

EIR

Executive Intelligence Review

September 6, 1983

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EIR

From the Managing Editor

This week we are publishing, in effect, two Special Reports. One of them, leading our International section, is on the PAN party of Mexico—which is not a Mexican phenomenon at all, but a creature of the same U.S.-based organized crime circles who have contributed so much to destroying political life on the northern side of the border. The Sept. 6 electoral results in the state of Baja California, where the PAN is threatening to take power, will be a signal for all of Mexico, for the rest of the developing sector, and for those in the industrialized sector who do or do not welcome the advent of what can only be called fascism.

Our second Special Report, edited by Nora Hamerman, covers a wonderful development: on Aug. 23, an agreement was reached in Erice, Italy to establish U.S., U.S.S.R., and Western European scientific working groups that will “identify the character of the principles involved” in high-energy antiballistic-missile defense systems, to determine whether they would be destabilizing, and if so, how that might be remedied. This result of the third annual conference on questions of nuclear warfare in Erice was given banner coverage in the Italian press, but nowhere else, as of this writing, has it been reported.

In future issues, we will analyze the Soviet policy fight over whether this “first small step,” as Dr. Teller characterized it, will lead to Soviet acceptance of the Reagan proposal for parallel development and deployment of defensive weapons to end the age of thermonuclear terror, or whether Moscow will stick to the Yuri Andropov-Fyodor Burlatskii line—analyzed in the Special Report by *EIR* founder Lyndon H. LaRouche, Jr. in all its ramifications—that U.S. development of such systems would not only be a destabilizing replacement for the Mutually Assured Destruction doctrine, but a *casus belli*.

The Western opponents of beam weapons know or ought to know that at present, only the U.S.S.R. has developed the capability to send weapons into space. *EIR* will soon publish an assessment of accomplishments and failures in the Soviets’ military and civilian space programs.

Something else to look forward to: our overview of the prospects for agro-industrial development on a grand scale on the continent of Asia.

Susan Johnson

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Correction: Daniel Amstutz was misidentified as a former employee of Continental Grain Corporation in an Aug. 23 article, "Agriculture: Policymakers Rush to Scrap Price Supports." Mr. Amstutz has been a general partner of Goldman, Sachs and Company since 1978, and was previously associated with Cargill, Inc.

Bankers plan resource grab against debtor nations

by David Goldman

Reports Aug. 25 that Brazil will suspend all grain exports, an evident defensive measure against economic warfare, correspond to indications that the country has ceased to use export revenues to pay bills and is re-accumulating reserves, and also to semi-public preparations by the Brazilian military to ration oil and other scarce imported materials in event of a total credit cutoff. In private discussions, the same bankers who insisted only weeks ago that the Brazil situation was under control and that a debtors' cartel was unthinkable now state that a controlled moratorium, with painful write-offs, is the best scenario they can hope for.

Following Michigan National Bank's \$5 million suit against Citibank over a Mexican loan, the major commercial banks have concluded that a moratorium is an unavoidable fallback option, as Chase risk analysis chief Francis Mason suggested to *EIR* in a July interview; otherwise, the consortia will break up. A moratorium would trap the smaller, reluctant creditors in their present positions.

Executives at Citibank, whose Latin America chief Bill Rhoades manages the creditors' consortium, now argue that a "Polish solution" will emerge in the Brazilian case. The Polish government accepted a lien on its coal exports for the duration of a long-term debt stretchout agreed between Citibank and Deutsche Bank on behalf of the creditors. The bankers want Brazil's Carajás iron ore project and similar concessions.

Two things must be viewed separately in this conjuncture. The first is American commercial bankers' illusions that a long-term stretchout will be available at this point, along with asides from Bank of England officials that the IMF may back down from some of its most extreme demands upon the

Brazilians. Fritz Leutwiler, Bank for International Settlements president, dispatched this one Aug. 22, saying, "I also claim to have a heart. But with heart these problems will never be solved, also not with money and more money. Realistic economic measures are required. To say that these countries should not be treated with toughness is grotesque," said Leutwiler, in an interview Aug. 20 with the *Zürich Tagesanzeiger*.

Leutwiler added that debtor countries must "discipline their economies, check growth, bring down inflation, and reduce government deficits." But the creditors will have to pay too, debt write-offs and lower interest receipts."

The 'privatization' of economies

The second issue, a more important one regardless of whether some stretchout is jerry-rigged in October, is the "privatization" of the economies of the developing sector. IMF statistics reveal that about one-quarter of world trade is already conducted outside of the control of governments. The bankers' plan would wreck the ability of developing nations to use their exports to fund industrial development, and turn their remaining assets into loot for private banking networks who manage the "illegalization" of the world economy.

According to the IMF, \$180 billion of international payments cannot be accounted for by government agencies' official statistics; most of this represents hidden investment income, phony insurance and shipping fees, and other forms of flight capital. Add to this \$150 billion of international narcotics traffic and \$50 billion of illegal arms traffic, and the sum of illegal world trade exceeds one-quarter of total world exports!

Short of foreign exchange, Brazilian industrialists have to pay double the official rate to get black-market dollars for needed components and materials. A quarter billion dollars per year of black-market Brazilian coffee is now exported through Paraguay, as well as a comparable amount of gold panned from the Amazon.

EIR's gold columnist Montresor revealed last week that unreported gold sales may well add 50 percent to the estimates of gold market supply this year, including gold lent or sold by hard-pressed European and Ibero-American central banks, as well as gold smuggled out of Brazil, the Soviet Union, and other producing countries.

This is the scenario projected by Swiss banker Leutwiler at a secret bankers' meeting May 26 in Geneva, reported exclusively by *EIR*. The major Swiss banks and trading companies agreed that a collapse of Third World finances would enable them to pick up the pieces in the form of raw-materials barter agreements.

Citibank is not negotiating on behalf of the shareholders and depositors of the commercial banks whose capital is compromised two to three times over in Brazil; these represent only one of the constituencies which Walter Wriston and Edward Palmer must answer to. The major commercial banks are not institutions with a coherent outlook, but hotels of a sort, with different rooms occupied by different private interests. Wriston's alliance with the Oppenheimer-Engelhard interests at the Minerva holding company, created in Bermuda following Anglo-American's 1981 merger with Dominion Trust, and former Citibank international department chief George Vojta's seconding to Phibro, the world's largest raw materials trader, and thence to Nicholas Deak and Co., indicates the other sort of relationship in which the banks are involved.

From the standpoint of the European commercial and central banks, the debt issue has already been decided.

The head of international affairs of a central European central bank, who is a member of the board of his institution, gave the following interview on condition that he be allowed to retain his anonymity.

EIR: The Brazilians have just declared a partial moratorium.

A: If you don't have money, you can't pay.

EIR: Why don't you convince your colleague Leutwiler of that?

A: Leutwiler understands it, he just does not like it. But see, you can't get anything where there is nothing. We have a saying in German that goes "Where there is nothing, the emperor has lost his right."

EIR: So you think the Third World debtors are just not going to pay?

A: All I can say is that you can't push them beyond certain limits, there is a limit to permissible squeezes. Even Brazil with their dictatorial government cannot do that. Brazil can't afford to pay their debt. They can't squeeze more.

EIR: What is your estimate of the size of the hammer needed to get that simple truth into your colleagues' skulls?

A: Tremendous size. We don't have the hammers big enough to do this at present.

EIR: Are they totally stupid?

A: Well, they live in "Alice in Wonderland." It's unbelievable what these people don't understand. Look, almost all debtors would like to pay their debts. They can't. It's no joke to default or declare a moratorium. But if they do, what are we creditors going to do?

EIR: Yes, what?

A: Nothing. Nothing we can do. The central bankers will frown and huff and puff, and do nothing. Look at Leutwiler, he makes all these stern and serious speeches, then the Brazilians don't pay and what does he do? He allows them to not pay.

EIR: What if Brazil defaults?

A: We won't call it a default.

EIR: What if Brazil calls it a default?

A: We'll claim that they're bad translators. Anyway, the creditors speak of retaliations. Let them try to retaliate: ostracize one whole continent? This is ridiculous.

A senior administration official concurred, saying, "Everybody is looking for a *deus ex machina* to come up with some money for Brazil. Even if they get the IMF money in mid-October, that money will just go straight to the Bank for International Settlements; where are they going to get the \$3.5 billion they need to get through the year? Do you think the banks are going to hand it over? Brazil is \$2 billion in arrears already, and the regulators are going to have to start classifying, or explaining why not, by the end of next month. The Brazilians are going to have to move from the moratorium on official debt they have declared and the de facto moratorium they have in place on private debt, to a full moratorium. This could mean a generalized banking crisis."

The moratorium the bankers envisage, however, is likely to prove illusory; forcing the Brazilians into a long-term stretchout collateralized by raw materials depends on the credibility of the International Monetary Fund and the U. S. economic "recovery," the last cards which Brazil's economic majordomo, Sr. Delfim Netto, has to play in the internal political game in Brazil.

The floor managers of the IMF bill in the House already believe that the United States may never make its promised \$8.4 billion contribution to the IMF, due to inability to reconcile House and Senate authorization bills tangled with various crippling amendments, not to mention flaking-away of support for the IMF during the present congressional recess. In any event, there is no prospect that the bill will be in place in time for the IMF annual meeting the end of September.

Also, the spurious recovery—the housing component of which has already apparently collapsed—will be stinking noticeably by October, with declining auto output and reductions in building-materials and similar categories of production. If the deal is not cut in October, it probably never will be. The question is less whether a stretchout will succeed, but whether it will lead to an end to nations' remaining control over their economies.

Auto workers offered 'Final Assembly Option'

by Richard Freeman

By a two-and-a-half-to-one majority, 7,500 workers at General Motors' Packard Electrical Division in Warren, Ohio have voted down a proposal by General Motors management, which would have instituted the largest wage-cuts at an American auto factory in U.S. history. The Aug. 23 Warren vote becomes historic in another sense: a "yes" would have imposed the next phase of transferring onto GM's profit account funds ripped out of manufacturing wages. The last time such a policy was applied on a grand scale was in the 1930s, in the economy of Nazi Germany, overseen by Hjalmar Schacht.

