzene gas in an accelerating vacuum chamber.

Laser beams can destroy their missile targets by burning or blowing a hole in them—they deposit their energy on the surface of the target. But charged particle beams deposit their energy deep within its interior, destroying a missile's delicate electronics. This target penetration cannot be shielded against; it is possible to "tune" the beam energy to penetrate any target to a desired depth. Antigone, in short, has the advantage of "electronic kill."

## Behind the brawl in the Democratic Party

by Warren J. Hamerman

Paul Kirk, the old Kennedy hand, was muscled into the chairmanship of the Democratic National Committee by the same combination of Lane Kirkland and the Harriman grouping which forced the candidacy of Walter Mondale down the throats of an unwilling Democratic Party last year. Kirk may have an even rougher ride as chairman than did the bungler Charles Manatt, because the Democratic Party is literally coming apart at the seams since the humiliating defeat of Mondale-Ferraro last November.

At the DNC meeting where Kirk was elected, the disintegration of the party was out in the open. Kirk himself was elected only after Californian Nancy Pelosi, who had the backing of New York State Gov. Mario Cuomo, was arm-twisted out of running by the Kirkland and Harriman forces. Southerners and Westerners had rallied behind North Carolina's former governor and another long-standing Kennedy operative, Terry Sanford. Behind all the byzantine maneuvering typically used to kick up dust and camouflage the real policy issues in the Democratic Party, there is one unmistakable clue as to the meaning of the Kirk chairmanship.

After Kirk was elected, his first policy move was to announce his commitment to revive the notorious Democratic Advisory Council (DAC) under a new name. The DAC was created in 1956 by Averell Harriman and John Kenneth Galbraith as a specific vehicle for abruptly transferring party policy formation away from elected party officials and traditional constituencies, and making it the private fiefdom of the Eastern Liberal Establishment through their agents in the large Wall Street investment houses and the "octopus" law firms of Lower Manhattan and Washington, D.C. In short, Harriman's DAC was the battering ram which was used to dismantle the legacy of Franklin D. Roosevelt in Democratic Party policymaking. Kirk's intention to resuscitate the DAC coheres with the intended gear-up of the Project '87 plan to "restructure" U.S. constitutional government. The Committee for Constitutional Reform of Lloyd Cutler, et al., will begin their first major public statements of the Project '87 campaign in the spring of 1985.

When Kirk talks about reviving the concept of the DAC, he is championing the cause of a very specific network, the very top policy managers for the old-line families who constitute the Western Hemisphere's oligarchy. The key men who operated on the foreign-policy and domestic-affairs task forces of DAC were Averell Harriman, Orville Freeman, George Ball, Clark Clifford, Arthur Goldberg, Samuel Huntington, Sol Linowitz, Cyrus Vance, John Kenneth Galbraith, W. Anthony Lake, Dean Rusk, Zbigniew Brzezinski, Leonard Woodcock, Robert Roosa, Nicholas deB. Katzenbach, Paul Nitze, Morton Halperin, Harry McPherson, and Clifford Alexander. Through the DAC, Harriman turned the Democratic Party into a hollow shell. The disastrous McGovern reforms of 1972 and the debacles of the Carter-Mondale period were stepchildren of Harriman's DAC. Thus, Kirk can be counted on to try and streamline party policy structure so that it can move even more rapidly into escalated combat against the second Reagan administration.

### **Will the minorities bolt?**

After Kirk was elected, one of his first acts was to come down hard against the minorities in the party. The Black Caucus traditionally gets to pick one of the vice-chairman positions, and had opted to re-elect Mayor Hatcher of Gary, Indiana to the position; Hatcher had been Jesse Jackson's campaign manager. The DNC did not accept their recommendation and Hatcher was replaced by Rolland Burris, the comptroller of the state of Illinois. So, Hatcher, Rep. Mickey Leland, and Doris Turner, the head of the DNC black caucus, called a press conference to denounce Kirk and threaten that blacks might leave the Democratic Party. They demoagogically accused Kirk of trying to send a message to white male America that the Party was "going mainstream."

