

# EIR

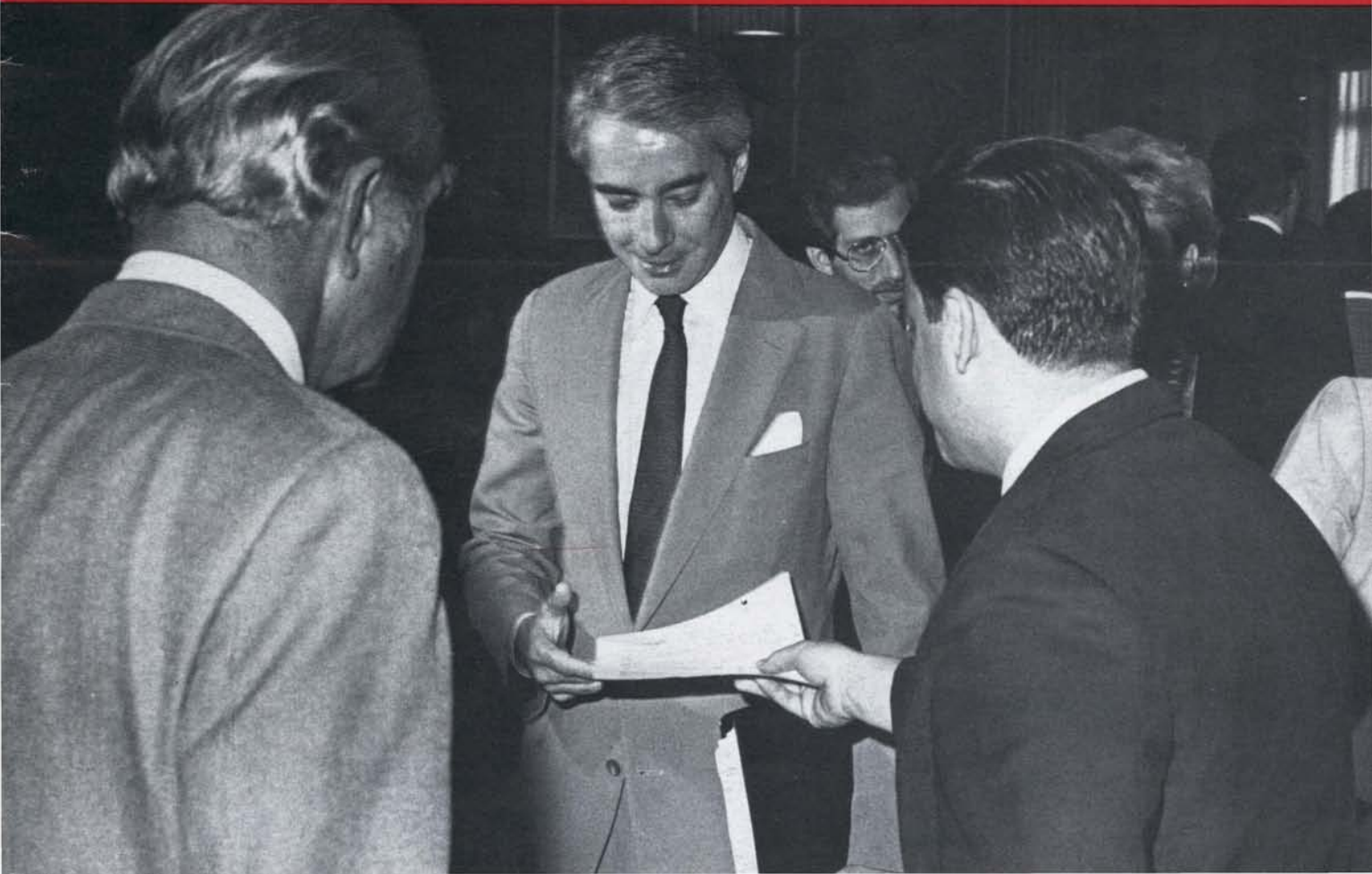
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The continuing FBI coverup of Iranian terrorism  
LaRouche's reply to Fidel Castro: Part II  
U.S. housing collapse undermines family formation

**Richard Burt: traitor to  
the Western Alliance**



# The Recovery That Never Was

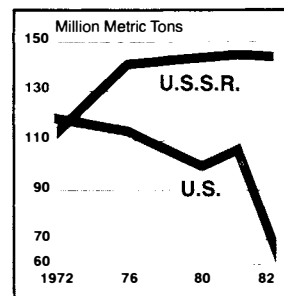
Find out what the White House should know . . . but doesn't

*The EIR Quarterly Economic Report*, prepared under the personal direction of Lyndon H. LaRouche, Jr., presents a devastating picture of the current economic crisis—a crisis with profound implications for the national security, as Moscow is only too well aware. The study demonstrates:

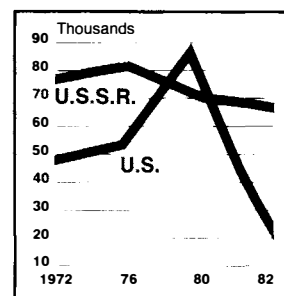
- Unless President Reagan replaces his present, foreign and domestic, monetary and economic policies, the U.S. economy will continue to describe an accelerating downward trend in output of goods and in balance of trade.
- The potential for a 1931-32-style deflationary blow-out or new skyrocketing of dollar exchange-rates, is approaching certainty. Either alternative would be associated with an acceleration of the rate of collapse of goods-output in both the world market and the U.S. economy; under either alternative, the federal budget deficit would soar.

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**R**ichard Burt (“formerly” of the *New York Times*) made our cover this week by getting into hot water. As we go to press, he’s running around Europe impersonating an ambassador. But his nomination to head the U.S. embassy in Bonn, the center of the European side of the Western Alliance, fell short of confirmation on June 27, and the fight is still on, over whether this irrepressible leaker of security-sensitive information to the Soviet KGB will be stopped from selling out the Federal Republic of Germany to Moscow.

The lesson is that the State Department and other bastions of the Eastern liberal establishment, Burt’s sponsors, *can* be beaten, if patriots mobilize to do so at this critical moment, when the Soviet Union is in a state of war with the West.

This is also proven by the June 19 statements of Chief of Naval Operations Admiral James D. Watkins, who appealed to the governments of Ibero-American countries to work out concrete plans with the United States for an integrated war on drugs. This coheres closely with the proposal published in the April 2, 1985 issue of *EIR* by Lyndon H. LaRouche, Jr., for a hemispheric “joint command” in the war on drugs, a proposal presented at an *EIR* public seminar in Mexico City last March 13.

We’d like readers to know of two initiatives we’ve taken to intensify our ability to intervene on policy in the United States and internationally. First, as you have probably noticed, we have tightened up production schedules to bring the weekly *EIR* to subscribers several days earlier than previously. The next issue, forthcoming in two weeks (Please note!) after we take our annual July one-week holiday, will be dated on Friday, July 19, instead of the following Tuesday, to reflect the new, faster production schedule.

Secondly, we are bringing out several Multi-Client Special Reports each month, with in-depth information on key issues. *EIR*’s Special Report on “Economic Breakdown and the Threat of Global Pandemics” was released on July 1, and documents what Lyndon LaRouche in this week’s *EIR* feature terms a threat far more dangerous than thermonuclear war. The 74-page Special Report is available from EIR News Service for \$100 per copy.

*Nora Hamerman*

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## Kissinger and Castro face off against LaRouche

by Robyn Quijano

Henry Kissinger's June 22 syndicated column, "Building a Bridge of Hope to Our Latin Neighbors," which proposes "the modern philosophical equivalent of the Marshall Plan, a Western Hemisphere Development Program," is a hoax. As the oil price collapse, and the physical destruction of the populations of the continent relights the shortened fuse of the "debt bomb," and puts Lyndon LaRouche's Operation Juárez proposal for great project industrial growth steered by an Ibero-American Common Market back on the agenda, Henry puts himself forward as the champion of an imaginary "prospect of growth."

Just before Kissinger's article appeared, LaRouche had issued an open letter to Fidel Castro, on Castro's "Doomsday forecast" about the imminent collapse of the world debt structure, which had appeared in interviews granted by Castro to Brazilian and Mexican press. The Castro debt proposal advances, in part, policies proposed in Operation Juárez, and fought for by the democratic trade union movement on the continent for years.

LaRouche's letter (page 22) described "Operation Juárez" as, in Ibero-American eyes, "the chief hope for a sane U.S. policy toward Ibero-America," in contrast to "Kissinger's obscenities." Hardly had LaRouche's article begun circulating in policy circles, than Kissinger responded. In the *Washington Post*, one excerpt was highlighted, in boldface: "It is no accident that Fidel Castro of Cuba has recently taken up the debt crisis in—for him—comparatively moderate terms."

Castro has used the crisis to move into Ibero-America. In mid-June, just two weeks after Castro announced in the Brazilian daily *Folha de São Paulo*, that he proposed to "save capitalism," Cuba was admitted to the Latin American Parliament, in Brasilia at the 11th annual meeting. The general

secretary of the Cuban Workers Central, Roberto Veiga, announced in Mexico the following week that a July meeting of continental trade unionists in Havana will discuss a debt strategy based on the premise that "the debt is unpayable." IMF conditions, he said, "bring us closer together and unify us. We should give thanks for that, for in this way we gain greater strength."

While Castro proposed "to save capitalism," Kissinger, with equal sincerity, claims to be most interested in saving democracy. "The IMF itself deserves to be saved," said Castro, a point on which Kissinger agrees. Kissinger asks if "the new democracies can survive in the face of dramatically falling standards of living that *appear* [emphasis added] to be imposed from the outside." "Frustration and lack of hope could well generate a populism that rejects free enterprise," warns Kissinger, proposing longer terms for interest payments since IMF demands "threaten to become an invitation to irresponsibility."

Kissinger's Swiss friends, meanwhile, played hard cop. Guido Hanselmann, General Director of the Union of Swiss Banks told a meeting of international bankers from 32 countries in Malaga, Spain, on June 24, that "it is quite easy not to pay debts, but if any country did it, it would leave the international financial and economic community. It would be outside of any new financial relationship; it would not receive funds; its trade would be paralyzed; it will be total war." For these reasons, Hanselmann said, he doubted Latin American countries would respond to Castro's call for debt moratoria.

Kissinger's modern "Marshall Plan," coming from the man who steered the Reagan administration economic policy toward Ibero-America through the 1982-83 debt crisis into the genocidal holocaust of 1984-85, is directed not toward a development alternative, but toward winning the top spot as

President Reagan's debt negotiator. "Matters of life and death for new democratic governments are being handled by bankers and international civil servants who, no matter how farsighted, have not sufficient authority or experience to shape political relationships," he warns, obviously offering himself for the job. This is also a "promo" for Kissinger Associates, who are offering themselves, for a price, to Ibero-American governments to "negotiate" on behalf of the debtor nations with the creditor banks. Both Venezuela and Brazil have hired William Rogers of Kissinger Associates, apparently overlooking the fact that Kissinger and his Kiss. Ass. team are board members and political front men for nearly every important financial institution holding Ibero-American debt!

Under Kissinger's Bridge of Hope there is nothing new. The growth he proposes is on the Hong Kong model as in the Kissinger Commission report on Central America in 1983. And the "solution" to the problem of unpayable interest rates, is nothing but the plan he presented in Vail, Colorado in 1983, of "debt for equity," facilitated by interest payments in local currencies, to be used to buy up Ibero-American equity, a penny on the dollar.

Kissinger wants the whole show under the IMF. This is because, he writes, "Most of the reforms now urged by the International Monetary Fund are in fact essential to economic recovery." He calls the "drastic reform program" agreed to by Argentine President Alfonsín, under the IMF gun, a case of "courage and resolution." It is wrecking Argentina's economy, and its new democracy.

But austerity has to be sugarcoated. Therefore, Kissinger argues, "Sacrifice needs to be sustained by hope." The "hope" will come from his "Development Program," which would borrow on the Eurodollar market and re-lend to those debtors who followed orders at high rates, with all interest over inflation, plus 3%, payable at the end of the loan. Banks would reschedule their debts on similar "soft" terms. No development would be financed, and each country would get "a non-recurring chance" to eliminate "strains." Kissinger means any attempts to grow: Argentina's "state enterprise," or Mexico's "rapid population growth."

And he wants a multinationally arranged bailout for the "banks and international financial institutions." On this he agrees with Fidel Castro, who said: "We are going to save the banks. The debt that is no longer collectable . . . will be reimbursed to banks by governments. . . . A small part of the military budget will be injected into the financial system, the pillar of capitalism, the basis of national security. . . ."

"The head of the U.S. Federal Reserve Bank, Paul Volcker, has heroically and almost singlehandedly held matters together at the U.S. end," Kissinger lies. Volcker bankrupted the United States and created the present debt crisis by forcing interest rates into the 20% range.

"Just as there can be no lasting peace if East-West relations are reduced to nuclear accounting," he ends, "So, too, there can be no hope for North-South cooperation if discussions are confined to quarterly crisis meetings on overdue

interest payments. The true test of a vital foreign policy is whether it can produce as a voluntary act of creation what otherwise will be imposed on it by chaos and crisis.

## Target Mexico

The timing of the Kissinger debt policy, just two weeks before the July 7 elections in Mexico, in which the Kissinger faction at the State Department has decided that the opposition PAN party must win, was not missed in Mexico. Kissinger, who often visits the drug-running oligarchy in Acapulco, has a special hatred for the strong presidential system the Mexican ruling party, the PRI, has maintained during its 50 years in power. The PAN, which has 60,000 terrorists prepared to destroy Mexico if the northern states are not handed over to their drug-running "free enterprise" candidates, is openly supported by the State Department and the FBI.

In 1941, U.S. Naval Intelligence described the PAN as an ally of Hitler, filed under the heading Nazi/Communist—Synarchist International. In 1940 the U.S. Naval Attaché wrote in an intelligence report that "The Russian and German agents, although in opposite political camps, are not in opposition. They act in perfect cooperation and collaboration. Their objective is armed revolution in Mexico. . . ."

The alliance between the PAN and the PSUM, the Communist Party of Mexico, serves Kissinger's purposes as well today as it served Hitler during the Hitler/Stalin Pact. And the economic policies put forward by Kissinger, are precisely the policies promised by the PAN, who have pledged to end the cooperative farms of Mexico, and shut down the trade unions and free public education.

The PAN also is the party of the IMF. On Nov. 19, 1983, PAN mayoral candidate for Mazatlán, Sinaloa, Humberto Rice García, told the Mexican daily *Excelsior*: "The IMF pressured the system for a democratic opening in Chihuahua and Durango, as in the rest of the country, as a condition to renegotiate the debt."

The London weekly, the *Economist*, house organ of the British financial establishment, took aim at Mexican President Miguel de la Madrid in an editorial in its June 22 edition. Entitled "Open up Mexico," the editorial demands that de la Madrid hand over "one or two" governorships to the PAN, to "start to bring the West's 10th largest economy to belated maturity. . . . Mexico can not dig out of its \$96 billion debt or create employment for its youthful hordes without the help of foreign investment and an economy capable of exporting things other than oil," the *Economist* decrees. "Pluralism is the best way of making politicians less important. . . . Mexico's stability is also at stake. Rigged elections next month . . . will lead to violence."

Kissinger backed this line in his "Bridge of Hope" column. Mexico now pays 40% of its export earnings for interest rates alone, he noted. Some relief must be offered, even if it will eventually kill the patient: "The long-run economic cost of closed or controlled markets in Brazil, Argentina, Mexico and Venezuela, would far exceed the cost of the program."

# Soviet bloc gears up nuclear industry

by Clifford Gaddy and Konstantin George

The Soviet Union is launching a program to accelerate the output of high-technology industries, as a vital element of its war economy mobilization. The results are striking in the case of the nuclear power industry, where, just one year ago, plant construction was at a record low. Only three plants had been completed in two-and-a-half years, instead of the planned number of ten.

After an emergency meeting of the Soviet leadership late last summer to discuss the problem, the results have now begun to show. Between July 1, 1984 and June 30, 1985, eight big plants (with a total capacity of 8,000 megawatts) have been commissioned.

Now, under new party boss Mikhail Gorbachov, the drive for a high-technology buildup will intensify, as recent speeches by him and other East bloc leaders testify (see accompanying article).

Soviet commentators—and of course military strategists—are keeping a close eye on the performance of corresponding industries in the United States. And they like what they see: the collapse of American industries. A recent article in the Soviet economics weekly *Ekonomicheskaya Gazeta*, is a case in point.

With barely concealed delight, author V. Sergeyev tells his readers, "The U.S. energy industry is among the sectors of the American economy that are experiencing serious financial difficulties. This is reflected, in particular, in the fact that firms in that sector have one of the highest rates of indebtedness in the country."

The Soviet observer continues: "But even among them, there is one category of firm that is in the worst situation of all, and as strange as it may seem, it is the most modern of them all—the nuclear power industry. This is due to the fact that the economic crises of 1974-75 and 1979-82 led to lower electric power consumption and, consequently, to a drop in income for producers, while inflation meanwhile increased the costs of nuclear plant equipment by an incredible amount. In the past 10 years, for instance, the cost of construction rose ten-fold, and construction periods increased from 6-7 years to 10-14."

Sergeyev caps it off by gloating, "Since 1978, not one single reactor has been ordered in the United States."

The Soviet economist's real interest is best revealed in a

quote he offers from a speech by U.S. Presidential Science Adviser George Keyworth: Unless the United States solves the financial problems facing the nuclear power industry, said Keyworth, then "the possibilities of industrial development in our country will be drastically restricted."

The same stepped-up pace of nuclear power plant construction that is occurring in the U.S.S.R. is in evidence throughout the Soviet bloc. By 1990-92, countries which till now have no functioning nuclear power plants, like Poland and Romania, will have their first plants in operation. The Polish case is important, although the volume of power produced through nuclear energy is miniscule, because it documents a Soviet policy decision under Yuri Andropov, reflected in the signed U.S.S.R.-Polish agreement of April 1983, to begin nuclear power construction in Poland.

Czechoslovakia will quadruple its nuclear power capacity from a current 1,320 MW on stream, to 5,280 MW by 1990. East Germany will triple its nuclear power capacity, from a current 1,760 MW on stream, to 5,520 MW, also by 1990. Hungary will double its nuclear power capacity from a current 880 MW to 1,760 MW. Bulgaria will add an extra 2,000 MW of nuclear power capacity.

Seen in percentage terms of national power supply, the increases are also significant. Czechoslovakia will jump from a current 10% of its energy capacity from nuclear power, to 34% by 1990. In Hungary, it will double to 25% of national energy capacity, and in Bulgaria, it will jump from a current 26%, to 40% of the nation's energy capacity. In East Germany, it will go up from a current 12% of energy capacity, to over 30% by 1990.

Eastern Europe now has 6,720 MW of nuclear energy capacity. By 1990, if plans are met, it will have 18,320 MW—nearly a threefold increase.

The breakdown is as follows:

---

Country	1985	1990 Plan
East Germany	1,760 MW	5,520 MW
Czechoslovakia	1,320 MW	5,280 MW
Bulgaria	2,760 MW	4,760 MW
Hungary	880 MW	1,760 MW
Romania	0 MW	1,000 MW
Poland	0 MW	0 MW

---

The quicker tempo in Eastern Europe, compared to the U.S.S.R., is dictated by Soviet strategic planning, which insists on drastic reductions of Eastern European use of Soviet-supplied fossil fuels (oil and coal). This not only frees Soviet supplies for Western export markets and Soviet internal consumption, but also eases strains on the Soviet transportation system.



# East Europe follows Gorbachov's orders

by Luba George

Since the June 10-11 special conference of the Soviet Central Committee on the role of science and technology in the Soviet economy, the leaders of the East bloc have lined up to deliver speeches echoing the theme sounded in the keynote to that meeting by Soviet General Secretary Mikhail Gorbachov: that the entire economy must be "switched to intensive methods . . . and rapid progress achieved in the strategically important directions." The reason? The economy has been placed on a war footing: "External circumstances" mandate that "we are forced to invest the necessary funds into the country's defense."

Czechoslovak Communist Party leader Gustav Husak, a week after Gorbachov spoke, addressed a Central Committee session convened to prepare for the March 1986 Czech party conference. He stressed that the party would adopt a policy document for "accelerating technological progress . . . and economic development through the Year 2000." A few days earlier, the same theme was expressed in a speech by Polish Prime Minister Gen. Wojciech Jaruzelski.

The Soviet campaign has now gone into high gear. Starting June 25, Gorbachov began a tour of the Ukraine, one of the key industrial regions of the Soviet Union. Soviet radio and TV described the tour's purpose as promoting "the acceleration of science and technological progress." Arriving in the Ukrainian capital of Kiev, he "toured research establishments, design bureaus, and factories," reported Radio Moscow on June 26.

Gorbachov visited the Ukrainian Academy of Sciences' Institute of Electric Welding, renowned for its laser technology metal-welding and development of robots for welding tasks. The head of the Ukrainian Academy of Sciences, Dr. Boris Paton, swore to Gorbachov the Institute's readiness "to accelerate the country's economic and scientific progress," and the Ukrainian Academy announced its plans "to greatly increase fundamental research and development."

The highlight of the day, however, was Gorbachov's appearance at the huge Antonov aircraft factory in Kiev, one of the largest defense plants in the Soviet Union. Serial production has just begun there of the world's largest military transport plane, the Antonov-124 (An-124), capable of transporting not only huge loads of men and all sizes of vehicles and equipment, but also entire SS-20 missiles and their mo-

bile launchers, over great distances in a matter of hours.

The visit was the first highly publicized appearance at a war production facility by a Soviet leader in many years. Radio Moscow officially announced that Antonov produces "the Antonov-28 (AN-28), a light multi-purpose plane, whose serial production has been started in the Polish People's Republic."

## Comecon 'integration'

The next day, in the heavy industry center of Dnepropetrovsk in the Ukraine, in the presence of workers, scientists, and engineers, Gorbachov delivered a sabre-rattling speech, accusing the United States of bad faith at the Geneva arms control talks: "We simply cannot allow the talks again to be used to distract attention, as a cover for military preparations, whose aim is to guarantee the strategic superiority of the U.S.A. . . . The American program of the militarization of space is . . . barring the way to the achievement of any relevant accords in Geneva."

"We live in a time of great tension, life or death of hundreds of millions of people depends on whether the war mongers are stopped in their tracks," he said. Gorbachov also stressed the need to promote the position of socialist countries in the world, facilitating cooperation among them, saying "cooperation and integration" will make the community stronger and each of its members, too. "It will strengthen their defenses," he added.

The same week, Soviet Prime Minister Nikolai Tikhonov, in his keynote speech at the meeting of Comecon prime ministers in Warsaw, stressed "joint action" by the Council of Mutual Economic Assistance (CMEA) "in the key areas of scientific and technological progress" through the year 2000. Tikhonov declared that the United States and its allies were pursuing an "aggressive policy," and denounced Washington's plans for the "militarization of space." Therefore, "to preserve strategic parity," said Tikhonov, the CMEA will have to follow the policy dictated by the April plenum of the Soviet Central Committee: "a detailed program to speed up the country's economic and social development," whose key is "rapid scientific and technological progress" and "rapid advances in the strategically important avenues."

One June 21, the Soviet daily *Pravda* laid down "Gorbachov's law" to the Comecon countries: The East bloc countries, the editorial said, must operate under the Russian thumb even more than they already do. Given the "complexity of the international situation," said *Pravda*, "the Socialist community must form the monolithic Marxist-Leninist core of world socialism," and its policies must function as a "unified protective shield." Second, *Pravda* called for the reining in of those groups in the Comecon countries who are "against central planning and for strengthening of market relationships, as well as for allowing private sectors in the economy." Finally, the editorial called for an end to "revisionist-nationalistic viewpoints" in Eastern Europe.

# U.S. housing-stock collapse undermines family formation

by Sylvia Brewda

It is generally believed that the American people are the best-housed in the world, and many writers attack the "American Dream" of a single-family, detached house as overconsumption. In this study, *EIR* has documented that the quality of housing supplied to Americans has fallen, that the size of housing units is inadequate, and that the number of houses available, while it has increased relative to the number of actual families, is well below that required for the families which should have been formed, and in fact has been a significant factor in the deficit in family formation, described above. Furthermore, the materials required for building this housing are increasingly derived from imports, making up yet another part of the import subsidy to which the United States is now addicted.

Table 1.  
**Condition of U.S. housing stock**  
(millions)

	1950	1960	1970	1975	1980	1981	1983
Total	42.6	53.0	63.4	72.5	80.0	83.2	84.6
Single-family	28.2	40.3	46.9	52.6	56.4	58.2	61.5
Persons per unit	3.6	3.4	3.2	2.9	2.85	2.76	2.77

**Table 1** shows the changes in the housing stock of the United States, and the per-person availability of year-round housing units. Clearly, the number of habitations has increased more rapidly than the population. In examining the proportion of single-family detached houses to the number of families, 1950 and 1981, and remained at 0.99:1 in 1983. However, the decreasing number of people per unit and per house in large part reflects the decline in the rates of growth and family

formation in the United States. Were the population to have continued the family formation rates and associated birth rates of 1950, we would have a ratio of families to houses of 0.79 to 1 and an average number of persons per housing unit of 3.7, higher than in 1950.

## Population control

Let us make clear from the outset that the questions of housing and of population control are closely and consciously linked. In a 1981 paper, *Worldwatch* "senior researcher" Bruce Stokes wrote, "To influence future housing demand, family planning programs must be strengthened immediately. . . . Governments in industrial countries can try to dampen demand through policies aimed at changing patterns of household formation." Inversely, the pattern of housing availability and cost will determine much of the potential for stable family formation and the development of new citizens.

In this light, we should first establish that the requirement for single-family houses for family formation is no luxury. The average apartment size in the United States in 1981 was about 900 square feet, and the size of new apartments added has fallen from 1,000 square feet to 915 square feet between 1970 and 1984. Each apartment housed an average of 1.9 persons in 1981, reflecting the reality of apartment design for singles or for the "yuppie" life-style.

Let us then look at the stock of single-family houses as it meets the requirements for families. Although size is not everything in bringing up a family, houses under 1,600 square feet in area are clearly cramped for the healthy raising of a child, and certainly too small to be adequate for a family with more than one child. Some would disagree, as does the *Worldwatch* study: "Given the smaller houses coming onto the market, . . . unless the average number of people per household continues to shrink appreciably, there may be little further increase in per capita living space. This is not necessarily bad, of course, for Americans already have nearly

Table 2.

**Characteristics of new single-family homes**

	1960	1970	1975	1979	1980	1981	1982	1983
New starts (thousands)	995	813	892	1,194	854	705	663	1,067
Floor space (sq ft)	1,500	1,645	1,760	1,740	1,720	1,710	1,725	
% with 1 or 2 bedrooms		13	14	17	21	21	24	24
% with less than 2 bathrooms		52	41	27	27	28	30	33
% with basement (full or part)		37	45	42	36	33	31	32

twice as much living space per person as the American Public Health Association recommends as a minimum." However, in 1981, only 29 million units of any type, including 26 million single-family residences, were available with 1,600 or more square feet of floor space.

**Table 2** shows changes in the characteristics of new single-family homes built from 1970 to 1983. There were a total of 61.5 million single-family units available in 1983, and additions were being made at a rate just over 1 million per year as of 1983-1984. The average single-family dwelling has approximately 1,540 square feet of livable floor space and less than 6 rooms. While the number of bathrooms per house has risen between 1975 and 1983, the number of bedrooms has declined, again indicating the life-style for which these houses are designed. Of the 1 million new houses added in 1983, almost a quarter had less than 3 bedrooms, leaving approximately 800,000 with a sufficient number of rooms for a two-child family.

The trend of rising square footage per house which was generally seen from 1950 to 1979 was reversed during the early 1980s, although the preliminary estimate of area for single-family houses in 1984 was the highest recorded, 1,780 square feet. These average sizes are decreased by the decline in full basements. Only 24% of the new houses built contained full basements, a decline from the 35% of newly constructed homes in 1974 and the national average of 50% of all homes, as reported in 1970. The presence of a full basement adds to the usable area of the house, for recreation, storage, and utility uses, approximately like an additional room or 200 additional square feet of space.

There is no question in the minds of the population-control advocates at Worldwatch that the family home must be compressed out of existence:

The single-family house is a peculiar development based on cheap capital, energy and resources. . . . The house of the eighties, like the car of the seventies, will be downsized to conserve resources. . . . Most new homes will have one bathroom, smaller kitchens . . . and more compact bedrooms with built-in furniture, cabinets and closets. . . . *The traditional Jap-*

*anese house serves as a model of . . . the home of the future.*

This last statement is indicative of the population-control, feudal mentality of the home industry destruction planners. The average Japanese house compresses a family of four into less than 500 square feet, composed of a combination living room-kitchen and a sleeping room with no bed but with folding "futon" sleeping bags, now become so popular in New York yuppie studio apartments. The entire family sleeps on the floor in one room, and the futons are rolled up and put in closets in the morning so that the floor space can be used during the day.

The Japanese housing stock is the fluke product of a totally resource-scarce society making a sudden, sharp shift from rural to urban living after the war. Immediately as the Japanese population was crammed into this hideous urban housing situation, *population growth collapsed* in Japan, and today Japan is plagued with actual labor shortages.

Worse, we spoke above of a Japanese *house*, which is a comparative luxury. The average Japanese dwelling, upon which the yuppie "new housing" is actually designed, is a tiny one-room apartment, with futons, which houses an entire family of four in a single room. Families on a floor of the building share a communal kitchen and toilets. There are no bathing facilities in the building at all, but public "neighborhood baths" down the block.

In the United States itself, the quality of the houses currently being built is far lower than in earlier periods. In some cases, this decline is built into the standard of measurement. There are other characteristics which indicate the loss in quality. In the 1960s, for example, floor construction included cross-bracing, adding rigidity to wood floors. Now that this has been abandoned, an exuberant child can make the entire floor "give" noticeably. In earlier periods, ceilings were built with beams less than 18 inches apart, where now "russed" construction is used. Although the frame may be as strong, the attic space is far less useful, since one cannot walk or store heavy items there. The construction standard, "Number 2" lumber, has become less sturdy, while lower-grade lumber, taken from rapidly maturing Southern Pine,

is also being used.

Detailed statistics on the construction materials used in single-family homes have only been maintained since 1974, after the changes just described had begun to occur. Since then, however, there has been a noticeable decline in quality. **Table 3**, taken from a series of reports and unpublished statistics of the Research Foundation of the National Association of Homebuilders, shows changes in construction for the sample of houses which they cover.

Table 3.  
**Changes in construction standards 1975-83**

	1975	1980	1983
Floor space (sq ft)	1,600	1,700	1,635
Lumber for frame (board ft)	7,800	7,900	7,148
Other lumber (board ft)	2,000	1,800	1,780
Material for exterior sheathing (sq ft)	5,300	4,800	4,515
% with full basement	34	30	24
Exterior wall sheathing material (%)			
Fiberboard	59	36	25
Plywood	27	18	15
Gypsumboard	14	6	5
Aluminum foil covered	0	12	22
Foam	0	26	28

Per thousand square feet of floor area, the amount of framing lumber has declined over the last 10 years from 4,875 to 4,372 board feet. Other lumber used declined from 1,250 to 1,089 board feet per 1,000 square feet of floor space. The amount of exterior sheathing per 1,000 square feet of floor decreased from 3,312 to 2,761 square feet of material.

Look for a moment at the exterior wall sheathing materials shown in Table 3. Wall sheathing provides a combination of insulation and "racking strength," particularly in high winds. In fact, the sheathing used in a typical wood-framed house was described in 1962 as "an outer sheathing

of wooden boards, plywood or other material, which serves as a bracing to the structure and provides a solid surface to which one or more variety of outer facing materials can be attached."

In 1974, plywood, which adds the greatest strength, made up 27% of the exterior wall sheathing used, and fiberboard and gypsumboard supplied the remaining 73%. By 1983, two new types of sheathing had appeared, foam and aluminum foil-faced board. These materials, which made up 50% of the sheathing applied, provide absolutely no racking strength. They have come into heavy use both because of costs and because they do provide reasonable insulation. In the climate of high energy costs and insulation hysteria created by the succeeding oil hoaxes, the metric of insulating capability has assumed an overriding importance, and structural considerations have taken a back seat.