The reference to Schacht is more than academic. The Morgan- and Mellon Bank-run GM has deliberately adopted Schacht's policy for grinding up the labor force and plant and equipment in order to continue to meet payments on outstanding debts, the same policy that destroyed Germany's economy and millions of human beings in concentration camps. Indeed, GM called the wage-cut plan offered to its Warren, Ohio workers, the "Final Assembly Option" (FAO). GM will undoubtedly try again to have this plan adopted.

GM made its offer in the hope that since the United States is still in a great depression, the workers would conclude that a slave-labor job is better than none at all. Autoworkers can barely afford more unemployment. One local Midwestern auto union official reported that 2,333 of his workers were laid off in March 1981, and their unemployment and SUB benefits ran out in May 1982. They had no other benefits and were not rehired until June of this year. "Many of them went to work in fast food joints or picking tobacco, but many had their homes, cars, and boats repossessed, because they couldn't afford to keep up payment," the official reported.

Under the FAO plan, workers at the Warren complex of plants were offered a contract in which 500 workers would cut their wages from \$19 to \$6 per hour—\$4.50 base pay and \$1.50 in benefits—in exchange for company guarantees not to eliminate 2,700 of the plant's 8,900 jobs. Workers paid \$6 per hour would either work at a separately housed plant, or on special assembly lines, segregated from the \$19-per-hour workers. The Warren complex of plants produce wiring for most GM cars and trucks. In an assessment of the plan, Charles Burkett, Jr., a plant worker, stated, "They came to a

component division [the Packard Electrical Division—R.F.] for the first crack. If they get it here, they'll try to get it at assembly plants."

By a 5,301-to-2,064 vote, the workers rejected the FAO plan. Under GM blackmail, the leadership of the plant's union local, International Union of Electrical Workers #717, had recommended adoption of the plan. William Malone, vice-president of #717, explained: "I and the leadership of this local recommended the plan to our workers because General Motors has told us that if we didn't agree to the wage reduction, they would ship the work we do at the plant of producing electric wires and hoods to other plants in Mexico or to non-union shops in the United States. We would lose 2,700 jobs" within a few years. General Motors, Malone reported, already has a list of 21 non-union shops to which it ships work. GM workers across the nation are told that if they can't compete with the work produced by these shops, where the pay is at the \$6-per-hour level, then their division or plant may be closed.

Along with the threats, in typical psychological warfare fashion GM also threw in a sweetener, Malone reported. If, on top of voting for the FAO plan, 500 of the Warren workers would opt for early retirement (with a pittance of a bonus), GM would add 1,000 workers to the list of approximately 6,800 workers at the Warren plant whom GM has promised will never be laid off. Such a promise is presumably good as long as GM doesn't close all or part of the plant.

Cannibalization

The Warren case is the latest and most severe example of GM's attempt to keep itself afloat by cannibalizing wages and living standards, a practice for which Fed chairman Paul Volcker has provided the spur.

When General Motors announced that its first-semester profits for 1983 totalled \$1.693 billion, its chairman Roger Smith was quick to point out that GM had finally turned the corner, and profitable days were here again for the entire industry.

What Smith omitted to mention is that GM's "turnaround" had little to do with rising car sales. Sales for all American auto-makers for the first seven months of 1983, at 6.6 million units, are only two-thirds of their 9.3 million units in 1979.

If GM's, Ford's, and Chrysler's sales are up from last year's 5.1 million units level, that is hardly cause for rejoicing: last year, fewer cars were produced than, for example, in 1929. Considering that GM made \$963 million last year, and \$333 million in 1981, following a \$763 million loss in 1980, the question arises: how does GM make money in the midst of a depression, and without selling many cars?

In March 1981, the pliant Socialist International-run United Autoworkers (UAW) leadership induced the union's GM auto workforce to forgo \$3 billion in wages over 30 months. On top of this, GM was able to get several billion dollars more in local concessions on wages, work rules, and

speed-up concessions. For example, the workers at the Packard Electrical Division gave GM pay and benefit concessions of more than \$600 million over the last two years. While the precise figures for concessions at the scores of other GM plants are not known, the total amount is thought to exceed \$4 billion.

Based on this pattern, GM's reported profits are fake: they represent \$7 billion in national and local wage, benefit, and other concessions that GM has milked from the auto-workers. Compared with the amount of money taken from the workforce, GM's profits are small. That indicates that GM is using the bulk of the money stolen from its workforce to pay burgeoning overhead costs, foremost of which are growing interest charges on debt, because of the Volcker high interest rate policy.

In fact, while GM chairman Roger Smith and Morgan Guaranty Bank rant that high wages are destroying the U.S. auto industry, the truth is that the interest charges on the production and sales financing of a car are greater than the production-worker wage-bill cost of making the car. Fifteen years ago, the blue-collar wage-bill content of a car's cost was nearly 10 times the interest charge.

A nationwide pattern

A soon-to-be-released *EIR* survey of the employment picture at all U.S. auto plants has uncovered abundant examples of GM's strategy.

Jim Westness, bargaining chairman of UAW local 95 in Janesville, Wisconsin, reported Aug. 23 that GM is using a policy of attrition to reduce the workforce while increasing the line speed of production. Westness stated that whereas his local had 7,200 men in 1978, it has only 5,833, a loss of 1,369 workers who retired or died and were not replaced. Between last year and this year, the line speed at the plant was increased from 60.9 to 64 cars per hour, a speedup of 5 percent.

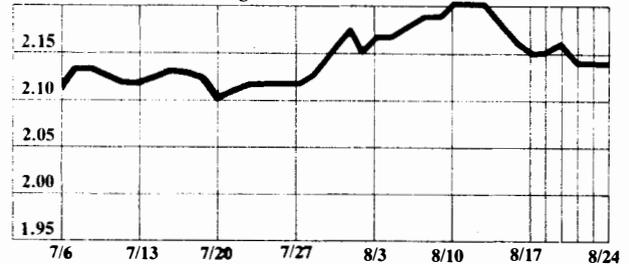
Westness reported that GM is playing his plant off against others to obtain even further speed-up and wage concessions. GM has stated that it will cease production of the standard Chevrolet pick-up truck, which the Janesville plant produces, and replace it in 1985 with a smaller model, which can be produced at any of three plants: Janesville; Leeds, Missouri; or Lordstown, Ohio. But only two of the plants will get the production. The three are being told that the plants with the best performance will get the production. Westness says that if his plant doesn't get the small pick-up truck contract, he will lose more than 2,000 men.

At the same time, GM is reducing its long-term contracts with suppliers and opening up its materials supplies to "competitive bidding." The competitive bids are used as threats to the workforce; at Packard Electrical Division in Warren, Ohio, Bill Malone reports that competitive bids have been farmed out to 21 non-union shops. "GM has given us a timetable. Either we get the work done cheaper, or the jobs will be removed."

Currency Rates

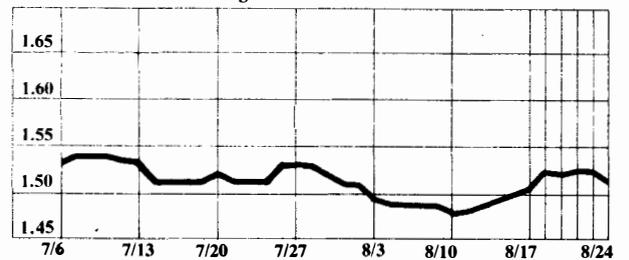
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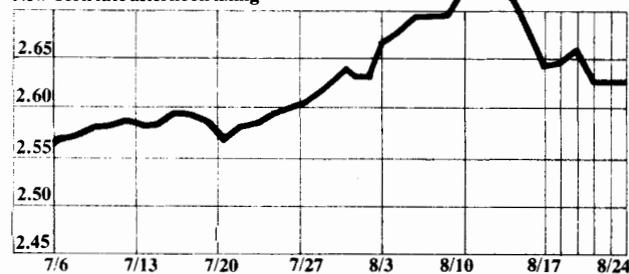
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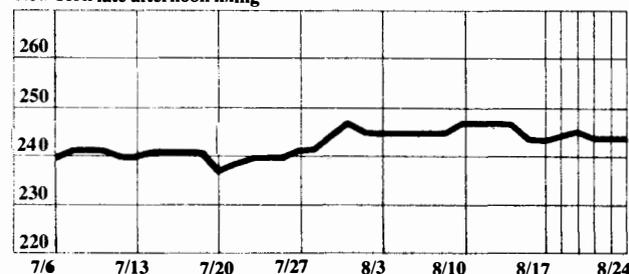
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The dollar in yen

New York late afternoon fixing



Portugal's Soares welcomes IMF austerity demands

by Mary Goldstein

Portugal, under the government of Socialist Party Prime Minister Mario Soares, has become the first OECD country to accept IMF shock treatment as the price for loans to repay its foreign debt. The accord, reached with the IMF in early August after three weeks of negotiation, carries conditionalities on a par with those demanded of Brazil, Mexico, or Argentina.

But unlike the big Ibero-American debtors, who are moving steadily toward formation of a debtors' cartel to jointly confront the IMF, the Soares government welcomed the IMF with open arms. In fact, Mario Soares's campaign platform in last spring's elections was austerity, austerity, and more austerity. Immediately after the elections, his government announced a stiff austerity plan in line with what the IMF would require for its \$480 million, three-tranche standby credit. Portuguese negotiators were nonetheless reportedly surprised when the IMF announced that the Soares plan was not rigorous enough.