On Jan. 11, Jesse Jackson publicly exhorted blacks to "reassess their loyalty to the party." Jackson, who also backed Hatcher for party vice-chairman, now said he will refuse to recognize the election of the new vice-chairman and might even refuse to recognize the party organization itself.

In statements that were headlined by the *Washington Post* and other newspapers, Jackson charged that Democratic Party leaders were attempting to attract white male voters by "proving they can be tough on blacks" and that blacks, in return, must reassess their loyalty to the party. If the pattern of denial of blacks continues, he said, blacks—the party's most loyal voting bloc—will leave the party and become independents.

### **Meanwhile, back in New York. . .**

A similar operation is going on in New York City, where the Democratic Party has deteriorated into an all-out factional brawl along racial and ethnic lines. Efforts to draft a mayoral candidate to oppose Mayor Koch have splintered the party, with Hispanic political figure Herman Badillo of the Bronx refusing to support black Assemblyman Herman "Denny" Farrell as the mayoral candidate of the black-Hispanic coa-

lition. Badillo had been favored to win the backing of black city leaders before Farrel announced his candidacy. But now Badillo says Farrell supporters made "anti-Puerto Rican statements" about him. Hispanic leaders, taking a page from Jesse Jackson, say they will now participate in a voter registration drive to increase their power.

Will disenfranchised minorities, or Southern and Western conservative Democrats, now bolt from the party because once again a Harriman-Kirkland puppet is chairman? In fact, various scenarios have been floating in the Democratic sewers for months, given that the two most powerful interests in the Democratic Party are no longer southern Democrats and minorities, but the Swiss and the Soviets. This is indicated by Gary Hart's recent pilgrimage to Switzerland, Moscow, and Edinburgh to win favor for his 1988 presidential campaign from the party's real controllers.

The strategic nature of the war for control of the Democratic Party is also indicated by the recent trip of former Democratic Party chairman Charles Manatt to Venezuela shortly before a massive battle was ignited to expel LaRouche's associates of *EIR* from that country. Manatt and his Republican counterpart Fahrenkopf travelled under the auspices of Lane Kirkland's nefarious "Project Democracy." Manatt and Fahrenkopf met Rodriguez Iturbe, among others. Senator Iturbe is the head of Opus Dei in Venezuela and an arch-champion of the Gnostics and would-be assassins of the Pope in Tradition, Family, and Property (TFP).

Many months before Kirk was elected, his managers were designing specific scenarios to "green" the Democratic Party. In other words, they wished to create a political vehicle in the United States along the lines of the neo-Nazi Green Party of West Germany, and to use this as a battering ram not only against Reagan but against all of the traditional institutions of American republicanism. One version of the scenario called for the "greens" to split the party, force the conservatives out, and take over the party structure. Another version of the same plan called for the radicals such as the Rainbow Coalition to split out and leave a skeleton behind. The intent here would be for the Rainbow Coalition to form the core of a new, specific electoral vehicle in the U.S.A.

The professional "party managers" and scenario spinners are overlooking the fact that the LaRouche patriotic wing of the Democratic Party has taken to the streets, having helped to bring 10,000 to Washington, D.C. on a bitter cold Martin Luther King's birthday, Jan. 15, to march for the Inalienable Rights of Man and the "dream" of building anti-missile beam defenses and developing Africa.

The real question for the Democratic Party is in what policy direction to proceed. There are only two alternative courses: One was defined by Lyndon LaRouche in his *Independent Democrats' 1984 Platform*, a bipartisan effort during the second Reagan administration to pursue the course of a revived American Revolution; the other is the program of the oligarchical Eastern Establishment to "undo" the American Revolution and re-feudalize the United States.

# 'Geneva agreement won't stop the SDI'

President Ronald Reagan used the occasion of an interview with *New York Times* correspondents on Feb. 12 to serve notice: No form of Geneva agreement would lead him to halt his Strategic Defense Initiative. The SDI program to develop laser- and other energy-beam defenses against nuclear missiles will continue no matter what the Soviets offer to do at arms-control talks.

First, said the President, the SDI will be researched and developed. Then, he would be prepared to "internationalize" the deployment of the defensive shield—a reference to his repeated previous offers to "share the technology" not only with allies, but with the Soviets themselves.