While most Americans assume that the building codes provide them with housing which is structurally sound and reasonably durable, lobbyists against these codes, who have already had some effect, include the same groups calling for population reduction to decrease housing demand. Bruce Stokes writes, "the final element of supply-oriented housing policies involves government restraint rather than encouragement. Inappropriate housing standards, zoning ordinances, and building codes can add to the cost of a house. . . . Local building codes . . . often set standards requiring that walls be constructed of brick, so many inches thick. . . ."

The changes in building materials may not yet have come to an end. The Worldwatch study states, "recent studies indicate that refuse paper can be converted into roofing material and that waste sulfur is ideal for building blocks."

The houses built in this way, with increasingly less material, and less structural support, are not becoming less expensive. The median price of a single-family house, shown in **Table 4**, doubled in the 14 years between 1950 and 1964, doubled once more in the 12 years between 1964 and 1976, and then again in 8 years, between 1976 and 1984. This financial policy was defined and enunciated by the Carter administration, as a crucial part of their assault on population growth. In an interview with *EIR* in late 1980, Deputy Treasury Secretary John Mingo expressed his appreciation for the financial burden of home-buying. "Variable-rate

Table 4.  
**Median price of a new single-family home**  
(dollars)

1950	1960	1970	1976	1979	1980	1981	1982	1983	1984	4/85
9,800*	20,500	23,400	44,200	62,900	64,500	68,800	69,300	75,300	97,200	105,800
<b>Mortgage rates on new housing (%)</b>										
	5.0	5.6	8.3	8.8	10.5	12.3	14.1	13.1	12.0	

\* 1949 data.

mortgages, renegotiable-rate mortgages, these are a godsend to us. They make housing simply too expensive, and un-plannable to boot." Mingo made no bones about his objective, "The fact is, we have too much housing in this country. . . . I think it's outrageous that the typical college graduate today expects automatically to be able to live in a three-bedroom house with one and a half bathrooms. He thinks it's the American dream—who says he's right?"

**Table 5** shows the average price of a new home for buyers using conventional mortgages (not VA or FHA), according to a sample taken by Chicago Title. Each homeowner also must pay a certain additional amount for repairs and maintenance. This has been calculated (average per property, owner-occupants) as shown in **Table 6**.

Table 5.  
**Average price of new home**  
(dollars)

	1979	1980	1981	1982	1983	1984
Average price	58,100	68,700	78,200	82,500	90,100	89,400
Average monthly mortgage payment	449	599	694	732	794	868

Table 6.  
**Average cost for repairs and maintenance**  
(dollars)

	1970	1979	1980	1981	1982	1983	1984
Yearly payment	265	638	698	661	630	681	773

These prices have meant that buying a house has become almost impossible for a family with only one member working. Consider first the requirements for buying a new home. In 1984, according to a survey by Chicago Title Insurance covering new homes at a median price of \$89,400 and using conventional financing, the average monthly mortgage payment was \$868. According to U.S. League of Savings and

Loan studies, mortgage payments average 75% of the total house expenditures, which means that this level of mortgage payments represents a yearly expenditure of \$13,888. If the percentage of income spent on housing is restricted to 25%, this means that a family income of \$55,550 is required for such a purchase, an income received by no more than 13% of American families in 1983.

Not all house purchases are of new houses. However, when the entry of first-time home-buyers into the housing market is considered, the picture is no brighter. As of 1983, when the median price was 25% lower, unmarried persons made up 35% of the first-time house buyers. Of those families with 2 adults buying their first homes, both were earning income in 65% of the cases. Thus, only 23% of those buying a house for the first time were two-adult households where both were not required to work. The median size of the first house bought was only 1,300 square feet, for which they paid a median purchase price of \$54,000. In general, most (68%) paid less than 20% for a downpayment, and with a median mortgage payment of \$457 per month, almost half had housing expenses exceeding 25% of their income. The median income of households buying their first home was just under \$30,000, a level achieved by only 33% of American families.

Although data on first-time home-buyers do not extend back past 1979, a sense of the change in affordability can be gained by comparing the income requirements for purchase of all houses. Using the 25%-of-income rule, in 1983 just under 29% of all families had sufficient income to purchase the median house sold. In 1977, this figure was 39%. As the *Worldwatch* pamphlet notes happily, "The timing and the pace of household formation are primarily determined by people's incomes."

### Import dependency

Although housing appears to be one commodity which it is almost impossible to import, the United States has come to import a significant portion of its building material. This is due to the extremely low prices of imports resulting from the overvalued dollar, rather than to a lack of capacity, at current levels of use.

Table 7.  
**Rise in quantity of imported softwood lumber**  
(billion board ft)

	1950	1960	1970	1975	1979	1980	1981	1982	1983	1984
Produced	31.5	26.7	27.5	26.7	30.4	25.3	23.0	21.0	25.5	31.3
Net imported	2.8	2.3	4.1	3.6	3.5	7.1	7.3	7.4	10.3	11.7
Consumed	34.3	29.0	31.6	30.3	33.9	32.4	30.3	28.4	35.8	42.0
Imports as % of consumption	8	8	13	12	10	22	24	26	29	27

Table 8.

**Rise in quantity of imported cement**

(million short tons)

	1950	1960	1970	1975	1979	1980	1981	1982	1983	1984
Produced	43.2	60.5	73.6	65.4	75.6	71.0	68.2	61.4	66.8	73.1
Imported	0.3	0.8	2.6	3.7	9.2	5.1	3.7	2.7	4.1	7.9
Consumed	43.5	61.3	76.2	69.1	84.8	76.1	71.9	64.1	70.9	81.0
Imports as										
% of consumption	1	1	3	5	11	7	5	4	6	10
Used in new single-family units			8.5	8.4	13.0	9.5	8.2	7.0	9.3	11.0

In terms of softwood, 70% of the U.S. consumption of softwood lumber is used in construction, and approximately 35% in residential construction. Sixty percent of softwood plywood is used in construction, and 50% of this is used for residential building. Table 7 shows the rise of softwood lumber imports.

Estimates using the NAHB figures show the amount of softwood lumber used in single-family units has remained approximately steady since 1974, involving 8.7 million board feet in 1974 and 8.2 million in 1983.

In 1983, the average single-family detached house used a total of 11.4 tons of cement, 9.3 as poured concrete, the rest as concrete blocks, masonry, and in stucco (in some areas of the country). Much U.S.-used cement is now imported (see Table 8). A full basement for the average home using poured concrete (the most concrete-intensive mode of construction) uses approximately 45 cubic yards of concrete, which requires 10 tons of cement and 60 tons of sand or gravel. By contrast, a slab foundation, which provides less space and is only 4 inches thick, uses only 3.5 tons of cement and 21.3 tons of sand or gravel.

The analysis of construction requirements gives us a sense of what the requirements would be for building the housing required for a healthy, self-reproducing population. According to the figures presented in the tables, the United States should have a total of 17.9 million single-family homes. To provide adequate housing for simply those married couples in the child-bearing years, and those single-parent households with children under 18, which exist now, a total of 42.6 million units with floor space over 2,000 feet would be needed, compared to a current stock of such units of 18.6 million. A rate of 3 to 4 million houses completed per year would be required to make up this deficit, as well as replacing older houses. Few of the private homes completed in recent years, regardless of size, will continue as usable dwellings for the full 45 years projected by the realtors, so this rate of building would have to continue for a significant period. The materials requirements for such a program are shown in Table 9.

The comparison of requirements to needs in the table indicates the current incapability of the U.S. economy to meet the most basic requirements of its population. While cement production outstrips the housing need, this does not

Table 9.

**Materials requirements for a program to provide adequate housing for present child-bearing population**

Material	Old use/ house	As of	New use/ house	Need*	1984
Cement (tons)	11.4	1983	16.8	58.8 mn	73.1 mn
Softwood lumber (board ft)	9,300	1978	11,624	40.7 bn	31.3 bn
Plywood for sheathing <sup>o</sup> (sq ft)	4,175	1978	5,218	18.3 bn	21.9 bn
Bricks <sup>§</sup>	14,175	1978	17,700	31.0 bn	6.6 bn
Copper pipe (lb)	90	1980s	106	375 mn	628 mn <sup>¶</sup>

\* These figures are somewhat low, since they reflect construction practices of the late 1970s, but they are indicative of the actual requirements of properly housing a growing population.

<sup>o</sup> All sheathing to be plywood except for exterior walls of those houses made from wood.

<sup>§</sup> One-half of new houses to be built with brick exterior.

<sup>¶</sup> 1983 figure.

take into account all of the other uses for cement, particularly in infrastructure, which would become more intense. Although the deficit for lumber is similar to the current rate of imports, the sources of such imports would, in a healthy world economy, be building housing for their own populations. In the case of bricks, the lack of infrastructure would become the major bottleneck. At present, bricks are not shipped from the brick-making areas because of prohibitively high costs of such activity, which becomes economically reasonable in the presence of a competent system of railroads, inland waterways, and interconnection points. The requirement for cement, which in itself embodies a significant load on the bulk transport capabilities of the country, also implies the necessity of moving 333 million tons of sand, gravel, and crushed rock to mix with this cement. Here again, the requirements for overcoming the deficit which we have allowed to be imposed on the U.S. consumer economy, go to the heart of the productive capacity of the economy as a whole.

# The World Bank's 'privatization of industry' is ruining Thai economy

*Paisal Thawachainan, an electrical engineer, joined the Metropolitan Electricity Authority (MEA) of Bangkok in 1959. He founded the first trade union in Thailand in 1972, at MEA. Two years later, Paisal founded what was then the only federation of Thai trade unions, and became its president. When a law was passed in 1976 demanding the registration of trade union federations, Paisal founded and registered the Labor Congress of Thailand (LCT) the following year.*

*In 1982, a conflict broke out within the LCT between Paisal and Ahmad Kamthesthong, and Paisal split from the LCT to form the Thai Trade Union of Thailand (TTUC). The TTUC is now the largest trade union in Thailand with 120,000 members.*

*Paisal is a supporter of the great infrastructure project to build a canal through Thailand's Kra Isthmus. He has said that the project will result in the "expansion of industries, and more jobs will be created." "This will not only be for the benefit of Thailand," said Paisal, "but also of the neighboring countries as well."*

*This interview was conducted on June 14 by Pakdee and Sophie Tanapura.*

**EIR:** How do the World Bank and the International Monetary Fund (IMF) dictate economic policies in Thailand, and what impact do these policies have on the Thai economy?

**Paisal:** At the end of 1983, the World Bank forced the Thai government to implement its fifth plan to the "T," a plan in which privatization of public enterprises was emphasized. At the end of that year, World Bank representatives started to put on the squeeze, and contacted a group of university professors in political economy, to conduct a research project advising the government to sell the public enterprises to the private sector.

At the beginning of 1984, public conferences in favor of privatization were organized at the Thammasart University and other universities.

A couple of days after that, World Bank Vice President Anne Krueger came to Thailand and toured the campuses. The gist of her talks was, again, the privatization litaney. Selling public enterprises to the private sector became one of

the conditionalities for World Bank loans. Thailand would never make it, she said, if public enterprises continued to remain in the hands of the government. The public sector debt at that time was some 150 billion baht, and the government deficit itself was around 220 billion baht.

Following this open World Bank interference into the internal affairs of Thailand, the government began to accelerate the privatization process. All public enterprises were asked to map out a plan to improve their accounts. Then the government proceeded to attack public enterprises for operating at a deficit.

Many ministers personally and publicly appeared on television and elsewhere to point to public enterprises as the cause of all ills and evils in the country. Newspaper headlines such as "Public Enterprises Are Leaches" helped to build hostile public opinion, even though that year, out of 69 public enterprises, only 11 incurred a deficit. The others were profitable. They made more than 15 billion baht of profit in 1983, and earned some 7 billion in internal revenue for the government.

This is the real picture, in contrast to what the government and newspapers are saying, under the influence of the World Bank.

**EIR:** Could you name the ministers and intellectuals who were campaigning for privatization on behalf of the World Bank?

**Paisal:** I don't remember all their names, unfortunately. But I recall that almost all economics professors from different universities participated in this. Conferences were organized on campuses. Thammasart professors, especially, have written many papers on the subject. As far as I know, the World Bank had given these professors 4 million baht to conduct this research analysis in favor of privatization. Besides bankers and finance ministry officials, Industry Minister Ob Vasantana, Industry Deputy Minister Chirayu Isarangkun Na Ayuthaya, and National Economic and Social Development Secretary-General Snoh Unakul, plus many other professors, all spoke in favor of privatization at the Thammasart University conference held on Jan. 16-17 of last year.

**EIR:** Can we not say that in Thailand, ministers and in general politicians, are easy prey of intellectuals in the domain of economic policy?

**Paisal:** This is possible because many of these ministers use these intellectuals as advisers. On the other hand, some of these ministers are true advocates of privatization, because they have friends who would like to buy up some of the profit-making public enterprises. Another reason is that maybe the government feels that it needs a scapegoat, because it has been unable to remedy the economic crisis. We have often criticized the government on these issues. After having devalued the baht three times, the government has offered no other solution.

**EIR:** Do you think that the International Monetary Fund and World Bank played an important role in forcing the devaluation policy on Thailand?

**Paisal:** I am certain that these supranational institutions did play a significant role. Around October of last year, we attended an international meeting of public enterprise trade unions in Kuala Lumpur. At the Public Services International conference there, we already knew this policy was in the works, and discussed the role of the IMF and World Bank in trying to force developing debtor countries into adopting these policies. The role of the IMF and World Bank is already all too well known among us.

**EIR:** Do you think that the IMF and the World Bank have a significant influence in determining the policy of the National Economic and Social Development Board?

**Paisal:** I have kept a close watch on NESDB policies, and as far as I can see, the NESDB is doing its best to adhere to IMF-World Bank policies. This is, in fact, a very old NESDB policy. If you take a look at the first Five-Year Plan, you will see that the NESDB insisted on sticking to IMF-World Bank policies, and this is even more accentuated in the Fifth Five-Year Plan. I think that the NESDB knows that it has to adopt IMF-World Bank policies to the "T," because otherwise it would not be able to borrow from these institutions.

**EIR:** How is the privatization process taking place? Who are the intermediaries in buying up the public enterprises for private interests?

**Paisal:** Whether private interests directly or indirectly buy these state enterprises, is only a technical question. In the recent period, there have been private businessmen from advanced-sector countries coming to Thailand, contacting state enterprises and conducting feasibility studies on these firms. For instance, the case of the Communications Authority of Thailand (CAT). In 1983-84, there were foreigners who came to Thailand to contact trade unionists, even trying to buy them up if they would just collaborate and support the privatization process. As far as I know, the American con-

sultant for the CAT even went so far as to finance a feasibility study for privatization. This was a larger sum than that given to the Thammasart University professors. It was about 9 million baht.

**EIR:** What consequences do you think that privatization will have for the economy? For the consumer?

**Paisal:** There will be major repercussions on people's lives, because private business interest lies in making a lot of profit. Therefore, they will ask the consumers to bear the burden.

Take, for example, the power plants in certain regions which at one time operated as private concessions. What happened was that people started demonstrating in the streets, demanding that the government take over these concessions. The last regional Tocore electricity generating plant to be turned over to government control was that of Hat Yai/Songkhla in 1981, which had been operating as a private business concession for decades, and which, of course, had created a lot of inconvenience for everybody. The private power plant charged 4.50 baht per unit of consumption. During the day, there was no electricity! Because there were so few consumers, the company did not want to generate electricity during the day. At night, there was not enough electricity. Power shortages in certain districts created havoc. Sparan Hin, Bang-Lamung, and Sriraja were the last districts where power plants remained in private hands.

The Metropolitan Electricity Generating Authority has about 1 million clients, and we are able to service these clients quite well. What happens when a private company takes over? Will they service a client who has a power collapse in Klong, around Pathum Thani, or around Bang Bor, Bang Plee, or even Talingchun? Probably not for at least three or four days. But we can service them within three to four hours. As a state enterprise, we don't worry too much about making a profit, and we can deploy our technicians to service our clients. For a private firm, to fix a power collapse in a place that is 20 kilometers away, in an area serviced only by canals and no roads, they would probably not want to spend the money to hire a boat to fix it. But as a state enterprise, we have to go to that way-out place, because we are responsible toward people and society.

If there is privatization of public utilities, the government will come under private pressures to raise prices. We have had this experience already with the buses. We have gone into the streets to demand that the bus system be run by the government. The same thing was true for power and water plants. . . .

The most important thing of all, is that the government is selling its firms at a very low price. Take the Metropolitan Electricity Generating Authority. It is probably worth something like 15 billion baht. If we sell it, we would probably sell it for only 3 or 5 billion baht. And the remaining 10 billion baht—into whose pockets would that go? Certainly



not the government's. This will be a big loss, because the state had initially invested a lot in these enterprises.

**EIR:** Last February, the Asian Development meeting in Manila discussed the privatization issue for all ASEAN countries. In Indonesia, the press has been debating the issue as well. There it means selling the state oil industry, which they are saying is operating at a loss. Is there any coordination among ASEAN countries to protest against privatization?

**Paisal:** Among ASEAN countries, we have held a couple of meetings to exchange information on this issue in the past two to three years. Our aim is to organize international protest against the World Bank-IMF plans to privatize state enterprises.

**EIR:** Do you think the government will listen to you? It looks like the government does not have any other choice but to sell off its state enterprises. However, some ministers are saying that the government should not sell all state enterprises—only some of them. Some say there should be a joint venture between the public and private sectors.

**Paisal:** I think that we have had some impact. After 1984, we produced some posters, held meetings. The government is beginning to worry about our influence. At the same time, I think the government is probably not giving up its privatization plan, and will try to find some loopholes. Our protests have, however, made the government consider more carefully the question of privatization. I think that the problem is that this—or any other—government is in a situation where if it doesn't privatize, it will not get the funds from the IMF or World Bank. The dependency on the international financial institutions for loans has forced it to sell state enterprises selectively. Two weeks ago, the government sold some underwater mining industry. This was a state enterprise, that has been and still is operating at a profit, and it was still sold. They will start selling those that are small and far from the influence of trade unions.

**EIR:** I don't think there is a real consensus among ministers. Some ministers have expressed opposition to the privatization plan. Is there a possibility that these ministers will collaborate with the trade unions against privatization?

**Paisal:** I agree with you that there are, in effect, some ministers who may not be in favor of privatization. For instance, Interior Minister Gen. Siddhi Jirarote declared that his ministry will not sell or rent any of the state enterprises under its jurisdiction. But in any case, other ministers would probably not block the selling of state enterprises under the jurisdiction of another minister. I have already commented on this several times. In our coalition government, composed of four parties and one group (Prime Minister Prem's), not one of the parties will step on another's territory. This should not be the case, because they should remember that they form one govern-

ment, and there is such a thing as national interest, rather than thinking merely of each ministry's interest to sell or not to sell.

**EIR:** Foreign trade unions have been very interested in working with trade unions in Thailand. Have they been helpful or harmful?

**Paisal:** At first glance, you would think that international trade union organizations want to help educate trade unionists in Thailand. However, if we look at this more carefully, we can see that there are some shortcomings, because their intervention has, in fact, caused conflicts among trade unions. There is one specific foreign trade union that has used a lot of money to support a person in Thailand, a person who pretends to represent labor but in fact, does not. This interference has weakened our union work in our country.

**EIR:** How conscious are the trade unions here in Thailand of the IMF's and World Bank's interference into Thailand's internal affairs?

**Paisal:** I started speaking up against the IMF and the World Bank during the past two years. At first, people did not know much. But this year, they are much more aware of the problem. We have translated many documents for them and organized several debates and discussions. In addition, several of the workers have seen for themselves how these institutions are operating in the firms where they are working.

**EIR:** Has Mr. Ahmad of the Labor Congress Thailand spoken up against the IMF and World Bank?

**Paisal:** As far as I know, Mr. Ahmad's group has not yet brought up the question of the IMF and the World Bank. They usually prefer to emphasize questions like "revolution" and "democracy." They prefer to have an impact on the questions of constitutional amendments or cabinet reshuffle. They prefer to tackle political questions. I prefer to encourage people to think and have them understand more and more the importance of economic issues. Political education will come afterwards. As for Ahmad, he prefers to push people on "revolutionary" ideas first. This is the difference between our two unions.

**EIR:** In the United States, we are trying to get the U.S. government to pull out its support from the IMF and World Bank. Perhaps you have a message for our American readers in this regard.

**Paisal:** I am a trade unionist in a developing country and my union is not that big. I believe that American people are intelligent. What I would like to see is some exchange of information with American friends, especially if they could provide me with more information concerning IMF-World Bank policies. We in the developing sector are at the mercy of these institutions.

# A revolution in the H-bomb x-ray laser

by Charles B. Stevens

Continuing advances on a new approach to realizing x-ray lasers, originally developed by Dr. Charles Rhodes of the University of Illinois, promises to revolutionize H-bomb pumped x-ray lasers for missile defense. This breakthrough promises to increase the overall efficiency of converting H-bomb energy into missile lethal laser-pulses by as much as a million times.

The Rhodes experiments, which have opened up the road to efficient x-ray lasers (xrasers), consist of simply directing high power excimer laser-beams into chambers containing gases. As Rhodes notes, the irradiated gases then produce shorter wavelength radiation at an efficiency above 1%. He also points out that this experimental result appears to be contrary to existing theories on the interaction of radiation with matter.

Rhodes has hypothesized that the input excimer light is absorbed by the gas atom's outer electrons "collectively." That is, the electrons act as though they are free plasma electrons and not bound in an atomic orbit.

Once this input radiation is collectively absorbed, the outer electrons then apparently excite a higher-energy, inner-orbital electron in the gas atom. This is precisely what is needed for pumping x-ray lasers. But Rhodes has been able to achieve this x-ray laser-type pumping at an efficiency up to one billion times better than existing demonstrated methods.

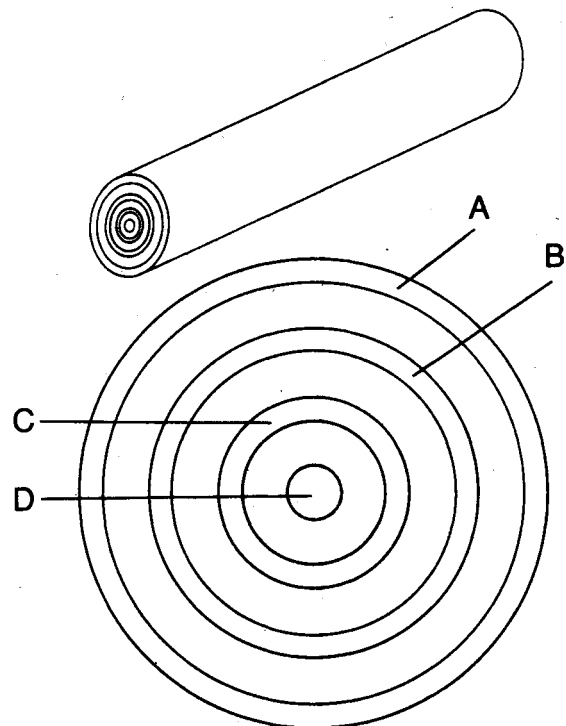
The overall result is that much more efficient x-ray lasers are possible. Dr. James Ionson, director of the Strategic Defense Initiative Division of Innovative Science and Technology, has been quoted as stating that the Rhodes approach could be fully demonstrated by the end of this summer.

### Weapon's implications

When combined with the recent Livermore breakthrough on high-power x-ray optics, this more efficient x-ray laser-pumping scheme of the University of Illinois opens up the near-term prospect of realizing a truly potent anti-missile device: A single nuclear-weapon-pumped x-ray laser module, lofted into space on a single missile, could develop tens of thousands of lethal x-ray laser pulses each of which could destroy a ballistic missile in its boost phase, over a range of thousands of miles. Most significantly, these combined

breaking developments open up the possibility of taking a "buckshot" approach to destroying missiles. Instead of pointing each x-ray laser pulse at an individual missile, the aggregate of lethal pulses can be simply aimed in the general direction of a flight of offensive missiles.

For some time it has been known that just as the primary, incoherent x-ray output of a nuclear explosive can be used to directly pump x-ray lasers, it can also be used to pump longer wavelength excimer-type lasers, such as the KrF. This in itself could prove to be an effective anti-missile weapon, since excimer-lasers are as much as 100 million times more efficient than the existing types of x-ray lasers. That is, excimer-lasers convert 100 million times more of the bomb energy into missile-killing laser-beams. But work at the Uni-



*These seven concentric circles represent an idealized cross section of a gold x-ray laser (xraser) rod. They define four regions of interest: A—Incident incoherent radiation—optical laser light or bomb-produced soft x-rays—is absorbed and re-emitted in a harder spectrum of x-rays. B—Radiation is absorbed this time deriving from region A. It then re-emits the radiation, but only specific wavelengths (line radiation). C—This is a barrier to hold back the inward propagation of the shock wave deriving from the absorption processes in regions A and B. D—This shows the gold laser rod, which is irradiated with penetrating hard x-rays.*

versity of Illinois under the direction of Dr. Charles Rhodes is rapidly leading to the possibility of efficient x-ray lasers. And, in fact, the bomb-pumped excimer could be used to produce x-ray lasers at a million times the efficiency of present ones.

Contrary to some depictions in the popular media of 6-foot-long metal x-ray lasing rods, the H-bomb pumped x-raser (x-ray laser) has dimensions of a hair when lasing. Actually, the x-raser is first in the form of a series of hollow cylindrical metal foils which are imploded and pumped by the x-rays from the nuclear explosion. In any case, tens of thousands of these hair-like x-rasers can be pumped by a single bomb. But given the assumption that there are no optical means of focusing high energy x-raser beams, many of these beams would have to be directed to the same target in order to produce a combined pulse with sufficient intensity to be lethal to a missile in the boost phase. Therefore, as previously projected based on this assumption, only a few score missiles could be destroyed over a distance of a few thousand miles by the x-raser bomb. The recent Livermore x-raser lens breakthrough has changed all of this.

### The plasma lens

As reported in the May 15 *New York Times*, in early May Livermore scientists demonstrated a magnetic plasma lens for focusing the output of x-rasers. The result is truly dramatic. The focused x-raser beam is a trillion times brighter than a hydrogen bomb, and a million times brighter than the sun. This means that extremely small x-raser pulses can be focused to lethal intensities over ranges of thousands of miles. It therefore means that instead of combining pulses, individual pulses can be used to kill missiles in their boost phase. The result is that hundreds of lethal x-raser pulses could be produced by a single x-raser bomb.

When combined with the breaking Rhodes development, this capability could theoretically be extended to develop millions of lethal pulses. But practical limitations should limit this to only a few tens of thousands.

### How it would work

Once an offensive missile launch was detected, x-raser bombs would be popped up into near space, as close to the missile fields as possible. While hypervelocity rockets could be used for this, Dr. F. Winterberg of the University of Nevada has suggested that electromagnetic railguns could achieve a faster deployment than this pop-up defense.

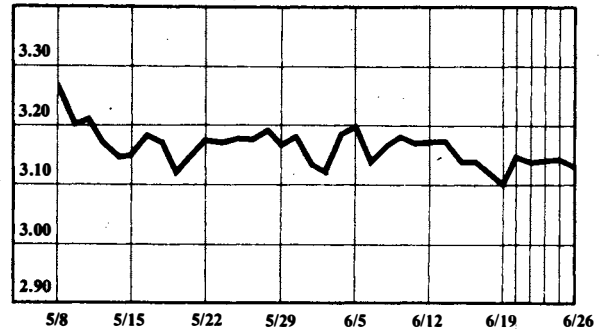
Once in near-space, the x-raser bomb would be ignited. The x-rays from the nuclear explosion would pump excimer-lasing. This excimer-laser output would then pump x-rasers in turn. The x-raser pulse outputs would then be focused by magnetic plasma lenses. By simply aiming the entire x-raser salvo in the general direction of the offensive missiles, the entire volume of space occupied by the offensive missiles would be filled with tens of thousands of lethal x-raser pulses.

By using several x-raser bombs from several directions, the missiles would be caught in a devastating crossfire. This buckshot approach immediately overcomes the difficulties of pointing x-rasers and plasma lenses. It would do to missiles what Carnot's gapshot cannons did to massed infantry.

## Currency Rates

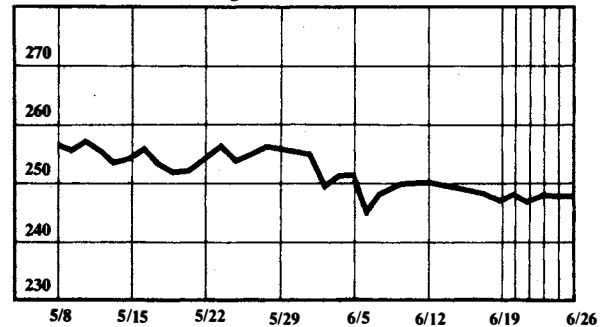
### The dollar in deutschemarks

New York late afternoon fixing



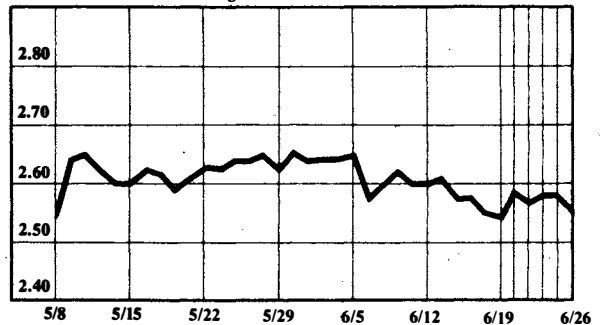
### The dollar in yen

New York late afternoon fixing



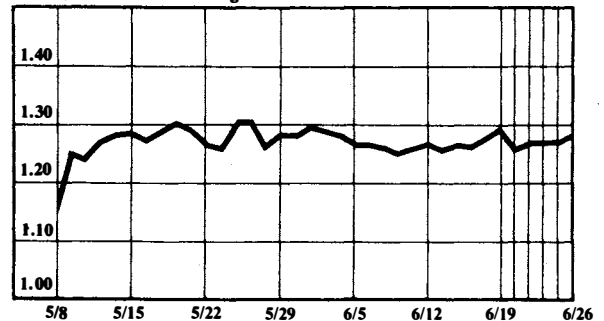
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



## Brazil to impose 'conditions' on IMF?

*While Sarney plays tough, Argentina's Alfonsín should be alarmed that Milton Friedman approves of his program.*

**J**OSE SARNEY, Brazil's new President, in his first meeting with a group of 90 anti-IMF congressmen from the opposition PMDB party, declared that he would "get tougher, but without being immature," in negotiations with Brazil's international creditors.

Sarney's claim that he had no commitment to the IMF apparently delighted the congressmen. Deputy Airton Soares told the press afterwards, "Sarney wasn't the one who signed the agreement with the IMF, and therefore, he has his hands free to seek better terms for Brazil." Soares was referring to the now notorious "secret" deal Sarney's predecessor Tancredo Neves had made with the IMF, granting that institution extensive surveillance rights over the Brazilian economy, an agreement presumably left null and void by Tancredo's death.

Observers have identified the Sarney meeting with the anti-IMF faction of Congress as an indication of the "political pact" Sarney is hoping to forge, a pact designed to give him some muscle in light of his unexpected entrance into the presidency without a political base of his own.

Sarney will need all the muscle he can get. His own finance minister, Dornelles, just signed a contract in May with the law firm of Arnold and Porter to hire one of its partners, William Rogers, as Brazil's adviser in debt talks with U.S. bankers. Rogers is also a member of Kissinger Associates.

Rogers, Kissinger, Felix Rohatyn, and Preston Martin have all made several recent trips to Brazil, part of a Kiss. Ass. deployment to push the Aspen Institute's debt-for-equity plan on the Sarney government.

Sarney, however, is showing resistance, and has reportedly succeeded in stalling on further talks with the IMF. In September, he is expected to give a major presentation to the U.N. General Assembly in New York, which will feature on the subject of the debt crisis.

The *New York Times*, voice of the Eastern Establishment, is upset at President Sarney's failure to cooperate. In a June 23 piece by Latin American correspondent Alan Riding, Sarney's government is scored for its paralysis on economic policy due to a split in the cabinet between the pro-austerity Wall Street faction, and those like Planning Minister Sayad who are fighting against "surrender to the IMF." "As a result," complains the *Times*, "not only has a new standby credit from the IMF been delayed, but Brazil has been unable to resume negotiations with foreign banks. . . ."

**MEXICO, TOO**, is coming under increased pressure, particularly in light of growing reports inside Mexico of a cabinet fight over whether or not to stick to the IMF's killer austerity regimen. The word beginning to circulate is that President de la Madrid will probably change his compliant policy on the debt due to the new oil price

crisis, a change perhaps facilitated by Peruvian President-elect Alan García's outspoken anti-IMF position.