Portugal's foreign debt reached \$14.2 billion in April, a whopping 58 percent of GDP (gross domestic product), one of the highest ratios in the world. Its debt service ratio is 27 percent. The country's financing needs this year are high; 28 percent of total foreign debt is short-term and matures this year. This means principal payments of \$1.3 billion, and \$1.4 billion in interest payments due over the next five months. The country has been shut out of international credit markets since at least the beginning of this year, able to raise only \$700 million in short-term credits from the Bank for International Settlements (BIS), using its gold reserves as collateral. Last March, Portugal was forced to sell 30 tons of gold to repay the BIS.

Shock therapy

The program laid out by the IMF is literal shock therapy. The foreign debt must be held to \$14.6 billion this year, and to \$16 billion in 1984. Balance of payments deficit of current account, which reached \$4.6 billion in 1982, must be cut to \$2 billion this year, and further reduced to \$1.25 billion in

1984. The budget deficit, 12 percent of GDP in 1982, must be reduced to 8 percent of GDP this year and 6.5 percent in 1984 (the IMF demanded 6 percent for 1984, but Portugal resisted on this point). Against a 3 percent growth rate in 1982, the IMF requires *negative* 1 percent growth in 1984; the Soares government had projected 0 percent growth. Real wages will be cut by 4 percent.

Portuguese negotiators have good reason to be nervous. The IMF program is a prescription for social upheaval in Portugal, a country with massive unemployment and a low standard of living, whose major union federation is controlled by the Portuguese Communist Party.

Portuguese Finance Minister Ernani Lopes quickly went into action following the IMF accord. He declared an immediate 2 percent increase in interest rates on deposits and a 2.5 percent increase on interest rates on loans. Rates for 90-day loans have now hit 29.5 percent, while five-year loans carry rates of 32.5 percent. Inflation is currently estimated at 20 percent annual rate. Lopes further announced new direct and indirect taxes for this year, and a continuation of the 1 percent monthly "crawling peg" devaluations. These latest measures follow big cuts in subsidies and price hikes of more than 20 percent on fertilizers, milk, bread, and sugar carried out last June, as well as hefty price increases for petrol, utilities, and public transport.

The biggest "shock" will be felt in the public sector. Last June, before the IMF deal, the government froze planned investments of \$1 billion, subject to review by a "permanent working group." Ernani Lopes told northern businessmen in early August that the government will make no new investments, and that programmed investments will be cut in part or totally, meaning a halt to projects already underway. "We will try to avoid it," he said, "but it's possible that we may have to do it."

The large and inefficient state sector, the SEE—Sector Empresarial del Estado—which employs some 209,000 workers, will be sharply cut back and large sections put up for "reprivatization." The SEE "excess workforce" is estimated at 50-100,000, a full 25-50 percent. Unemployment in Portugal is already extremely high: 1 million of an active population of 4.5 million, about 25 percent, are unemployed or underemployed.

To facilitate mass layoffs, the government is preparing a "lay-off law," which would allow job cuts by companies in severe economic straits. Under present law, workers cannot be fired or laid off. Under the new law, workers could be laid off for up to two years, during which they could receive up to 60 percent of their salary and their normal "welfare" benefits; during this time, they cannot take another job, or they will be "fired" and lose all benefits. The company is responsible for meeting the 60 percent payment (defined as minimally minimum wage, maximally three times minimum wage), but the government will cut the cost in half if necessary.

Joint Argentine-Paraguay project will restart industry, boost economic integration

Ground is scheduled to be broken very shortly on one of the world's largest hydroelectric projects, the Yacyreté dam and reservoir complex on the Paraná river on the border between Paraguay and Argentina. In June of this year in Buenos Aires, EIR's Cynthia Rush interviewed Hugo D'Angelo, executive director of the Entidad Binacional Yacyreté, the joint Argentine-Paraguay company formed to carry out the project. Yacyreté, the second of five on the Paraná to be begun, is a central element in the development of the Rio de la Plata basin which involves not only electric power but flood control and irrigation. When the whole basin is fully developed by the year 2000, it will constitute one of the major construction wonders of the world. Sr. D'Angelo expands on the significance of this project for Argentina and Paraguay, and for the entire southern South American region.

EIR: Mr. D'Angelo, could you describe the Yacyreté project, and talk a bit about its history, its scope, and its current status?

D'Angelo: The Yacyreté project came into being as the result of an international agreement with the Republic of Paraguay to build a hydroelectric plant on the Upper Paraná, on the border between the two countries. It is a project of extraordinary magnitude with an installed capacity of 2,700 Mw in the first phase, and 4,000 Mw in the second. To give you an idea of the scope, this constitutes more than 50 percent of Argentina's current installed capacity. The project has multiple purposes, but, fundamentally, it's designed to supply energy. The net cost of the project at this point is in the range of \$3.4 billion, with a seven-year period for completion of construction. The project is indispensable for Argentina's electricity market because it is scheduled to begin providing energy in 1990, at exactly the moment that we expect to have a deficit in the country's energy supply.

The project is an excellent one in terms of what it means for the economic development of Argentina's northeast and what it means as a geopolitical balance in relations with Brazil and Paraguay. The project is part of our national energy plan proposed in 1977, and its coming on-line is within the provisions of that plan as well as of the country's economic development.

In itself, the project is of vital importance, because it will



be a factor for the country's industrial reactivation; logically, the energy generated by the project will reactivate the industries that collaborate with Yacyreté, and will also generate a significant demand for labor power. The energy generated by Yacyreté will be supplied mainly to the interior of the country—high-tension lines will extend to the northwest and center of the country. We feel that with this project, and with the future Corpus project [one of the other major planned hydroelectric projects in the same region—C.R.] will have a system in the Upper Paraná which, together with Itaipú—the Brazilian-Paraguayan hydroelectric project—will create a center of regional development from an industrial standpoint which will take on international importance.

EIR: What are the more specific benefits of the project beyond energy generation; what will it mean in terms of flood control, for example?

D'Angelo: Well, in terms of attenuating the rise in the level of the river [northeastern Argentina has been struck over the past six months with devastating floods, due to unprecedented rainfall leading to the overflow of the Paraná River—C.R.] the project tries to take this into account; however, in the face of the extraordinary events occurring in this region right now as a result of the highest levels in the history of the Paraná River, the effects of the attenuation are really insignificant; for this to have the necessary effect and importance, the whole system—that is, Corpus and the compensatory dam downriver from Yacyreté—would have to be completed. We would also have to put into operation the project to deviate a certain amount of water from the Paraná to the interior of the country, toward the famous Ibera Lagoon, something that has not yet been agreed upon with the government of Paraguay. Once the whole system were complete, then we would really have the possibility of seriously controlling the Upper Paraná. Our present ability to control it is unfortunately very poor. . . .

Irrigation is one of the other objectives of the project, but it is really Paraguay that has a larger area projected for such development, in the range of 150,000 hectares. From the Argentine side, the area of irrigation is quite small and won't be significant in terms of the regional economy. We feel that the availability of energy should serve as the basis for a great industrial expansion from the Argentine side, thinking fundamentally of agro-industry and in the large client that we have on the other side of the Uruguay River [Brazil] population density shows spectacular differences compared to the Argentine side. In this regard, the Argentine government has very concrete plans for implementing joint projects with Brazil in the area of the Upper Uruguay River, through three hydroelectric projects that will allow us to maintain a regional balance through three binational agreements—one Argentine-Paraguayan, another Argentine-Brazilian, and a Brazilian-Paraguayan one. This will create a very beneficial balance for the three countries in terms of energy supply and in managing the cost of that energy. . . .

EIR: Why has Yacyreté been delayed? I understand that you are expecting adjudication of the project by the end of June.

D'Angelo: The Yacyreté International Treaty was signed in 1973. Unfortunately, just as the engineering side of the project was in the process of completion, Argentina entered the crisis of 1975, and then the process of 1976 [the March 1976 coup that deposed the Peronist government and installed the monetarist-dominated military junta—C.R.]

and Paraguay lost interest in getting the project underway immediately. Another crisis followed which affected Argentina from an economic standpoint, with subsequent international problems, leading to the repeated delay of the project.

Unfortunately the recession of 1979-80 was one of the principal causes of the delay in the project. Argentina's development was halted, nor was anyone proposing the need for an increased energy supply. . . . Argentina has lost two or three years, and so has the project, so we really have to begin all over again as if no progress had been made.

We took charge of the company in September of last year, and analyzed with the government the need for going ahead with the project, both from an economic standpoint and from the standpoint of Argentina's development . . . and we concluded that we have to move forward with the greatest possible speed. . . .

EIR: In terms of integrating the entire Rio de la Plata Basin area, the model of binational cooperation is very important. Do you foresee greater cooperation among the nations of Latin America on infrastructural projects such as Yacyreté. What would be the obstacles to cooperation of this type?

D'Angelo: The ultimate aspiration of all Latin American peoples is of integration—not just from the standpoint of their political aspirations but also from the standpoint of their own development. As far as our projects are concerned, integration with Brazil is an absolute priority and we feel that a great community of purpose will make that integration possible.

The problems with Paraguay are completely different; its development needs are not comparable with those of Brazil and Argentina. But the putting into operation of projects such as Itaipú, Salto Grande, and Yacyreté is transforming the entire region, and becoming a true South American reality implying an example of cooperation following the [tradition of] the old schools of Europe regarding these types of agreements which will transform not only the regional economies but also the spirit of community of our neighboring peoples. It is through such projects that real history is made; without question they will foster centers of regional development and a new political position internationally which will be felt in the international markets.

We hope to be able to continue these projects with our brother countries, and speaking from the standpoint of a rigorously technical entity such as this, I would say that Latin America looks with the greatest interest on these types of undertakings which we modestly understand as the most appropriate manner of supporting South American development.

'Pre-emptive conditionalities'

Countries are forced into World Bank/IMF "structural adjustment" as private lending dries up.