The President was asked what would become of the SDI were the Russians to agree to deep reductions in offensive weapons. "Would you still want to proceed with this Strategic Defense Initiative or would you be ready to call it off in return for that?"

The President replied: "No, I would want to proceed with what we're doing, which is research to discover whether there is such a weapon and whether it is practical, feasible. . . . My own view would be that if that is determined and we can produce such a weapon, then before deployment I'd be willing to sit down, and in a sense internationalize—in other words, to negotiate then before there would be any deployment . . . to make sure that they understood that we weren't trying to create the ability of a first strike ourselves, that our goal was still the elimination of nuclear weapons, and that I would see that defensive weapon as another step in attaining that goal.

". . . That would eliminate any of the protests that some of the people on the Soviet side have made that we're seeking a first-strike capability. I don't think anyone could honestly believe that the United States is interested in such a thing or ever would put itself in that position."

The *Times* reporter queried: "So proceeding with the Strategic Defense is independent of whatever agreement is reached on offensive weapons?"

"That's right," replied Mr. Reagan. "Because it's not in violation of the ABM treaty, and they have been conducting—you know, who are they kidding? They've been conducting research in this sort of thing for a long time. And

they already have far beyond anything we have, and we believe, in violation of the ABM treaty on that kind of defense. And we're seeking a non-nuclear weapon that could render these weapons obsolete."

Having thus thrown out all the Chamberlain-like assumptions of Henry Kissinger as to the SDI's status as a "bargaining chip," the President proceeded to throw out the arguments advanced by arms-negotiator Max Kampelman and Zbigniew Brzezinski, the national security adviser to Jimmy Carter, who recently proposed that the United States agree to limit the SDI to "point defense," i.e., of missile silos and other selected targets.

Said the President: "I want a defense that simply says that if somebody starts pushing the button on those weapons, we've got a good chance of keeping all or at least the bulk of them from getting to the target. . . . because if it's around missile sites—that's the type of weapon anymore in which there's no way to restrain that from killing any number of people. . . . I think if you have a defensive weapon—I don't think in terms of let's put it around this place and that place. Let's put it in such a way that those missiles aren't going to get to their target."

The President compared SDI technologies to the gas mask. Gas masks are in the arsenal of every army in the world, despite the fact that poison gas is outlawed.

Both the Eastern Establishment and the Kremlin have been left reeling from the momentum built up for the SDI in just the first few weeks of the President's second term. Will the Russians now leave the Geneva talks they have repeatedly said are conditional on "preventing an arms race in space"? Or will they stay, in order to maintain some form of leverage and exchange on the emerging new defense technologies?

In either event, the only substantial threat to the SDI—barring assassination of the President and such other key players as Lyndon and Helga Zepp-LaRouche—would be a world financial catastrophe courtesy of the policies of the International Monetary Fund, centered on combined oil price deflation and imminent default of oil-producers like Mexico and Venezuela, and the \$215 billion U.S. farm debt. This could happen without any help, or the Russians and their friends at the top of the Western financial world could choose to exercise their capability to trigger such a collapse, blowing out the U.S. defense budget.

If Mutually Assured Destruction centered on separating military from economic strength, the President's technological quest for Mutually Assured Survival restores that essential connection. The SDI can only work if it is approached as an *emergency economic mobilization*, predicated on early reorganization of the world monetary system, without the IMF, and associated emergency measures to put America's farms and factories back to work.

With President Roosevelt's 1939-43 mobilization in mind, the President, having clearly defined the SDI policy, must now to take the unilateral executive action that places the SDI on a full, crash-program basis.

# Kissinger Watch

by M.T. Upharsin

## What Vernon Walters does for Kissinger

On Feb. 11, at 1423 hours Mexico City time, Henry A. Kissinger was reliably reported to have disembarked from an Eastern Airlines jet at Mexico City's International Airport. Sources familiar with his peripatetic habits recalled that February is usually the time of year that the Kissingers visit this "vacation" spot. But, as is usual with Henry Kissinger, there is more here than a vacation.

Over the Feb. 3-4 weekend, in newspapers around the world, the seventh in a series of syndicated columns by Kissinger appeared, identifying Mexico as one of the countries about to "re-ignite the now barely international debt crisis," thanks to a "sharp decline in oil prices."