Whether the reports are true or not, President de la Madrid was treated to a lecture during his recent tour of Germany over the propriety of paying one's debts.

In a meeting with Wolff von Amerongen, president of the German Industry and Commerce Association and co-founder of the Trilateral Commission, the Mexican head of state was told, "We are all quite conscious of the sacrifices demanded of the Mexicans. But we think this is a viable way to consolidate the economy."

**ARGENTINA'S CURRENCY** reform, introducing the austral, was supported by Milton Friedman in a recent syndicated column for the *Los Angeles Times*, saying that President Alfonsín's program did not yet go far enough for a debtor nation. The program calls for drastic cuts in the state budget, including the military sector, and lifting of all export taxes.

But in a June 16 interview with Argentina's *Semana* magazine, Friedman, the fascist who proposes legalization of drugs and designed Chile's economic catastrophe, said he considered Alfonsín's new "shock therapy" to be not yet adequate. Said the "Chicago School" founder, "There is no way Argentina can solve her economic problems without eliminating public spending. . . . In the Argentina case, I would begin by privatizing those companies which are in the hands of the state and have big deficits. You ask who would want to buy them? Well, I'll give you an idea: The state should pay anyone who would take them, and even so, it would be a good deal." He approved the currency reform, but criticized Alfonsín's wage-price controls, arguing that prices should be allowed to rise to discourage domestic consumption.

## The famines keeps worsening

*The International Monetary Fund and World Bank reap their harvest of death.*

**E**ven the cold figures published by the UN Food and Agriculture Organization (FAO) on the African food emergency are a shock: Less than half of the 7.0 million tons of food aid needed by the 21 African countries affected by famine during the period May 1984-May 1985 have actually arrived. And FAO estimates of how much food the populations actually need are, even according to their own admission, far below the minimum needed for survival.

The situation has led the FAO to comment: "Forty-five percent of the aggregate pledges of food aid to the 21 countries has not been received, and it now seems inevitable that part of the balance will not be delivered in time. In order to minimize human suffering and loss of life in the period leading to the next harvest, it is essential for new initiatives to be taken as a matter of extreme urgency by the international community and the governments of the affected nations."

The six most affected countries are Chad, Ethiopia, Mali, Mozambique, Niger, and Sudan. In Chad, the FAO reports: "The available supplies of food are not sufficient even to meet the minimum needs of the most severely malnourished sections of the population." The closing of Apapa port in Nigeria and the accumulation of backlogs at Port Harcourt and Douala have compounded an already difficult food distribution situation. In Ethiopia, 90,000 tons of cereal have accumulated at the port of Assab, due to a shortage of trucks to deliver the supplies. Food aid

deliveries to Mali are being impeded by backlogs at Abidjan, Dakar, and Lome, as well as by poor road conditions, particularly between Lome and Gao. Similar logistic constraints continue to impede the delivery and distribution of food in Burkina Faso (Upper Volta) and Niger.

Next year looks no better: In Burkina Faso, Chad, Ethiopia, Mali, Niger, and Sudan, the available seed supplies are well below the minimum requirements, reports the FAO. "Without emergency supplies of seeds over the next few weeks, the current exceptional food deficits will inevitably be extended into 1986, even if the weather conditions are favorable," writes the FAO, which also points out the shortage of other farm inputs and draught animals, especially in Chad, Ethiopia, and Sudan.

In Sudan, there are now more than 11.5 million people affected by drought conditions, nearly twice as many as three months ago, according to Bradford Morse, Director of the Office of Emergency Operations for Africa, speaking at a press conference in Geneva on June 2. He reported that the famine in Ethiopia was likely to endure through 1986, and that 5 million people would need food aid in 1986, even assuming optimal harvest conditions.

Between 700,000 and one million people may have already died in Ethiopia. The labor-intensive food-for-work projects run by the U.N. World Food Programme in Ethiopia are reported to have come to a standstill, "as

people become too hungry to carry on."

In Sudan, some sources are saying that "anywhere from 500,000 to 2 million of the country's 24 million population will probably be dead before the harvest in November." The decrepit one-track railway line going into Eastern Sudan, where there are 3.5 million famine victims, has predictably been unable to carry the 1,000 tons a day needed. A British Save the Children Fund official told me that it was now "unlikely" that sufficient food would arrive in time. "The prospects are very bleak," he said. "People in Darfur are no longer eating grain, they are eating poisonous berries, that have to be soaked for days and boiled for hours to remove the poison. They are breaking open anthills looking for grain."

A spokesman for the Catholic Food Agency in London told me, "The most optimistic scenario is that a quarter of a million children under five will die in Sudan before the end of 1985. The most pessimistic is that three-quarters of a million children will die."

In the Sahel region, as many as 7 million are at risk of starvation. A report in the British daily *The Guardian* described the situation: "Many of the nomads of Mali have resigned themselves to death within the next few months. 'We have no food, almost no camels, no seeds and no strength to move even if we knew where we could find those things so our children could live. I am as helpless and dependent as a new born baby,' said Youssouf, a Touareg chief."

The IMF and World Bank are the only ones in Africa reaping their harvest: the genocide described. Even now, the World Bank is trying to prevent Burkina Faso from building a railway to the north, and to prevent the EC from building a 500 km road through the center of Niger, linking Algiers to Lagos.

# Business Briefs

## **'High Technology'**

### **Eureka project launched in Europe**

President Mitterrand's Eureka project for "high-technology" cooperation in Europe was formally launched at the end of June, with an agreement signed between the French state-controlled defense and electronics group Matra, and Norsk Data of Norway. The project to develop laser and communications technology, was hatched by opponents of the U.S. Strategic Defense Initiative, in order to block European participation in the SDI.

The heads of state of the European Community, meeting in Milan at the end of June, were expected to appoint Viscount Etienne Davignon as Commissioner for the Eureka program, Italian newspapers report. Davignon oversaw the dismantling of European steel production, from his position as EC commissioner, imposing national quotas to prevent industrial expansion.

Also at the Milan EC summit, British Prime Minister Margaret Thatcher reportedly opposed increasing the "political unity" of Europe, and spoke in favor of economic and financial "liberalization" of exchange among the European countries.

## **International Monetary Fund**

### **G-10 calls for more IMF surveillance**

The International Monetary Fund's Group of 10 (central banks and finance ministers) plus Switzerland closed a one-day conference in Tokyo June 24 with a declaration that the present floating exchange-rate system should continue, but that "it is now necessary for the IMF to strengthen its usual multilateral surveillance over national economic policies of member states in the interest of promoting monetary stability."

A French proposal for creation of an exchange-rate target zone or range for each currency was brushed off, but intervention was endorsed "as useful in countering disordering fluctuations." The statement

stressed that nations should be prepared to undertake "coordinated market intervention operations."

Japanese Finance Minister Noboru Takeshita said there was "strong political will" to "intensify the IMF's monitoring function. . . . It was obvious to most of us that a more intense IMF surveillance will be necessary." The communiqué further calls for "international implications" to govern the policies of domestic economies—bankers' code language for dictating budget cuts to the United States, in particular.

## **Foreign Exchange**

### **Rumors spark capital flight in Peru**

Peru is being subjected to an epidemic of capital flight, reaching the exorbitant sum of \$200 million, as the inauguration of the government of President Alan Garcia on July 28 nears. The panic broke out when rumors spread that Garcia would decree a "state of emergency," and measures that would include nationalization of the press.

Economist Cesar Vasquez Bazan of Garcia's APRA party wrongly announced that Garcia had imposed exchange controls in order to stop capital flight. He then blamed a faction of the APRA linked to former Chase Manhattan executive Manuel Ulloa, Henry Kissinger's Peruvian henchman and the present prime minister, for promoting the capital flight.

Vasquez Bazan charged that "if they are going to insist on continuing the recessive policies, in 12 months there will be nothing left of the electoral landslide of April 14." Vasquez recalled that during the 1977 government, "the neoliberal experiment reached its splendor. . . . Dollarization, permanent devaluation, and price increases began."

The destabilization campaign against Peru is the work of Kissinger and company. They fear that Garcia may fulfill the program he has announced, which repudiates Peru's burdensome foreign debt and the International Monetary Fund's austerity conditions. Garcia declared in June, "I am not going to sacrifice the Peruvian people to the demands of world banking. . . . We cannot

pay our creditors by making the debtor pay with flesh and blood."

## **Infrastructure**

### **Canada moots \$100 bn. water plan with U.S.**

The Canadian government is activating a feasibility study for a \$100 billion plan to turn James Bay into a freshwater lake, by means of an enormous dike, and then shipping the water south to the Great Lakes. From there it would be piped to arid western Canada and the southwestern United States.

Two engineering companies, Bechtel and Rousseau Sauve & Warren of Montreal, are looking into it. Bourassa of Quebec is hoping to use huge water and power projects in the north of the province as a key to winning a provincial election to be held by next April.

Canadian Prime Minister Brian Mulroney is supportive of the James Bay project, and is being attacked by a group called Council of Canadians, for his advocacy of closer ties to Washington, and for this project, which is being denounced as a "colossal mistake." Environmentalists are also opposing the plan. The Canadian Coalition for Acid Rain is calling it "just a lunatic scheme. It's technocracy gone wild."

## **Population Control**

### **China criticizes U.S. for funding cutbacks**

Zhou Gucheng, chairman of China's National People's Congress Health Committee, said at the end of June that U.S. moves to cut or halt funding to United Nations population-control programs, were based on distorted facts and harmed Chinese-American relations.

The House Appropriations Committee of the U.S. Congress is calling for cuts in the full \$46 million allocated to the program from the United States. In China, 6-20 million abortions are performed each year; 25%

of all pregnancies are terminated, and last year, there were approximately 18 million live births. Widespread cases of female infanticide have been documented in the international press.

Zhou denied that there are forced abortions, and called press reports of this "slanders."

## Mexico

### Peso devalued under pressure from the IMF

Under the guise of technical changes in exchange regulations, the Mexican government announced June 29 what is, in effect, a devaluation of the currency by one-third, from 245 to 327 pesos to the dollar.

The government authorized the nationalized banks to trade at the black market rate, which had previously been the prerogative of legal, but unregulated, foreign exchange operators. Officials of the banks expect the government now to throw its dollar reserves into a market in which dollars have been very scarce.

In expectation of such a de facto devaluation, speculators and businessmen moved billions in flight capital out of the country during preceding weeks. In addition, the government is lifting the exchange controls, which did not stop flight capital, but made it more difficult. The International Monetary Fund's complaints about Mexican exchange controls and the "over-valued peso" have been now embraced by the government.

## Southeast Asia

### Thai government okays austerity budget

Thailand's cabinet on June 18 gave the final approval to the 218,000 million baht austerity budget for the 1986 fiscal year. Government spokesman Dr. Trairong Suwannak-hiri said the budget bill would be submitted to Parliament immediately and the House of

Representatives would have to pass it in three readings by September 16.

The new budget represents a real increase of 9,000 million baht or 4.3% over the current year's revised budget of 209,000 million baht. For the second year running, debt-servicing takes the lion's share of the budget, swallowing up 50,719.3 million baht or 23.3% of the budget. The second-largest allocation goes to defense, which takes up 41,257.3 million baht, or 18.9% of the entire budget. Allocation for economic development totals 34,087.7 million baht, accounting for 15.6% of the budget.

## Ibero-America

### Venezuela cracks down on 'banking crimes'

The Venezuelan government announced on June 19 that banks will be placed under strict surveillance in the wake of the bankruptcy of Banco de Comercio. The government has proposed a bank reform law that will give enhanced powers to the Superintendent of Banking, increase administrative penalties, and establish sentences of up to eight years in prison for "banking crimes."

Bankers protested, accusing the government of "trying to interfere with normal management procedures."

The Banco de Comercio ran into trouble when the financial empire of Gustavo Cisneros triggered a run on the bank, which was run by José Vicente Pérez Sandoval. Gustavo Cisneros has accused Pérez Sandoval of financing the publication of *EIR's* explosive book *Narcotráfico, SA*, an exposé of who runs the dope trade (including the role of the Cisneroses in Venezuela). The book was banned on orders of Cisneros—a move which is now being fought in the courts.

Bad blood has existed between Cisneros and Pérez Sandoval ever since the latter married Cisneros's sister, then left her and married her daughter by a previous marriage.

In addition to the Banco de Comercio, there were runs on several other medium-sized Venezuelan banks—but observers note that no banks controlled by the Cisneros organization were subjected to such difficulties.

● **ONLY 649 OIL RIGS** were in use in Texas during the last week in June, down from 864 in use the same week last year, the Hughes Tool Company reports. For the United States as a whole, there were 1,854 rigs active, compared to 2,360 a year ago. The average number of active rigs in Texas over the past five years is as follows: 1980—987; 1981—1,317; 1982—990; 1983—797; 1984—850.

● **DALLAS REAL ESTATE** syndicator Craig Hall has made a bid to the Federal Home Loan Bank Board to increase his ownership in First Federal of Michigan, the nation's ninth largest Savings and Loan association, from his current 9.9% to 51%. Hall purchased the 9.9% last fall, and has been sparring with First Federal ever since.

● **TEXAS S&L** Commissioner L. L. Bowman is threatening to shut down a dozen Savings and Loan associations in September, when a new law will give him the power to take over the direction of troubled S&Ls in his state.

● **AN EIR SEMINAR** in Washington, D.C. on June 27 drew 22 representatives of foreign embassies, the U.S. government, and the private sector. Contributing Editor Christopher White and economic analyst Richard Freeman outlined the devastating implications of the just-released June 15 *EIR Quarterly Economic Report*, "The Looming Bankruptcy of the U.S. Economy."

● **U.S.-JAPAN TRADE** talks have made some progress on telecommunications issues, but otherwise "are going at a glacial pace," said Acting U.S. Trade Representative Michael Smith. The trade discussions concern electronics equipment, forestry products, pharmaceuticals, and automobiles.

## LaRouche replies to Doomsday forecast by Castro

### Part II

*We publish here Lyndon H. LaRouche, Jr.'s "Open Letter to Fidel Castro," written on June 12, 1985. LaRouche's introduction appeared in EIR of July 2, 1985.*

Comandante Fidel Castro!

I am obliged to respond to you personally, and publicly, by the current political situation within the Americas. For this purpose, I refer most emphatically to two published accounts of your estimate of the external debt-crises within the Americas. The first, is the extensive coverage provided in Mexico City's *Excelsior*, this March; the second, the account in *Folha de São Paulo*, Brazil on June 2, 1985.

I am obliged to respond directly and publicly, because leading circles of patriots in Central and South America expect me to do so. I am pleased to do so, as a public figure and editor; a dialogue with you, even what the Soviets classify as "harsh dialogue," is a necessary part of the life of the Americas, even if this occurs merely in the form of a journalistic activity. At this critical time, it is most urgent to construct new options, which might be considered for adoption by governments, including your own government. This journalistic dialogue between us might be the most fruitful for that purpose at the present juncture of developments.

It is not necessary for me to comment, upon those parts of your statements on debt-reorganization, which agree with my own consistent analyses and policies, since my April 1975 Bonn press conference on monetary reform. It is sufficient to name my 1982 *Operation Juárez*, the writing on the subject of the "Debt Bomb," which has been most widely circulated among leading circles throughout the Americas, and the financial authorities of London, Paris, and Switzerland.

I concentrate upon three topical points. The first of these three, are two recurring features of your recent remarks which include serious errors of economic analysis: your mistaken analysis of the relationship between development and levels of military expenditures, and, secondly, your implied underestimation of the degree of the catastrophe toward which presently accelerating economic collapse, world-wide, is carrying us. In addition to these two errors of your published





NSIPS/Dennis Small

*A nuclear power project in Brazil. "There is no hope of shifting the economic situation sufficiently to halt the famine and pandemics now emerging, without a massive deployment of new energy-supplies. We have at present, no available means adequate to correct the energy-shortage, without nuclear energy. Without proliferating installations redesigned to be completed within approximately one year's construction time, the needed rate of reversal can not occur."*

analysis of the current situation, you overlook the very specific measures, by means of which an economic catastrophe of the threatened magnitude may be prevented.

### **The impending biological catastrophe**

In the persisting efforts to sell the brutish and illusory "Nuclear Deterrence" as proposed guarantor of avoidance of general warfare between the superpowers, there has been a great emphasis on the myth of thermonuclear offense as the "ultimate weapon," and great exaggeration of the deadliness of radioactive detonations. By exaggerating the actual degree of probable danger from nuclear weapons, the most deadly of all threats to the human species, pandemics, has been overlooked.

During 1973-1975, a task-force working under guidance of my March 1973 memorandum on a Riemannian approach to biophysics, produced a highly accurate forecast of the presently erupting 1985-1988 explosion of pandemic disease. The present eruption of pandemics, and rate of approach toward thresholds for generalized eruption of pandemics on all continents, is proceeding at the rate, in the regions, and by the means we forecasted, for this period, as early as 1974.

Unless there is, immediately, a sudden and rapid reversal in accelerating, 1967-1985, trends in nutrition, medical services, and sanitation, there will be an unstoppable eruption in both old and new varieties of bacterial and viral pandemics, from which no population of any part of the world will escape. Unless the needed reversal in economic trends bearing upon nutrition, medical services, and sanitation, occurs very

soon, this eruption of pandemics will effect not only human populations, but will carry over into plant and animal life in such a general way, as to cause a general collapse in the quality of the biosphere itself.

I would not foresee that the biosphere would collapse altogether. Rather, the biosphere would fall to a lowered thermodynamic level, through aid of proliferation of old and new varieties of parasites and saprophytes, especially of the viral form. Such pandemics of human, plant, and animal life, are "nature's way" of enabling the biosphere as a whole to adjust to a qualitatively lowered level of average "energy of the system," just as cancer, for example, expresses a lawful adjustment to a degeneration of the level of the "energy of the system" of aged or otherwise disabled tissue.

Included in this trend of biological catastrophe, is a deterioration in the world's weather-systems, a trend already begun by aid of D.K. Ludwig's operations, in stripping parts of the Amazon rain-forest during the 1970s. The stripping of vast sections of the Amazon rain-forest, beginning the late 1960s and early 1970s, affected directly the stability of the most important of the world's five major weather-systems, the Amazon High.

The Amazon High shifted, as a result of the onset of laterization of vast areas which earlier supplied transpiration of columns of moisture by trees. This caused the Amazon High to shift into the Atlantic, setting off a chain-reaction among the major and secondary weather-systems of the planet. This effect both reenforced and was reenforced by such processes as the defoliation of the Sahel, and was reenforced by the decline in irrigation and fertilization of agricultural

regions of the world, following the combined monetary and energy-crises developments of the 1970-1975 period, concluding with the 1975 Rambouillet monetary conference.

Although the percentage of the total solar-radiation throughput captured by plant-life of oceans and land, is below the limit of approximately 10%, and land plant-life a fraction of the total of capture by plant-life as a whole, a significant amount of marginal reduction in forest and crop lands' levels of energy-throughput, has a significant effect upon weather-systems. The weather becomes increasingly unstable, more characterized by violent extremes, and by drastic shifts in rainfall and related patterns. The degree to which land is richly forested or covered with high densities of crop-growth, regulates marginally the world's weather-systems as a whole. The growth of forests in land not required for agriculture, and increase of the density of bio-mass activity per area of cultivated land, contributes to stabilizing and moderating weather-patterns, and generation of efficient rainfall patterns.

Deterioration in stability of weather-patterns itself, affects activities of parasites. In this and other interconnections, biosphere development and weather-systems changes interact.

The case of interacting development of drought, aridization, famine, and human and animal pandemics in Africa, is exemplary.

It costs approximately \$1 million per mile, for rapid installation of new rail lines in Africa by aid of U.S., European, or Japan methods of engineering. So, for between \$3 and \$4 billion, a sub-Saharan trunk line could be constructed from Dakar to Djibouti. At comparable costs, intersecting trunk lines could be extended from Cairo into Tanzania, and from the Mediterranean coast, through Algeria, to the Dakar-Djibouti trunk. Without such rail-trunks, in strips also used for conduiting of water and power, it is logistically impossible to reverse current trends toward biological catastrophe in Africa.

This requires also, three major fresh-water development projects, of which the keystone is the construction of a Zairean basin, to supply surplus water to the central Sahel region, centered around Lake Chad. The other two, are a Western Sahel water-management system, and a Nile-system water management system, extending to Tanzania.

The third principal measure of infrastructural development needed, is the rapid construction of nuclear-energy complexes along the coasts and major internal water-conduits of Africa. By standardizing press-stressed concrete components, and related measures, efficient and safe plants can be constructed within a period of one year, using "crash program" methods of engineering. These should be installed in complexes of two to four units, of from 250 megawatts to 1.2 gigawatts each, creating thus both an agro-industrial "nucleus," and a generation-center for supplying the immediate region.

The development of subsidiary transportation routes, and regular truck transport, as extensions of the spine of major



*"Unless there is a drastic shift in economic policy, the doom of tens of millions in Ibero-America is already sealed by the present state of those economies in terms of agriculture, industry, and infrastructure." Shown: Mexico.*

water and rail routes, is essential to introducing an increasingly energy-intensive and capital-intensive mode of improvement in agriculture, combined with a development of urban industrial complexes in mutually beneficial relationship to rural development.

An aggregate of approximately \$100 billion, invested in infrastructure and agricultural development, in Africa, over a period of less than ten years, would begin to reverse immediately, existing pandemic and pre-pandemic conditions, and would enable these economies to rise to levels of predominantly, financially, self-sufficient further development.

In the Asiatic Rim, we have a much more favorable situation than in Africa. Although India's scientific and industrial development is dwarfed by the scope of rural poverty, India is approaching an urban labor-force of approximately 60 million, and is potentially a major industrial power on this account. The subcontinent of Asia will reach soon over one billion persons, and Southeast Asia approximately a half-billion. These nations have the aggregate means, both to build most of the needed infrastructural-development of the Rim, and to aid East Africa, both on the condition that technological cooperation is afforded from the OECD countries.

Although large regions of the Hemisphere are already at the threshold for pandemics, in the Americas, we have the best situation for rapid recovery, potentially. Argentina and Brazil have the industrial culture of capital-goods-exporting nations. The Golden Renaissance cultural heritage of Ibero-America, ensures that the literate portions of the population already have the cultural potential for efficiently employing the most advanced technologies; education, sanitation, and technology, supplied to the illiterate portions of the populations, can reproduce the capacity for employing advanced technologies rapidly over the span of approximately a generation.

The greatest problem in the world today, is China. Despite certain improvements in China's domestic policies, China has still a powerful resistance to the large-scale infrastructural development in depth, which is indispensable if China's relative potential population-density is to run ahead of the population of China. Otherwise, programs of population-control, through birth-control, will generate a catastrophic demographic aging of China's population, an aging which is doubly catastrophic for economies based largely upon labor-intensive modes of rural production.

There are other instances, in which "traditional cultures" are resistant to the social changes intrinsic to high rates of technological progress. On this account, the prospects for Ibero-America are potentially relatively the best, and India next.

Your estimate of 1988, as the point of the economic collapse of the U.S.A., is faulty on two immediate accounts. First, the probable point of the monetary collapse, lies during the interval 1985-1986, not 1988. Second, your statements underestimate implicitly, and massively, the qualitative aspect of the presently accelerating collapse of the global physical economy. In other words, your statements do not reflect the suddenness and rate of the urgently needed reversal of economic policy. Your proposals, insofar as they might appear to be relatively sound in form, would be appropriate only to the conditions which existed ten years ago, or perhaps earlier; such proposed actions would not begin to improve the situation as it exists and is developing presently. It is much too late for such modest changes; something profoundly more drastic is urgently required.

### **Military expenditures**

As you know, from no later than the crisis of 1975 until a recent period, Soviet policy has implicitly supported IMF "conditionalities." There are understandable reasons for this Soviet behavior. First, IMF "conditionalities" and related monetary and economic policies, have successfully destroyed much of the strategic potential of the NATO alliance, by imposing "post-industrial" devolution upon the OECD nations and their developing-sector trading-partners. Secondly, the Soviet strategic policy has depended upon "New Yalta" and related agreements reached with the Anglo-American Liberal Establishments, the neo-colonialist Liberal Es-

tablishments which view the looting of developing nations through aid of IMF "conditionalities" as their vital financial interest. Only recently, as the Soviet leadership is confident that the Liberals' control over the Reagan administration is so great that President Reagan would not think of breaking with IMF "conditionalities," does the Soviet government encourage developing nations' collaborative efforts to bring down the IMF's policies.

Formally, the Soviet government has never been absolutely opposed to "technology transfer" to developing nations. Even when it supported IMF "conditionalities," as it did during the 1975-1985 interval, it has insisted on two points:

- 1) "We are not responsible for the looting of developing nations by colonial powers; therefore, we have no moral responsibility to sacrifice our resources to aid in remedying the effects of colonialism."
- 2) "External aid to developing nations must come out of redistribution of military expenditures by OECD nations. We will divert some of our military expenditures to development aid, only as supplements to massive redistribution of OECD military expenditures to such a program."

So, from 1975, until recently, the Soviet agencies have repeatedly excused their support for IMF "conditionalities" by such "logic."

Now, since Soviet channels have offered encouragement to support of anti-IMF-"conditionalities"-policies which I have proposed consistently during the same 1975-1985 period, the same, tiresome theme, that "aid must come out of redistribution from OECD military expenditures," persists. You incorporate that policy in your recently published proposals.

There are several flaws in that argument. Immediately, given the depths of devolution to which those economies have been reduced since the beginning of 1982, there can be no recovery in the economies of Ibero-America, without massive injection of spare parts and new capital-goods from the U.S.A. Such timely changes will never occur during the 1980s, except as a by-product of the increase of 1985-constant-dollar levels of U.S. military expenditures to between \$400 and \$500 billion annually. Additionally, the rate and quality of technology transfer required, merely to reverse the present rates of collapse of Ibero-American economies, can not occur, without the specific types of capital-goods exports from the U.S.A. generated by U.S. mobilization of a "crash program" of development and deployment of the Strategic Defense Initiative (SDI).

Apart from the fact, that your proposals for redistribution from U.S. military expenditures, merely echo the standing Soviet line, there are two leading fallacies in your argument. First, the argument is politically fallacious, for reasons which I shall summarily explain. Second, the argument is based on a kind of scientific incompetence prevalent in nearly all

Soviet literature as well as among Western economists, upon ignorance of the very meaning of the term "technology." I deal with the first of the two indicated fallacies immediately, and so clear the field to concentrate upon the more profound issues of the second.

The fundamental issue underlying two U.S. wars against Britain, 1776-1783 and 1812-1815, was U.S. opposition to the colonialist policies of the British East India Company, the anti-Colbertist, colonialist "free trade" policies defended by the *Wealth of Nations*, of British East India Company agent Adam Smith. The traitorous Tory financier faction inside the United States, centered around the New England and New York-New Jersey faction associated with the traitor Aaron Burr, the partners and agents of the British East India Company, have been, from Aaron Burr to the present-day McGeorge Bundy, the advocates of Adam Smith's "free trade" doctrine.

This is key to understanding the relationship between ebbs and flows in the domestic and foreign economic policies of the United States. Subsumed under this, is the correlation between the military policy and economic policies of the United States during the present century to date.

The American Revolution of 1776-1789, associated in world history with "the ideas of 1789," was immediately the outgrowth of conspiratorial collaboration among the circles of Cotton Mather in the Americas, of Jonathan Swift among the anti-Marlborough faction in Britain, and Gottfried Leibniz. It was the deployment of Hunter and Spotswood from Britain, under Queen Anne, which revived the republican conspiracy in the Americas. The successive generation of the Mather-Swift-Leibniz conspiracy in the Americas, was led by Benjamin Franklin, who assumed leadership of this international conspiracy during the period of his 1766 trip to Göttingen University, where Franklin was integrated into the German-centered part of the conspiracy which had earlier included Leibniz and J.S. Bach.

The key to the economic doctrine of the American Revolution, begins with the institution of a governmental paper currency under the pre-Andros Massachusetts Bay Colony. The elaboration of this, to become what Secretary Hamilton, in 1791, named "the American System of political-economy," was chiefly the direct result of Leibniz's influence on the thinking of the scientist and political leader, Franklin.

The Americans rejected, variously, the physiocratic doctrine, both in its Franco-Swiss and British (Smith) version, and the colonialist British "free trade" dogma. Hamilton's, like Mather's and Franklin's economic policy, was broadly modeled upon Colbert's program for France, and upon Leibniz's establishment of economic science: that the wealth of nations is derived, uniquely, from that combination of government-sponsored development of basic economic infrastructure, and increasingly energy-intensive, capital-intensive development of technological progress, which produces successive increases in "the productive powers of labor."

The economic policies of President Washington, were

Hamiltonian derivatives of Leibniz's economic science. The policies of British-disoriented (Sir John Robison) President John Adams, were more ambiguous. The economic policies of Presidents Monroe and John Quincy Adams, revived the American System, which continued to be the policies of Henry Clay's Whig Party, through the administration of the Whig Republican, Abraham Lincoln.

In contrast, Presidents Jefferson and Madison ruined the U.S. military and economy, under the influence of an Anglo-Swiss agent and traitor, the Jacobin Albert Gallatin. Presidents Jackson and Van Buren were instruments of the interests of the British East India Company, through the families which today constitute McGeorge Bundy's so-called Liberal Eastern Establishment. Presidents Polk, Pierce, and Buchanan, were also agents of the British East India Company interest, with Buchanan an outright traitor.

Thus, between the flows and ebbs in American System policy, over the 1776-1865 period, Lincoln's administration consolidated the United States as a great agro-industrial and military power. So, the American System established the United States as a great power, and spilled its influence into the development of Friedrich List's Germany, Cavour's northern Italy, Meiji Restoration Japan, and the republican factions of Ibero-American states. This was the prevailing policy of Argentina until the period of President Theodore Roosevelt's notorious "Roosevelt Corollary," as well as the policy of the faction led by Benito Juárez in Mexico. (In the latter state, it is notable that General Santa Ana was directly a British agent, under the military direction of the Duke of Wellington, whereas U.S. President Polk was also an agent of influence of Britain at the same time, in the same U.S.A.-Mexico war!)

The bankrupting of Jay Cooke, by concerted action of the Anglo-Swiss and Morgan interests, and a corrupted Congress's enactment of the treasonous U.S. Specie Resumption Act, followed by the establishment of the Federal Reserve System, destroyed the United States' sovereignty in matters of its own currency and national banking-system, placing the U.S. monetary system efficiently under Anglo-Swiss control.

Since the 1870s, the United States' government's policies have been a net balance of the opposing influences of the American cultural heritage and the increasing consolidation of financial, economic, and political power, in the hands of the Anglo-Swiss and their Eastern Establishment junior partners. The most critical of the developments subverting the United States, after the extended crisis-period of 1871-1886, were institutional changes wrought under the administrations of Theodore Roosevelt and Woodrow Wilson, after Polk—until Henry A. Kissinger, the most evil North American names in the internal history of Ibero-America.

This is key to the history of U.S. policy during the postwar period to date.

As Henry A. Kissinger bragged publicly, in a May 10,

1982 address to a London Chatham House audience, beginning with James Byrnes, every U.S. Secretary of State during the postwar period to date, has been an agent of influence of the British Foreign Office, not the interests of the United States. The same is true of the Morgan-centered U.S. international-banking interests, the offshoots of the Anglo-Swiss financier interests developed as partners of the African slave-trading and opium-trading of the British East India Company.

As you may have examined the documentation on this account, from the beginning of World War II, there was a continuing and bitter policy-conflict between President Franklin Roosevelt and Prime Minister Winston Churchill, because of Roosevelt's determination to eliminate the last vestiges of the colonial system from this planet in the postwar world. The spoiling defect in Roosevelt's war-policy was his share of his family's irrationalist hatred against the German people, the key to his support for the Morgenthau Plan and kindred errors. Otherwise, during the period 1943-1944, the foreign-policy establishment led by British Fabian agent Walter Lippmann, was already undermining and spoiling U.S. postwar policy. Within 48 hours of Roosevelt's death, the U.S. anti-colonialist policy died, and Winston Churchill's neo-imperialist policies took over, over the issue of Britain's insistence on restoring the former French (read Swiss) colonies to France.