Since the Mexican financial crisis erupted one year ago, the World Bank and the International Monetary Fund have been lowering the boom on middle-income developing countries. The claim is made that even though many of these countries have kept their external payments under control until now, unless they radically alter their economic policies, they will financially collapse like the major nations of Ibero-America.

Allegedly to prevent countries such as the Philippines, Thailand, Korea, Turkey, and Egypt from the brink of doom, the World Bank has been offering them special "structural adjustment" loans. In return for these funds, usually in the range of one to several hundred million dollars, the receiving country is expected to entirely reorganize its national economic policy along austerity lines.

Were it not for the fact that since August 1982, private loans for developing countries have been practically unavailable, most developing-country governments would turn down the World Bank's false generosity.

But private lending fell 70 percent over the past 12 months—and whatever lending is still going on is confined strictly to the refinancing of interest payments on old debts.

The World Bank reports that over the past year, 10 percent of all of its lending is now going into such "structural adjustment" programs.

The "logic" behind these World Bank's packages was stated simply in a recent issue of the *International Monetary Fund Survey*:

"The number of countries incurring arrears has been rising almost continuously; of the 44 countries incurring arrears during 1975-82, only 8 countries have managed to eliminate them. This persistent, and, to a certain degree, self-perpetuating nature of arrears underlines for member countries [of the IMF] the need for policies aimed at avoiding their initial incurrence."

The IMF and World Bank are thus arguing for "preventive" austerity to be broadly applied to the rest of the developing sector, modeled on the IMF "conditionalities" programs already in effect in the 44 countries cited above, which are officially in arrears.

The funds being dished out for implementation of such "preventive" programs of "structural adjustment" are funneled through the World Bank because, normally, governments don't go near the IMF until they are finally irreparably deadlocked in the negotiations with their creditors.

Why countries should be convinced to put themselves at the mercy of the IMF and World Bank prior to being declared in distress by their creditors was discussed in some detail in a recent profile in the *Neue Zürcher Zeitung* of Switzerland.

The NZZ is particularly concerned

that the policy of "preventive austerity" be put into effect in Asia, warning that the relatively low size of the debt of individual Asian countries should not be allowed to determine how these economies are viewed by creditors.

Asserting that the developments in Ibero-America have taught the Asian nations a lesson, the NZZ gives special attention to the Philippines, where the implementation of IMF "adjustment" recommendations has recently helped to precipitate a full-scale political upheaval.

Under the headline, "Turning Point for Southeast Asia's Economies," the NZZ states: "At first glance, the total indebtedness of Asia . . . appears harmless. For the included seven countries, at the end of 1982, it equaled a cumulative level of nearly \$110 billion. That is less than the current cumulative debt of Mexico and Brazil. However, to infer from that alone that there is no debt crisis in the Asian theater would be very reckless. . . . Southeast Asia has *learned* from the processes in South America, and has undertaken everything, to prevent a similar development.

"If one looks at the latest measures—such as the new budget in Thailand and in Taiwan, or the heavy-handed austerity measures in Indonesia and the declared willingness to save in the Philippines—it appears that" these countries are responding to the Ibero-American lesson.

In contrast to Ibero-America, however, NZZ continues, "Asia's debt mountain still stands upon a *healthy foundation*; that is, it is primarily composed of long-term obligations.

"Despite this, there exists no doubt, that individual countries will still have to manage their economies *very austerely*, in order to bypass a latent and entirely plausible financial crisis [emphases in the original]."

The Michigan National case

Regional U.S. banks want to pull out of syndications; Latin America has even more reason to halt debt payments.

Michigan National of Detroit, one of the United States' 50 largest banks, announced Aug. 11 that it had taken the unheard-of step of bringing a lawsuit against Citibank of New York, in order to pull out of a \$5 million participation in a \$45 million syndicated loan to Mexico's national oil company. The case now constitutes a "time bomb" in the U.S. credit system, which may or may not trigger a global response.

Across the United States, regional banks' legal departments are watching the suit carefully. As one Latin American loan officer explained the standpoint shared at his bank in Ohio:

"Michigan National has a reputation for doing destructive things. [The bank has been a maverick on setting its prime rate] banks are now going through their documentation to see if they could hypothetically do the same thing. We don't openly support Michigan National, but if they win this suit, we might just try to repeat what they're doing."

A worried *Wall Street Journal* reported Aug. 12, "Although the credit is a small one, the Michigan National suit could have wide repercussions. The syndicated loans through which billions of dollars have been extended to Mexico, depend, in effect, on the unanimous consent of many large and small lenders. If any one lender in a syndicated loan refuses to accept major provisions, such as postponement, the entire credit structure could unravel."

August 18, New York's *Journal*

of Commerce appealed to the "solidarity" of the regional institutions to stick with the major multinational banks—even though it is obvious that the smaller banks "would like to get out of the international lending game" the editorial noted. The *JOC* referenced other cases where regional institutions have found leeway to pull out of international loan syndicates: "To the extent that the smaller institutions have any choice in the matter, they are not going along. That was certainly the case in the effort by Bankers Trust to get banks to build up their interbank loans to Brazil. So many wouldn't help Bankers Trust that the whole approach had to be changed."

There is some speculation that Citibank may try to quietly pay off Michigan National and put the suit to rest. If the syndicate breaks apart, however, or Michigan National is allowed to win, the daisy-chain of payment obligations upon which credit lines to Latin America are based would quickly fall apart, unleashing a full-scale, global banking crisis.

Furthermore, for years, with loan syndicates at their disposal, Wall Street, London and Geneva banks, in coordination with the genocidal International Monetary Fund, have demanded that Third World nations accept murderous austerity in exchange for paltry amounts of new money. Even if the suit doesn't spread, the case has already served to expose the big New York banks' vulnerability: the Wall Street banks don't have the money, and *don't want to take the risk*

of lending to Ibero-America by themselves. Thus, the suit encourages the Ibero-American countries to halt payments.

In its suit, filed in Detroit federal court, Michigan National reported it had joined a Citibank-led \$45 million loan syndicate to Mexico's state oil company, Petroleos Mexicanos (Pemex) on May 3, 1982. The loan was to run 90 days. Pemex was unable to pay the loan back, and Michigan National extended the loan three times. But after July 26, Michigan National refused to refinance, and when Citibank refused to let Michigan National out of the loan syndication, Michigan National sued.

In early August, a frightened U.S. government official commented on the case that the Michigan National suit opens "a small but potentially deep crack" in the "coordination and cooperation that has developed over the past year in dealing with illiquidity in some countries."

Wall Street banks have thus far used blackmail to keep the regional banks in loan syndications. A southern regional bank chairman has reported that when he telephoned the chairman of one of New York's Big Five to report that he intended to withdraw from a loan to Mexico, the answer he received was: "We'll let you do that if you want to, but the next time your bank comes to New York to try to borrow some money, don't expect to find any."

At the same time, in return for their support for his renomination this July, the New York banks have wrung from Fed chairman Paul Volcker his secret agreement that he will bail out the money center banks in the case of Third World loan defaults. The regional banks have not been cut in on this deal—and thus are all watching the Detroit case very carefully.

Why rates will rise

The end of the fake U.S. "boomlet," and the advent of domestic and international debt crises will panic the Fed.

The only remarkable feature of the mid-August decline in interest rates is how slight it has been, compared to similar bouncing-ball declines earlier this year. It is irrelevant whether the Fed's apparent firming move Aug. 25, which interrupted the bond dealers' paper-exchange advertised as a "bond market rally," marks the end of the drop. Rates are going back up, by no later than mid-September. Whatever the Fed chooses to do, the outbreak of the Brazilian crisis at the end of September or early October will "make the Eurodollar yield curve stand up like a flagpole," according to the international economist of one big bank's Treasury department. Some analysts suspect the Fed may be panicking both over the imminent evaporation of the spurious recovery, as well as the Third World debt crisis, and will try to print money. This will not help any rates but short-term Treasury bills, the usual refuge for scared money in the event of real trouble.

The irony is that the rate-rise will proceed despite the death of the recovery hoax. Already the following negatives are being reported: a 3.6 percent fall in July durable goods orders, a 10 percent drop in building contracts, a homebuilding bust in progress, and a projected major auto production downturn, once the new auto model year comes on line.

Discussions with unionists at plants producing components for all GM cars show that zero overtime has been scheduled for September, fol-

lowing the changeover to the new models. Recently, auto companies have not rehired in proportion to their purported sales, preferring overtime at time-and-a-half. Overtime is scheduled weeks in advance, and the lack of plans for September indicate a sharp downturn in auto output. This suggests that the first big industrial production downturn in months could be reported for the month of September, and it would be reported at the height of the Brazilian debt negotiations.

Since the Fed hoked up the industrial production index through extraneous "productivity factors" based on previous recoveries, the rise has been overstated by an amount we are now calculating; *EIR* founder Lyndon LaRouche points out that the "screw-shaped error curve" in the estimation of the Fed index will show a faster rate of decline on the way down.

Indications are that the Federal Reserve is panicking at the political consequences of the economic unravelling. A source close to New York Fed President Tony Solomon said, "The Latin American debt situation is a big factor, but not in the obvious way; as long as it can be made to appear that the economy is in recovery, all the other problems can somehow be handled."

The Federal Reserve might react by trying to push interest rates down. The short-term rate for loans between commercial banks, or federal funds, fell to 9½ percent Aug. 26 from 9¾ percent the week before. But most New

York banks' money market specialists say rates will head right back up in September. The Fed's actions do not appear to have convinced the stock market that the rate rise is over. The anemic bond market improvement reflects almost entirely institutional trading rather than retail buying.

Some room for this temporary traders' rally was bought by the completion of the third-quarter Treasury borrowing schedule and the disappearance of most corporate and many mortgage borrowers from the market during August, a harbinger of the new economic downturn. However, the Treasury's borrowing requirements for the fourth quarter are likely to be well in excess of the \$65 billion government estimate (despite some baseless arguments that the "recovery" will raise revenues and reduce borrowing requirements).