The arrival of Rodman Rockefeller the weekend preceding Kissinger's arrival underlines the point. Rodman is of the Rockefeller Family Associates group which has been Kissinger's main piggy-bank over the past two decades, and heads the U.S.-Mexican Businessmen's Committee. Rockefeller bullied his way into a meeting with Mexican President Miguel de la Madrid, and demanded stringent "austerity measures" as the condition for financial assistance in coming years.

Then came Kissinger. The gangsterism had its obvious effects. The Mexican press has featured headlines ever since Feb. 11 screaming about the need for budget cutbacks even greater than those decided upon by the government. A Feb. 14 feature in the Hamburg daily *Die Zeit* by Kissinger Associates member Helmut Schmidt, former chancellor of West Germany, demanded that Ronald Reagan "listen to Henry Kissinger" to avoid an international debt blow-out caused by de-

velopments in Ibero-America. By Feb. 15, the *Wall Street Journal* was reporting that the International Monetary Fund was dissatisfied with the austerity Mexico had agreed to so far.

## Mexico Beware!

Mexico has been the site of murder by Kissinger not only on the grand scale of economic genocide. Henry spends considerable time in Acapulco, cavorting with the Savoy family-connected Ricky di Portanova. On one such occasion known to relevant insiders, he is reported to have "done in" a young Romanian waiter boy who had resisted his demand for certain "favours."

Hence, our attention was caught by an article that appeared in the Feb. 9 Springfield, Illinois *State Journal-Register*, in a feature about Gen. Vernon Walters. It read in part:

"Walters, a lifelong bachelor who seldom drinks, also is well known for his prodigious memory and his ability to keep secrets. While serving as U.S. military attaché in Paris during the late 1960s and early 1970s, he arranged secret negotiating sessions between the-then national security adviser Henry Kissinger and North Vietnamese officials. . . .

"Kissinger, one of the most demanding taskmasters ever to hold high office, has described Walters as imaginative, discreet, indefatigable, masterful and flamboyant. He once told Walters: '*Nobody does for me the things you do* [emphasis added].'"

What can be stated with certainty is that among the "things" Walters does is to serve as "enforcer" for Kissinger's banking bosses in making sure that Ibero-American economies exist for debt repayment and nothing else.

Walters is the "fixer" for corrupt military and political factions in Bra-

zil and Argentina, including, say U.S. military sources, "fingering" traditional friends of the United States for assassination. Walters was an inside man in the 1964 coup in Brazil and in helping design brutal austerity policies in ensuing years. During Argentina's Malvinas War with Great Britain, Walters worked with Argentine friends to sabotage the anti-British fight from the inside while helping win the United States to support of the British side.

Less widely known is that Walters is one of the key U.S.-based backers of the Brazilian-based Tradition, Family, and Property cult implicated in plots to kill Pope John Paul II. Walters maintains intimate relations with numbers of the families that back TFP, including the Cisneros family of Venezuela.

These connections lead directly into the centers of international intrigue like Venice and Monaco, and are maintained through Walters' involvement with the creatures who participate in the activities of the Italy's Propaganda-2 Freemasonic lodge. It is these centers of intrigue that also bring Walters into association with the Soviet intelligence services.

Various investigators around the world are on these tracks. Even West Germany's *Der Spiegel* has been obliged to run a feature story on how the Rockefeller family has been involved since 1968 in building anti-Vatican fundamentalist-evangelical cults throughout Ibero-America, as part of their commitment to the "population control" policies the Church opposes.

It is in these waters that Kissinger's favorite fixer swims. All the more reason to ensure that he is not confirmed by the U.S. Congress in his recent appointment to be America's U.N. ambassador.

## LaRouches included on terrorist hit list

According to informed U.S. intelligence sources, the names of Lyndon H. LaRouche, Jr., and Helga Zepp LaRouche appear on a current terrorist hit list in the possession of intelligence services in Western Europe.

On Feb. 10, the prominent West German newspaper *Bild Am Sonntag* reported that West German federal authorities had identified a 145-person hit list that included Chancellor Helmut Kohl, former Chancellor Helmut Schmidt, and the entire West German cabinet.