As the Anglo-Swiss-directed Liberal interest took over increasing power in the United States, the State Department and Treasury Department, and during the 1960s, the Agriculture Department, became bastions of foreign influences, with the professional military the bastion of patriotic interest, as least relatively so. To the degree that the relative commitment to military expenditures has been high, the materiel and logistical requirements of the United States have been promoted, despite contrary impulses from the State and Treasury departments. The simple logic of military capabilities, emphasizes depth of agro-industrial and infrastructural capabilities, and promotion of scientific and technological progress in the economy. So, high levels of military expenditures coincide with tendencies to return to American System political-economic policies, whereas low levels of military expenditures mean depressions caused by British-style economic policies.

During this century to date, U.S. economic recovery has occurred only under the circumstances that the British encouraged the United States to mobilize for actual or possible general warfare. This was true in the aftermath of 1907 through the end of World War I. It was true, from 1938 through the end of the World War II. It was true, from 1948 into the middle of the 1960s.

In the case of World War I, Bertrand Russell walked out of Lord Milner's Coefficients, in 1902, not because Russell was opposed to mass-killing, but because he objected to Milner's policy of refurbishing an obsolete British navy and army by temporary adoption of a version of "Hamil-

tonian" economic-development mobilization. The British encouraged Roosevelt's reversion to high rates of technologically progressive investments during World War II, after opposing such policies for the United States, quite efficiently, during the 1920s and 1930s, because Britain desperately needed U.S. aid. Similarly, the postwar period. Once the Russell-mediated negotiations of 1962-1963 had been completed, and President Kennedy assassinated, the Anglo-Swiss establishments moved as rapidly as institutional resistance would permit, to transform the United States into a "post-industrial" scrap-heap, and to demobilize the U.S. military establishment.

The history of economic relations between the United States and Ibero-America, reflects such shifts in domestic U.S. economic and military policy. During World War II, the United States predominantly supported or tolerated governments in Ibero-America which had a military-logistical approach to the development of those economies. They always hated President Juan Perón, but they moved to topple these governments in a general way during the 1950s, without yet moving to crush the development of these economies entirely. With the mid-1960s shift toward "post-industrial," Malthusian policies, the benevolent neo-colonialism of the U.N.O.'s First Development Decade, shifting toward gradual crushing of the developing nations' economies, as typified by the U.S. break with Prime Minister Jawaharlal Nehru, under McGeorge Bundy's direction, during the first half of the 1960s.

There is more to this than economic policy as such. The development on which you should focus special attention, is the emergence of the Cini Foundation, at Venice's Island of St. George Major, at the close the 1950s. This development was organized by a certain religious order continuing ancient traditions of the Roman imperial families. The central feature of the Venetian interests' sponsorship of the Cini Foundation, was the proposal to destroy Western European culture from within, by introducing what was termed, then and more recently, a "cultural paradigm-shift."

The object was to destroy the Augustinian heritage of the Golden Renaissance: the sovereign nation-state, and commitment to principles centered upon Cardinal Nicolaus of Cusa's definitions of natural law, and that heritage of scientific and technological progress exemplified by Leonardo da Vinci, Kepler, and Leibniz. The object was to establish a new world order, modeled upon the Black Guelph objectives of the late thirteenth and fourteenth centuries' "New Dark Age," to establish an world oligarchical order modeled upon the Roman Empire's systems of satrapies and colonies, and to draw the Soviet Union, temporarily, into cooperation with such a reconstruction of global society.

The means employed to accomplish this "cultural paradigm-shift" was the so-called "counterculture," a dionysiac enterprise echoing the turn-of-the-century "Age of Aquarius" prophesies of Friedrich Nietzsche and Aleister Crowley, based upon the hedonistic devices of drug-culture, rock-

culture, and "sexual freedom." The historic precedent was, indeed, the tactics of the ancient Phrygian cult of Dionysos.

It is essential to stress the fact, that the U.S. War in Vietnam was set into motion by the same circles, associated with McGeorge Bundy, which launched and directed the antiwar ferment from the close of 1964. By discrediting the United States in its own eyes, through the prolongation of such a war, the countercultural ferment was provided, in this antiwar movement, that concentrated basis through which to grow rapidly among U.S. youth. At the close of 1969, the Eastern Establishment created, overnight, a retooling of the shards of the exhausted antiwar movement, into an assortment of homosexual, lesbian, witchcraft, and other cults, all centrally pivoted around the 1970 "Sun Day" mobilization, the instantly-created "ecologist" mass-based movement.

This "ecologist"-centered "countercultural" movement, guided by think tanks avowedly dedicated to the "Age of Aquarius" project, such as Willis Harman's Stanford Research Institute branch of the London Tavistock Institute, has not only been the leading social battering-ram deployed to lead the U.S. economy and morality into a scrap-heap of decadence from within. Its effective sabotage of U.S. economic development, has been the chief means by which the United States has prevented the absolutely crucial deployment of nuclear-energy development to developing nations.

By the close of this decade, the combination of Henry Kissinger and the "ecologists" will have murdered many more human beings in the developing sector than died by actions of the Hitler regime. Out of approximately 400 million black Africans, the anti-nuclear, anti-development policies, of the Bank for International Settlements, Henry Kissinger, and the "ecologists," will kill approximately 300 million, through accumulated effects of famine and pandemics, by not much later than the end of this decade—unless such policies are reversed. Tens of millions, or more, of the population of Ibero-America, are fated to be murdered in similar fashion. The influential George Ball, for example, has endorsed the reduction of the population of Mexico to about 30 million, by aid of the same economic methods used by the Nazi regime. The "Global 2000" policy, composed and issued by the Carter-Mondale administration, is explicitly a policy for committing the same kind of genocide, throughout the developing sector, which Hitler imposed upon the unwanted ethnic groups of Eastern Europe—but, on a vaster scale.

Such is the "cultural paradigm-shift" mediated through the circles associated with the Cini Foundation. These are the worst butchers in history.

When President Reagan first announced adoption of a limited version of my proposed change in U.S. strategic doctrine, in his famous, televised, announcement of March 23, 1983, the think tanks explained, that the real basis for their opposition to this policy was the certainty that such a mobilization would promote a pro-science outlook within

the population, causing a reversal of the countercultural "cultural paradigm-shift." This criticism of SDI is analytically correct.

If the adoption of an SDI policy, by both superpowers, eliminated the continuing nightmare of thermonuclear offense, the fact that science had eliminated such a monstrous danger, would prompt an explosion of scientific optimism among those populations in which the Golden Renaissance's cultural heritage were embedded.

The essential thing, is to restore the moral principle, that every newborn child, in every part of the world, has the sacred right both to a classical and scientific education, and to employment in a technologically-progressive, energy-intensive, capital-intensive mode. This must be the only axiom for defining human rights. The problem immediately confronting us, is economic, but the effort to deploy solutions to that effect, or the refusal to foster such solutions, is not economic, but moral and cultural.

In practice, such a shift could not occur, unless a crash program for rapid development and deployment of the SDI were to occur.

Open your eyes to what you have observed since your government first came to power over 25 years ago. During the recent 20 years, you have observed the United States entering stagnation, during the 1967-1970 period, and then accelerating collapse, over the 1971-1985 interval. You have commented on the extent of some of the misery this decline has imposed upon the poorer stratum of U.S. citizens. Ask yourself, then, "Has this accumulated experience with the past 20 years' continuation of the present monetary and economic policies of the United States taught leading U.S. institutions or the general electorate anything worth learning?"

It is the record of history to date, that populations learn less than nothing from such experience. Rather, if the collapse of civilization occurs gradually, populations learn to accustom themselves to the worst conditions, and to support or tolerate the institutions and policies which cause this decay. Observe, how the governments of Ibero-America behaved on the issue of supporting Mexico's President López Portillo in August through October 1982, when history could have been changed very much for the better by a show of support from even as few as two other principal nations of the Hemisphere, and what "lessons" those governments have learned since! On this account, the people of the United States are no worse than any other people.

Populations sometimes learn from experience, but people generally learn nothing, except under circumstances of abrupt and convulsive developments. So, it is chiefly through military crises, that the people of the United States, during this century to date, have returned to policies of promoting scientific, energy-intensive, capital-intensive development.

Ignore the brainwashed rag-tag in the U.S. Congress, which bleats over and over again their silly truisms about balancing the U.S. budget. Were I President, with the authority of that office, I would have mobilized the U.S.

electorate to support military budgets of between \$400 and \$500 billion annually, and the expansion of the tax-revenue base caused by this mobilization would have easily balanced the federal budget. Excepting a minority, U.S. members of Congress today, are bleating political sheep, easily bought at a modest price: mention of a menacing dossier, or promises of press and financial support for their petty political ambitions, or hope of riches afforded to them when they return to private life. They have no capabilities of independent judgment; they vote as the prevailing winds direct them. Their clamorous opinion on the subject of "balancing the budget" is only the bleating of silly, panic-stricken political sheep.

Convulsions will turn them abruptly, as the flash of lightning moves silly sheep.

Of course, convulsions appear suddenly, but they do not appear unannounced, unprepared. We are near the threshold of a convulsion, both in respect of developing circumstances, and in a build-up to the threshold of political explosions in the populations of many nations, including the United States. The more rapidly developments now drift in one direction, the more rapidly and extensively the course of developments will soon sweep in the opposing direction. Such are the laws of history; such is the current movement of history.

If the contrary were to prevail, if the tendency toward sharp reductions in U.S. military expenditures were to persist, then Ibero-America must expect the very worst from the United States. In this case, the prevailing matrices of U.S. domestic and foreign economic policy would be:

- 1) Anti-technological progress: support for a continuing "technetronic" drift into a "post-industrial" age, the "Age of Aquarius";
- 2) Continued acceleration of Malthusian population-policies, especially in monetary and economic policies toward developing countries, with greatest emphasis on reducing populations of nations which represent the relatively darker skin-complexions;
- 3) Subsidizing the collapsing U.S. economy by insistence on the "debt-for-equity" policies of Kissinger Associates, Inc., with greatest emphasis upon the looting of Ibero-America;
- 4) Eruption of "conventional warfare" military policies parodying the "Roosevelt Corollary": U.S. military capabilities maintained only in such categories and degrees.

In other words, given the conditions under which the U.S.A. would reduce military expenditures to the degree implied in your proposals, all Ibero-American economies would be subjected to more savage looting than at present, with increasing disposition to apply the "Roosevelt Corollary" in the form of military action in aid of "debt-collection." The British Malvinas base and other bases in the continent, would emerge as centers of deployment for combined Anglo-American and mercenary forces employed for

such "limited warfare" punitive operations.

The included lesson is, that one should never proceed to deduce proposed policies from from abstract arithmetic. One must always examine the political and cultural preconditions for adoption of each and all principal features of a proposal, and deduce from cultural and related institutional factors, how nations might in fact act.

### The relevant principles of economy

Since you are a head of state, you have efficiently available to you sufficient of my relevant writings on the subjects here, that I need not restate the matter fully in this location. I cite my basic textbook, providing an introduction to mathematical economics: *So, You Wish To Learn All About Economics?* New York, 1984. On matters directly bearing on the issues to be discussed here, I refer to two recent articles featured in the weekly international news magazine, *Executive Intelligence Review*. The article, "Wassily Leontief Acts to Block the Effective Implementation of the SDI," in the June 10, 1985 issue, identifies the crucial points on the role of technology in economic development. A summation of the principles of mathematics required, is provided in "The Continuing Hoax of 'Artificial Intelligence,'" May 14, 1985.

The statistical background for much of this is supplied in the *1985 Annual Statistical Yearbook of the Executive Intelligence Review*. Analysis of this background is provided in the April 15, 1985 edition of the *EIR Quarterly Review*, and in the June 15, 1985 edition. I may add, that since the *EIR's* LaRouche-Riemann forecasts were first issued, in November 1979, these have been the only accurate forecasts openly published by any public or private agency on the U.S. economy.

I summarize the following features of that material here, as it is necessary to do for an orderly discussion of the matter at hand. A more adequate elaboration can be obtained from the sources cited above.

Economic science was established by Gottfried Leibniz, beginning with his 1672 *Society and Economy*, during the interval 1671-1716. Work in this direction was begun by the collaboration between Cosimo de Medici and Plethon, earlier. The principles of hydrodynamics and machine-design were accomplished by Leonardo da Vinci. Political-economy was developed by the Erasmians in Tudor England and France, and at Naples, during the sixteenth century, when it was associated with such names as the "Commonwealth" faction of Jean Bodin, "*les politiques*," and "cameralism." "Camer-alism" was the generic name for teaching of political-economy on the continent of Europe, into the early nineteenth century in Germany. Leibniz's development of economic science, was treated during the eighteenth century as a special branch of cameralism, "physical economy."

In addition to Leibniz's direct influence on development of economic science in Benjamin Franklin's North America, his economic science was sustained into the eighteenth century, chiefly by the circles of the Oratorian teaching-order in

France and northern Italy, and as the teaching of "physical economy," under cameralism, in Germany. With the Jacobins' disbanding of the Oratorians, the continuity was maintained by Carnot's and Monge's 1794 founding of the Ecole Polytechnique, with Chaptal, Ferrier, and Dupin, the most notable French economists associated with the 1794-1814 Ecole.

Beginning the defeat of Britain, in 1815, the United States resumed the close military and scientific cooperation with France which had been characteristic of the 1766-1789 period. The reforms in U.S. war-plans and the development of West Point as a center of science and engineering under Commandant Sylvanus Thayer, beginning 1815-1818, were accomplished through aid of French military specialists and others who had been associated with the Carnot-Monge Ecole Polytechnique of 1794-1814. This coincided with the revival of the American System of political-economy as U.S. national policy, approximately 1818-1819, under the leadership of Franklin's earlier close collaborator, Mathew Carey.

Through the leadership of Gilbert Marquis de Lafayette, head of the Society of the Cincinnati, the U.S. military intelligence service of that period, the German Friedrich List was brought into close collaboration with Mathew Carey, during the period 1825-1832, becoming a U.S. citizen in 1830. List, a German economist and patriot associated with the networks of Friedrich Schiller, the Humboldts, et al., had come under Lafayette's sponsorship in Paris, where List had worked on the economics of Dupin and other Ecole-linked economists. List exemplified the merger of Hamilton's American System with French physical science and contributions to economic science. The work of the two Careys and List, defines the elaboration of economic science into the middle of the nineteenth century.

Those essential features of Leibniz's work bearing upon the issues of Ibero-American economic policy under discussion, are chiefly as follows.

Leibniz's concentration, was upon the implications of heat-powered machines. Essentially, given a defined quality of product, how does the increase of heat applied to power a machine affect the increased productivity of the operative employing that machine? On this basis, Leibniz discovered the conceptions of "action," "work," and "technology," as we have these in competent thermodynamics and economic science today.

The characteristic of a heat-powered machine, is a closed cycle of action. This action is measured as displacement along the perimeter of the closed cycle. The work accomplished, is the area subtended by that perimetric action. So, we measure action as circular action (not Cartesian straight-line action), and work as the area subtended by circular action. Since Cusa's "Maximum Minimum Principle" [called the "isoperimetric principle" since the work of the Bernoullis] shows that no enclosed area is greater than the area enclosed by circular action, the amount of action represented by work, is the circular action needed to enclose the same

area: Leibniz's Principle of Least Action.

So, as Leibniz shows in refuting Descartes, the momentum,  $mass \times velocity$ , is the perimetric action, for the case that velocity is normalized as circular action; and, work is proportional to  $mass \times velocity$ -squared, for the same condition of normalization.

The action supplied to power a machine may be transformed, by increasing or decreasing the area over which it is applied by the machine. Such increase in concentration is called an increase of the energy-flux density. In the case that this increase occurs at a constant rate, the result is described by a self-similar spiral on a cone.

However, there is another aspect to these simple relations. This leads to the principle of "technology."

For simplification, take the case of two machines, designed for the same quality of output, in which the amount of coal-equivalent required to power each is the same, but that the operative employing the one has a higher rate of output than employing the other. This defines the cause of this difference as nothing but a difference in the internal organization of the machine. Imagine the general case: The ordering principle which subsumes all cases of relatively higher and lesser advantage in internal organization of machines (or other forms of productive processes), is the notion of "technology."

It is readily illustrated, as, for example, by comparing different economies, that generally, the rate of output (productivity) of operatives is proportional to the per-capita supply of usable energy employed to power productive processes. In this case, we must consider, in addition to the social cost of that operative's household, the social costs of producing the energy and producing and maintaining the machine. The ratio of the combined social cost of energy and capital goods to the cost of the operative's household, is a reflection of the capital-intensity of the productive process. Through increasing the energy-throughput per-capita, society produces more wealth per-capita in a capital-intensive mode, than in a less capital-intensive mode.

We must also consider, not only simple energy-intensity and capital-intensity, but the effective temperature at which the energy is supplied, the energy-flux density. As the energy-flux density is effectively increased, productivity increases.

There is a correlation among increase of energy-intensity, energy-flux density, and capital-intensity, such that the one can not be efficiently increased indefinitely without increasing the other two. The advancement of these three, also correlates with a required advancement in the internal organization of the heat-powered productive process.

Exploration along these lines, after Leibniz, led into the establishment of the Ecole Polytechnique, as a "science driver" kind of "crash program" institution for revolutionizing the economy and military potentials of France, following Carnot's successful launching of a revolution in warfare beginning 1793. Carnot led personally, in completing Leonardo da Vinci's work on machine-design, from the standpoint of heat-powered machines. This work led directly into the



founding of the theory of thermodynamical functions by the Ecole, and laid the foundations for the virtual establishment of the theory of functions by Gauss and his collaborators.

Until my own discovery of 1952, it remained unknown, how to construct functions which correlated a measurable increase in technology with a resulting increase in productivity. I was led to this discovery, out of my anger against the wicked incompetence of Wiener-Shannon dogma of "information theory." The mathematical expression of my consequent discovery in economic science, I next discovered in approximately 1952, how existing mathematics could define such a solution to the "information theory" fallacy; this latter I obtained, first through study of the work of Georg Cantor on transfinite orderings, and then by proceeding retrospectively from Cantor's work to that of Gauss's collaborator and successor, Bernhard Riemann. Hence, because of this ordering of the discovery-process, the discovery is known today as the LaRouche-Riemann Method.

The problem and its solution, are, summarily, as follows.

We measure closed thermodynamic processes, in first approximation, by dividing the usable energy-throughput of the process into two categorical components. The first component, is the energy which must be consumed, or is unavoidably wasted, in maintaining the process at a constant level of potential. This first component, we name "energy of the system." If there is any energy-throughput remaining, after deducting the "energy of the system," we designate this residue as the "free energy."

We analyze such a process in terms of functions of the ratio of free energy to energy of the system. We correlate changes in this ratio with increases and decreases of the usable total energy-throughput of the process. If the correlation is positive, we describe the process as "negentropic." If the correlation is negative, we estimate the process to be "entropic."

However, we must discard the definitions of "negentropy" and "entropy" associated with statistical thermodynamics. This bears upon the wicked fallacy of the Wiener-Shannon dogma of "information theory," a doctrine derived from Ludwig Boltzmann's fallacious doctrine of "statistical fluctuations."

What we ought to signify, by the term "negentropy," are processes which are either living processes, or which have the characteristic thermodynamic behavior otherwise associated with living processes. A rigorous definition of this distinction, was first supplied by the collaborators Luca Pacioli and Leonardo da Vinci, working from Nicolaus Cusa's principles of scientific method. They were the first to show, that living processes are distinguished from non-living processes, by the fact that living processes have harmonic patterns of growth which are congruent with the Golden Section. Later work shows, that we must exclude the extremes of astrophysical and microphysical scales from this statement. Between those extremes, the distinction discovered by Pacioli and da Vinci is absolute. In this range, har-

monic patterns of growth and morphology of function, which are congruent with the Golden Section, are either living processes themselves, or are a special class of artefacts producing by action of living processes, such as skeletons of animals.

This is the proper mathematical definition of "negentropy." All processes which are characteristically negentropic are constructions based on invariant harmonic congruence with the Golden Section; all other processes are characteristically entropic. Societies characterized by sustained increase of the productive powers of labor per-capita, are harmonically congruent with the Golden Section.

In brief, the physical "dimensionality" of technology and negentropy are one and the same. Technological progress is the form in which the creative-mental powers of the individual human mind supplies the negentropy that mind produces to the development of the productive process.

The most essential source of the incompetence of contemporary mathematics to solve this class of problems, is that, whereas the progress of modern physical science, from Cusa through Gauss and Riemann, has been based on a radically constructive (synthetic) geometry, free of axiomatic assumptions and deductive theorems, since the middle of the nineteenth century, taught mathematical physics has regressed from Gauss, to Laplace's program for restoring Cartesian principles. So, from d'Alembert's errors, through Laplace and Cauchy, through the fanatically anti-Gauss Maxwell and Boltzmann, modern mathematical physics, as taught, rejects what Gauss, and Dirichlet and Riemann after him, proved to be the physical geometry of physical space-time. Thus, mathematics has degenerated further, during the past 25 years of public-school and university instruction, into a radical logical positivism.

In my cited exposure of the absurdities of "Artificial Intelligence," among other locations, I specify the elementary features of a Riemannian hyperspherical manifold, and summarize the mathematical form which economic progress assumes in such a mathematics. Cusa's proof, that the only self-evident form of existence in physical space-time, is circular action, is the basis, through Riemann's work, for showing that the necessary elaboration of circular action adequate to account for the existence of physical space-time as we know it, is that the self-evident form of circular action in physical space-time, is continuous, triply-self-reflexive, conic, self-similar-spiral action. In that Gaussian manifold, through Riemann's further elaboration of the work of Dirichlet and Weierstrass, it is elementary to account for the most characteristic features of economic growth and economic devolution. Both technology-driven economic growth, and economic devolution, are in their elementary respects, Riemannian hyperspherical functions.

Without repeating here the mathematical elaboration supplied in other locations, the essential, the practical points flow as follows.

The successful growth or collapse of an economic process, occurs in successive upward or downward jumps. These

jumps correlate with increase or decrease of the energy of the system of the economy per-capita, and per-square-kilometer, and with correlated shifts in the characteristic metrical relations of production within the economy, including increases or decreases of the complexity of the social division of productive labor.

For this reason, economic processes are intrinsically "non-linear," and all "systems analysis" is intrinsically incompetent.

The focal point in the division of labor, through which technological advances are mediated, is improvements in the technology of capital-goods produced. This is such, that given a certain rate of scientific progress in two economies, the economy which has the greater capital-intensity will progress more rapidly. It is improvements in technology applied to capital-goods production, which transmit those improvements into production in general.

It is on this point, that one of the leading fallacies in Marx's *Capital* hangs, the fallacy of Marx's argument for "the tendency of the rate of profit to fall," in proportion to increase of capital-intensity. That, or a kindred error, is implicit in your publicized observations.

The issue, restated in simple thermodynamics terms, is this. Let the inputs and outputs of production be measured in terms of kilocalories of social costs of production. The rate of profit is expressed, in Marx's terms, as  $S/(C + V)$ , and increase of capital-intensity is measured, so, in terms of  $C/V$ , or of  $(C + V)/V$ . Except for the case of simple expansion in size of the population, reinvestment of  $S'$  (net operating profit), has the effect of increase of per-capita  $C$ , to the net effect of increasing  $(C + V)/V$ . Thus, if the "rate of surplus value,"  $S/V$ , were a function of employed labor, then the tendency would appear to be, that cumulative increases in  $(C + V)/V$  would "tend" to cause the ratio  $S/(C + V)$  to fall.

However, as is the case, if technological progress is transmitted by capital-intensity, then the productivity of labor is to that degree increased in proportion to the increase of capital-intensity, such that the result of investment in productive capital, in an increasingly energy-intensive, technology-intensive mode, causes the rate of profit to tend to rise.

In thermodynamics terms, the reinvestment of free energy in a closed process, has the effect of increasing the per-capita energy of the system. Thus, if, during successive cycles of such reinvestment, if the free-energy per-capita of employed labor were constant or increased only slowly, successive increases in the energy of the system, per-capita, would mean a per-capita decline in the ratio of free energy to energy of the system. This would be the case, if it could be assumed, that the energy-cost of production of capital goods corresponded to the value of capital-goods with respect to the production for which they were employed. Here is the critical point of the analysis. If improved technology is incorporated in capital-goods produced, relative to the level of technology at which those capital-goods are produced, then the contribution to productivity achieved through employment of the new capital-goods is a value which exceeds Marx's estimate

of the relative "price of production" of those capital goods. Thus, under conditions of technology-intensive production of improved capital goods, Marx's "tendency for the rate of profit to fall" becomes absurd; directly the contrary tendency prevails.

The reality of the process of development becomes clearest, once we compare the apparent social cost of production of goods with the energy-cost of that production. Since all inputs to households, as well as production, can be expressed in kilocalories of usable energy consumed, this measurement of energy-cost of market-baskets of households' and producers' goods, is implicitly feasible. Under conditions of technological progress, these energy-costs per-capita increase, while the social cost, as measured in labor-costs, decreases. Under these conditions, the constant-dollar prices of energy fall, to the degree that the constant-dollar price of the increased content of new per-capita market-baskets is less than of the earlier, less-content per-capita, market-baskets.

It is important for you to note, that in *Capital*, Marx made two crucial assumptions. As he states, as early as *Capital I*, he leaves the "technological composition" of capital out of consideration. He justifies this, by asserting that in the British model, technological progress is introduced only reluctantly. This is generally true for the British model, but is not true for the American System, for example. Second, like Walras and the positivist von Neumann, Marx's constructions are linear, whereas the real economic process is non-linear.

For this reason, high rates of military expenditures cost a society less than nothing, under certain circumstances. True, military goods in general are not households' or producers' goods; on such premises, it must appear that these goods are economically waste, and therefore a depressive tax upon the development of the economy. There is a fallacy embedded in so simplistic a view of the matter. The fallacy is the error of examining only the goods-output of military production, the fallacy of overlooking the process of production employed. If military production fosters high rates of technological progress in the capital-goods sector of the economy, the "spill over" of that improvement in the capital-goods sector, into the production of capital goods for investment in the economy generally, can cause a growth of productivity in the economy as a whole, yielding an increased margin of output exceeding the costs of the production of the military goods as such.

The leading considerations are:

- 1) The per-capita energy-throughput of the economy as a whole must be increased.
- 2) The energy-flux densities employed, must increase.
- 3) The ratio of employment in capital-goods production must increase relative to employment in household goods' production, while the per-capita market-basket content of household goods' production is increased through rising productivities.
- 4) Investment and production must be technology-intensive.

The success of such a policy, depends upon the per-capita rate of investment in improvement of basic economic infrastructure: water-management, production and distribution of energy-supplies, transportation, and urban-industrial social and industrial infrastructure. The weight of infrastructure is so large in the economy, that during the postwar period of the U.S. economy, rates of improvements in infrastructure correlate precisely, by a delay of 12 to 18 months, with changes in the productivity of goods-producing labor.

Although infrastructure does not directly yield increased output of goods, it is the limiting condition which determines the general rate of productivity possible. Thus, in the postwar period, the increases and decreases in productivity in the U.S. economy correlate with the improvement and deterioration in basic economic infrastructure, by a lag-factor of 12 to 18 months. Thus, we see a general rise in the postwar period, into 1967, followed by a 1967-1970 stagnation, followed by an accelerating decline during the 1971-1985 period.

The proper fundamental measurement of economy, is in statistical units of "increase of the potential relative population-density." Since the labor-force, and the 'operatives' component of the total labor-force, is a function of the total population of households and the associated demographic characteristics of the households, the labor-force must be viewed as that activity of the society's households which produces both the means of existence of those households, and the means of production. So, in measuring energy-throughput, we measure that throughput both per-capita and per-square-kilometer. The two measurements are combined into one, by measuring energy-density per-capita-value of potential relative population-density.

So, we must expect that statistics for energy-throughput of economies at comparable levels of technology, would show a lower requirement per-capita for societies with high population-densities, and higher requirement for societies with relatively lower population-densities. This is what we see in statistics for such economies as Japan, West Germany, and the United States, for example.

Water-management, transportation, communications, and urban infrastructure, are essentially functions of energy-throughput, just as are the production and distribution of energy-supplies. So, the infrastructure-density required to sustain a specific level of technology, rises in proportion to the lowering of population-density. The function is approximately exponential, in terms of statistical studies of this comparison. So, the "factor" of infrastructure, is not to be viewed as added to the four conditions we have specified above; it is an integral aspect of those conditions.

### **The anomaly of military production**

In military science, the correlative of productivity is firepower and mobility. This correlation is not merely an analogy. Weapons are simply scientific instruments or other tools, applied to service in the form of weapons. For every level of

productive technology, there are weapons whose implicit firepower and mobility are superior in proportion to the productive technology they reflect. For every general advance in firepower and mobility of weapons, those technologies have comparable benefit as improvement of the productive powers of labor. The connection between the two, is the capital-goods production underlying the production of both.

Hence, to the degree that military production is technological-progress intensive, it forces changes in capital-goods production which must spill over increases in the productive powers of labor into the economy as a whole. Since firepower and mobility are life-and-death matters of military survival and victory, military production forces through technological progress even where ordinary investment otherwise might consider the benefit of technologically progressive investment speculative.

So, today, mass-production of so-called "conventional" weapons of warfare is a tax on the economy, whereas advanced-weapons production stimulates increases in productivity in the economy as a whole. The modern paradigm for this effect of military technology on productivity of labor is the Apollo-Program-centered research and development program of the early 1960s. This program spilled over technological advances into the general economy, to the effect that there was more than a ten-to-one return to the economy for each dollar spent on this program.

The anomaly is, that it appears absurd that society could achieve such benefits only as by-products of "crash program" mobilizations of military preparedness. It should not be necessary to have threats of warfare, to impel economies into the kinds of policies which they ought to pursue in times of peace. Unfortunately, Comandante, the threat of general warfare is very real, and increasing rapidly. Unfortunately, Comandante, during this century to date, nations have not yet learned to foster high rates of technological progress, except as a by-product of military mobilizations.

The SDI has the following implications to be noted here.

First, Marshal V.D. Sokolovskii was right. Thermonuclear missiles are not an absolute weapon; developing ballistic-missile defense, based on "new physical principles," it is possible for major powers to develop sufficient firepower and mobility in defensive systems, to overwhelm the offense, such that even if a few thermonuclear weapons reached their targets, survival and the military advantage would lie with the defense. The price would be ugly, but it is the object of war, to win it and survive it, if one can not avoid it.

The central technologies of SDI, are three: 1) thermonuclear fusion; 2) coherently directed energy; 3) optical biophysics. Of all the weapons of general warfare, far worse than nuclear weapons are biological weapons, and, hence, the essence of defense is biological defense. These technologies, which the Soviet Union as well as the U.S.A. has been developing for defense, have inherently several orders of magnitude of superiority in firepower and mobility over existing offensive weapons. Implicitly, they are also an order

of magnitude superior in cost. That is, implicitly, it is far cheaper to destroy a missile, by such means, than to construct and deploy one. Not only are these technologies suited to defense against missiles and aircraft, they are also the most effective technologies for defense in other aspects of warfare.

My central object, in proposing a shift to SDI in early 1982, was to buy time for both superpowers, to postpone for a decade or longer the general thermonuclear war which Nuclear Deterrence had made probable for as early as the late 1980s. The progress toward theater-limited nuclear warfare, which Leo Szilard and others had built into the future of Nuclear Deterrence as early as the late 1950s, had reached the point of maturation of precision weapons of offense, by the middle of the 1970s, that continuation of Nuclear Deterrence in that mode put a hair-trigger upon general thermonuclear warfare. Only a shift from Nuclear Deterrence, to strategic defense, could arrest this development. By establishing as rapidly as possible the strategic superiority of the defense, war could be postponed until the next round of predominance of the offense. Those precious decades are needed, to develop the conditions for moving beyond war-avoidance, to durable peace.

These objectives could be reached, if the following conditions were satisfied:

- 1) That either the two superpowers agreed to an SDI policy, in place of Nuclear Deterrence, or that one forced acceptance of such a policy upon the other;
- 2) That the technologies of SDI were simultaneously directed to such "common aims of mankind" as the space-exploration and space-colonization for which the three indicated technologies are indispensable;
- 3) That these technologies are also efficiently directed to general uplifting of the conditions of developing nations.

If those three conditions are fulfilled, SDI mobilization shows a route through decades of war-avoidance, toward general peace.