The agricultural disaster now in progress in the Midwest through to Texas is the wild card in the federal deficit; short of commitments for some commodities under the purchase-in-kind (PIK) program, the federal government may be forced onto the commodities markets at a point at which prices are already rising sharply. Combined with other underestimates of agricultural spending, this could add an additional \$5 to \$10 billion to the deficit. With a collapse of tax revenues below still-depressed present levels, fourth-quarter borrowing could be really spectacular.

It is impossible to estimate how high rates might rise; gnomes like Olivetti's Carlo De Benedetti have been beating the drum for a dollar collapse since April, arguing that the Third World debt crisis will torpedo the dollar. A major exodus of European portfolio investment in the United States is likely, and would also push up domestic rates.

Business Briefs

Capital Flows

Foreign investment in U.S. lost momentum in 1982

At the end of 1982, Japanese corporations' direct investment in the United States totaled \$8.7 billion, according to the U.S. Commerce Department, up 25 percent over the 1981 level.

Total direct foreign investment was \$102 billion at the end of 1982, an increase of \$11.4 billion or 13 percent. It had increased by \$22.1 billion in 1981. The Commerce Department attributed the slowdown to the absence of large-scale investments, reflecting the recession in the United States, high interest rates, and high investment costs due to the dollar's appreciation.

British investment was calculated at \$23.3 billion, up 50 percent; the Netherlands \$21.4 billion, down 7 percent; Canada \$9.8 billion, unchanged; West Germany, \$8.2 billion, up 13 percent; Switzerland \$4.8 billion, up 11 percent; and France \$4.7 billion, down 6 percent.

Infrastructure

New York feels the brunt of Big MAC policies

A New York City water main broke the morning of Aug. 24, flooding a large area, halting subways, and disrupting water and telephone service for hundreds of area customers.

Two weeks earlier, a 12-inch water main broke in downtown Manhattan, flooding Con Edison's area underground substation and blacking out entire blocks for four days.

Water main pipes have a life expectancy of 75 years. The 36-inch pipe that broke Aug. 24 had been put down in the 1880s. Sixty percent of the city's 6,200 miles of water pipes were installed before 1900.

The number of water main breaks in New York peaked in 1979, at 547. Felix Rohatyn's Big MAC fiscal austerity plan had cut

out all maintenance in 1975. Minimal maintenance by the Army Corps of Engineers was resumed in 1979. The program—replacing 6-inch pipes with slightly larger ones, and installing computerized “leak detectors” in areas where breaks have occurred—could not prevent the recent large breaks because no previous leaks had been detected in the area.

Department of Environmental Protection Deputy Commissioner Jeffrey Sommer called the proximity of the two breaks a coincidence.

New York City Comptroller Harrison Goldin stated recently that 10 percent of the city's water system will reach the retirement age in the next decade, and that at least \$1 billion would be necessary just to maintain the current system. The city has earmarked \$12 million over the next four years.

Agriculture

Crop shortfall puts a crimp in PIK

Extensive damage due to a severe heat wave and drought this summer make it unlikely that the U.S. Department of Agriculture will continue its Payment-in-Kind (PIK) program for corn and other feed grains next year, Agriculture Secretary John Block stated Aug. 23.

Drought damage means that 1983 crops will be insufficient to provide excess grain to distribute to farmers in exchange for not planting crops.

This year's corn crop will be at least 38 percent below the 1982 record crop of 8.8 billion bushels. Corn farmers were the biggest participants in PIK: 21.3 million acres were left idle under the program. The planted area, 52.3 million acres, is the smallest since 1965.

Since the onset of the summer heat, USDA officials have reduced their predictions of corn production by over 1 billion bushels. Total production is estimated at 5.24 billion bushels; total exports and use by livestock producers will be at least 7 billion bushels this year.

The wheat crop has not been as adverse-

ly affected, the USDA claims, and therefore an acreage-reduction program, which will include payment in kind, has already been announced for 1984. However, Deputy Agriculture Secretary Richard Lyng had announced a program to increase wheat supplies, called “Plant for PIK,” in early June, after it was revealed that government wheat supplies were 80 million bushels short.

No PIK program is planned for either cotton or rice for 1984, USDA officials also announced Aug. 23. A program was instituted to encourage farmers to abandon cotton stored with the government as loan collateral to increase the government's holdings; however, USDA was about 700,000 bales short of what it had committed to the PIK program.

Ibero-America

New austerity program forced on Peru

Members of the Peruvian Senate were left speechless the week of Aug. 22 when Minister of Economics and Finance Carlos Rodríguez Pastor presented his countrymen with a long-awaited report on the country's debt renegotiation plan—speaking in English!

Pastor, for 14 years vice-president of Wells Fargo Bank in San Francisco, immediately entered the economics and finance ministry when he returned to Peru.

Opposition party senators protested the impossibility of approving a plan which was not presented in Spanish, the constitutionally mandated language of the Peruvian republic. Many senators, were unable to understand the contents.

The \$2 billion debt refinancing package—an agreement with the Western nations' “renegotiating body,” the Club of Paris, is premised on a brutal austerity program dictated by the International Monetary Fund. The program was passed, since the ruling party, Acción Popular, holds an absolute majority in the congressional body.

Among the new measures are a new 25 percent reduction of the budget, which has already been reduced by \$2 billion from approximately \$5 billion; the elimination of

food subsidies; an increase in gasoline and electricity prices; and slashed defense expenses.

A full 50 percent of Peru's export earnings has been dedicated to debt payments at the moment when both extended drought and torrential flooding have destroyed significant portions of the country's crops.

This comes on top of the collapse of Peru's productive sector under IMF-imposed austerity measures. Minister Pastor has generously pledged to pay the bankers their debts at a usurious 4 percent above LIBOR.

Debt Policy

OAS meeting to revive the Drago Doctrine?

A "Drago Doctrine" against forced collection of Ibero-America's \$350 billion unpayable debt will be approved at the Sept. 5 meeting of the Organization of American States (OAS), according to the Caracas daily *El Mundo* the third week of August.

In 1903, Argentine Foreign Minister Luis Maria Drago sent a note to the United States protesting the blockade of Venezuelan ports by British, German, and Italian gunboats demanding payment of debts upon which Venezuela had declared a moratorium.

Drago's assertion, that the public debt of a nation is not sufficient reason to justify armed intervention by a creditor state, is still valid, *El Mundo* stated, and the doctrine needs to be broadened to apply to the continent's current debt crisis.

International Credit

Elite London bank: 'no more LDC loans'

Morgan Grenfell, the British merchant bank which heavily interfaces the Carrington faction of the British Foreign Office, has just

issued an assessment of the world financial system which announces that an "era" in international banking "has ended."

The report states that it will take "many years" to solve the debt crisis which has erupted in the Third World, and that during that time, new bank loans to developing countries will be, practically speaking, unavailable.

London's *Financial Times* ran an Aug. 19 editorial commentary on Morgan Grenfell's prognostications, stating: "Developing countries, which depend heavily on imports of capital, may find that not even the soundest credit rating will secure new bank loans on acceptable terms."

If these countries want external funds, the *Financial Times* explains, they will have to be prepared to exchange equity—i.e., ownership of their national wealth—with their lenders.

Morgan Grenfell also predicts that official government agencies will probably play a greater role in international financing over the next decade than they did during the 1970s.

Even by British standards, Morgan Grenfell is no ordinary bank: it includes on its board the son of former British Foreign Secretary Alec Douglas-Home, and its Africa division is run by the son of former British Foreign Secretary Peter Carrington.

As one of its officers told *EIR*, "The presence of such gentlemen gives us access to important, informal channels of information on what is occurring abroad." It is through such Foreign Office channels, additionally, that the bank interfaces the Swiss financial community on the Freemasonic level.

Research and Development

India plans 'science city'

The Indian government is planning to create a "scientists' city" to "provide a nucleus for research and development in new frontiers in science and high technology and promote an appropriate blend of emerging and traditional technologies," Prime Minister Indira Gandhi announced in late August.

Briefly

● **THE ST. LAWRENCE** Seaway Corporation reports that the number of ships using the seaway in July was 14 percent below that of July 1982, and total tonnage was off 3 percent. In the first six months of 1983, tonnage through the seaway was down 20 percent compared to the first half of 1979. Seaway official Robert Lewis says: "International shipping is down everywhere. The recovery has not hit the shipping industry yet."

● **JULIO GONZALEZ** del Solar, the former IMF employee who is now president of the Argentine central bank, told reporters in late August that "to eliminate inflation, we unfortunately have to forget about the less fortunate. . . . This social injustice will have to continue for a while longer. . . . until the pie becomes bigger."

● **JESUS SILVA HERZOG**, Mexico's finance minister, was besieged by reporters at the gala ceremony to celebrate signing an \$11 billion plan to restructure Mexico's debt, held in New York Aug. 26. When asked how his country viewed the Sept. 5 Caracas meeting on the Latin American debt crisis, Herzog smiled and said, "With interest—as you do."

● **ZUG**, the Swiss canton which houses the international headquarters of the commodity-trading firm Marc Rich, is considering giving financial backup to the company, which has found itself in a hot showdown with U.S. law enforcement authorities. Zug financial director Georg Stucky claims the United States can't demand back tax payments from Marc Rich, because the company pays taxes to the Canton. To underline the point, Stucky may give Marc Rich a substantial tax refund to finance the firm's delinquent U.S. payments, Swiss newspapers report.

Beam-weapons strategy relaunched at Erice conference

by Paolo Raimondi

In a major historic move, U.S. President Ronald Reagan and the group of scientists working with Dr. Edward Teller have publicly relaunched the campaign for a new defensive system based on the directed-energy technologies or "beam weapons," thus strongly countering the threat of a Soviet preventive nuclear strike as announced recently by the KGB paper *Literaturnaya Gazeta*.