According to Wilfried Kusbar, the director of the Lower Saxony state criminal police, "We are expecting an attack or a hostage-taking."

U.S. sources indicate that West European intelligence and security services are in possession of several lists obtained from the West German Red Army Faction and the Italian Red Brigades, and the cumulative list is actually far larger than the 145 targets mentioned in the *Bild am Sonntag* article of Feb. 10.

At the same time that reports of the targeting of Lyndon and Helga LaRouche surfaced, the West German Green Party and its supporters, such as the terrorist-linked newspaper *tageszeitung*, escalated their public attacks on Mr. and Mrs. LaRouche. In early February, *tageszeitung* printed a lengthy article connecting Lyndon LaRouche to the Central Intelligence Agency and President Reagan's Strategic Defense Initiative. *Tageszeitung's* source for their article was the cover story of the Anglo-Soviet intelligence connected *New Republic* magazine.

Security specialists say that the identification of the LaRouches as "CIA" and connected to U.S. defense policy is a signal to the terrorist networks that have been involved in a long list of attacks on U.S. military installations and American corporations over the last six months. An attack on the LaRouches, in short, is to be deemed an attack on the U.S. military.

## Percy rumored to replace Burns

Rumor mills in Washington, D.C. are reporting that Rockefeller family in-law Charles Percy is the most likely choice to replace Arthur Burns as U.S. ambassador to West Germany. Percy (R-Ill.) was recently defeated in his bid for re-election to the U.S. Senate.

Two sources, one representing the Kissinger crowd at the Aspen Institute and the other a self-professed "conservative Reaganite," have reported to this news service that Percy is the likely candidate.

Percy's daughter Sharon is married to Sen. John Rockefeller IV of West Virginia. During his years in the Senate, especially in his post as chairman of the Senate Foreign Relations Committee, Percy became one of the more outspoken opponents of the Strategic Defense Initiative.

On Feb. 23, Percy is scheduled to speak at a conference in Morocco co-sponsored by the Aspen Institute and the Moroccan-American Foundation. Two of the directors of the latter Foundation are Henry Kissinger and David Rockefeller.

The only "winner" were Percy to be made ambassador in Bonn is India, since earlier rumors during the past weeks had identified Percy as the most likely next U.S. ambassador to New Delhi.

## Congressional opinion poll has pie on face

The Congressional Research Service looked mighty dumb on Feb. 10 when it released a detailed report claiming that European government officials, as scientifically demonstrated by a CBS opinion poll, are totally opposed to President Reagan's Strategic Defense Initiative. The report was released two weeks after Italian Defense Minister Giovanni Spadolini announced his backing of the SDI, and it was covered in the press the same day that West German Chancellor

Helmut Kohl publicly endorsed the defensive weaponry initiative.

According to staff at Wisconsin Sen. William Proxmire's office, it was Proxmire who personally contracted the Congressional Research Service report. Proxmire has been campaigning for months against the SDI as a "threat to the NATO alliance."

The report says that "the overwhelming preponderance of opinion (in Bonn, Paris, London, and Brussels) is negative towards the systems that the SDI could ultimately produce. Expressions of doubt over the technological possibilities and the strategic consequences, as well as the potential financial costs, of SDI, prevailed in each capital, across the political spectrum, and in military as well as civilian circles."

## Reagan to scientists: 'Be ambitious'

In a speech before 80 top researchers, teachers, and entrepreneurs, including more than three dozen Nobel Prize winners, President Reagan appealed to the scientific community on Feb. 12 to make his Strategic Defense Initiative program for defending the United States against Soviet missile attack a technological reality.

Emphasizing that the object of science "must be to maximize freedom," the President said:

"We have already made yesterday's impossibilities the commonplace realities of today. Why should we start thinking small now?"

"In protecting mankind from the peril of nuclear destruction, we must be ambitious. We can't lock ourselves into a fatalistic acceptance of a world held in jeopardy."

Contrasting the spirit of inquiry and discovery of the individuals in the audience to the "limits to growth" mentality so rampant in past years, the President emphasized: "It's been pioneers such as you who have discovered new universes on the blackboard, charted new continents inside a living cell, and extended the boundaries of human mentality. Today, space is just one more laboratory and the idea that there are material



limits on the mind of man has been shattered once and for all. . . .