Again, on this point, I must refer to an error of Marx's. The history of mankind is not "the history of class struggles." The poet, dramatist, historian, and political leader Friedrich Schiller, knew history as a Marx miseducated under the influence of Hegel and Savigny did not. The known history of mankind is the bloody record of a permanent struggle between two opposing conceptions of man and nature. The one, takes as its point of reference Solon and Plato, the republican. The opposing force, self-described as oligarchism, takes as its point of departure the "blood and soil," mother-goddess cults of Chaldea, and the Mesopotamian, Roman, Byzantine, Ottoman, Hapsburg, and British empires.

Between those two opposing conceptions of man and nature, there is no common ground. There is no common body of law, by means of which the oppressed might appeal to law to secure relief from the oppressor. In conflicts between these two, there is no force of law, but only the law

of force. Those who talk of peace imposed as the alternative to the horrors of war, ignore the greater horrors of a peace under oligarchical subjugation. What is the purpose of human life, if man is reduced to the degradation of beasts?

The only durable peace, is a world in which oligarchism is either extinct or permanently powerless. That peace, and no other, is my objective. Without peace, there can be nothing better than war-avoidance, up to the point that the peace of war-avoidance is unendurable, that the price of war-avoidance is the hopeless degradation of mankind generally.

Like the great Cardinal Nicolaus of Cusa, I do not shy absolutely from the weapons and conduct of war, but I have other weapons which I prefer to employ. My preferred weapon is the weapon of Dante, Cusa, Leonardo, Leibniz, and Schiller, the weapon of republican culture. It is a simple deed, to kill, a deed accomplished more readily with practice. Yet, there are weapons which are more powerful, because their effect is more durable, the weapons of republican culture.

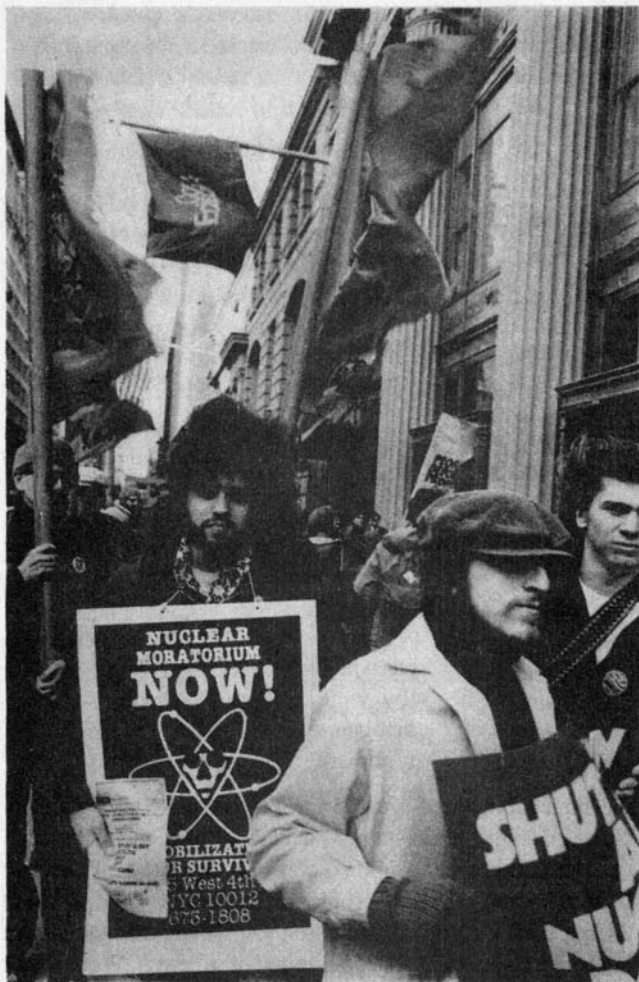
The source of power of the weapon of culture, is the laws of the universe, which are in accord with scientific progress, the laws by which Prometheus' cause prevails ultimately over the arrogance of the gods of Olympus. Not only can no oligarchy, however powerful, successfully defy those laws indefinitely. It is the nature of man, the potential with which each is born, the potential which places man above the beasts, to seek reconciliation with the laws of the universe, and to guide his actions in conformity with those laws. Wherever mankind exists, that potential insurrection of mankind against oligarchism exists, and with the aid of the laws of the universe, that insurrection will prevail.

The art of republican culture, is to quicken that principle within men and women. Yet, men and women die very soon; therefore, it is in a more durable force, the culture and institutions of peoples, that the principle must become efficiently embedded. The ally of republican culture, is scientific and technological optimism, just as the root of fascism and related evils, is the dionysiac bestiality of cultural pessimism.

In the practice of statecraft, we win this essential battle best, by employing the production of the very weapons desired for warfare, to inspire the cultural optimism by which republican culture is nourished.

The essence of this matter is the creative potential of the human mind. In a society which knows, that the source of the technology on which life depends, is the creative potential of the individual human mind, all newborn children are regarded as politically equal, as each, properly nurtured, embodies that potential. It is as men and women are degraded to objects of donkey-like labor and sexual lust, than one man regards another as he regards a beast to be subordinated to his hedonistic will.

In the case, that the prospect of warfare is the reality which confronts states, let the production of the weapons



NSIPS/Steve Meyer

*"Let us end the tiresome chatter about 'peace and disarmament.' Only the worst scoundrels in the United States stand behind such chatter today, the scoundrels whose 'peace and disarmament' means the peace of the grave for hundreds of millions of victims of IMF 'conditionalities.'"*

of war themselves become the means by which the precious quality of scientific and cultural optimism is fostered once again, as the cultural outlook underlying morality.

Let us end the tiresome chatter about "peace and disarmament." Only the worst scoundrels in the United States stand behind such chatter today, the scoundrels whose "peace and disarmament" means the peace of the grave for hundreds of millions of victims of IMF "conditionalities" and Malthusian dogmas in Africa, and tens of millions in Ibero-America. Let us face the reality of impending war, and by facing it directly, find war-avoidance in a shift of cultural values back toward technological progress.

### **Ibero-American development**

There is no purpose to be served in mere debt-reorganization, unless this is integral to a radical shift in economic policy. Unless there is a drastic shift in economic policy, the

doom of tens of millions in Ibero-America is already sealed by the present state of those economies in terms of agriculture, industry, and infrastructure.

There is no hope of shifting the economic situation sufficiently to halt the famine and pandemics now emerging, without a massive deployment of new energy-supplies. We have at present, no available means adequate to correct the energy-shortage, without nuclear energy. Without proliferating installations redesigned to be completed within approximately one year's construction-time, the needed rate of reversal can not occur. Agricultural and massive infrastructural development must be the case, and the energy supplied to make this possible.

Otherwise, the needed objectives can not be met on present levels of world capacity for production of capital goods; nor can existing prototypes of capital goods suffice even on a considerably enlarged scale of production. The degeneration has gone so deeply, pandemics are so proximate, that nothing less than the proliferation of a technological revolution can meet the need. Nuclear energy, and the mobilization of the lines of supply needed for proliferation of nuclear energy, are the precondition for developing a base adequate to the development and deployment of the new technologies.

The technologies of the SDI are those we require immediately for this technological revolution.

Under "crash programs," echoing the 1794-1814 program of the Ecole Polytechnique, the Manhattan Project, and the postwar aerospace program, these objectives can be met.

Monetary reform is necessary, but by itself would be a remedy which arrived far too late. If it had come ten, or even five years ago, even as late as 1982, monetary reform might have arrived in time for Ibero-America. Now, by itself, it is too late. It is necessary today, merely as an included feature of launching of a proliferating technological revolution. Nothing less than that technological revolution can remedy the situation, under the advanced conditions of deterioration presently existing.

Fortunately, we have available the economic science needed to guide successfully such development, and we have around the SDI the technologies needed. Our greatest enemy is that misguided, obsolete thinking about economics and technology, which might deter us from taking this route.

On the one side, there is a horror looming, worse than nuclear warfare, imminent eruption of successive waves of biological holocaust. On the other side, there is scientific optimism unleashed in the grandeur of great projects. As President Charles de Gaulle understood, the essence of the great nation-state, is its dedication to serve a specialized, indispensable purpose, in aid of the defense and development of civilization as a whole. That is grandeur, the quality of moral inspiration which distinguishes the great nation's people from a collection of Hobbesian, Voltairean beasts. I would hope that you might recognize, prefer, and choose grandeur.

If so, a dialogue on the subject of our differences, would be a fruitful exchange.

## TWA hostage taking: part of Soviet war plan

by Jeffrey Steinberg

As this issue of *EIR* goes to press, Amal sources in Beirut are reporting the imminent delivery of 39 American hostages to Damascus, Syria, where they will reportedly be freed within 24 hours in exchange for the release of over 700 Shi'ite prisoners being held in a detention camp inside Israel. While this hostage "exchange" would bring to an end the two-week-old ordeal of TWA Flight 847, it will likely leave unanswered for the time being some of the most pressing questions raised by the terrorist action that began in Athens on June 14.

First among these questions is the disposition of the Reagan administration toward the unfolding spectre of a Soviet "unconventional war" against the United States and its leading Western allies, a war presently being conducted by state-backed terrorist surrogates. As *EIR* Contributing Editor Lyndon H. LaRouche Jr. has emphasized in a series of recent strategic studies published in the pages of this magazine, Moscow has already declared war on the United States. This state of war is reflected in both the unprecedented neo-Stalinist mobilization of the Warsaw Pact economies since the succession of Mikhail Gorbachov, and the global upsurge in sophisticated acts of mass-scale terrorism, typified by the TWA 847 hijacking, and the twin bomb attacks against Air India and Canadian Pacific Airlines flights.

According to the most recent published accounts of Soviet war-fighting doctrine, written by Marshal Nikolai Ogarkov himself, Moscow will conduct a protracted phase of terrorist-led surrogate warfare to soften the West for an eventual fullscale Soviet blitzkrieg attack, likely to occur during 1988. The protracted terrorist battering, according to the Soviet strategists, will blind Western intelligence services to

the final moment of preparation before Moscow's war machine goes into "cold start" assault right from the barracks.

It is in this special context that U.S. Secretary of Defense Caspar Weinberger was prophetically correct when, on June 24, he told a group of television journalists that the Beirut hostage crisis was "the beginning of a war." Weinberger warned the reporters that the U.S. deployment of a Sixth Fleet task force carrying 1,800 Marines into the eastern Mediterranean waters off the Lebanese coast was a "military movement in wartime," and that the United States would not bow to the demands placed by Lebanese Amal leader Nabih Berri that the fleet leave the area.

The fact that the U.S. military presence was not withdrawn, and that the Syrian government, identified by White House spokesman Larry Speakes on June 24 as one of the states actively sponsoring anti-American terrorism and therefore subject to possible retaliation, has apparently lent its offices to the freeing of the hostages, has led some Middle Eastern observers to try to sell the line that the TWA drama is a revival of American presence in the region.

Other more realistic analysts, citing the Reagan administration's failure to take decisive military action against the known authors of the terrorist act, have characterized the TWA ordeal as a death knell for U.S. presence in the eastern Mediterranean, and as an encouraging sign for Moscow's military leaders seeking to profile President Reagan's capacities to make decisive command decisions under wartime conditions. Put bluntly, the Reagan administration, plagued by a Kissingerian-dominated State Department seeking appeasement of Moscow, and an intelligence community lack-

ing any on-the-ground human intelligence nets, failed miserably.

From a combination of sources, *EIR* has learned that as of midnight on June 26-27, Secretary of Defense Weinberger had extracted from the President a green light to carry out a military operation directed against selected targets within the terrorist command. At the very last moment, according to our sources, the State Department, with backing from the liberal faction of the CIA, intervened to convince the President that a negotiated settlement was imminent—provided that the United States assured Syria that there would be no retaliation against any of the participants in the terrorist action.

The anticipated hostage release now leaves the United States free to launch a fullscale counter-terror offensive against the infrastructure directing Moscow's unconventional attack. A failure to act now—before the next terrorist crisis unfolds and while the American public is clamoring for a decisive show of force from the Reagan White House—would be an error of grave consequences.

### Who's who among the hijackers

At this moment, there appears to be little remaining confusion as to how the TWA hijacking was executed and who the major players were. In addition to the more obvious Syrian and Iranian backed Shi'ite terrorists, a dramatic role was played by Israeli government factions, according to sources on the ground in the region.

The chronology ran approximately as follows.

- On March 8, a Lebanese "counter-terror" team under the control and direction of the Israeli Mossad detonated a powerful car bomb in a crowded West Beirut street, killing 80 people, mostly Shi'ites. The ostensible target of the bomb attack was Hezbollah [Party of God] leader Sheikh Mohammed Hussein Fadlallah.

- On April 4, the Reagan administration issued a strongly worded condemnation of Israel's recent roundup of over 700 Shi'ites in southern Lebanon. The Lebanese were hijacked across the border and placed into a detention camp inside Israel as a "bargaining chip" for Israel's ongoing negotiation of an anti-PLO alliance with the Amal militia of Nabih Berri. The Reagan administration characterized the kidnapping as a clear violation of the Geneva Convention and demanded that Israel immediately and unconditionally release the prisoners.

- On May 12, Israel responded to the U.S. criticism and to the reemergence of the 1981 Reagan Plan for a U.S./Arab-moderate bloc to resolve the Palestinian question through direct negotiations with Israel. In a leak originating with the Mossad published on the front page of the *Washington Post*, the March 8 car-bombing was blamed on the CIA. The *Post* story triggered immediate Senate hearings in Washington, D.C. and an outpouring of cries for vengeance from the Shi'ite press inside Lebanon.

- On May 17, a top official of the Mossad held the first of two secret meetings in southern Lebanon with represen-

tatives of the Amal, including Amal intelligence chief Riyad al-Jamal. In the meeting, the Israeli suggested that the Peres government would be willing to release the 700 Shi'ite hostages in Israel, but would need some direct pressure from the United States in order to ward off domestic backlash that could potentially trigger a no-confidence vote against the Labour-Likud coalition. Al-Jamal reportedly filed a detailed briefing on the Israeli approach with top officials of Syrian intelligence.

- On May 20, the same Mossad official met with Amal military commander Daoud Daoud to spell out in more concrete terms Israel's plan for the Amal to join in an anti-PLO alliance in which the Amal would assume policing responsibilities along the Israeli border. According to the sources, in this meeting the Israeli was even more explicit that the United States would have to be placed in the position of demanding the release of the Shi'ite prisoners.

The stage was thus set for the hijacking ordeal, with the Mossad, Syrian intelligence, and leading figures within the command structure of the Amal in on the operation from the beginning.

During the first two days of June, delegations of top Iranian political and intelligence officials held a series of meetings with their Syrian counterparts and with leading Shi'ite elements in Lebanon. The ostensible purpose was to take the command of the Amal away from Nabih Berri into the hands of more radicalized pro-Khomeini elements. This laid the basis for a team of top Pasdaran (Iranian Revolutionary Guard) operatives, led by the deputy chief of the Pasdaran, to arrive in Baalbek on June 10 to put the final pieces in place for the hijacking. According to one American source in Beirut, two of the original Athens hijackers, Hassan and Ali Ezzeddin, are prominent members of the Amal militia, with Hassan having served for a period as a personal bodyguard for Nabih Berri.

While these identified individuals represent elements within the terrorist command responsible for the TWA 847 hijacking, it must be underscored that Moscow's global "strategy of tension" is being run through a structure built largely on the unique capabilities of the East German government's Ministry of State Security (Stasi) and its special relationship to Syrian Intelligence. The current generation of East German intelligence operations trace directly back to the World War II era German Brandenburg Divisions and the Abwehr Amt VI. These "foreign language" divisions, spread throughout the Middle East, constituted the core of the post-war East German foreign intelligence organization, an organization already deeply penetrated into the Syrian Alawite-dominated intelligence services.

As the Soviet unconventional terrorist war unfolds and the Reagan administration is confronted with its next crisis, the hands of the Stasi-Syrian combination will likely surface again. The question of if and how the Reagan administration will respond may determine the fate of the world for a long time to come.

# Terror 'experts' run cover for KGB plans

by Kathleen Klenetsky

While Soviet-backed terrorists are mounting a bloody proxy war against the United States and its allies, participants at a Washington, D.C. conference June 24-25 claimed that unless the United States is prepared to "cooperate" with Moscow in "fighting terrorism," an escalation to nuclear terrorism is inevitable.

The blood-curdling scenario which these self-styled experts on terrorism painted in such lurid detail, was hardly the sober evaluation of counterintelligence specialists; it was intended by the international networks of the Pugwash Conferences to open the door for political concessions to Moscow and for KGB penetration of Western intelligence agencies. The Pugwash Conferences are the principal "back-channel" vehicle for "East-West dialogue"—bypassing the institutions of sovereign governments.

The "Conference on International Terrorism: The Nuclear Dimension" was sponsored jointly by the Nuclear Control Institute—a Pugwash spinoff—and the State University of New York's Institute for Studies in International Terrorism.

The presentations were all the more astonishing, given that at least a few of the key speakers have long pointed to the Soviet Union as the driving force behind nuclear terrorism. The widely-publicized meeting drew such "experts" on both conventional and nuclear terrorism as Theodore Taylor, Brian Jenkins, and Yonah Alexander, as well as Israeli physicist Yuval Ne'emann, Jimmy Carter's arms control czar Paul Warnke, Bernard Feld (of Pugwash and *The Bulletin of the Atomic Scientists*), and Jacques Meurant (of the International Red Cross).

Although there was some quibbling over which particular scenario was most likely to occur, the participants were reported to have agreed that, on a scale of 1 to 10, the possibility of a major nuclear terrorist act in the next three to five years is a "5"—and escalating fast. Such an event, participants said, was more likely than a Soviet nuclear attack or an invasion of Western Europe.

Speaker after speaker talked about the "inevitability" of nuclear terrorism, spinning out one horrifying prediction after another of the devastation that would ensue should terrorists get their hands on a nuclear device or sabotage a nuclear power plant.

"I have concluded that we will see a major nuclear terrorist incident before the end of the decade," carried out most

likely by "religious fundamentalists," Dr. Bertram Brown, the former director of the National Institute of Mental Health, declared. His point was seconded by Ne'emann, who told *EIR* that Libya's Qaddafi not only "has the money and the will to indulge in nuclear terrorism," but groups such as the radical Shi'ites and the Red Brigades to carry out his bidding.

Bernard O'Keefe, who has long been involved in nuclear weapons design and manufacture, was of the same opinion: "There is very little that can be done to prevent a skilled, determined, well-organized terrorist organization from setting off a nuclear detonation on United States territory," he averred, adding that "the greatest threat to civilization today is the prospect of a terrorist-implemented nuclear explosion." MIT physicist Feld concurred: "I believe this possibility is bound to become a certainty."

## To stop terrorism: Surrender!

The specter of nuclear terrorism was raised for two major purposes: to frighten the United States and the West into making accommodations to Moscow, under the guise of collaborating to prevent a nuclear terror disaster, and to curb the expansion of civilian nuclear power, especially to the developing sector.

Principal speaker Bernard J. O'Keefe told the conference that "the key to international cooperation [against nuclear terrorism] is the Soviet Union," and called for entering into "cooperative agreements" with Moscow on counterterrorist moves, even though such an agreement "will certainly imply some loss of sovereignty."

O'Keefe also urged the United States to "put our intelligence on nuclear terrorist matters together with that of the KGB"—in other words, hand over Western intelligence on terrorism to the agency which controls and deploys terrorism. Numerous other speakers asserted that the only way to curb terrorism is to improve relations with the Kremlin, by concessions to Moscow in key strategic areas.

Perhaps the most egregious recommendation came from Louis Rene Beres of Purdue University, who claimed that "preventing nuclear terrorism . . . suggests that the superpowers must restructure their central strategic relationship." Such restructuring "must be oriented toward a return to strategies of 'minimum deterrence,' a comprehensive nuclear test ban; a joint renunciation of first-use of nuclear weapons; and a joint effort toward creating additional nuclear-weapon-free zones."

Beres also called on the United States to withdraw its Pershing and cruise missiles from Europe, since the missile deployments anger the terrorists and give them a reason to attack U.S. targets.

Many speakers also insisted that U.S.-Soviet cooperation could also be the key to stopping the spread of nuclear materials, noting that the Soviets have taken a far stronger stand against Third World countries obtaining nuclear power than the West.



# Costas Tsimas and the TWA hijacking

by Phocion

The General Secretary of the Greek Ministry of Public Order, *Costas Tsimas*, happens to be a trained terrorist himself, who received his training at a *Saiqa* terrorist camp in the late 1960s. During that period, Mr. Tsimas was a political emigré in Western Europe and a leading representative of Mr. Papandreou's political organization-in-exile, the PAK, predecessor of Greece's present ruling socialist party, the PASOK.

The *Saiqa* in the 1960s (as well as today) was a front for Syrian intelligence and its chief recruiting officer in Western Europe was the notorious *Michel Pablo*, then also the publisher of *Saiqa's* newspaper in Europe. Michel Pablo, a septuagenarian Alexandrine Greek who has been Papandreou's friend since 1936, has been General Secretary of the Trotskyist Fourth International, a convenient cover for his long-standing career as an Abwehr agent during the Second World War, and, after that war, for the Soviet intelligence services operating in the Near East and the Mediterranean.

To this day, Pablo is an intimate collaborator of Ben Bella and Ben Bella's financial angel, Swiss banker François Genoud, the NSDAP (Nazi) party member who acquired fame as Adolf Hitler's literary executor. This places Pablo and his operation squarely in the middle of the so-called Curiel network, run today by East Germany's intelligence services based on the reconstituted old Nazi networks in the Middle East, including the notorious Alois Brunners who is still living in Damascus. Alois Brunner, of the same age as Michel Pablo, is believed to be one of the key "interfaces" between Syrian intelligence and East Germany's SSD.

Costas Tsimas, the Greek General Secretary of the Ministry of Public Order, appears to have been an agent of this network since the late 1960s. He also has responsibility for the security of the Athens Airport from which TWA Flight 847 was hijacked on June 14. In order to cover up for his responsibility around the hijacking, Tsimas, by agreement with the Amal hijackers, disseminated the cover story that the hijackers' weapons had been put on the plane in Cairo. When this story failed to hold up, a second was circulated, also in collaboration with the hijackers, purporting that the weapons were concealed inside various food items which "could not have possibly been detected." The real story appears to be that the weapons were placed inside the aircraft by Greek ground maintenance personnel under the jurisdiction of Costas Tsimas.

Now, five FBI agents and three liberal U.S. Senators have descended to Athens to manufacture a credible cover for Mr. Papandreou's illegal, terrorist government, Tsimas included. The FBI is looking for omissions and neglect on the part of the Papandreou government which led to the hijacking. The fact of the matter is that the Papandreou government was in on the engineering of the hijacking from the beginning, in collaboration with Syrian intelligence.

The persons who have been in on the secret appear to be: 1) Costas Tsimas; 2) Interior Minister Agamemnon Koutsogiorgas; 3) Papandreou's personal secretary Michael Tsingias; 4) Andreas Papandreou himself; 5) the Director of the KYP. Certain individuals in the Greek Foreign Ministry also appear to have been involved.

Exactly one month before the hijacking, Costas Tsimas intervened to abort a police investigation of the circumstances surrounding the death of a terrorist, D. Tsoutsoumis, associated with the Baader-Meinhof gang's branch in Gratz, Austria. Tsoutsoumis, like Tsimas himself, had received terrorist training in a *Saiqa* terrorist camp in Syria during the late 1960s. Tsimas' intervention in the investigation intended to cover up Tsoutsoumis's relations with PAK and PASOK, and also one very intriguing fact:

Tsoutsoumis' little address book, found on his body, included the name, address, and telephone number of Sergei Bokhan, the First Secretary of the Soviet Embassy in Athens. The address book with Bokhan's name was found on May 16. Sergei Bokhan disappeared on May 23. The Soviet embassy reported his disappearance to the Greek government on May 25 and asked for help to locate him. On May 26, the Greek government officially abandoned the search to locate Bokhan.

On May 28, it was reported that Bokhan was in fact a senior Soviet GRU officer running espionage, terror, and political penetration operations in the Eastern Mediterranean and that he had, in fact, safely defected to the United States. He was supposed, according to these reports, to possess information so incriminating to the Papandreou government, that if made public, Papandreou would definitely lose the June 2 general election. No revelations of such sort were ever made public and Papandreou carried off an unprecedented vote-fraud.

Exactly two weeks after the election, TWA flight 847 was hijacked. Onboard the plane were a number of very important United States intelligence officers who had crossed swords with Bokhan prior to his defection, when he was trying to penetrate the U.S. Communications base at Nea Marki, 44 kilometers outside of Athens, in the spring of 1984.

If the five FBI agents in Athens come back with a report whitewashing the role of Costas Tsimas in the hijacking, some interesting light will be shed on the subject of the bungled handling of the Sergei Bokhan "defection"—or whatever it was.

# Shi'ite terrorism: the Bennigsen factor

by Our Special Correspondent

The documents accompanying this article are published for the first time here, to indicate how Lord Carrington, Britain's former Secretary of State and now NATO General Secretary, in conjunction with former U.S. National Security Adviser Zbigniew Brzezinski, accomplished the virtual destruction of U.S. policy and influence in the Mideast.

The "Great Game" intelligence warfare gambit by the dominant Anglo-American factions in the West, of playing the "Islamic Card" against the Soviet Union, is not only a cruel hoax, but was deliberately designed to drive the United States out of the region, as part of a "New Yalta" deal for dividing up the world into new spheres of influence, with the Soviet Union. The argument that Islamic fundamentalism

will spill over the Soviet borders, "infect" the U.S.S.R.'s Islamic populations, and lead to the splintering of the Russian Empire, is a delusion of the first order, and this policy directly contributed to the so-called Islamic Card being placed firmly in the hands of the Soviet Union itself, along with its allies in Syria, Libya, and Iran.

From the time of the overthrow of the Shah in February 1979, to the present TWA hostage crisis, the "New Yalta" faction of Anglo-American intelligence has consistently undermined the national sovereign interests of the United States, by playing out this so-called Islamic Fundamentalism Card. The reason for their success, is that most of the U.S. intelligence community *believed* in this option. A majority of U.S. intelligence officers, under the disastrous direction of Stansfield Turner, the CIA director from 1977 to 1981, was induced to facilitate and support the insane policies promulgated by Brzezinski and the State Department. The originators of this plan came from the bowels of British intelligence, and were directed by Bernard Lewis and his collaborator, the Director of Studies at the School of Higher Studies in Paris, Alexander Bennigsen.

Bennigsen, the author of *The Islamic Threat to the Soviet*

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TO INR/NSE, EOR/SOV, Ambassies MOSCOW, TEHRAN		DATE July 30, 1979
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<p>Attached is a UK paper on the impact of Islamic fundamentalism in the USSR, circulated by the UK Delegation to members of the Political Committee.</p>		
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16/5/99 (TOON, MALCOLM) OR-M

NATIONALITY ISSUES: FOREIGN BROADCASTS

BACKGROUND OF INTEREST IN CROSS-BORDER BETWEEN SOVIET NATIONALITIES AND GROUPS TWO EMBASSY OFFICERS WHO VISITED BUKHARA IN DAGESTAN ASSR DURING AUGUST MOSLIM RELIGIOUS LEADERS PRIVATELY IN OCCASIONS THAT KORAN READINGS TRANSMITTED TO CAIRO RADIOS ARE WIDELY LISTENED TO IN THEIR AREAS. THE GRAND MUFTI (PROTECT), IS A LEADER OF MUSLIMS IN THE NORTHERN REPUBLICS IN MACHACEJALA THAT YOU CAN HARDLY WITHOUT HEARING THE KORAN BEING READ. MENTIONED BROADCASTS FROM TEHRAN AND MUFTI ADDED THAT HE AND OTHERS ALSO RELIGIOUS BROADCASTING.

REF TO A MOSQUE IN BUKHARA, MUSLIM INDICATED A BELIEF THAT RELIGIOUS OUTSIDE THE SOVIET UNION IS CONTRIBUTED BY THEM AN EMOFFI ASKED THE ELDERS ALSO FOLLOWING THE EVENTS IN IRAN AND REPLIED TO THE EFFECT THAT, OF COURSE, WE ARE IN BROTHERS.

RE: REPORTING SEPARATELY TO THE DEPARTMENT VISITS TO DAGESTAN AND CHECHENIA

DELEGATION TO NATO.

Lord Carrington, the British Foreign Secretary and Mr Desai had been concerned about the Soviet Muslim population. The head of the Soviet Muslim revival in Iran and the different social classes account for only a part of the uneasiness about development in Iran. The head of the movement in May that the Soviet making use of high-powered jamming had taken place in Azerbaijan. If there were any Soviet (ites) from tuning in to the broadcasts of the Islamic revival rare, have started to appear. In the largest mosque and vicarage or the Caucasus, held a conference in the presence of the party. Allahshukur said, to interfere in regional affairs and other elected officials. joy over what happened in Iran, and had sent congratulations. mean that Islam will flourish. We have no need to openly with the Moscow Radio's Swedish correspondent in the USSR because of the success in neighbouring

15.

*Union*, comes from a Danish-German Baltic family which served the Russian czar's intelligence service until the Bolshevik Revolution. His particular specialty is the Muslim community in Russia—under czarism as well as the socialist regime. Bennigsen collaborated with Zbigniew Brzezinski at Columbia University in a series of seminars on "Soviet Nationality Problems," and continually promulgated the irrationalist program of Islamic fundamentalism within the U.S. intelligence community. By persistence and through this collaboration, the "Arc of Crisis" gameplan began to take form and was later employed by Brzezinski, et al., during the Carter administration.

While the Soviet agents-of-influence such as Bennigsen situated themselves to implement this policy, in Moscow and at the Soviet Oriental Studies Institute in Tashkent, the process of transforming the "Arc of Crisis" plan into a Soviet strategic capability was begun. The Central Muslim Spiritual Board had been upgraded after World War II into four Spiritual Administrations of Muslims, in 1) Central Asia and Kazakhstan, 2) Transcaucasus, Baku, and Azerbaijan, 3) European parts of the U.S.S.R. and Siberia, and 4) North Caucasus, and is the vehicle for the Soviet "Islamic Card" policy. The overseer of this policy was and is the former KGB chief of Azerbaijan and current Politburo member, Geidar Aliyev.

Aliyev, a protégé of the late former KGB chief Yuri Andropov, set up, with the help of East German and Syrian intelligence capabilities, the systematic implementation of the fundamentalist terror which is now reaching its full-blown proportions against the United States. Practically every major anti-U.S. terrorist operation can be traced to the networks established by the KGB Foreign Nationalities Division. The East German intelligence service, the Stasi, plays the essential role in operationally directing this capability. In fact, it is believed by some that the Stasi and the KGB have co-equal status—an unprecedented arrangement among the Soviet bloc intelligence services. The relationship is modeled on the development of the Abwehr-Nazi Foreign Nationalities project, set up under Division II Office VI prior to World War II. Many of these networks became part of Soviet intelligence operations during and after the war. It is into this unique constellation that Alexander Bennigsen fits.

To understand concretely how British intelligence and its foreign policy establishment, and the likes of Bennigsen, pushed this perspective into U.S. policymaking, it is necessary to point to the accompanying documents. One of the first public announcements in support of Khomeini from the Soviet Union's Muslim community came from the Imam of Baku, Sheikh ul-Islam Allakshukur Pasha-zade (a.k.a. Pashayev). After announcing his support, he stated, "I cannot see that events in Iran mean that Islam will also make new inroads in the Soviet Union. We have no need of secret societies. We work completely openly, with the authorities'

approval" (see *Documentation*). This Imam is an Aliyev protégé who is working closely with the Islamic fundamentalist networks throughout the region.

Bennigsen's pernicious effect upon U.S. strategic estimates continues today. According to one observer, "Bennigsen has had an absolutely horrendous effect on American strategic estimates [in that area of the world]. I can't tell you how many times he has traveled to Washington to testify before Senate committees and meet with people." Unless the U.S. national security establishment breaks the back of the Brzezinski, Bennigsen, and Carrington policy concerning the Mideast and the Persian Gulf, the United States is going to face a continual crisis of Islamic fundamentalist terror, prior to its eventual showdown with Moscow.

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## Documentation

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TRANSMITTAL SLIP      CONFIDENTIAL

Attached is a UK paper on the impact of Islamic fundamentalism in the USSR, circulated by the UK Delegation to members of the Political Committee.

CONFIDENTIAL

UK DELEGATION TO NATO

### ISLAMIC FUNDAMENTALISM AND THE SOVIET UNION

1. During his visit to Delhi on 2-3 July Lord Carrington, the Secretary of State, was told by Mr Vajpayee, the Indian Foreign Minister, that while in Moscow last month he and Mr Desai had received strong indications that the Russians were concerned about Islamic Fundamentalism. They were worried (Vajpayee thought with reason) that the virus might spread to the Soviet Moslem population.