The occasion was the "Technological Bases for Peace" conference organized in Erice, Italy, Aug. 20–23, by the Ettore Majorana Center for Scientific Culture of Professor Antonino Zichichi, which was attended by such scientists as Teller, Lowell Wood, and Richard Garwin from the American side and Academicians E.P. Velikhov, A.P. Aleksandrov, and Markov from the Soviet side. The U.S. pro-beam-weapon forces decided to repeat to the world the fundamental concepts and plans already contained in the President's March 23 speech: overcoming the era of nuclear terror (Mutually Assured Destruction—MAD) and beginning a new one based on the policy of Mutually Assured Survival (MAS).

The conference resulted in the formation of a commission of 100 U.S. and Soviet scientists to investigate the feasibility of defensive beam-weapon development and to conduct a computer analysis of the effects of nuclear war. Italian newspapers described the Soviet agreement to participate in such a commission as a "sudden change in the attitude of the Soviet delegation" during the course of the conference, in response to Dr. Teller's forceful intervention. This is the first time any Soviet officials have agreed to discuss anything about beam weapons—except how to prevent the United States from building them.

President Reagan surprised both the Soviets and the Western allies by sending a message of greeting to the scientists gathered in Erice, calling upon their moral and scientific commitment to work for peace through the advancements of science and technology. Reagan wrote: "War is the scourge of nations, and nuclear war would be the scourge of mankind. . . . As scientists and teachers, you hold a special responsibility to use your wisdom and influence to help develop and use the knowledge that will lead to an age of true security against the threat of nuclear war." President Reagan announced that after four decades the world now has a



The National Democratic Policy Committee rallies in support of "Mutually Assured Survival" on Capitol Hill, April 13, 1983.

NSIPS/Stuart Lewis

chance to emerge from the nuclear terror of the MAD doctrine, "if we succeed in applying the fruits of scientific and technical advances to develop a new generation of defensive systems."

Reagan's challenge was covered by all the Italian media for several days, whereas the American press totally blacked it out. Reagan's statement has thrown out the window a good deal of speculation about the White House backing down to Soviet blackmail on the strategic defense issue, and has remoralized those who kept working for a peaceful beam-weapons defense system despite an almost completely averse environment.

Inside the conference at Erice, a beautiful medieval town overlooking the Mediterranean sea near Trapani in Sicily, the atmosphere changed totally. This meeting had been organized by Professor Zichichi from the CERN nuclear research institute of Geneva, which is suspected to be one of the most dangerous nests of KGB spies in the West (see *EIR*, Aug. 23, 1983, pp. 36-37), and it was supposed to become the forum for a big Soviet "peace loving" anti-defense system propaganda drive.

The Soviet delegation came armed with an appeal signed by more than 50 physicists and other defense-related scientists stating that "we declare in full responsibility that there cannot be a defensive essence in nuclear [sic] that their creation is practicably impossible." This was an explicit response to the "speech of March 23, 1983" in which "the President of the United States proposed to the American people . . . the creation of a new, gigantic system of anti-ballistic missiles, having a purely defensive character . . .

capable of giving the United States absolute security in the eventuality of a nuclear conflict." Signers of the Soviet statement include those physicists, such as Velikhov himself, who are most heavily involved in coordinating the Soviet beam weapon research and development programs! And in the Soviet weekly *Literaturnaya Gazeta* of Aug. 10, Fyodor Burlatskii, an adviser to Yuri Andropov, wrote that development of beam weapons by the United States would be a *casus belli*—implying that Moscow would launch a preventive strike if necessary to prevent their deployment! (See article by LaRouche, p. 24.)

Teller's rational appeal left the Soviets with no choice but to agree to sign the final declaration and try to maintain their "peace-loving" image. Whether or not this shift portends a Soviet policy shift away from total opposition to negotiation with the United States on development of defensive systems remains to be seen. But at Erice, it was an unquestionable victory for Teller, an affirmation that beam-weapons technology can indeed become a reality if men commit energy and resources to its success. Teller told participants: "It is a wonderful thing. . . . It is a small step on the road to creating reciprocal comprehension and confidence." Teller recalled that President Reagan had consistently spoken of mutual development of the new defensive system both for the United States and the U.S.S.R.

Teller versus *Pravda* and *The New York Times*

Dr. Teller's task was to explain to the citizens of Europe the concepts behind the President's widely defamed defensive system, through several interviews to all the major Ital-

ian papers, radio and TV networks.

He told the Erice gathering, as reported in *Corriere della Sera*, that "until two or three years ago, I too was firmly convinced that the philosophy of Mutually Assured Destruction (MAD) represented the only way to maintain peace. Then my student [Livermore scientist] Lowell Wood made me change my mind. Now I think that the construction of a global system of defense is technically possible, that it is more economical, and that it will be able to secure peace. . . . I can only say that the weaponry involved is exclusively defensive, that the laser-beam guns play an important role, and that this system does not imply the deployment of nuclear weapons in space: in space there will be only the 'eyes' to see if the missiles of the enemy have taken off. These weapons will be built only to destroy missiles already in flight and not to hit ground-based silos," Teller explained.

To illustrate better the qualities of the new defensive system Professor Teller compared it to the mobile British fleet which in 1588 defeated the Spanish "Invincible Armada."

In an interview to the Italian daily *La Repubblica* Sunday, Aug. 21, Teller counterattacked the propaganda line of the Henry Kissinger/KGB crowd which has slandered Reagan's new doctrine as "star wars." Teller said: "Star wars? This is all the invention of papers like the *New York Times* and *Pravda*. Reagan never spoke of military satellites or super-weapons; he did not use even the word 'space.' He only said that we have to replace the strategy of terror with the equilibrium of security. These new technologies will be eyes directed against the enemy and will be a defensive system and nothing else; they will stop only the adversary committed to strike."

Teller then underlined in the interview that in five years "we can already have a system which will demonstrate how the money spent for the research has been spent well. . . . But," he stressed, "the problem is not money, but ideas. For this I ask that in the elaboration of these projects all the NATO allies should participate, all the available minds. The more ideas, the better." Anyway, he added, "I need only half a billion dollars for the next year." Teller's line received strong backup from the respected Livermore Laboratory physicist, Lowell Wood. In his speech and in several interviews, like one he gave to the Rome daily *Il Messaggero* Aug. 22, Dr. Wood stressed that "the ideal weapon is the laser."

The anti-beam weapon factions inside the conference were put on the defensive. Richard Garwin of IBM, a close friend of Kissinger in the Trilateral Commission who was universally labeled as a Jimmy Carter spokesman by the Italian press, complained that the defense system is too expensive, too vulnerable and will provoke a new arms race. Soviet spokesman Velikhov's praise of Garwin (see documentation) hardly came as a surprise. Teller dismissed Garwin by reminding him that what is needed is not more money but better minds.

Italian Chief of Staff of the Army, General Cappuzzo, also spoke out against the beam weapons policy, wondering if such a program would not "cost too much," and recommending instead the plan of NATO Supreme Commander Bernard Rogers for a conventional arms buildup to counter Soviet superiority.

The press did even bother to mention the names of those friends of Gen. Daniel Graham of "High Frontier" who put forward their usual fantastic plan for militarization of space with nuclear weapons.

Soviets lose face

But it was the Soviet delegation led by Evgenii Velikhov, the vice president of the Russian Academy of Science, that lost face most visibly in the debate. Velikhov dedicated all his time to denouncing the beam weapon policy, which he insisted is a U.S. bid to gain a first-strike capability. "There is only one way to achieve peace—balanced nuclear disarmament. From the American side . . . there is an attempt to convince the population that there is a new system, the so-called global anti-ballistic system, placed in space. . . .

"First of all, I believe that this system is very difficult to realize. It is very costly and we do not yet have the right

Erice document: scientific study of ABM defense

The following account of the document issued by the Ettore Majorana conference on "Technological Bases for Peace" was published in the Rome daily Il Tempo Aug. 24, with the headline: "No to Deterrence Doctrine: The Erice Document."

At the conclusion of the international meeting that took place in Erice, a document was signed concerning an accord for scientific collaboration, which bears the signatures of Professor Teller for the United States, Professor Velikhov for the Soviet Union, and Professor Antonino Zichichi for Europe. The following is the text of the document:

● The mutual exchange of ideas, data, and information, which resulted from the three sessions of the Erice international seminars on nuclear warfare, are of greatest importance for us.

technology. But this is not all. In reality this system will be very vulnerable and dangerous. It is more a system for a first strike than a defensive one. In any case this will push everybody towards a new arms race on a more sophisticated level. For example the construction of a type of missile with only one warhead, capable of penetrating the defensive shield."

Velikhov, in an interview to the Italian Communist Party paper *L'Unità*, went further in threatening the West, in language similar to that of the Burlatskii piece in *Literaturnaya Gazeta*. "In the present situation of relations of forces, peace is guaranteed by equilibrium [the MAD doctrine of balance of nuclear terror—PR], and any new development is objectively destabilizing because it increases the possibility that the adversary could attack us first, destroying all our defense network," he said.

Asked about the role of the U.S. Pershing II and cruise missiles scheduled to be deployed in Europe this year, Velikhov answered: "We do not consider them as medium-range missiles but as actual strategic weapons. The Soviet Union will respond to them not only vis-à-vis Europe but more in particular vis-à-vis the United States. The decision on the Euromissiles will be fundamental for the future. If they are

installed this will change the global worldwide strategic equilibrium. I am afraid that such a development will lead to the temptation the U.S.A. had already in Vietnam and in China, to go for a limited nuclear conflict. Imagine a limited nuclear war in Sicily for example. . . ."