"Only if we try can we succeed," he said in discussing the SDI.

Reagan also reaffirmed his support for a permanent manned space station and said science and technology would feel "few genuine cuts" in his budget. He said he had asked Congress for a 6.7% increase in funds for basic research next year.

The President took a much-needed swipe at the news media for their coverage of the SDI and of science and technology issues in general, saying: "I sometimes feel that the journalists who cover every day have a tendency to miss the real issue." They engage in "scare stories," while ignoring the "largely unheralded" contributions of American scientists and inventors.

## U.S. Steel demolishing plants in Pittsburgh

"U.S. Steel is doing better than a Red Army sabotage squad could."

That was Lyndon LaRouche's response to the demolition of the blast furnaces at U.S. Steel's National Tube Works in McKeesport, Pennsylvania, begun the first week in February.

The company has also announced plans to demolish "Dorothy Six," the recently shut blast furnace at the Duquesne Works just across the Monongehela River, which has been the main source for hot metal in the Monongehela Valley since the National Works blast furnaces were "closed for repairs" seven years ago. "Dorothy Six" won U.S. Steel awards for productivity and quality as recently as 1983.

Pennsylvania Gov. Richard Thornburgh, a liberal Republican, has just delivered a \$200,000 "community development grant" to the City of McKeesport to finance the demolition of the McKeesport blast furnaces and other large sections of the former pipe and tube manufacturing plant.

The "post-industrial society" crowd running U.S. Steel has gone beyond just shutting plants, noted Steven Komm, a Pittsburgh leader of the Schiller Institute which

is mobilizing its membership to stop the steel shutdown. "The tin mill at U.S. Steel's Irwin Works has been converted into a jogging track and sauna for corporation executives."

He noted that gambling is being legalized, and steelworkers' pension funds aren't safe. The Tri-State Conference on Steel and its constituent groups are trying to get workers to throw in their pension funds and suck local investors into "buying back" the Duquesne plant from U.S. Steel.

## New York Times backs euthanasia ruling

The *New York Times* has warmly embraced the New Jersey Supreme Court decision that medical care, including food and water, can be withheld from dying and elderly patients. The *Times* is demanding that New York Governor Mario Cuomo implement comparable legislation.

The *Times*'s Feb. 15 editorial can barely hide its satisfaction at the ruling in the case of Claire Conroy: "But where a decision to yield to death was permissible, it ruled that withdrawing a feeding tube was no different from turning off a respirator. 'The primary focus should be on the patient's desires and experience of pain and enjoyment—not the type of treatment involved.'" The editorial further lauds the application of cost-benefit analysis to human flesh in the Conroy case, which specifies that if the patient is incompetent and has not indicated a desire to die, life-sustaining treatment may be withheld "if the net burdens of the patient's life with the treatment should clearly and markedly outweigh the benefits that the patient derives from life."

The editorial calls on Governor Cuomo to "get started" with his "distinguished commission" on medical ethics, so that New York doctors can start the killing, too. Cuomo "seems to have lost interest" in the Commission, the *Times* says. Maybe Cuomo's hospitalized father-in-law has something to do with his less than enthusiastic approach to implementing his own policy.

## Briefly

● **WASHINGTON POST** columnist Mary McGrory smiled and curtied upon being identified as "one of the leading madames in Kate Graham's House," as she crossed a picket line encircling the *Post*'s headquarters for the fourth Wednesday in a row, on Feb. 13. A group of black ministers and others, led by Rev. Cleveland Sparrow of the Schiller Institute, have vowed to close down the the beacon of liberal journalism.

● **WILLIAM TAFT**, undersecretary for defense, began a diplomatic tour on Feb. 15 which will lead him to such African countries as Senegal, Ivory Coast, Mali, Chad, Sudan, and Egypt. Most of the countries he will visit, but for Egypt and Sudan, are French-speaking African nations which have made no secret of their desire to replace France with the United States as a main political and economic partner.

● **POLICE** officers in Philadelphia who have two or more complaints against them will be first in line for one-day "sensitivity training" sessions, which eventually will be mandatory for the entire 7,000-member force, the department said.