2. The UK view has been that the likelihood of the Soviet Moslem population being infected by the Islamic revival in Iran and elsewhere was small, principally because of the different social conditions in the USSR and the fact that Shiites account for only a small proportion of Soviet Moslems. However, the Russians, though they affect to support Khomeini, are clearly uneasy about developments in Iran, and will not have taken kindly to Iranian broadcasts in Arabic criticising the state of Islam in the USSR. The head of the Iranian broadcasting authority complained in May that the Soviet Union was jamming Iranian wave-lengths by making use of high-powered transmitters. In particular he claimed that jamming had taken place during one of Khomeini's televised speeches in Azerbaijan. If there is any truth in this it would imply an attempt to prevent Soviet Moslems in Soviet Azerbaidzhan (who are Shiites) from tuning in to the Ayatollah.

3. Soviet statements on the possible effects of the Islamic revival on the Soviet Moslem population, although rare, have started to appear. According to a report in the Swedish newspaper *Dagens Nyheter* of 11 June, Pachayev Allokshukur, Imam of Baku's largest mosque and vice-chairman of the spiritual administration for the Caucasus, held a press conference for foreign journalists in Baku in the presence of representatives of the Soviet MFA Press Department. Allokshukur said, inter alia:

(a) it was not the Moslems' business to interfere in regional or republic policy. There were other organs and other elected people to look after politics.

(b) Moslems in Baku did not hide their joy over what happened in Iran. They had sent a telegram of congratulations and welcomed Khomeini when he returned to Iran, and had sent another when the monarchy was overthrown.

(c) "I cannot see that events in Iran mean that Islam will also make new inroads in the Soviet Union. We work completely openly with the authorities' approval."

4. Another report broadcast recently on Moscow Radio's Swedish Service said that a journalist had asked the leader of the Kazakh Moslems whether Islam was under-going a renaissance in the USSR because of the events in Iran and Afghanistan. He had replied that there had been no drastic increase in believers, although success in neighbouring countries obviously pleased Moslems.

5. These statements indicate that the Soviet authorities wish to appear relaxed about the possibility of the Iranian and Afghan events having any serious impact among Soviet Moslems. Recent (and frequent) broadcasts stressing the freedom allegedly enjoyed by Soviet Moslems and respect on the part of the Soviet authorities for the cultural heritage of Islam (restoration of mosques, celebrations for the new Islamic century) carry the same implicit message: the spiritual and cultural demands of the Soviet Moslems are already being met, so there need be no fear of influences from abroad. A recent article in *Kommunist* (No 5, 1979) by the First Secretary of the Daghestan *obkom*, however, provides further evidence that the Soviet party authorities continue to be sensitive to the possible effects of outside influences on Soviet Moslems. Umakhanov complains that "Imperial propaganda" has latterly begun more actively to speculate on nationalist feelings and prejudices in order to set socialist nations against each other. "The ideological centres of imperialist states, emigre nationalist organisations which are in the service of the bourgeoisie, make use of the ideas of Pan-Islamism and Pan-Turkism for the purpose of intensifying the subversive activity against the peoples of the North Caucasus. They place no little emphasis on religion, on using it in anti-Soviet interests. Thus in its broadcasts bour-

geois radio lays stress on the religious feelings of believing Moslems." Such expressions of concern are not new (although references to Pan-Islamism and Pan-Turkism are rare) and were probably not provoked by events in Iran and Afghanistan.

6. All this does not take us much further and we are not inclined, for the moment, to revise our earlier judgement. Nevertheless, things can change. Although evidence on the influence of Islamic Fundamentalism on Soviet Moslems is hard to come by and difficult to interpret, we would welcome the views of other Allies.

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BROADCASTS OF KORAN READINGS  
RBF: STATE 224957

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2. AGAINST THE BACKGROUND OF INTEREST IN CROSS-BORDER COMMUNICATION BETWEEN SOVIET NATIONALITIES AND GROUPS OUTSIDE THE USSR, TWO EMBASSY OFFICERS WHO VISITED MAKHACHKALA AND BUYNAKSK IN DAGESTAN ASSR DURING AUGUST 25-27 REPORT THAT MUSLIM RELIGIOUS LEADERS PRIVATELY INDICATED ON SEVERAL OCCASIONS THAT KORAN READINGS TRANSMITTED BY TEHRAN AND CAIRO RADIOS ARE WIDELY LISTENED TO BY THE FAITHFUL IN THEIR AREAS. THE GRAND MUFTI (PROTECT), WHO IS THE SPIRITUAL LEADER OF MUSLIMS IN THE NORTHERN CAUCASUS, TOLD EMBOFFS IN MAKHACHKALA THAT YOU CAN HARDLY TURN ON THE RADIO WITHOUT HEARING THE KORAN BEING READ. HE SPECIFICALLY MENTIONED BROADCASTS FROM TEHRAN AND CAIRO. THE GRAND MUFTI ADDED THAT HE AND OTHERS ALSO LISTEN TO VOA'S RELIGIOUS BROADCASTING.

3. DURING A VISIT TO A MOSQUE IN BUYNAKSK, MUSLIM ELDERS THERE ALSO INDICATED A BELIEF THAT RELIGIOUS BROADCASTING FROM OUTSIDE THE SOVIET UNION IS CONTRIBUTING TO THEIR CAUSE. WHEN AN EMBOFF ASKED THE ELDERS WHETHER THEY ARE ALSO FOLLOWING THE EVENTS IN IRAN AND AFGHANISTAN, THEY REPLIED TO THE EFFECT THAT, OF COURSE, THESE PEOPLE ARE OUR MUSLIM BROTHERS.

4. EMBOFFS WILL BE REPORTING SEPARATELY TO THE DEPARTMENT ON THEIR RECENT VISITS TO DAGESTAN AND CHECHEN-INGUSH ASSRS.  
TOON

# Kissinger, de Hoz, and the real culprits of Argentina's 'dirty war'

by Cynthia R. Rush

For almost three months, international press has put a spotlight on the trials in Buenos Aires of former members of Argentina's military junta, which ruled that nation from March 1976 until December 1983. Nine officers from the Argentine Army, Navy, and Air Force are charged with having permitted, or ordered, the use of military and paramilitary terror which resulted in the killing, torture, and disappearance of thousands of innocent victims. This was Argentina's "dirty war."

The anglophile press of the United States is particularly having a field day with the trials. The Alfonsín government has invited hundreds of foreign reporters to Buenos Aires to report on them. Since the end of April, when the trials began, papers like the *New York Times* and *Washington Post* have portrayed them as a small version of the post-war Nuremberg trials, lecturing any would-be military dictators on the evils of employing political terror against the population.

The trials are not simply a media event, however. As courtroom testimony demonstrates, the crimes perpetrated against the Argentine population are real. In the name of "fighting subversion," military and paramilitary death squads detained, tortured, maimed, and killed thousands of citizens, regardless of their political affiliation or their sex or age. This included pregnant women, cripples, and young children.

At one time in the late 1970s, having a member of one's family or a relative among the list of "disappeared" was commonplace in Argentina. The psychological wound left in the population as a result, remains unhealed today.

Nonetheless, the trials are flawed. While prosecutors have presented more than ample evidence of atrocities and human rights violations, they have not brought to trial the man who carried out both the *military* and *economic* policy during that period, at the bidding of the Anglo-Swiss banking apparatus that he, like the aging British agent Raul Prebisch, obediently serves. That man is José Martínez de Hoz, then finance minister.

## The modus operandi

When the military junta staged its coup against president Isabel Martínez de Perón in March of 1976, Argentina was plagued with a terrorist upsurge and economic chaos. Leftist

guerrillas, run by the Society of Jesus in coordination with official intelligence services, had already created an environment of terror and uncertainty with kidnappings and indiscriminate bombings.

The faction of Argentina's armed forces allied with Henry Kissinger and the former State Department "roving ambassador," Gen. Vernon Walters, responded to this situation with a strategy that was intended to submerge the country in chaos. They unleashed an offensive of *illegal* repression and blind terror—not to end "subversion," but to enforce the policy of deindustrialization and economic looting ordered by de Hoz's oligarchic sponsors. Kissinger and the New York banking community agreed with Martínez de Hoz that Argentina should become the "fourth leg" of the Trilateral Commission: one big "farm" for food export, devoid of industry and advanced technology.

The only way that such a policy could be imposed on Argentina's population, accustomed as it was to economic growth and prosperity and imbued with a sense of cultural optimism, was through a process of psychological brainwashing and indiscriminate terror, for which London's Tavistock Institute is famous. Under these conditions of psychological warfare, no one would dare to raise his voice in protest for fear of being branded "subversive," or finding himself "disappeared." As one witness described it, "The terror was indiscriminate, and terror paralyzes."

## Killing the nation

In September 1977, six months after taking power, Finance Minister "Joe" de Hoz visited the mountains of Tucumán province, where Gen. Antonio Bussi led the military campaign against the guerrillas of the Peoples' Revolutionary Army, the ERP. In conversation with the minister, Bussi handed him his mountain knife and told him to keep it as a gift. "Keep it, even if just as a paperweight . . . so that you will always have present in your mind, and always remember that, while I kill ten guerrillas in the mountains, you create another 100 with your economic policy."

De Hoz's monetarist policies could not have produced any other result. He targeted what Argentines were most proud of: their industrial infrastructure—the vanguard nucle-

ar program, for example—and the highly skilled labor force. The de Hoz “team” quickly tore down tariff barriers that protected Argentina’s industrial apparatus, flooding the country with cheap imports to “stimulate competition.” As industry collapsed, so did the skill levels of the labor force, one of the most productive on the Ibero-American continent. As documented in the book *Argentina Industrial*, published in 1983 by *EIR*, the productivity of Argentina’s labor force plummeted beginning in 1978. Skilled professionals and workers were forced from their jobs, and ended up driving taxis, running bakeries, or simply leaving the country in droves.

Under de Hoz, Buenos Aires’ financial center, known by the British term *the City*, became an apparatus to service any kind of speculative venture or dirty money operation. Billions of dollars entered the country under the guise of “loans”—the foreign debt quadrupled during de Hoz’s term in office—or simply as short-term, speculative investment.

Those who profited from speculative or illicit operations took their money out of the country and placed it in Swiss, New York, or London banks. An estimated \$25 to \$30 billion left the country during this period. To this day, no one has exposed the participation of foreign banks, such as David Rockefeller’s Chase Manhattan, in Martínez de Hoz’s illicit financial operations.

It was on the basis of this destruction, that the Jesuit-trained leadership of the leftist *Montoneros* and *ERP*, recruited thousands of naive youth into their ranks. These youngsters simply became the cannon fodder for confrontation with the military, or for carrying out terrorist operations.

### **Tavistockian terror**

Reliable sources in Buenos Aires have told *EIR* that Martínez de Hoz personally chose the officers to head up the country’s various military command posts, on the basis of their repressive capabilities. Many of those officers either oversaw, or did not object to, the deployment of the illegal death-squad apparatus, founded by Argentine mystic José López Rega, but controlled from Brazil by the alliance between the Gnostics and the Tradition, Family, and Property (TFP) cult. López Rega was a high-priest in the Brazilian cult founded by his “spiritual adviser” and controller, Claudio Ferreira.

Witnesses at the Buenos Aires trials have provided gruesome examples of how the terror worked:

Life in the city of La Plata, capital of the province of Buenos Aires, became a nightmare for the population. Under the direction of provincial police chief Gen. Ramón Camps, “task forces” roamed the city randomly seeking victims. In one operation known as the “Night of the Pencils,” in September, 1976, police picked up 10 high-school students ranging in age from 14 to 17. The ten were accused of participating in “subversion of the schools” for demanding that busfare discounts be maintained in the city for students. Even this

small concession to the living standards of the population could not be tolerated by Martínez de Hoz. The students were savagely tortured. Of the ten arrested, 7 remain “disappeared” today. Three survived.

A reporter for a Buenos Aires newspaper based in La Plata, told the weekly *La Semana*, “Frequently, the task forces picked up students, so they would finger other presumed extremists. These kids knew that after they went down the list, they would be killed, so they named anyone: neighbors, people who had nothing to do with anything. Hundreds of innocents must have died this way. This led people to stop going out on the street during the day.”

Norberto Nelson Bugallo, a member of the Permanent Assembly on Human Rights, told *La Semana* that the terror “meant that any person could be taken, and detained. Thus, the family nucleus and friends were left hanging, immobilized, because they thought that anything they did, could potentially harm the kidnaped victim. So they made no denunciations, no petitions of habeas corpus. . . . To impose this system of terror, there were times in which a machine-gunned corpse would be left on the streets for hours, in view of everyone. . . .”

Aside from inducing psychosis in the population, the de Hoz-Kissinger strategy had an even more specific target: to destroy the *institution of the armed forces*. The idea was to implicate everyone, regardless of rank, in atrocities against innocent victims, thereby committing all to silence. The atrocities continued, as did the economic destruction of the nation.

Soldiers recruited from the population at large, or lower level police officers, were forced to witness, or participate in, horrifying tortures of victims. Omar Eduardo Torres, a policeman from 1975 to 1982, reported that when he was assigned to one of several clandestine detention centers in Tucumán, he saw guards “pull out the nails, and sometimes the ears,” of detainees. One victim “was thrown into a tank with 200 liters of gas, to which they set fire.” Many soldiers also joined the ranks of the “disappeared” for reasons having nothing to do with subversion.

Having suffered this moral degradation, the Argentine armed forces were incapable of defending their nation in the 1982 Malvinas war against the British. There is no better way to degrade the identity of the armed forces as an institution which defends and serves the national interest than to involve it in a war against its own people.

The trials taking place in Buenos Aires will serve for little else than documenting horrors, unless they place the real culprits of the “dirty war” on the witness stand. Otherwise, with the Alfonsín government’s capitulation to the International Monetary Fund, Kissinger’s friends are determined to put Argentina through a process of economic disintegration and social upheaval that will make even the “dirty war” look like a picnic. The process has already begun, and it is unlikely that the nation will survive.

## The rotten deal behind Cossiga

*Italy's new President is liked by the Communists and the oligarchists, and he is bad news for the West.*

On June 24, the president of the Senate, Francesco Cossiga, was elected by parliament as the new President of the Republic, for the first time in history on the first ballot, except for the emergency two-year election of Enrico De Nicola in 1946. The secret of Cossiga's blitz election was a deal made by the Christian Democrats, controlled by Foreign Minister Giulio Andreotti, and the Communists.

Communist Party secretary Alessandro Natta enthusiastically stated that without the Communists' votes, Cossiga could not have been elected. "He is now the President of all the Italians!" Cossiga announced that he would resign from the Christian Democracy for the next seven years to fill this "mandate."

Communist Senator Giovanni Berlinguer, the brother of the late Communist Secretary Enrico Berlinguer, knew it all in advance. "Giovanni Berlinguer," the KGB-controlled magazine *Europeo* leaked after the vote, "won another record. Already four days before the election, running into Cossiga at a family reunion, during the wedding of his niece Bianca, Giovanni toasted him as the new head of the Italian state." Giovanni, and of course his late brother, are cousins of Cossiga—the Berlinguers being a feudal aristocratic family based in Sardinia, probably the richest and most powerful family of the island.

Though officially the parties of the ruling coalition (Christian Democrats, Socialists, Republicans, Liberals, and Social Democrats) and the Commu-

nists voted for Cossiga, 46 "great electors" voted secretly against him. They are supposed to be mostly Christian Democrats and Socialists, while the Communists voted *en bloc* for the cousin of Marquis Berlinguer.

But much more lurks behind the scenes—in particular, the shadow of Henry Kissinger and his masters on both sides of the Iron Curtain. As *EIR* reported in July 1984, Cossiga's election was rigged at the old Benedictine monastery on St. George's island in Venice, at the founding meeting of the Aspen Institute-Italy. "In reality," an inside source told this reporter at the time, "Cossiga has been elected President of the Italian Republic. You will see. . . ."

The Island of St. George is the heart of the Venetian oligarchy. Aspen-Italy, based on the island and presided over by Cossiga, is in charge of not just Italy, but the Mediterranean, Latin America, and the Mideast, and relations with the East bloc countries: something like the Venetian sphere of influence in the heyday of its slave-based empire.

Among the guests at that meeting were Henry Kissinger and his friend, German ex-Chancellor Helmut Schmidt. Another invited guest who could not come, though he sent a telegram congratulating Cossiga, was the vice-president of the Hungarian National Bank, Janos Fekete, one of the top Communist monetary experts, and author of the proposal for the "transferable ruble" aimed at monetary integration of the East bloc and the West,

especially Western Europe.

The Aspen Institute, known for its "post-industrial society" schemes, stated at the Venice meeting—albeit half secretly—its intention to shape an entente cordiale with the Russian empire. Cossiga and his cohorts discussed the need for "new relations with the East without the obligation to respect the expected, official positions" of the Western nations.

The Cossiga-Kissinger link came out clearly during the kidnap-murder by the Red Brigades of former Prime Minister Aldo Moro. It is known that Moro was threatened by Kissinger personally. The investigations during Moro's two-month captivity were blatantly sabotaged, mostly because Cossiga was then Interior Minister. Immediately after Moro's death, he was forced to resign.

Though seldom touched by the numerous Italian petty scandals, Cossiga has always had an important position among the real secret services, the oligarchical networks never touched by public exposés. Early in his career he tried a "computeristic" reform of the Italian police and armed forces, which fortunately did not reach completion. He specializes in the "sociological approach" to terrorism and social "disorders." His trainer was the British Merlyn Rees, the mind behind the civil war in Ireland. After Moro's assassination and the explosion of terrorism in Italy, Cossiga told the newspaper *Il Giorno*: "The industrial societies offer, with their integration, considerable room to terrorism." In that interview Cossiga fully supported Kissinger's supranational theories. "With the détente between East and West, the terrorists saw the end of their chances for a final solution, because the Communist parties no longer support armed struggle. I am happy to be forced to pay this price for détente. . . ."

## Writing about killing the President

*Octavio Paz and Gabriel Zaid join the efforts of the State Department and Soviet KGB to boost the PAN.*

In the June edition of the supposedly cultural magazine called *Vuelta*, which in reality is the illustrated journal of the New Dark Age, the sacred cows of the Mexican intellectual scene, Octavio Paz and Gabriel Zaid, publish two lengthy articles whose clear message can be summed up: If the Mexican government does not give up "a few governorships" to the Nazi-communist National Action Party, then it will run "grave risks."

What risks? Paz lets Zaid say it: a coup d'état, a civil war, an ayatollah, guerrilla warfare or . . . "the assassination of the President"!

This is, in short, the message which, after many pages of historical distortions and verbal tricks in the best style of Paz, and unsuccessful attempts by Zaid to be ironical, is given by this pair of "Mother Conchitas." (In the turbulent Mexican history of the 1920s, it was Mother Conchita who incited the fanatical figure of the "Cristero" movement, León Toral, to assassinate President Alvaro Obregón, the key statesman of the Mexican Revolution.)

The "Ayatollah" Paz, author of the *Labyrinth of Solitude*, is the Mexican link in the international anti-American, progress-hating chain of "intellectuals" and lawyers that includes ex-U.S. Attorney-General Ramsey Clark and others of the authors of the Khomeini takeover in Iran.

Significantly, both articles were

reprinted prominently in the daily paper *Novedades*, and promoted on the Televisa TV channel by Jacobo Zabludowski. Political circles and the press are abuzz. The halo of Paz has served to scare some people and confuse others, diverting attention from the historical falsehoods which Paz permits himself to write "poetically."

Paz's hatred against the republic could not be clearer and this time, it reaches intolerable extremes—like the PAN party itself, which has built up an estimated 60,000 shock troops along the border to foment violence against America and the Mexican central government. Paz starts out with the Big Lie, that "the present regime of Mexico was born in 1929," adding that "once Caesar (Alvaro Obregón) was killed, an intermediary solution was sought. Another historical compromise: the National Revolutionary Party [predecessor of the PRI]." Now, he concludes, in the face of a historical period that has reached its end, the PRI must "share its power with the other political parties."

Zaid's text is as long as the bookshelves of his Benedictine friends, a mixture of translations and creations of his own with supposed "scenarios on the end of the PRI." His message is very clear: "A few governorships under control of the opposition would be enough for the chain reaction to be uncontrollable, to give hope and to decisively revive the whole society, to

unleash the political maturity of the country," concludes Zaid. If not—he goes on ticking off scenarios—the possibility exists of the "assassination of the President."

Such scenarios can and should be interpreted as political messages, because what the sacred cows are doing in these articles is the same thing as was done by the "intellectuals" behind the Italian Red Brigades terrorists, the same thing that the Falangist-Synarchists behind Obregón's assassin, José de León Toral, did in the 1920s: inciting to homicide and covering it up politically by lying that malcontent is so widespread, any citizen unhappy about the lack of democracy and other things, might try to kill his own President.

Mother Conchita told León Toral: "What is indispensable in order to fix things, is that Obregón, Calles, and Patriarch Pérez must die," and when Toral killed Obregón, this merely meant that "it was the environment that forced him to think that way."

Further on in his article, Paz (like the PAN) ferociously opposes technological and industrial development, which he calls "Pharaoh-like plans," and he again attacks former President López Portillo, because he was committed to such plans. He also grumbles about "increase in population."

Among some political circles, which are not exactly those of Paz, these articles have drawn a good deal of comment; and some "scenarios" have been put forward about the disappearance of the new Paz-Zaid couple. One of these is that they might retire from political-intellectual life after contracting AIDS. Another is that the Mexican state, which they hate so much, might stop publishing their articles and cut off the subsidies their publications receive in the form of advertising.



### 'Make the SDI irreversible'

*Dr. Edward Teller asked a French audience to do so, and the country is now primed for a major public debate.*

On June 24, the Futures Foundation, an opposition think-tank headed by RPR Deputy Jacques Baumel, organized a colloquium here on the issue of Europe's relationship to the U.S. Strategic Defense Initiative. The conference marked a real turn in favor of the U.S. program by the RPR or Gaullist party, and by some elements in former President Giscard d'Estaing's UDF coalition, the two largest opposition parties. It occurred as these two parties published their respective "White Papers" on defense to open public debate on the issue.

RPR defense spokesman François Fillon, author of his party's White Paper, proposed French deployment of the neutron bomb, nuclear submarines, and also, anti-missile defense systems. The significance of this endorsement of the SDI is not to be underestimated. Even the promoter of the debate, Baumel, had declared only last year, in the June 23, 1984 edition of *Quotidien de Paris*, that SDI technology could not guarantee 100% efficiency against nuclear-missile attack, and therefore, a single missile passing through reduced the defense system's worth to zero.

But now, Baumel is supporting the SDI fully.

Dr. Edward Teller, so-called father of the H-bomb, opened the afternoon conference by telling the 400 persons present that "Star Wars" was a term invented by the *New York Times* to discredit President Reagan's initiative. The Soviet Union, he continued, already has a defense system which is

very efficient; hence, they are not interested in American proposals to share defensive technology.

In regard to European concerns, destroying short-range missiles is easier than destroying long-range ones, he asserted, and proposed to do so in their very last phase using small nuclear explosions, whose technology France has mastered.

He then appealed to European countries, including France, to join with the United States, not merely at the corporate level—as in the French Matra firm's receipt of subcontracts—but at the level of governments. The goal must be to make the program "irreversible," regardless of the next U.S. President, said Teller, which demands European help to obtain even partial results within the next few years. The audience applauded.

However, there was a clear division between actual supporters of a joint SDI program, and those who argue for an "independent" European initiative, often associated with President Mitterrand's "Eureka" proposal. In the first category were such figures as Prof. Marceau Felden, who, in an interview with the American *Fusion* magazine, stressed that, contrary to the "Eureka" project, the SDI is not only military, but civilian in that its spin-offs will revolutionize industry. He endorsed a proposal by his friend, Jean-Marie Caro, the president of the Western European Union, to create a "Department of New High Technologies," reminiscent of what de Gaulle did with the Commissariat à l'Énergie

Atomique (CEA).

Jean-Marie Daillet and François Fillon, the UDF and the RPR White Book authors, respectively, also supported joint U.S./European work, Fillon attacking the "Eureka" initiative; neither its funding nor manpower are known.

On the other hand, Marie-France Garaud, head of *Geopolitical Review*, endorsed a position quite similar to Mitterrand's. First, she insisted that Gen. Danny Graham's diversionary "High Frontier" project had to be considered the real forerunner of the SDI. And, in the last edition of her magazine, she wrote: "The great coming technological changes, whether we will it or not, is partially disarming us, and reinforcing the defensive precariousness of the European nations, resulting from their geographical situation"—i.e., rendering France's independent nuclear deterrent obsolete, and Europe more open to attack. The argument is a Soviet argument.

The only reason for space conquest, she continued, is that "it is attractive, and the good public will not understand anything of it, but will applaud it."

Mr. Fricaud-Chagnaud, the president of the Foundation for National Defense Studies, (FEDN) went further, saying that the real issue was what the U.S. President would do in a crisis. He totally rejected the idea that the SDI would change Mutually Assured Destruction into Mutually Assured Survival. Jean-Louis Gergorin, international affairs director for the Matra corporation, took a similar position.

In sum, with the initiative represented by this conference, France is about to see a major public debate, and, at minimum, a serious challenge to the government's pro-Soviet position.

# International Intelligence

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## **Kohl praises SDI, scores anti-Americanism**

West Germany's Christian Democratic Chancellor, Helmut Kohl, has defended the values of Western civilization and the American republic against modern-day "Spenglerians," in a speech to an Atlantic Bridge meeting. In the same speech, he praised President Reagan's Strategic Defense Initiative and stated he would seek government-to-government, not merely corporate, cooperation in the program.

Referring to anti-American rantings of the previous day, June 26, by Social Democrats, Kohl declared that these were influenced by "the assertion of National Socialism, that the United States allegedly is a decadent country, subjected to money and incapable of great achievements." Such statements come from the "mostly cultural-pessimist part of the European intelligentsia which envies the vitality of the new, self-assured civilization [in America] which believes in progress," Kohl said.

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## **Soviet allies in India defend terrorists**

*The Patriot*, the mouthpiece of the so-called Indo-Soviet Friendship Society in New Delhi, has taken a line diametrically opposed to the Gandhi government on the issue of terrorism. In an editorial during the week of June 24 entitled "Reagan: Superterrorist," *The Patriot* praised the hijackers of TWA Flight 847. Terrorists are forced to resort to such tactics, says *The Patriot*, because of the provocative policies of the United States. "If President Reagan wants to go after terrorism," *The Patriot* says, "he doesn't have to go further than the White House."

This is not the first time that *The Patriot* has taken a forthright KGB line on international issues, but *The Patriot's* endorsement of terrorism could have broader implications for India. Prime Minister Rajiv Gandhi's strong denunciation of terrorism is in

part motivated by the fact that India itself is under attack from what Indian intelligence specialists consider to be a unified international terrorist command, of which both the Sikh separatists who blew up the Air India plane killing more than 300 on June 23, and the Shi'ite hijackers in Lebanon, are a part.

This assessment is further corroborated by reports from highly reliable sources in India that the Soviet intelligence agencies are taking Tamil separatist extremists out of Sri Lanka, to East Germany. From there, the Tamils are transported to Lebanon, where they undergo terrorist training.

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## **Rajiv Gandhi helps calm Sri Lankan crisis**

The White House could take a cue from Mr. Gandhi on the ability of a major power to cool-out terrorist destabilizations in troubled regions. Indian Prime Minister Rajiv Gandhi's efforts to ease the crisis between the Sinhalese government of Sri Lanka and Tamil separatists have had a significant impact.

In early June, Mr. Gandhi invited Sri Lankan President Junius Jayawardene to New Delhi, where the two held long talks. Jayawardene emerged from the talks to announce an amnesty for Tamil terrorists, if they lay down their weapons, while Mr. Gandhi announced that India is taking action to crack down on the terrorist supply route from the Indian southern state of Tamil Nadu. With the Indians backing him up, Jayawardene was able, upon his return to Colombo, to gain a ceasefire on both sides in the violence in northern Sri Lanka, which has taken hundreds of lives this year.

Now, it has been announced that the Sri Lankan government and the Tamils will sit down for negotiations in Thimpu, Bhutan. The Indians will not be officially present at the meeting, but will be on hand to assist in the negotiations if called upon. At the same time, there are reports that former Sri Lankan President Bandaranaike, has been invited to New Delhi for talks. A negotiated set-

tlement on the Tamil question will be impossible without the consent of Mrs. Bandaranaike, who is Jayawardene's most formidable electoral opponent.

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## **Egypt's Mubarak calls fundamentalists immoral**

Egyptian President Hosni Mubarak strongly attacked Islamic fundamentalists on June 25, accusing them of "using a language that instills venom under the appearance of morality."

In Egypt, such fundamentalism is a clear and present danger to the "security and stability of the country."

He was explicit, reports *Le Monde*, on the fact that the fundamentalists receive support from "certain external forces" who use them to destabilize the country.

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## **Mexico's PAN party calls for violence**

José Angel Conchello, leader of Mexico's National Action Party (PAN), announced during the week of June 24 that "spontaneous violence" will erupt around the July 7 gubernatorial elections. "When peaceful roads are closed to a people, they have the right to turn to violence," said the PAN leader, who is on record calling for Nazi slave-labor fronts as the solution to Mexico's economic crisis.

Conchello prepared the way for riots by the PAN's shock troops, an estimated 60,000 armed thugs concentrated in the northern border states, by claiming, "It is the government that is preparing violence to take away our registration as a legal party."

Henry Kissinger's faction in the Republican Party, the State Department, and the FBI have been working overtime to bring Conchello's party to power in Mexico. In 1941, U.S. Naval Intelligence described the PAN as an ally of Hitler, filed under the heading Nazi/Communist—Synarchist International. On April 9, 1940 the U.S. Naval

## Briefly

Attaché wrote in an intelligence report that "The Russian and German agents, although in opposite political camps, are not in opposition. They act in perfect cooperation and collaboration. Their objective is armed revolution in Mexico. . ."

Recently, the PAN and the PSUM, the Communist Party of Mexico, signed a "Manifesto of Democracy," in the northern state of Sonora, one of the hottest battlegrounds of the PAN. Neither the PAN nor the PSUM has bothered to hide the open revival of the Nazi-Communist alliance of the 1940s.

### *Mexico's Velázquez hits U.S. support for the PAN*

Mexican labor chief Fidel Velázquez said June 25, "It is logical to suppose that the PANistas who call for foreign intervention in our electoral process and those who intervene have the implicit intention of destabilizing the country." He reported a "disproportional increase in U.S. embassy personnel in Mexico, all over the country, intervening in the electoral process." Velázquez said the agents were entering as tourists.

On June 18, Velázquez said, "We are amazed that the PAN has not yet lost its party status, which should already have happened." He called the PAN "traitors to the fatherland."

A retired general in the Mexican Congress recalled that those who collaborate with foreign espionage are guilty of treason, which, under the Constitution, brings the death penalty.

U.S. ambassador to Mexico John Gavin stated on June 28 that unless political attacks against him for supporting the PAN cease, he will stop Mexico's tourist trade. Speaking to a meeting of the Mexican Association of Hotels and Motels on June 26, he said that he wants tourism, instead of oil, to be the main source of Mexico's foreign exchange.

Velázquez responded, "The U.S. does not want to give up on interventionism, not

only here, but worldwide, and on wanting to govern from Washington. But Mexico will insist on defending its autonomy, its independence and its sovereignty."

### *Only East Germans praise Genscher*

West German CDU/CSU faction leader Alfred Dregger strongly attacked Foreign Minister Hans-Dietrich Genscher for his treacherous role in sabotaging the SDI and conducting his own foreign policy against that of the Kohl government, in an interview given to Deutschlandfunk on June 23, a radio broadcast reflecting the view of the government. Like any other ministry, Genscher's Foreign Ministry is part of the government as a whole, and can't present policies or ideas independent of the rest of the government. Dregger also blasted Genscher's collaboration against the SDI with the French Socialist government. He called for a joint European-American effort to develop a space-based defense system.

The Christian Social Union of Franz-Joséf Strauss also lashed out against Foreign Minister Genscher's policy vis-à-vis the East on June 20. Theo Waigel, CSU parliamentary caucus leader in Bonn, asked how Genscher could talk of a "new phase of détente" today, after he withdrew his party from the coalition government with the Social Democrats in 1982 because he saw "détente at its end."