At this point Velikhov indicated that only in the disarmament talks is there a concrete road toward peace, and underlined the importance of the recent announcement by Soviet President Andropov that he would ban killer satellites in space. Teller immediately rebuffed this Soviet attempt to present the U.S.S.R. as the only pro-peace force in the world, counterposed to the "warmongers" promoting beam defense. "The Russians have unilaterally sent killer satellites into space. We have evidence for this," he said. "Now they have unilaterally decided not to send them anymore. In other words, they do everything by themselves. . . ." Teller went on, according to *Corriere della Sera*, "Which do you consider more dangerous, the sword or the shield? If I try to defend myself, this is not a provocation. A shield, only a shield—this is the type of defense we want to realize."

Then another American scientist, Anthony Battista, a staff director for the House Armed Services Committee, intervened. "We know that you have already two orbiting space-

● The previous sessions opened the path to new investigations of the global effects of a U.S.-U.S.S.R. nuclear clash, the results of which were discussed here in a climate of scientific rigor, and therefore objectively. The results obtained by various research groups in the East and the West on the simulation of a nuclear conflict have been very important for understanding the consequences of a U.S.-U.S.S.R. nuclear conflict. Such studies should be developed further with greater collaboration on an international scale. This is to avoid any suspicions about the validity of the results obtained. This is the first point to emerge during this third session.

● Another important point emerged during this third session, and is precisely the problem of defensive weapons. The underlying philosophy of this new point lies in the problem of studying the possibility of identifying new means for getting out of the present balance of terror. The first of these means is the reduction of nuclear arms. The second is the idea of new defensive weapons. And here there are some questions: 1) Is it possible to identify the characteristics and properties which a weapon would have in order to be effectively considered defensive in nature, i.e., the opposite of offensive? 2) Is it true that an advanced system of defense could produce destabilizing effects? And, if that is so, why and how? 3) Why not study new methods of getting out of this balance of terror?

● It is therefore proposed to form a joint Europe-U.S.-U.S.S.R. research group, based at the Ettore Majorana center, for collaborative study of two above-mentioned points: 1) The simulation and evaluation of the global consequences of a U.S.-U.S.S.R. nuclear conflict. 2) A way out of the present balance of terror; and, in particular, if it is possible to conceive of a new type of defense system against nuclear destruction.

● The joint research group is composed of U.S., Soviet, and European scientists (and possibly from other countries), selected by the signatories of this document, who are: Prof. Edward Teller for the U.S. scientists and specialists, Prof. Evgenii P. Velikhov for the Soviet scientists and specialists, and Prof. Antonino Zichichi for the European scientists and specialists.

These studies can be carried out in Europe, the United States, or the Soviet Union. Their results should be reported during periodic meetings at Centro Ettore Majorana in Erice. The travel expenses are to be paid by the U.S., Soviet, and European institutions of which those scientists and specialists are members. The expenses in Erice are to be borne by the Centro Ettore Majorana. The bulk of the work and studies which are to be carried out at the Centro Ettore Majorana itself will be defined in the course of further consultations. This accord will be presented by us to our respective governments for approval and further development.

based systems," he said. "You have 12,000 nuclear warheads, and 40,000 tanks plus two systems already in space. What do you have against us defending ourselves? The Soviets want to negotiate only when they are in a position of strength," Battista concluded.

Soviet ambassador Victor Israelyan, head of the delegation to the Geneva arms control negotiations, angrily retorted: "Can any of us guarantee that we will be alive within three or six months and that we will be able to participate in the next conference here in Erice?" All the Italian press reported that the Soviet delegation was visibly embarrassed at this unorthodox open exchange.

Since all the Italian press reported these confrontations in detail for several days, the average Italian citizen is now better informed than his American counterpart on the significance and strategic importance of beam weapons and the new defense systems. *EIR's* correspondents in Rome, Milan and elsewhere in Italy report that the name of Lyndon LaRouche is on the lips of almost everyone, because it is well known that, apart from Reagan's March 23 speech, only LaRouche's movement has continuously been engaged in a major political battle on behalf of beam weapons. Many Italians will ask themselves with surprise if the KGB is already in control of the U.S. information centers and the mass media, if such an extraordinary development as that in Erice has been totally blacked out in the United States. Those Italians who have read the widespread reports in the Italian press about Henry Kissinger's opposition to the beam weapon policy and about his role in the assassination of former Italian Premier Aldo Moro, probably will not have much difficulty in associating this blackout in the United States not only with the influence of the KGB, but also, and above all, with the role of Kissinger.

The other only important political and moral authority that expressed its support for Reagan's fight for Mutually Assured Survival in Erice has been the faction inside the Vatican which, as *EIR* has already known for some time, backs the new defensive systems against the MAD doctrine. In fact the Vatican daily *L'Osservatore Romano* of Tuesday, Aug. 23, after reporting the message of the Pope to the scientists gathered in Erice, underlined the importance of President Reagan's message calling for the realization of the new defense system.

Dilemma for the Kremlin

What happened at Erice shows that the Andropov-Bur-latskii threats against beam-weapons development are not the only game in Moscow. The diametrically opposed policy of accepting President Reagan's offer to negotiate on the basis of Mutually Assured Survival is also contending for dominance in the Kremlin—and one of the two policies must triumph soon.

But if the next Soviet move is not clear, there is little doubt of the intentions of Andropov's western partners in sabotaging Reagan's beam-defense policy, the grouping cen-

tered around the "Pugwash conference." The Pugwash networks were instrumental in delivering a major threat to the West through the left-liberal German newsweekly *Der Spiegel* the week of the Erice meeting. At the end of an article on the fight around beam weapon technologies and the defense system, *Der Spiegel* quoted Richard Garwin that the new defense system "will lead to war in space, not as an alternative to war on earth, but rather as a prelude to it." *Der Spiegel* wrote: "The danger of a strategic imbalance would necessarily outstrip the technologically inferior Moscow, fears Victor Weisskopf, physicist of the renowned MIT. After a laser briefing at the White House, [Weisskopf] said, 'the Soviets will start a war to prevent the stationing of such a system.'"

The Trilateral Commission has also started to send out signals for an urgent mobilization to sabotage the President's policy. After all, it was the Trilateral Commission, meeting in Rome with Kissinger in April, which expressed its total disagreement with the beam-defense policy and plotted the overthrow of President Reagan to stop it. Arrigo Levi, a Trilateral director and editor of the Turin daily *La Stampa* (owned by a fellow Trilateraloid, FIAT's Gianni Agnelli), wrote a face-saving editorial in response to Erice. Reagan's March 23 speech raised many doubts in the West, said Levi, because of the destabilizing effects of the beam-weapons defense policy. Levi called for an urgent summit between Reagan and Andropov to freeze the development of the new technologies needed for the defense system. The same line was vehemently expressed by the editorial of the London *Financial Times*, a nest of cronies of former British Foreign Secretary Lord Carrington and his business partner Kissinger, under the headline "Arms control: a serious gap." The United States seems much too committed to the new defense technologies, the *Financial Times* declared: "Real limits must be applied to this new dimension of the technologically driven arms race before it runs out of political and financial control."

As *EIR* goes to press, it is expected that the next attack against the beam defense policy will be delivered at the Pugwash conference in Venice, Italy from Aug. 25 to 29. Velikhov, Garwin, Soviet General Milshtein of the Moscow's U.S. and Canada Institute, Prof. Jacques Freymond from Geneva, and Prof. Abdus Salam from the Trieste nuclear physics institute will participate. This meeting has the beam-weapons policy as its first agenda item and the danger of wars in the Mediterranean and Third World countries as the second. *EIR's* correspondents in Venice reported from a press conference on Aug. 24 that when a journalist asked Dr. Kaplan, the general secretary of Pugwash, what Pugwash thinks about the Erice meeting, Kaplan answered that "beam weapons are not feasible." And Professor Pascalino, the head of Pugwash in Italy, insisted that it is impossible "to transfer these weapons into space."

Kaplan boasted: "We are an important organization and we don't have anything to do with Erice people. We work with top people like Kissinger and McNamara!"

Italian press: The Teller group fought for 'Mutually Assured Survival'

The conference on "Technological Bases for Peace" held in Erice, Italy Aug. 20-23 was given in-depth coverage by the Italian press. A small sample of the coverage follows in EIR's translation:

La Repubblica, a nationally circulated Rome daily, on Aug. 22. Interview with Edward Teller, followed by commentary:

Q: People have denounced the defense system as "Star Wars."

Teller: Star wars? This is all the invention of papers like the *New York Times* and *Pravda*. Reagan never spoke of military satellites or superweapons; he did not even use the word "space." He only said that we have to replace the strategy of terror with the equilibrium of security. These new technologies will be eyes directed against the enemy and will be a defensive system and nothing else; they will stop only the adversary already committed to strike.

Q: You speak about a project. But to what extent is it already a reality?

Teller: I have studied problems of defense in depth and I am now convinced that this is the way to follow. In it there are so many ideas, although obviously I cannot speak about them: it is a secret. Lowell Wood [from the University of California] has made one of the most original contributions. No, it is not an abstract project even though we need still some more time.

Q: How much time?

Teller: My experience taught me that in 10 years, one can do much more than what one thinks. But I say that in five years, even if we will not get the ideal system, we can have a system which will demonstrate how the money spent for the research has been spent well.

Q: How much money?

Teller: For the next year I need a little under half a billion dollars, about 1 percent of the U.S. defense budget.

Q: Will it be enough?

Teller: The problem is not money, but ideas. For this I ask that in the elaboration of these projects all the NATO allies should participate, all the available minds. The more ideas, the better. . . .

Q: Other scientists are not enthusiastic about your proposal. Richard Garwin says that the only solution is disarmament.

Teller: Let us be serious. For 25 years we have been trying this without any success. These negotiations up until today have provoked only an arms race. Our new project is based on defensive criteria: we cannot define it as good or bad, but only as useful or not useful. We have studied and we are still studying, but I can say that when a plan can survive three years of criticism, it must contain something good.

Q: And the advantages?

Teller: First of all it costs less. The instruments are lighter and precise. . . . Offensive weapons are heavy and costly. And this defense cannot be transformed into offense. Defense does not shoot.