● **A PRO-BEAM** weapon joint memorial has been introduced into the 48th Idaho Legislature calling on the President and the Idaho Congressional delegation to "encourage the development of beam-weapon technology. . . . A commitment to beam-weapon development mandates the direction of medium to long-term credit for rapid technological progress of United States agriculture and other goods-producing and transportation industries.

● **CAROL ROSIN**, Washington anti-beam activist, has some of her strings pulled by a shadowy Dominican operative named Signor Morlion, top official at the Pro Deo University in Rome.

# Editorial

## *Dirty money*

Since this magazine was founded 12 years ago, we have relentlessly exposed the financial and political networks "above suspicion" which rake in fabulous profits—and fabulous power—from illegal drugs, real estate speculation, gambling, prostitution, and other such activities.

It is no accident that today, as the United States and world economy teeter on the brink of total financial blowout due to years of looting of real agricultural and industrial production by the dirty-money networks, *EIR* and its founder Lyndon H. LaRouche, Jr. are coming under international attack from the old, treasonous monied families whose dirty laundry we have been revealing for years.

Of course, the Boston "Brahmins" who have been selling out the United States to the British and Swiss banking aristocrats for generations, would prefer to maintain a cloak of legality and respectability. But now that their very species is endangered by the spread of LaRouche's persuasive ideas about putting the world monetary system on the sound, healthy footing of the "American System" economics that made the United States a great, prosperous industrial power, they have abandoned all pretenses of legality.

The kind of gangster behavior that keeps whole populations terrorized in the underdeveloped countries and in the (rapidly expanding) pockets of poverty in the United States itself, is being openly wielded to attempt to crush LaRouche and his associates.

In Venezuela, David Rockefeller's cronies in the Cuban DGI-linked Cisneros "business" dynasty responded to the evidence linking them to illegal-drug profits in a recent *EIR* book, by seizing and burning copies of the book, and jailing and subsequently deporting *EIR*'s correspondents from Caracas without a figleaf of legal justification. Needless to say, the Cisneros family have yet to put out a single word of refutation of the explosive charges in the book.

In Boston, U.S. Attorney William Weld is the point-man for a politically motivated financial harassment operation and fishing expedition against LaRouche's 1984 presidential campaign and organizations associated with LaRouche. Now, the amount of money in-

involved in the alleged "misdeeds" by the LaRouche campaign organization, being pursued so ferociously by Weld, is peanuts—especially compared to the **\$1.22 billion** in cash transactions from 1980 to 1984 that First National Bank of Boston pleaded guilty to failing to report, in a clamorous case of dirty-money laundering that made headlines across the United States in early February.

Yet, the ambitious Mr. Weld allowed First National Boston to plea-bargain, and it wound up with a \$500,000 fine. And Weld told the press he's unlikely to bring other charges against the bank or its personnel in the near future!

There may be strong motives for Mr. Weld's softness on the "respectable" dirty-money bank. When Weld ran for his present office in 1982, among his financial contributors was Edgar Bronfman, the Canadian liquor and real estate tycoon exposed in *EIR*'s book *Narcotráfico, S.A.*, for deep ties to the illegal-drug crime syndicate.

Among the three major Swiss banks with which First National Boston was dealing was Crédit Suisse of Switzerland. It turns out that U.S. Attorney Weld's family investment house, White, Weld merged with Crédit Suisse during the past decade, and then was largely absorbed into First Boston-Crédit Suisse investment house.

What is Crédit Suisse? Well, it was among the holding agencies exposed by the French intelligence bureau, SDECE, in the 1960s for laundering "hit money" to the OAS assassination network that plotted to kill French President de Gaulle. That puts the bank right in the midst of the Swiss-based illegal-drugs-and-terrorism business run since World War II by old Nazi networks, as *EIR* has documented in exposés of "Dope, Inc." for years.

The "war on drugs" has to begin at the top, by banishing the dirty-money families from political influence and office. Only in that way can the United States and its allies in both the industrialized and developing nations get down to the business of reorganizing the world monetary system, which is the most urgent item on the agenda of the human race this year.

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