East German opinion, however, was contrary. "Genscher's Free Democratic Party leadership has endorsed his course of reconciliation with East Germany," reports a front-page article in the June 26 issue of the East German party daily, *Neues Deutschland*. And previously, on June 21, Central Committee member Joachim Germann, in charge of the SED's Agitation and Propaganda section, said: "We mustn't underestimate the fact that in the recent period, one of the government parties in Bonn, the FDP, decided to reject participation in the Star War plans of the U.S.A."

● **JOSEF STALIN** was praised by the Moscow Patriarchate in its journal on June 1, for the first time since the de-Stalinization period. The journal embraced Stalin for "helping" the Russian Orthodox Church continue "to take advantage of the opportunities" provided to them during and after World War II.

● **MEIR KAHANE** was called "a pig" by a member of the Israeli Knesset, during a debate on a bill to ban the sale of pork and the breeding of pigs in Israel, a move that one legislator said "will cleanse the nation of Israel of impurity." "If this law passes," declared another parliamentarian, "then you won't be here. You are the biggest pig of all. You are an animal." At press time, the fate of the legislation was not yet decided.

● **ARNOLD TOYNBEE'S** 37-year long correspondence with a Benedictine monk at Britain's Ampleforth Abbey is the subject of a book to be published by Beacon Press. Toynbee, the noted historian who spent many years at the head of the British intelligence services, also sent his son to the Benedictine abbey.

● **WASHINGTON** told Moscow it is confronted with a need for military action in the Lebanon hostage crisis but that potential military action would not be directed against the Soviet Union, say intelligence sources. Diplomats are saying that the message is part of a "war of nerves" against Syria's President, Hafez al Assad. The threat of U.S. military intervention, as conveyed to the Soviets, at least will force Assad "to think twice," *Die Welt* concludes. On day following the report, President Reagan told a Chicago audience that terrorists "can and will be brought to account."

# Mobilization of patriots puts Burt sellout on hold

by Mark Burdman

At the one-minute-to-midnight hour before the U.S. Senate was to confirm a known traitor, Richard R. Burt, as the new U.S. ambassador in Bonn, an emergency mobilization by patriots across the United States and Europe in the week of June 24 succeeded in delaying the Senate's confirmation process until after the July 4 recess. For the moment, a U.S. State Department deal to hand the Federal Republic of Germany over to the Soviet Union has been headed off.

Led by the Ad Hoc Coalition to Stop Richard Burt, the mobilization, described by Capitol Hill veterans as one of the most powerful in recent political history, created a moment of rare high drama in the United States Senate, during the afternoon of June 27. Nine conservative Senators, led by Symms and McClure of Idaho and Helms of North Carolina, stood up to monumental pressure from the State Department, the White House, and the office of Majority leader Sen. Robert Dole, and held firm on a motion to keep the nomination of Burt and 20-plus ambassadorial and diplomatic nominees on hold. Earlier in the day, Dole and Senate Foreign Relations Committee head Richard Lugar had taken the most extraordinary measures, in violation of usual Senate procedure, to ram the Burt nomination through.

The temporary success of patriots in delaying the Burt confirmation, has created one of the most dramatic situations in the history of the postwar alliance: Breathing-space has been created, for those who want to reinforce the Western alliance, to defeat Burt, and to have an alternative U.S. ambassador installed who actually represents the best interests of both the United States and the Federal Republic of Germany.

The stakes in this battle were outlined in a June 26 declaration drafted on behalf of the Ad Hoc Coalition to Stop Richard Burt by Helga Zepp-LaRouche, founder of the Schiller Institute: "Apart from the established fact, that Richard Burt represents, on the basis of his record of behavior, a

national security risk to both the United States and West Germany, the key considerations must be both the psychological impact his nomination would have on the West German population, and the fact that his appointment would send all the wrong signals to the Soviets."

Stressing that the world is in a "prewar situation," and that Burt, as ambassador, would oversee the toppling of the Kohl government in the Federal Republic, which would help the Soviets take over Europe, she said:

"If the U.S. ambassador would not be someone who is regarded as arrogant and lacking any respect for Germany's problems and needs, but rather someone who would be a strong symbol of the German-American friendship and a true representative of the values of the Western alliance in the tradition of the American Revolution, then the German conservative forces would feel more courageous and backed-up, and take the necessary steps to fight for the freedom of the West.

"The Burt nomination signals to the Soviets that the U.S. doesn't care, and that they can get away with murder . . . while the nomination of someone who would represent President Reagan's and Secretary of Defense Weinberger's policy, would signal that the U.S. regards the border between the G.D.R. and the F.R.G. as its own line of defense."

Dossiers on Burt available on both sides of the Atlantic, including information published in the *Congressional Record* and in other public sources, document that Burt is a national-security risk, continually, obsessively leaking vital state secrets, making compromising deals with the Soviets and their assets, and so on. In the words of one highly informed Anglo-American source who has been involved in German affairs for years, "Richard Burt is a security leak."

From the objective criteria, an operative like Burt would best be put under top-down national security investigation, rather than considered for a vital post like ambassador to

West Germany. But because of the White House arrangement with the Shultz-Kissinger State Department, to put Burt in this post, only a further intensified transatlantic patriotic mobilization has a chance of heading off this potential strategic disaster.

### Chronicles from the Senate

The situation looked almost hopeless for opponents of Burt's nomination, as the week of June 24 began.

Just before, or during, the weekend of June 21-23, a decision was made by officials of the Senate Foreign Relations Committee and the Senate Majority leader's office, likely in consultation with the White House, to change the date for Senate Foreign Relations Committee hearings on the Burt confirmation, from the originally scheduled date after July 4 recess, to 9:30 a.m., the morning of June 25.

That morning session lasted hardly more than an hour, with only one witness, former U.S. Ambassador to Romania David Funderburk, testifying against Burt. By late morning, the Senate Foreign Relations Committee's Business Meeting was scheduled, to discuss the process of "reporting out" the nomination of Burt to the full Senate.

As the hearings ended, the Ad Hoc Coalition to Stop Richard Burt held a well-attended press conference outside the Senate Foreign Relations Committee hearing room. The Coalition presented full details of Burt's history of leaking U.S. national security secrets, particularly the articles he wrote while a *New York Times* correspondent in the late 1970s exposing sensitive information about U.S. reconnaissance-satellite capabilities over Turkey and Norway, and his more recent role in undermining U.S.-German relations.

One Coalition spokesman, Warren Hamerman, personally confronted a stunned Burt as he emerged from the hearing room, denouncing him as a traitor.

The Coalition's action received coverage on June 27, in at least three major West German dailies, the *Frankfurter Allgemeine Zeitung*, the *Frankfurter Rundschau*, and the *Hamburger Abendblatt*. The *Rundschau* reported Coalition charges that "Burt is guilty of high treason and as ambassador he would represent a danger to the Western alliance," while the Hamburg paper added the Coalition's charges that Burt was a political ally of West German arch-appeaser Egon Bahr. *Frankfurter Allgemeine Zeitung* also carried Funderburk's assertion in testimony: "The Federal Republic of Germany is the key to the defense of our freedom in Europe and the strongest ally we have in Europe. In view of the enormous pressure of Finlandization and neutralization on Western Europe, we need in Bonn the strongest possible, uncompromising defender of Western capitalism and democracy. We need someone who is fully aware of the dangers of communism to Western Europe and someone whose political tendencies do not include compromise, concessions and retreat."

In the American capital, the fight through June 25 intensified. Senator Helms was working to push back further consideration of Burt until after recess. Burt's office, according

to the most reliable information available, was in through-the-night contact with the Senate Foreign Relations Committee staff, CIA officials, and administration officials, to provide answers to Helms's questions on Burt's alleged national security violations.

During the late afternoon of June 26, Indiana Sen. Richard Lugar, chairman of the Senate Foreign Relations Committee, convened an unusual meeting of the Senate Foreign Relations Committee to ensure that all impediments would be removed to considering the Burt, and other nominations, immediately.

On the morning of June 27, the Senate Foreign Relations Committee voted, 14-0, with Helms absent, to authorize the nomination. Lugar announced that he was moving toward full-Senate confirmation *that afternoon*, in violation of normal Senate procedure to wait 24 hours after a Committee report-out, for a nomination to be okayed. Lugar said he had received commitments from Dole and Senate Majority Whip Alan Simpson, to waive that procedure.

By early afternoon, the Ad Hoc Coalition to Stop Burt had gone into motion. At peak point, according to Capitol Hill monitors, the office of Jesse Helms was receiving well over 400 calls, including from Western Europe, and other offices in the Senate were also being flooded with calls. "I've never seen anything like it, nobody's seen anything like it," a military source said. "In this case, it was unquestionably an outside force that changed the situation." By 3 p.m., Senators Symms, McClure, and Helms were moving to put "hold" motions on the nomination of Burt and others.

An assistant to Burt at State said she was "flabbergasted" to hear the news. "We had no idea this was happening. Mr. Burt just left for Europe, to meet up with Vice-President Bush. He was supposed to have left last Sunday, but he waited until he was sure his nomination was approved."

Burt himself, still unaware of the fight in Congress, ran into supporters of the Ad Hoc Coalition at the airport, on his way to Europe. He was denounced as a "KGB mole."

Within an hour, the State Department and its allies were on intensive counter-mobilization, including putting out disinformation, through the office of the Secretary of the Senate and the Senate Foreign Relations Committee, that there was *no* fight by anybody against the Burt confirmation. A Senate Foreign Relations Committee staffer said, "The situation is in flux. Higher-ups have intervened, Dole is trying to get Helms and Company to back down. Negotiations are going on."

By 4:30, Dole was accusing the opponents of Burt of "holding hostage" the State Department's list of desired nominees to "political differences."

The pressure mounted. But Helms, McClure, and Symms—joined by Hawkins (Fla.), McConnell (Ky.), Hecht (Nev.), Gramm (Tex.), Thurmond (S.C.), and Hatch (Utah)—stayed firm, and, at 6:36, the Senate recessed, with all consideration of the appointment of Burt and other nominees postponed until after the July 4 recess.

# Soviet spokesmen backed into corner on TWA hijacking

by Nicholas Benton

"This is a prime example of what is to blame for the TWA hijacking and the imminent demise of Western civilization. It is the combination of deceitful Soviet killers and U.S. 'Neville Chamberlains' that has brought mankind to the brink of World War III," charged a leaflet distributed by the National Democratic Policy Committee, protesting the week-long "U.S.-Soviet Dialogue" held at the elite Chautauqua Institution resort in western New York State June 23-28.

An intervention at the meeting by a five-man NDPC delegation from Pittsburgh and Chicago and *EIR* correspondents created global political shockwaves. According to a national Associated Press wire, a question posed by *EIR* to Soviet embassy spokesman Oleg Sokolov on the opening day elicited what was termed the "first official, on-the-record response of a Soviet official to the TWA hostage crisis."

*EIR* asked Sokolov, "Since many Americans believe the Soviets are behind international terrorism, will you dispel that belief by calling for the unconditional release of the TWA hostages."

Sokolov's evasive answer: "I understand that is the American position. They should handle that"—drew a loud groan from the audience and prompted conference moderator, Hearst Newspapers foreign correspondent John Wallach, to remark, "I don't think you answered the question," which he then repeated. Sokolov squirmed visibly, rubbing his hand over his mouth, and blurted out, abruptly, "It is an American problem. Let the Americans have a free hand."

Again, the audience emitted a loud expression of shock, and Wallach mused, "I'm still not sure if that is a yes or no."

As that response was reported worldwide as the first formal Soviet comment on the hijacking incident, it created rapid repercussions in Washington and Moscow. First, a State Department deputy press spokesman put the identical question to the Soviets the next day in Washington: "We want the Soviets to take a stand. Do they support or oppose this hijacking?" Next, Soviet foreign ministry spokesman Limenko, speaking from Moscow, replied, "Our position is

well known. We do not support hijackings . . . but these hijackings have deep causes in the injustices that have been perpetrated."

Exposé of the Soviets did not end there. *EIR* later asked Sokolov whether he condemned the terrorist bombing of the Air India flight that took over 300 lives. When he said, "Of course," *EIR* followed up: "Then we can assume you also condemn the similar taking of 269 innocent lives in the Korean Airliner incident." Sokolov flushed. Many in the audience began to applaud. In guttural tones, he mumbled, "The Soviet official position on that matter is a matter of record."

Such questions began to shake loose some more patriotic elements among the general audience, who began to open fire with similar challenging questions to the increasingly defensive Soviet diplomat. Unaccustomed to such pressure, Sokolov began chain smoking, wincing, rolling his eyes, and pressing his tongue into his left cheek, distorting his facial expression. "You say you are against the militarization of space, yet the Soviets are the first to place an anti-satellite weapon into orbit. Isn't that the militarization of space?" one person challenged. Sokolov began to sputter, and couldn't repeat the question. He asked to have it repeated, and then he replied in one word, "No." Other questions, pertaining to Soviet repression of Jews and the Soviet role in international terrorism, received similar, terse, paranoid responses.

## Kissingerians upset

The Chautauqua conference, occurring in the midst of a rapidly deteriorating world situation highlighted by the hostage crisis and Soviet war build-up, was billed as "the first of its kind" to offer the general public a first-hand opportunity to enter into the dialogue between U.S. diplomats and their Soviet counterparts.

"Kissingerian" diplomats Helmut Sonnenfeldt (of Kissinger Associates), H. Mark Palmer (Richard Burt's underling at the State Department and a former Kissinger speechwriter), Brent Scowcroft (also of Kissinger Associates), and

NSC head Robert McFarlane were invited to represent the U.S. side on the program, although Scrowcroft and McFarlane both failed to show (the latter being replaced by Paul Nitze). On the Soviet side, Washington embassy representative Sokolov and U.S.-Canada Studies Institute director Dr. Pavel Podlesny led the delegation, which included a gynecologist to talk about Soviet family planning, a Soviet jazz-musician, and Soviet "grunt-and-roar" poets Andrei Voznesensky and Yevgeny Yevtushenko (they were matched during the "cultural" components of the dialogue by such U.S. artistic giants as the middle-aged Kingston Trio).

The lone bright spot on the program was the last-minute addition of Lt.-Gen. James Abrahamson, head of the U.S. Strategic Defense Initiative office, who stopped by en route to Europe to debate Sokolov. However, Sokolov "copped out" of the debate in characteristic Soviet style, and Abrahamson was left to present a powerful, in-depth picture of the need for the SDI that clearly "converted" many in the 2,000-strong, predominantly liberal audience.

U.S. representatives at the event were hardly immune to criticism. NDPC congressional candidate Carl Schoepfel of Illinois confronted Palmer on his boss Richard Burt's role in keeping the pro-Soviet Papandreaou in power in Greece. Palmer lied, denying the Burt role, but when asked why the State Department had taken Syria off its official "terrorist nation" list just prior to the TWA hijacking, Palmer had to shake his head and admit, "I don't know."

### The SDI debate

Sokolov's decision not to appear at the debate with Abrahamson was his worst, and most revealing, move. His diatribes against the SDI had been incessant throughout the earlier sessions. With the floor to himself, Abrahamson confirmed that the Soviets plan to have a conventional anti-missile missile defense capability in three years, which would make the idea of a Soviet first-strike "conceivable." He clarified this in response to an *EIR* question, agreeing with the notion that U.S. failure to match current Soviet development of a laser-based defense would give the Soviets an irreversible strategic advantage.

When an SDI opponent complained that the Abrahamson panel was too one-sided and that an anti-SDI spokesman should have been invited to participate, Wallach interjected—perhaps unwittingly, but nevertheless properly—that "no one could better represent your anti-SDI position than the Soviets, and they chose not to come."

But if Sokolov failed the first day, Podlesny fared even worse after that. Heading the delegation from Moscow, Podlesny is the director and chief of department of the USA and Canada Studies Institute, the operation headed by Georgii Arbatov, which was described as the equivalent to a combination "think tank" and national security council. Podlesny conveyed a more affable presence than the shaken Sokolov,

but his treachery was badly exposed by the intervention of the NDPC delegation on the second day.

The NDPC representatives began each of the first two days with protest rallies in front of the Chautauqua Institution, attracting a half-dozen TV camera crews and more reporters. On June 25, they confronted Podlesny directly during an "open microphone" public session. Noting that the four-man Pittsburgh NDPC contingent was the only non-white representation at the conference—either in the program or in the audience—NDPC leader John Johnson challenged the conference organizers on this fact, demanding to know why "in a conference of this magnitude, there aren't any representatives of the Third World." He then challenged Podlesny to report on Soviet efforts to stop the deaths of 70,000 a day from famine and pestilence in Africa.

The moderator, Wallach, took the occasion to take his own stab at the Soviets, noting that they offered virtually no relief to Africa—in the case of Ethiopia, sending only a plane load of East German snow tires. Then Podlesny attempted to evade the issue by changing the subject to starvation in Russia after World War II! Otherwise, Podlesny had not one word to say about Africa.

Shortly thereafter, Podlesny became even further disoriented when confronted by Pittsburgh NDPC leader Tony Heard's challenge to stop the international drug trade. "Since the U.S. Drug Enforcement Administration has documented that Soviet client states Cuba and Nicaragua are engaged in running drugs into the U.S., will the Soviets agree to collaborate with the U.S. to stop this, and shut down all international drug trafficking?" Heard asked, evoking a loud applause from the audience.

"We are against drugs, of course. But what you ask cannot be done. It requires all countries to do this. We cannot do it alone," Podlesny replied.

These responses belied the cynical, racist Soviet posture toward the Third World, as well as a revealing lack of preparation on Podlesny's part to deal with such questions. Any illusions Moscow had that America's black population was "in the pocket" of the KGB wing of the Democratic Party were rudely dashed by the NDPC interventions.

Later, in response to an assertion by *EIR* that the Soviets are mobilizing for a war-winning, strategic first-strike capability in compliance with the Sokolovski military doctrine under the leadership of Marshal Ogarkov, Podlesny was forced to resort to a litany of transparent lies. First, he said that the Sokolovski doctrine is no longer operative for the Soviets. Then, he said that Ogarkov has no military command position any longer. Finally, he said that Gen. Abrahamson's assessment of Soviet ABM capabilities was "absurd."

All in all, a shabby performance by the Soviets. But then, they really didn't count on being put on the spot the way they were. They surely didn't expect it to come from the Chautauqua audience, which proved more than they could handle.

# Joint Chiefs: Use military vs. drugs

by Marilyn Kay

On June 19, at a Navy strategy conference in Newport, R.I., Admiral James D. Watkins, chief of naval operations and member of the Joint Chiefs of Staff, outlined a proposal for the expanded use of military forces in the war against drugs. The proposed "massive new program," unanimously recommended by the Joint Chiefs of Staff, will be submitted to Secretary of Defense Caspar Weinberger, and a meeting with relevant civilian and law-enforcement agencies is also on the agenda.

The plan described by Watkins would:

- Expand the use of U.S. Army, Navy, Air Force, and Marine Corps resources against narcotics traffickers, including to:

- Train anti-drug forces in Central America;
- Provide equipment and weapons, or loans to procure such equipment, to cooperating governments;
- Create a division of labor between the United States and the Ibero-American nations such that anti-drug forces in cooperating countries could strike against the extensive drug plantations in isolated rural areas, and at the "narco-terrorists" that guard them, while U.S. air and naval forces operating off the coasts block export.

## Security of the hemisphere

Watkins said the program "could be a rallying point for this hemisphere," noting that the United States acting alone has barely been able to dent the traffic, and that "just isn't good enough." He referred to the role of the narcotics trade in financing and supporting leftist insurgencies in the hemisphere, making the trade a "national security problem."

On March 13, at an *EIR*-sponsored conference in Mexico City, a proposal for "strategic operations against the Western Hemisphere drug traffic" was delivered by *EIR* founder LaRouche to an international audience. The LaRouche proposal was a 15-point war plan which identified the international drug-traffic as "an evil and powerful government in its own right" which must be combatted by a declared war involving treaty arrangements between the United States and the sovereign republics of Ibero-America (see *EIR*, April 2, 1985).

There have been ongoing discussions of joint U.S./Ibero-

American military operations against drugs for some months. In early May, the hemisphere's naval commanders met in Norfolk, Va. at the XII Inter-American Naval Conference, passing a resolution which stated that illicit arms and narcotics traffic are inextricably linked and must be fought through hemispheric cooperation. Throughout Ibero-America, individual nations have sought bilateral and multilateral accords to enhance their drug-fighting capabilities, with an emphasis on better exchange of information and intelligence, upgraded communications, increased criminal sentencing, and upgraded surveillance. Earlier this year, there were informal discussions on creating an Ibero-American "Interpol," whose agents would not be hindered by national borders.

June 14 summit meetings between Venezuelan President Lusinchi and Colombian President Bentacur resulted in limited accords. This followed an attempt—rejected by the United Nations Security Council—by five nations of the Andean Pact to get financing for an investigation of the transnational drug traffic, which is "capable of undermining" their national sovereignty.

In addition to the unanimous recommendation of the Joint Chiefs described by Admiral Watkins, Rep. Charles Bennett (D-Fla.), chairman of the House Armed Services subcommittee on seapower, has put forth an amendment which would provide the military with broad new powers in the war against drugs. The Bennett amendment, for which no organized opposition has been mobilized, is expected to pass the House. It states that the Secretary of Defense at the request of the head of a federal agency with jurisdiction under the controlled substances act, "may assign members of the armed forces under the secretary's jurisdiction to assist drug enforcement officials of such agency in drug searches, seizures or arrests outside the land area of the United States. . . ."

The amendment was opposed by Defense Secretary Weinberger in a letter to Les Aspin (D-Wisc.), chairman of the Committee, stating that "reliance on military forces to accomplish civilian tasks is detrimental to both military readiness and the democratic process." However, Weinberger added, "The proper role of our armed forces is to provide support so that the civilian law enforcement agencies can make necessary arrests, searches and seizures."

There is no doubt that it would be a great mistake to subject the military to requests from certain civilian agencies, such as the Federal Bureau of Investigation, which, under the direction of William Webster, has gone beyond the pale of the excesses identified with the "Hoover era." However, under bilateral or multilateral treaty arrangements as proposed by the Joint Chiefs and LaRouche, such a plan would be workable.

Not surprisingly, the Watkins plan was strongly opposed by the *Wall Street Journal* in a June 20 editorial arguing, "Drug interdiction should not be intertwined with other issues." Plenty of Wall Street banks stand to lose a lot of cash flow if the war on drugs is successfully prosecuted.



# Stop the OSI's assault against German-American scientists!

by Maj.-Gen. (Ret.) J. Bruce Medaris

*General Medaris sent the following tape-recorded message to a June 15-16 memorial conference honoring the late Krafft Ehrlicke, the German-American space pioneer. The conference, held in Reston, Va., was co-sponsored by the Fusion Energy Foundation and the Schiller Institute.*

*General Medaris was commander of the Army Ballistic Agency, Redstone Arsenal, from 1956 to 1958, and commander of the Army Ordnance Command from 1958 to 1960. It was under his direction and through the efforts of the Peenemünde team of Wernher von Braun, that the United States launched the first Earth orbital satellite, and developed the first antiballistic-missile defense system, the Nike-Zeus.*

*In his reference to the Justice Department's harassment of a group of naturalized citizens, General Medaris is describing the ongoing witchhunt against German-American rocket scientist Dr. Arthur Rudolph. Through the efforts of the Office of Special Investigations (OSI), Dr. Rudolph was blackmailed into renouncing his U.S. citizenship and returning to the Federal Republic of Germany. Dr. Rudolph was the inventor of the Pershing missile and had received three government awards for his contributions to U.S. military and scientific advances. He was targeted by forged Soviet documents and perjured witnesses. General Medaris sent a letter to President Reagan on May 24, 1985, co-signed by 108 members and former members of the U.S. rocket and space program, requesting White House action to restore Dr. Rudolph's citizenship.*

*After General Medaris's tape was played at the conference, Helga Zepp-LaRouche, the founder of the Schiller Institute, vowed to "make sure that this message by General Medaris is distributed by the Schiller Institute all over the world."*

I cannot believe that the law under which the Office of Special Investigations (OSI) of the Department of Justice is operating, to harass a particular group of naturalized citizens of this country, is constitutional.

Unfortunately, those being harassed do not command the resources to challenge these procedures in court, let alone to carry the case to the Supreme Court, which would probably follow. To the best of my knowledge, no charges have been stated in specific terms and supported by proper, direct tes-

timony from identifiable witnesses, and the ordinary rules governing the deportation of aliens have been completely ignored. The individuals targeted for harassment as war criminals are called *aliens*, when, in fact, every condition governing immigration and naturalization was complied with long ago.

Even the public statements of the OSI and other protagonists of these unjust actions have alleged guilt by association. Direct evidence supporting the innocence of Dr. Rudolph and others now under attack are totally ignored. To allow continuation of this kind of treatment, smacking strongly of blackmail and the lawless methods of underworld enforcers, is to ignore such a travesty of justice, that makes a mockery of the Constitution and of every so-called civil-rights law aimed at equal standing before the law for all the citizens of this nation.

While the particular assault on these basic values, to the defense of which I have devoted most of my life, is most urgently before us at this time, there are many other challenges that demand the attention of all intelligent patriots. I invite you to consider just a few:

First of all, the obsession with Mutually Assured Destruction has so controlled our use of resources as to bring about some dangerous and disreputable conditions in our presently available forces usable in conventional warfare. This, in the face of the fact that non-nuclear warfare has repeatedly challenged our national interests.

Second, success in bringing about an effective strategic defense against a possible nuclear strike will bring into sharp focus the threat of conventional warfare, and I feel confident that at the present time the forces opposed to our way of life, total much more than our own and those of our potential allies.

Third, it is worth considering that, since the time when in Korea the advice of the military commander in the field was ignored, we have had no success that can be attributed to our armed forces. At best, we have had stalemates, standoffs, a condition in Korea that is absolutely horrible to consider, where we, for all these years, have had to mount guard on a line of partition that should have never have been allowed to exist. Every time we attempt to answer today's threats of terrorism, we encounter the fact that our special forces are neither given the proper kind of consideration, nor are they in a condition to meet the challenge as it should be

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*Let us look to our standards and maintain them in this country, because if we do not maintain our standards of freedom and justice, if they become subordinate to private causes, we have lost that which has inspired our forces in every conflict to do everything they possibly could, to stand to the bitter end, and to always come through to preserve our freedom.*

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met. You cannot leave planning in the hands of civilians seated at a desk, and then hand the final plan to the assault commander for special forces and expect to have success in the encounter. In fact, it seems almost unreasonable to expect men to risk their lives under such conditions.

During this period, since the time I wrote my book *Countdown for Decision*, we seem to have virtually ignored what should be easily recognized as the very pragmatic aims of the Soviet Union. We have spent resources for the enhancement of science in parts of creation that are unlikely even to be reached by human beings and to parts of creation that reveal to us conditions already long past.

Yet we have not put our strength into that part of space which is immediately about this Earth on which we live, that should have been given to that area because of its immediate effect on us here. This relates as well to the matter of defense as it does to offense, and in the present case, it becomes madness not to turn our attention to an effective strategic defense that will make a nuclear holocaust so unsuccessful as to assure that it would not happen. In fact, the objective should be to make nuclear weapons so ineffective, and in fact to cause them to strike back against those who launched them, as to cause this type of weapon to disappear from the world's arsenal. So long as we have and tolerate the existence of nuclear forces, effectively without adequate defense, we are unable to turn our attention to the myriad benefits which are inherent in the whole matter of nuclear science and physics, because in the mind of the public, there is a relation between the peaceful uses of nuclear energy and the uses of warfare and for great destruction. Unfortunately, this relationship is enhanced by the disinformation campaign of our enemies.

### **The civilian bureaucracy**

There are many more things that should be considered, but I will leave you with one last thought. We won the greatest war in all of history, World War II, with more men under

arms, more spread-out forces, more parts of the globe covered by warfare, than had ever been the case before, and we did it even without the shadow of a Department of Defense. We did it with a civilian bureaucracy at the top of the national effort, that was minimal, to say the least. We had only two secretaries, the Secretary of War and the Secretary of the Navy, and yet we came through that, and it was certainly, in its relative effect and relative cost, no more costly than the peace has become since.

In contrast, in order to *increase*—and that is meant sardonically—the effect of our forces, we have added a civilian bureaucracy, above the secretaries of the several forces, that is tremendous in size, that complicates every decision to be made, and that controls those things which then are publicly charged to the military as their mistakes.

I submit that, once upon a time, our forces knew how to judge what weapons they needed and were allowed to do so and then were prepared, through having their own scientific and technical resources, to see to it that those who produce these weapons, these new systems, did it economically and rightly and without any kickbacks or graft or any of the things that we run into these days and almost consider comically. I ask you to simply consider whether the effects of this tremendous civilian bureaucracy are the right ones for the defense of this country, and whether this extension has truly added to the effectiveness of our forces and their ability to carry out their mission, which is, after all other methods have failed, to win and to protect this country. I ask you to think about this, since I consider it of great importance.

You might look about you where you have military installations, and see that none of the forces are allowed to take care of their own houses. They can't even look after their own homes, and so many of them are allowed to live away from garrisons, even when they first go into the forces. There is not the opportunity to build that kind of comradeship that means a man will not desert a buddy when the chips are down and the choice is win, lose, or die. We might look and see that our forces that are supposed to be deployable quickly and to be able to sustain themselves in the field, are not even allowed to feed themselves at home, and so there has been very little practice for the men and the mess sergeants and the cooks who are going to have to feed them when they go into the field. This phase of our national defense, I am convinced, could yield a sufficient reduction in the resources devoted to it, to provide plenty of power for a really well-organized, top-level approach to a crash program to provide the strategic defense we must have to put an end to the overpowering and continuing of nuclear destruction.

Let us look to our standards and maintain them in this country, because if we do not maintain our standard of freedom and our standard of justice, if they become subordinate to private causes, we have lost that which has inspired our forces in every conflict to do everything they possibly could to stand to the bitter end and to always come through to preserve our freedom.

# National labs sold to the highest bidder

by Paul Gallagher

David Packard, the "pro-defense industrialist" named to head the latest commission on the "reform" of the defense industry, has headed two previous such bodies, the President's Commission on Industrial Competitiveness, and the President's Commission on the Future of the National Laboratories. Packard is a Trilateral Commission member, board member of the "Aquarian Age" think-tank, Stanford Research Institute, and a close associate and fellow Bohemian Grove member with George Shultz. The report of his earlier Commission on the National Laboratories, given to President Reagan in 1983 with the strong backing of Science Advisor Dr. George Keyworth, should be a warning.

The major national laboratories and the aerospace-defense industry have grown together since the Manhattan Project, with the national labs and NASA pacing and sustaining industrial R&D development. Packard is leading a drive to "privatize" both, forcing them to "diversify into market-relevant hi-tech," from the nuclear science- and aerodynamics-centered research which sustained U.S. scientific and military power.

The Packard Commission's recommended policy changes for the national labs have been partly implemented, over resistance from the leadership of the most important labs. Packard gave his report the cover of "drop this solar power and alternate energy stuff, and concentrate on real technology"; that served to gain acceptance for the recommendations within the administration. "Magic of the marketplace" ideology provided the remainder of White House vulnerability to his proposals.

Until recently, the consortia of 100 major national and military laboratories, and the services, agencies, or universities which operated them, took the clear position that the fruits of publicly funded scientific research should be available to any qualified firm. For 40 years, national lab patents were government property, licensed to all interested U.S. companies for a small fee. NASA, which in hundreds of cases directly ordered certain technologies to be developed, took the same open approach to patenting. From this came the nuclear reactor, the supersonic aircraft, the superconducting magnet, generation after generation of computers, and so forth.

But Packard, after 40 years, suddenly discovered that

"nonexclusive licenses discourage commercialization," that firms would be reluctant to invest without exclusive licenses, which would make the labs' work "relevant" to the high-tech private market—the catchword of all Packard recommendations. Patent policy was changed, firms began to receive exclusive titles to inventions developed by the national labs. Laboratory personnel policies were changed, ending a long-term policy of strict limits on lab scientists selling themselves to private firms while remaining in their laboratories—with the overhead still financed by the federal government.

One result, as a Sandia labs director pointed out recently, is that classified work, often on the most critical technological breakthroughs, will become less attractive to lab scientists because it will not lead to commercial and consulting contracts which are offered on "things industry wants." Another is that breakthroughs crucial to human health and welfare worldwide can become the exclusive property of a single small-company supplier.

For example, flow cytometry for rapidly sorting and identifying cells and molecules, is a frontier technology being developed at Los Alamos. One project involved the development of a technique for rapid diagnosis of viruses and bacteria. In an unprecedented move, Los Alamos sold the technology to Chicago venture-capitalist David Silver, who raised the money by forming an R&D limited partnership with Prudential-Bache Securities. The partnership acquired full ownership of the technology and then granted an exclusive license to Mesa Diagnostics, a new company wholly owned by Silver's venture-capital firm, Santa Fe Private Equity Fund.

After raising \$8.5 million, Silver paid Los Alamos \$4 million to build a commercial prototype, and hired away Dr. Charles Gregg, one of the developers of the technology. Gregg still works in the same laboratory, but as a fully paid private employee of Mesa Diagnostics.

The net result of this juggling, which required multiple patent waivers and 11 different contracts, is that not only does a speculative startup operation, liable to bankruptcy, own an important technology: It is changing the actual structure of a National Laboratory as well as its research emphasis. Los Alamos is building facilities for commercial-prototype instrument development, a capital investment that cannot help but further shift priorities toward the commercially feasible rather than the scientifically important.

Packard's policy thus makes the greatest scientific and technological concentrations of manpower and infrastructure ever developed in the West, subservient to the quick-buck standards of judgment of the "hi-tech" marketplace. Ironically, this marketplace itself would not exist without the national "crash programs" of the wartime and postwar period: The Manhattan Project invented the computer; aerospace and rocket development programs centered upon NASA were the driving force in its development from the 1950s. Today's most advanced computers, are still being built by or for NASA.

# FBI coverup of Iranian terrorism and gun-running continues

by Edward Spannaus

In the summer of 1984, four Iranians and two Americans were indicted for shipping military equipment to Iran in violation of the U.S. arms embargo during 1980-81. Named in the indictments, but not indicted, was the lawyer who advised the others how to disguise their shipments—J. Stanley Pottinger, a former assistant attorney-general under the Nixon and Ford administrations.

Why it took four years to indict the arms traffickers, and why Pottinger has yet to be indicted, is a story of utmost pertinence to the current outbreak of Islamic terrorism and the Beirut hostage crisis.

The key figure in the financing of Iranian-backed terrorism in the United States and obtaining arms for the Ayatollah was Cyrus Hashemi, a shadowy Iranian national who spent most of the 1970s in France and the United States, and, reportedly, operated as an on-again, off-again CIA stringer. During the British and U.S. State Department-backed coup against the Shah, Hashemi was also set up with a couple of offshore banks in the Netherlands Antilles, sponsored by Roger Tamraz's First Arabian Corporation; one of these was First Arabian Bank & Trust, whose name was changed to First Gulf Bank & Trust (and which was indicted along with Hashemi in July 1984). According to some intelligence sources, Stanley Pottinger used Hashemi as a vehicle for funnelling nearly \$4.5 billion in weapons and spare parts for Khomeini's overthrow of the Shah.

With the onset of the Iran-Iraq war in the autumn of 1980, Iran quickly set up an international arms procurement network, headed by Sadeq Tabatabai, a relative of Khomeini's who was arrested for opium smuggling in West Germany in 1983. Tabatabai based his network on Israeli businessmen who had been expelled from Iran after the revolution. The Hashemi brothers constituted the U.S. end of the operation.

Hashemi was also Khomeini's banker in the United States: on the one hand, funnelling money into the United States through First Gulf for arms and for pro-Khomeini agitation and terrorism in the United States, and on the other, financing arms shipments back into Iran. He was designated one of three members of the "Islamic Revolutionary Committee" in New York in the spring of 1979, which took over the opera-

tions of Bank Sepah and Bank Melli in New York, and, according to court documents, threatened the lives of the former managers of the banks.

Cyrus Hashemi first came to light after the July 22, 1980 assassination of a former press spokesman for the Iranian embassy in Washington. The assassin was one David Belfield, a/k/a Daoud Sallahudin, an employee of the Iranian Interests Section of the Algerian embassy. Press accounts in *EIR*, the *Washington Post*, and elsewhere identified Bahram Nahidian as the controller of the assassination operation, and Hashemi and his First Gulf Bank & Trust as the bankrollers.

At this point, Stanley Pottinger jumped into action, to demand retractions from everyone who had "libeled" his client Hashemi. All, except *EIR* and *New Solidarity*, backed off; according to informed sources, it was pressure from the Carter Justice Department which got the *Washington Post* to withdraw its story. Then, Pottinger double-crossed the *Post* and sued them anyway, along with this newsmagazine and a number of other news outlets, in September 1980.

That's not the only thing Pottinger and Hashemi were doing that fall. Hashemi began peddling himself to U.S. intelligence agencies, particularly the State Department and the CIA, as a go-between in the hostage crisis. He met personally with officials in the State Department and Carter's National Security Council. According to certain published sources, Pottinger went to the CIA and offered Hashemi's services. At any rate, Hashemi soon became known as a "charlatan" in these circles, but this didn't prevent NBC-TV from running an interview with Hashemi on Jan. 21, 1981, portraying him as "a top advisor to the government in Iran."

While there is great dispute as to what role, if any, Hashemi played in the hostage negotiations, there is no dispute that, with the outbreak of the Iran-Iraq war in September 1980, Iran desperately needed arms and spare parts. The Carter administration saw arms trading as an additional means of gaining leverage in the hostage crisis—adding one more rotten plank in that administration's dirty deal with Khomeini.

Within the Carter administration, there was almost universal agreement—with secondary factional differences—over the value of promoting "Islamic fundamentalism" in the

Middle East. Cyrus Vance supported the Khomeini revolution because of his general hatred of Western values and the type of industrial progress implemented by the Shah; Zbigniew Brzezinski valued the rise of Islamic fanaticism as a "bulwark against Communism."

Because of administration support for the Khomeini revolution, and secondarily to gain leverage during the hostage negotiations, Khomeini's terrorists were given a free hand *inside the United States* during 1979 and 1980. How else to explain that after the murder of a prominent Iranian diplomat only miles from the White House, the assassin was allowed to escape, and then the only persons prosecuted for the crime were black Americans who had been recruited by Nahidian into his Shi'ite Muslim networks, while Nahidian himself and the other Iranian controllers continued to walk the streets as free men? In a deposition taken by attorneys for *EIR*, Nahidian revealed that he had even been invited to the White House during the hostage crisis!

### The Hashemi coverup

Published accounts of the origin of the Hashemi gun-running investigation say that after Pottinger approached the CIA to offer Hashemi's services as a hostage mediator in September 1980, FBI foreign counterintelligence agents bugged the offices of the Hashemi brothers' First Gulf Bank & Trust in order "to learn more about them." In the course of this, the FBI supposedly overheard Pottinger advising Hashemi how to send arms to Iran using phony invoices, and opened its investigation of the illegal arms shipments. The FBI microphones were in place from October 1980 through January 1981, when they were removed, although the Hashemis continued their illegal arms dealings long after that.

The FBI's story just doesn't hold water. The more probable reason for the FBI bugs, is that the FBI wanted to retain primary jurisdiction over the Hashemi case because they were *already* engaged in running a coverup of Khomeini terrorism in the United States:

- This newsservice had started receiving reports in May 1980 that Hashemi was the bankroller of Khomeini terrorism in the United States. The FBI presumably had the same information; even if they didn't, we made it available to them in July, 1980, and issued a public call for a Congressional investigation of Iranian terrorism at the end of July.

- This newsservice was told by a knowledgeable source in August, 1980, that there had been at least three previous federal investigations of Hashemi prior to an FBI investigation which started after *EIR*'s revelations in July.

- In addition to *EIR*'s coverage, Hashemi and his bank were publicly linked to the assassination of Ali Tabatabai by the Washington Post, CNN, and other news outlets in early August.

- Immediately after the Tabatabai assassination, the word circulating through law-enforcement circles was that a "na-

tional security cover" had been thrown over the investigation by the Justice Department and the FBI.

- In early September, this newsservice was told that there were at least seven federal agencies investigating Hashemi.

The result of the FBI's asserting jurisdiction over the Hashemi case was apparently that other agencies had to defer to them. Recently released documents from the Treasury Department's Alcohol, Tobacco and Firearms bureau (ATF) show that when they received information about illegal Iranian arms purchasing in the United States during December 1980, they deferred to another agency—probably the FBI. One document states in part:

[Deleted] Supervisor [deleted] was advised of the aforementioned allegations. [Deleted] he was aware of this matter and that in view of the fact that [deleted] was conducting an investigation, he requested that no ATF investigation be initiated.

Clearly, the FBI had in its possession all the evidence it needed to indict Hashemi by early 1981. (Indeed, when the 1984 indictments were finally issued, the acts cited all took place between October 1980 and October 1981.) In the spring of 1982, a federal grand jury in Manhattan was issuing subpoenas covering all of Hashemi's companies and other companies—including Israeli-linked arms dealings, with whom Hashemi was trading. Still, no indictments were forthcoming.

In July 1983, probably at the instigation of leaks from the Treasury Department's Bureau of Customs, *Time* magazine exposed the massive arms trade with Iran and exposed the role of the Hashemis in particular. At about the same time, a French TV network and a French magazine ran exposures of the covert arms flow from the United States to Iran, citing Hashemi or people close to him. Still no indictments.

Apparently, it was the Treasury Department which finally pushed the Hashemi indictments through over the opposition of the FBI. Assistant Treasury Secretary John M. Walker was quoted at the time of the indictments as describing the Hashemis as "major figures in international arms trafficking."

Conveniently, the FBI then "lost" some of the crucial tapes, preventing the indictment of Pottinger. The *Washington Post* reported that Pottinger was going to be indicted until the FBI tapes disappeared; although U.S. Attorney Rudolph Giuliani, speaking explicitly with reference to Pottinger, promised more indictments, none have been forthcoming, and no extradition request has been made for Cyrus Hashemi, although his current residence in London is a matter of public record.

How much more terrorism do we have to suffer before the FBI coverup stops?

## Water bill includes cost-sharing provision

An omnibus water projects authorization bill (H.R. 6) was reported out of the House Public Works Committee on June 26. The legislation accepts the administration's concepts of users' fees and cost sharing, in a major departure from traditional federal funding of necessary infrastructure projects.

The bill provides \$12 billion for 260 new water projects, and, if passed, would be the first legislation authorizing new projects since 1976. Authorization of new projects has been held up because of the debate between supporters of government-funded infrastructure, and the administration, led by the Office of Management and the Budget (OMB), which has fully adopted the free-market cost-sharing approach.

In a statement from the floor of Congress attacking the "accountant's mentality" in the Reagan administration, which insists that the commercial navigation industry be the sole beneficiary of government-supported water projects, Rep. Nick Joe Rahall (D-W. Va.) warned that "the system of ports, locks and dams which . . . allows for the free flow of commerce, will deteriorate beyond our nation's ability to restore it. Ultimately, those who will suffer are none other than the general public."

In a related development, the Senate backed away from its opposition to user fees, in an effort to pass the Supplemental Appropriations bill, which includes new water projects. The Senate agreed to an Office of Management and the Budget plan which increases the local share in constructing, operating, and maintaining ports and dams and which increases

the diesel fuel tax to pay for inland waterways.

The Senate had been trying to get a number of water projects through in the supplemental bill, before such cost-sharing measures went into effect. The administration had threatened to veto the supplemental bill if it included such projects. The House of Representatives had already backed down in the effort to put such projects through without cost-sharing.

## Intelligence officials testify on Soviet buildup

Under prodding from Sen. James A. McClure (R-Idaho) and others, the Senate Armed Services Committee and the Senate Defense Appropriations Subcommittee brought two senior intelligence officers on June 26 to testify on the administration's latest National Intelligence Estimate (NIE) on the Soviet strategic buildup.

The hearings were unusual in that high-ranking intelligence officials appeared at public hearings, and in that an unclassified version of the NIE was released. Deputy CIA Director for Intelligence Robert Gates and National Intelligence Officer Lawrence Gershwin testified.

Besides describing the massive Soviet buildup of missiles (see *National News*, page 62), the officials also stressed that the Soviet leadership's main objective is to develop a nuclear war-fighting capability. Gershwin stated that the Soviets are developing the capability to deploy a nationwide antiballistic-missile system in the next few years.

Senator Gary Hart (D-Colo.) attacked the very convening of the hearings, charging that the release of such

information served to "politicize" the CIA, in an effort to build support for President Reagan's defense budget. Defense Appropriations Subcommittee Chairman Ted Stevens (R-Alaska) defended the hearings by simply pointing out that the information released is known by the Soviets and by the U.S. government—and that it is only the U.S. population which has hitherto been in the dark. Senator Al D'Amato (R-N.Y.) interrupted Hart to say, "I am shocked that we continue to insulate the public from this information. We should get this information out, especially in the area of the Soviet strategic defense program."

McClure, who has taken a leading role in forcing the administration to admit to Soviet arms-control violations and in bringing the Soviet buildup to the public eye, responded to the NIE by saying that there is a "missile gap" between the United States and the Soviet Union. He also warned that the report indicates "that the Soviet Union plans to break out of the SALT II and ABM treaties."

## Senate Judiciary considers OSI probe

A Senate Judiciary Committee probe into the Department of Justice's Office of Special Investigations is under "active consideration," a spokesman for the committee stated to *EIR* on June 26. A decision to go ahead with hearings on the OSI could come within the next two weeks. The Committee is chaired by Sen. Strom Thurmond (R-S.C.).

Created under the pretext of hunting down Nazi war criminals, the OSI has been accused of being a Soviet operation, whose purpose is to harass

and drive out of the United States top scientists, particularly those working in vital defense programs. Several groups and prominent individuals, such as former Army Ballistic Missile Defense program head Gen. J. Bruce Medaris (see article, page 55), have charged the OSI with basing its investigations solely upon information manufactured by the Soviet Union and East Germany.

## **Dole seeks to push farm bill on fast track**

Senate Majority Leader Robert Dole (Kans.) has put pressure on the Senate and House Agriculture Committees to report new farm legislation out to the floor, so that action can be taken before the August recess. In response, the Senate Agriculture Committee voted to finish its work by July 15, while the House moved on a similar deadline.

The usual result of such pressure-cooker tactics on the part of Dole, is to steamroll through some particularly odious policy without debate. In the case of the farm bill, this means drastic cuts in agricultural production.

Some of the proposals to cut production, which saw legislative or executive action before the July 4 recess, included:

- A June 25 vote by the Wheat Subcommittee of the House Agriculture Committee to support a special referendum giving farmers a "choice" of methods by which they will cut production. The referendum will ask wheat and soybean farmers if they want to accept mandatory production cuts of as much as 20-35%, in exchange for higher price supports. If the referendum is not accepted by 60% of the

farmers, the wheat and soybean programs will revert to a more "market-oriented plan," which will cut prices.

For over a year now, the international grain cartels' spokesmen and associated think tanks have been arguing for exactly this: forcing farmers to choose between mandatory production quotas and a "free market" (and grain cartel-controlled) agricultural economy.

- A June 26 vote in the Dairy Subcommittee of House Agriculture Committee will resume payments to dairy farmers for not producing milk. Put together by subcommittee chairman Tony Coelho, and garnering general support from dairy producers nationwide, this portion of the farm bill establishes a dairy farmer-financed fund which will pay farmers not to produce, to reduce the dairy-products "surplus." The legislation also increases price supports.

Farmers were again presented with the choice of taxing themselves to pay themselves for not producing or of accepting the administration's proposal of lowering price supports and letting the "free market" drive them out of business.

- On June 27, Agriculture Secretary John Block proposed a 10-year, multibillion dollar "conservation reserve," which could retire as much as 20 million acres of the nation's most allegedly "erodible" cropland. According to a USDA spokesman, the Agriculture Department and farmers would share the cost of planting grass or trees on "erodible" land, and then farmers would be paid to keep that land out of production.

Block's embrace of this plan, which had previously been opposed by the administration, marks an acceptance of two dangerous concepts: one, that there is too much land in

production; and two, that some land should not be farmed because it is a fixed, "erodible" resource whose productivity cannot be improved with technology.

## **FEC receives setback in House**

The Federal Election Commission was dealt a setback in the House on June 26, when its FY 86 authorization failed by a vote of 263 to 160, short of the two-thirds necessary for passage under a suspension of the rules. Whether supporters of the FEC will attempt to bring the bill back onto the floor where it will face amendments and a recorded vote, or whether they will simply ignore authorization for the FEC, is unclear at this time. The Congress has continued to fund the FEC, but has not authorized the money since 1979.

Opponents charge that the FEC obstructs the democratic process by harassing candidates and placing unfair and unconstitutional restrictions on political campaigns. Congressional opponents of the Commission have fought in a more determined manner this year, after the FEC suggested several rule changes which would have insisted on no carry-over of funds from primary to general election campaigns, ending each campaign without a surplus, and other measures, which would create additional nightmares for candidates. Opponents are attempting to ensure that the FEC is stopped from making new laws by executive fiat.

Opponents in the House are not going after the elimination of the hated FEC bureaucracy, but are merely trying to lessen the extent of its interference in the election process.

## Exposé of fascist PAN released in D.C., Mexico

Eight hundred copies of a just-released exposé of Mexico's National Action Party (PAN) were hand-delivered to offices of the Congress, Pentagon, State Department, CIA, and White House on June 28. The book, *The PAN: Moscow's Terrorists in Mexico*, written by the Mexican Labor Party and published in the United States by the New Benjamin Franklin House Publishing Company, documents the fascist program of the PAN, and its scheme to unleash terrorism along the U.S.-Mexican border. The authors write that this scenario is designed to destabilize Mexico, and serve as the pretext for redeploying U.S. troops from Western Europe to the Rio Grande.

The book identifies the ongoing role of U.S. official agencies—notably the State Department and the FBI—and U.S. media, in aiding and abetting the terrorist scheme.

On June 27, the book was released at a press conference in Mexico City, and advertised in a one-quarter page ad in the leading daily *Excelsior*.

## House slaps ban on ASAT testing

By a vote of 229 to 193, the House of Representatives agreed at the end of June to an amendment to the Defense Authorization bill which prevents the United States from carrying out any tests of anti-satellite weapons systems, unless the President certifies that the Soviet Union has resumed ASAT tests.

The amendment was put forward by Reps. George Brown (D-Cal.) and Larry Coughlin (R-Pa.), both of whom see banning ASATs as a critical step in stopping the Strategic Defense Initiative. The liberal opponents of ASAT testing maintain that U.S. tests will "weaponize space."

In December, then-Soviet Politburo member Mikhail Gorbachov issued an ultimatum to the United States to restrain from conducting a March ASAT test—which would have been the first such U.S. test. The U.S. agreed to postpone the test.

The Soviets already have an operational ASAT capability.

Arguing in opposition to the Brown-Coughlin amendment, Rep. Ken Kramer (R-Col.) charged: "The Soviets enjoy a total and complete monopoly on anti-satellite capability. . . . They have had at least nine successful on-orbit kills, successful tests, the very type of tests of which we have had none and which this amendment would totally and completely preclude." Kramer went on to explain that, in addition to the tested co-orbital system which is similar to the U.S. F-15 deployed system, the Soviets also have an operational directed-energy-based anti-satellite capability. "They have weaponized directed energy," he warned, "they are the only nation on the face of this planet today that has weaponized space."

The Senate version of the Defense Authorization Bill contains no ban on ASAT testing, and the matter will have to be resolved in conference committee.

## CIA reports Soviet nuclear missile boom

The Soviet Union is in the midst of a nuclear weapons building boom that could double its arsenal of nuclear warheads by the mid-1990s, according to an unclassified National Intelligence Estimate (NIE) prepared by the CIA. The document stresses that the Soviet leadership's main objective is to develop a nuclear war-fighting capability.

The report shows that:

- The Soviets will deploy the SS-25 intercontinental ballistic missile this year, and the 10-warhead SS-24 next year; they are also working on a new heavy ICBM to replace the SS-18, as well as new versions of the SS-24 and SS-25.

- The intermediate-range SS-20 force is being rapidly expanded and upgraded.

- The Soviets are massively expanding and upgrading their submarine-launched ballistic missile capability, as well as their heavy bomber force.

While usefully documenting the extent of the Soviet missile buildup, the report must be judged a whitewash overall, since it greatly underestimates Soviet progress in the area of directed-energy antiballistic-missile defense. The CIA reports that the Soviet ABM program includes development of high-energy laser weapons, an airborne laser, particle-beam weapons, as well as six battle-management large phased array radars, which includes the Krasnoyarsk installation. But, the analysts insist, the Soviets will not be able to deploy key ABM technologies until the next century.

## British elite establishes Chatham House in U.S.

Sixty-five years after Arnold Toynbee established the Royal Institute of International Affairs (Chatham House) to run British imperial foreign policy, the Anglo elite and its American fanclub have established a Chatham House branch in Washington. Its principal purpose, said one prominent individual involved in the effort, is to "strengthen the special relationship."

The Chatham House Foundation got its kick-off June 27 at an exclusive reception hosted by British Ambassador Sir Oliver Wright and Lady Wright at the British Embassy. In remarks to the gathering, RIIA President James Callaghan called for the creation of an international council of "wise men" to develop plans for creating a "new world order" to replace the post-World War II Bretton Woods system. Such a group is necessary, he said, to deal with such pressing problems as "the loss of the International Monetary Fund's credibility in the United States." Callaghan later told *EIR* that the IMF's diminishing credibility is of particu-



lar concern, since "a case can certainly be made for increasing IMF surveillance" over the American economy.

Guests at the ceremonies included Admiral Sir James Eberle, former NATO commander and current director of the RIIA, Defense Secretary Caspar Weinberger, former Secretaries of State Alexander Haig and William Rogers, Reagan arms control chief Kenneth Adelman, special arms adviser Paul Nitze, and Henry Kissinger's alter ego, Helmut Sonnenfeldt. Also in attendance were some members of the Chatham House Foundation's board, which includes Charles Benton, New York University President John Brademas, Averell Harriman, Elliott Richardson, Cyrus Vance, H.J. Heinz II, RCA president Thornton Bradshaw, and Evangelina Bruce.

## Weinberger: Budget cuts imperil SDI

The zero-growth defense budget adopted by Congress "represents a major setback" to the Strategic Defense Initiative, Defense Secretary Caspar Weinberger told the Senate Appropriations Committee June 25.

In an unusual, end-of-budget-process appearance, Weinberger cautioned: "It's vital that we have this program. The Soviets have been engaged in activity [strategic defense] for 16 to 17 years, and are ahead of us in some areas." He also stressed that the approximately \$1 billion in cuts Congress has gouged from the SDI budget will have a particularly adverse affect on research and development in the domain of directed-energy technologies.

The defense secretary also bluntly rejected proposals for turning the SDI into a project limited to point defense, instead of its present goal of a multi-layered defense capable of destroying missiles in their boost phase.

In response to questions from Sen. Bennett Johnston (D-La.), Weinberger said he "would not recommend making the SDI a

point-defense program, because that would be too limited and carries with it very substantial disadvantages," including being only 50% effective against incoming missiles.

Weinberger also pledged to fight to get Congress to restore the full complement of 100 MX missiles which the Reagan administration is seeking. The Senate has voted to cap MX deployment at 50, and the House at 40.

## Coalition demands Shultz's resignation

George Shultz should resign as Secretary of State, because he is "soft on terrorism" and has failed to carry out a "coherent and comprehensive policy" to deter terrorist attacks on U.S. interests, the Coalition for Action Against Terrorism demanded at a June 26 press conference on Capitol Hill.

"The United States must immediately develop a policy to deal with terrorism," said a Coalition statement. "Recent terrorist actions against the United States might have been deterred, had the U.S. had a clear and strong anti-terrorism policy in effect. The U.S. foreign policy apparatus must be headed by an individual who is willing and able to develop and carry out a clear and strong anti-terrorism policy. We therefore call upon Secretary of State George Shultz to step aside and permit someone who is capable of this to head our foreign policy structure."

Made up of various "new right" and conservative organizations, including the Moral Majority, the group also called on President Reagan to consider all options, including military ones, against nations which promote terrorism, namely, Syria, Iran, Libya, Cuba and the Soviet Union; and urged that the United States carry out preemptive and retaliatory strikes against terrorist bases and training camps.

Coalition spokesman Paul Weyrich also revealed that the U.S. embassy in Beirut has contracted with militiamen from Nabhi Berri's al-Amal group to guard the embassy.

## Briefly

● **U.S. AMBASSADOR** to Lebanon Reginald Bartholomew granted Shi'ite leader Nabhi Berri, the Lebanese justice minister who is currently stage-managing the hostage crisis, his "green card" work permit for living in the United States, Middle East sources report. Bartholomew is politically close to Greek Premier Andreas Papandreou, and has previously carried out negotiations for the phased withdrawal of the United States from the Mediterranean-Middle East area.

● **JESSE JACKSON** has announced plans to hold a conference in Chicago in July to "bring Asian-Americans out of the closet and into the Rainbow Coalition."

● **A CLASSIFIED** report citing world population growth as a national security threat has recently been prepared by a branch of the U.S. government.

● **LANE KIRKLAND**, the AFL-CIO chairman, approved Fidel Castro's latest remarks on the debt crisis, at a meeting of the International Labor Organization in Geneva. "There is no problem with the Cubans," he said. "I don't see anyone discussing on debts. It's not an issue." But two days before, Kirkland and Irving Brown had given their consent to more seats for the Cubans at various key ILO committees.

● **'AN EPIDEMIC** without precedent in our history," is the way U.S. Attorney-General Edwin Meese characterized America's drug-abuse problem. "These trends show a national disaster in the making," he told the National Association of High School Coaches in Denver on June 27. "No nation can long sustain the casualties we are suffering in terms of lives, health, productivity, wealth, crime, and morality."

# Time to get back to Americanism

Chancellor Helmut Kohl, in a June 26 speech at the Atlantic Bridge meeting in West Germany, gave expression to a political depth on important issues rarely seen from leaders in the West recently. The "anti-Americanism" rampant among certain Social Democratic as well as Green Party circles in West Germany, said Kohl, is not based on opposition to American policies, but on something much more fundamental: Nazi ideology, as Kohl defined it with precision—a rejection of the very values of Western civilization which the American nation and its traditional commitment to progress exemplify.

Kohl is right about the content of this anti-Americanism, and in this regard, he was close to quoting Schiller Institute founder Helga Zepp-LaRouche when he identified such anti-Americanism cum Nazism as rooted in "cultural pessimism." There is no contradiction in such "Nazis" being Soviet assets or outright Soviet agents in Europe today. The oriental despotism which is Russia shares this Nazi-like rejection of Western concepts of the value of the human individual and of that progress which makes each individual mind precious.

The point, however, is easily lost below the Tropic of Cancer, where few will believe that America itself stands for "Americanism."

Above all, the American government persists in its support for the International Monetary Fund, and the World Bank.

Something new has just come our desk: Even as tens of thousands of Africans starve who otherwise would not, for lack of basic infrastructure to permit transport and distribution of food, the World Bank is trying to prevent the European Community from providing aid for construction of a road linking land-locked Burkina Faso (Upper Volta) to the Nigerian port at Lagos. It is proven fact, *which would stand up at Nuremberg*, that the IMF and World Bank do not have "financial" policies, but only policies of knowing genocide against the darker-skinned peoples.

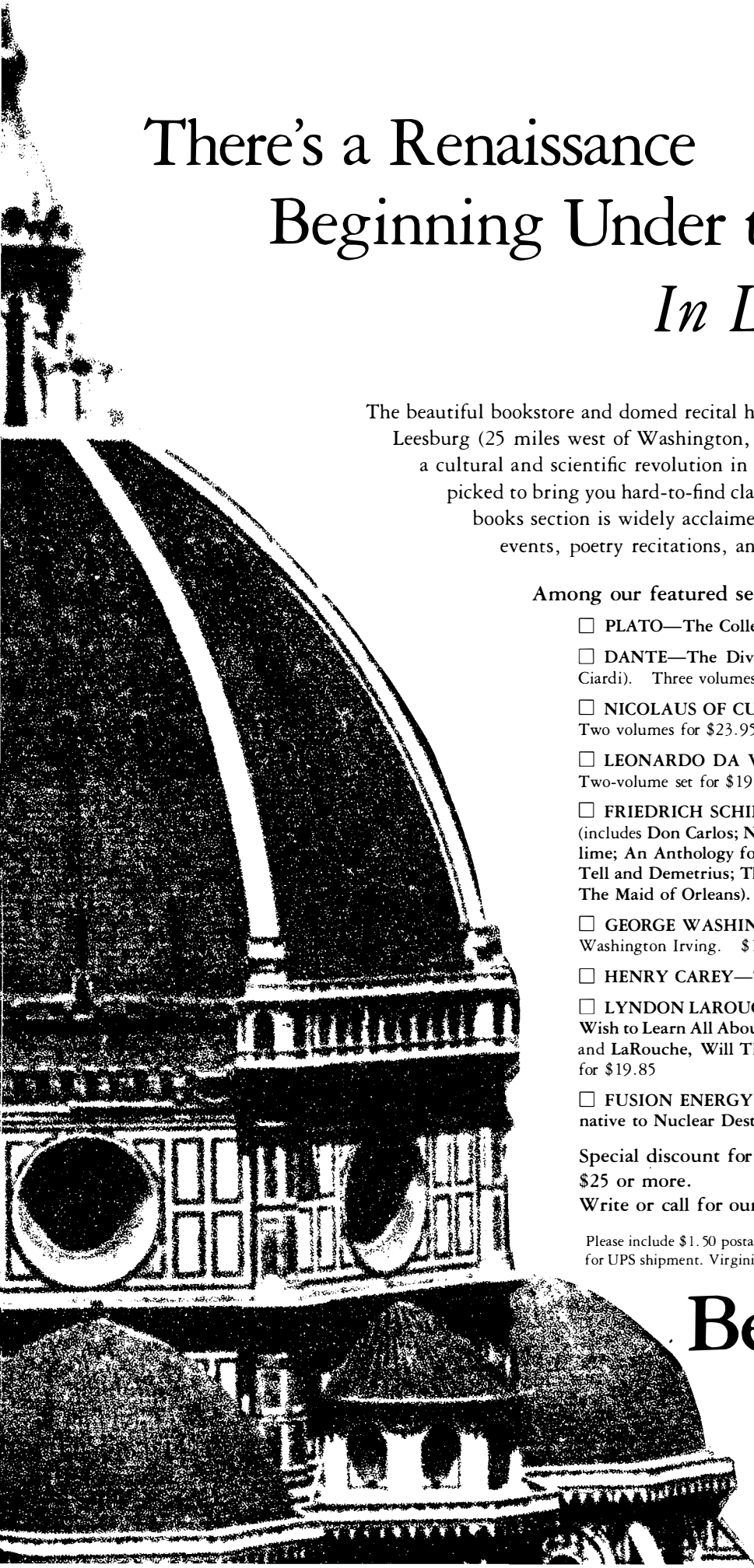
Yet, were it not for the support extended to them by the U.S. government, both agencies would be powerless to perpetrate the unspeakable crimes against humanity we are just beginning to witness. Where, in the support given the IMF by George Shultz's State Department; where at Paul Volcker's Federal Reserve, Malcolm Baldrige's Commerce Department, and James Baker's Treasury Department, is the "Americanism" Chancellor Kohl praised as the beacon of hope and progress in the world?

The genocide policy ("population control") which is the real key to the "economic" policy principles of the State Department et al., is rather what Kohl correctly called "anti-Americanism."

No surprise that the same U.S. agencies are provably riddled with Soviet agents-of-influence. The hatred for the "American" principle of progress harbored by Malthusian Nazis of this type is also expressed in a philosophical commitment to the "imperial" ordering of world affairs promised by Russian domination, in opposition to the American model of the sovereign nation-state based on scientific and technological progress.

Something can be done about this. The way in which the confirmation of Soviet asset Richard Burt as ambassador to West Germany was put on hold, thanks to a concerted mobilization of citizenry who flooded the Capitol with phone calls, contains a lesson. For example, Pennsylvania Sen. Arlen Specter stated on June 28 that he was no longer prepared to say, after what he had heard of Burt's history from constituents by phone and in person, if he would vote for the nomination. Yet, Specter himself showed every sign of being willing to hand West Germany to the Soviets—the consequence of Burt's confirmation—when he sponsored a resolution against President Reagan's trip to Bonn this past May.

When citizens "throw down their ploughs" and make their will known, even some pretty bad fellows can be forced to do something good in the way of making America stand for "Americanism" again.



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