Soviet laser specialist Academician Evgenii Velikhov, vice-president of the Soviet Academy of Sciences, is categorical: "To put nuclear arms up in space would unleash a new race, it would increase the dangers. And we scientists know well that a defensive system can easily be transformed into an offensive system. All this with normal costs: it will take \$400 billion, 1,140 Shuttles to destroy a small part of the nuclear potential which has already built up." Not even Richard Garwin is convinced. A theoretician of MAD (Mutually Assured Destruction), he proposes to reduce the warheads of the two blocs to one thousand.

Il Messaggero, a Rome left-liberal daily, on Aug. 22. Interview with Lowell Wood:

Wood: Killer satellites are one possibility, but not the only nor the best one. The ideal weapon is the laser. Our missile is still flying. The alarm has been given, the computer orders the deployment of the laser beam, which is sent from the earth against a satellite that carries a large mirror. The mirror reflects the beam against the missile. The more the beam is concentrated, the more powerful and effective it is. If we have a continuous laser, then it can follow the missile without any interruption.

L'Unita, the Italian Communist Party daily, on Aug. 22. Interview with Soviet academician Velikhov:

Velikhov: [IBM's Richard] Garwin has written many observations on nuclear war, in documents he sent to Andropov. Andropov has answered all the remarks, and to a large extent it is due to this discussion . . . that my government a few days ago took the historic decision to unilaterally suspend experimentation on anti-satellite systems.

***Il Popolo*, daily of the Christian Democratic Party, on Aug. 21–22. Article by correspondent Luca Lauriola:**

To reach as soon as possible a dramatic reciprocal reduction of the strategic nuclear arsenal, or to prepare and develop in the coming years a global system of active defense that will be virtually automatic: this is the dramatic alternative the superpowers now face, and a decision must not be delayed. . . .

If both sides do not manage to reach a gradual and controlled disarmament, proceeding to build an active defense system will become unavoidable, to escape from the current anomalous situation of total lack of any protective shield. . . .

It was Prof. Lowell Wood, leader of the advanced project group of the physics department of the renowned Livermore laboratories, who opened the session summarily outlining the scenario of a global defense system. . . .

Wood stated that a future defensive system should be totally automatic. . . . [I]n the second place, according to Wood, it is advisable to move the earth-based strategic defense system up in space, where nobody lives, and where, therefore, the consequences of a nuclear conflict would be less dangerous for humanity. Wood then went on to describe summarily such a globally active defense system, based on nuclear and conventional weapons (particularly lasers). To conclude: total automation of the war machinery and its transferral into orbital space. . . . The response of the Soviet delegation came immediately after the intervention of Prof. Dixy L. Ray, former governor of the state of Washington. . . . in favor of the propositions of Teller and Wood. . . .

Velikhov stated that to neutralize 100 targets, in his opinion, you would need not \$200 billion, but \$400 billion. You would need to build a fleet of 450 Shuttles. . . . “Wait a second,” Teller immediately pointed out, “I think that the U.S.S.R. has abandoned the killer satellites only because these are not a good system. . . . So far,” said Teller, “only unworkable active defense systems proposals have been made public, and therefore criticized, while the realistic projects of defense remain secret and it is not possible for me to speak about them. Last year I expressed the wish that military secrets be eliminated. But you know how my proposal was received by the Soviets. . . .”

***Il Popolo*, Aug. 23:**

The U.S.S.R., as Dr. Anthony Battista, a member of the Defense Commission of the White House, had previously stated, has deployed 42,000 tanks on the Western European border, against 12,000 deployed by the West. What is the purpose of this crushing superiority, if not for winning in case of a potential conventional attack?. . . Then Teller, [speaking on the question of the abolition of secrecy], said that, for example, we have learned from sources, and not

from the Soviet colleagues, that the U.S.S.R. was implementing a wide civil defense program based on antinuclear shelters. He only said that among those weapons the laser is included.

“We are in the position of adding,” said Teller, “it seems that the Americans have succeeded in defining a powerful process, possibly nuclear, capable of generating powerful and lethal x-ray beams to be used against attacking weapons in flight. Another defense instrument seems to be particle beams emitted by powerful accelerators, beams capable of punching holes in the atmosphere and then, perhaps accompanied also by laser beams in suitable rapid pulsed synchronism, capable of stopping any offensive weapon. . . .”

This year the Teller group says: we no longer fear nuclear blackmail, it is possible to build a system to neutralize the ballistic missiles; therefore nuclear blackmail is about to end and the technical basis for peace is about to produce results, because the premises for the imperial strategy of the Soviet Union, based on an overwhelming military superiority, are about to fall.

***Il Tempo*, a conservative Rome daily, on Aug. 23. Article by correspondent Italo Scarpa.**

The Soviets have two weapons systems in orbit. The Americans have none. The revelation . . . has taken everybody by surprise in the San Domenico convent in Erice, and comes from an American expert in military affairs, Dr. Anthony Battista, who has a prominent responsibility in Research and Development and experimentation in the military field.

Therefore the source is reliable and the embarrassment of the Soviets, after the statements of Battista, became palpable. . . . to the point that Velikhov was totally unable to re-

President Reagan's message to East-West scientists

President Reagan sent the following telegram to the Ettore Majorana Center for Culture and Science conference on “Technological Bases for Peace” on Aug. 21. Reagan's telegram, which has been publicized by the Italian press, has not been distributed to the U.S. press. EIR had to make over a dozen calls to offices in the White House, National Security Council, and State Department before locating the office in the State Department which was charged with sending the telegram.

ply. . . . As people will remember, in a discussion with us, Dr. Teller already said that [the proposal of Andropov] didn't "move" him. . . . Today that view was made official by Battista, who revealed that it is a Kremlin custom, first to gain a position of strength, then to wear sheep's clothing. . . .

The Soviets counterpose that any system of defense means offense, but once again Dr. Battista said: "Then please explain to us why Moscow is surrounded by an extremely powerful system of defense." Once again, complete silence from the men from the Kremlin.

***Il Messaggero*, Aug. 23:**

Battista . . . says: "We have to get to work, because I am not happy about that powerful radar system surrounding Moscow." Velikhov interrupts him: "But why, if you Americans want truly peace, don't you agree with the proposal by Andropov to demilitarize space?" Answers Battista: "Because you have already built two defense systems based in space and you make proposals only in the fields in which you are already prepared and ready." A bald-faced exchange lacking all diplomatic niceties.

***L'Osservatore Romano*, the Vatican daily, Aug. 22-23. "The Fathers of Atomic War Discuss the Paths to Peace":**

[B]ut even more important is the acknowledgment of the importance [of the Erice conference] testified to in the message sent by President Reagan. While expressing his confidence that the tendency to base peace on the balance of terror may be stopped, the American president urged the scientists to look for those scientific means, which, by eliminating the risk of a war by mistake, or the possibility of surprise attack,

create the situation of reciprocal confidence necessary for a gradual and agreed-upon reduction of the arsenals.

***La Repubblica*, on Aug. 23:**

Teller says triumphantly: "This is truly a shift. We are in the third generation of weapons, after the atomic bombs, after fusion, the time of defense has come. It took two years to convince President Reagan: finally an alternative solution has been worked out to these never-ending negotiations. . . ."

***Avvenire*, daily of the Catholic archdiocese of Milan, on Aug. 23. "U.S. Scientist Speaks of Russian Superweapons: No Project at Erice":**

Without mincing words Teller talks about the relative uselessness of the policy of détente. Teller says: "If the U.S.A. is studying this problem the reason is that our counterpart has placed in space two different types of weapon systems. . . ."

***La Stampa*, on Aug. 24:**

Soviet and American atomic scientists have agreed for the first time to collaborate on getting out of the present "balance of terror," by studying together "the possibility of creating a new type of defense against nuclear destruction" of the planet Earth. . . . The Italian-language communiqué distributed after being signed, which arrived unexpectedly after the frontal confrontations of yesterday, states that the scientists of the two superpowers have determined to study, "without any more secrets," . . . the new defensive weapons. In the English-language official text, however, those words do not exist, as was pointed out to me by the vice-president of the Soviet Academy of Sciences, who was the one who trimmed down the contents of the accord.

As this annual meeting at Ettore Majorana commences, I extend my encouragement to the distinguished scientists from many nations who have come together to discuss problems connected with the dangers of nuclear conflict and the ways in which such conflict can be avoided.

War is the scourge of nations, and nuclear war would be the scourge of mankind. The citizens of the world face no more urgent challenge than the prevention of war. As scientists and teachers, you hold a special responsibility to use your wisdom and influence to help develop and use the knowledge that will lead to an age of true security against the threat of nuclear war.

For nearly four decades, the increasingly destructive capabilities of nuclear weapons have dominated issues of national security. But in the past year we have seen the possi-

bility that we may be able to change that increasingly unstable situation.

First, we are engaged in very serious negotiations with the Soviet Union on the means of achieving substantial, equitable, and verifiable reductions in our nuclear arsenals and on measures to build the mutual confidence and understanding necessary to reduce the risk of nuclear war.

Second, if we succeed in applying the fruits of scientific and technical advances to develop a new generation of defensive systems, we may be able, at long last, to make nuclear war impossible.

Our hope for the future is not just to halt the growth and the spread of nuclear arsenals, but to reverse such trends. We owe that legacy to the children of the world, and I commend your continuing effort to find realistic ways to make it possible.

The Soviet Union threatens pre-emptive nuclear war

by Lyndon H. LaRouche, Jr.

The following news release by 1980 Democratic Party contender for the U.S. presidential nomination Lyndon H. LaRouche, Jr. was issued on Aug. 22 in Washington, D.C. Mr. LaRouche is chairman of the advisory council of the National Democratic Policy Committee (NDPC), a registered political action committee representing a mass-based faction within the Democratic Party, and was the first public proponent of the new U.S. defensive strategic doctrine which was established by President Ronald Reagan on March 23, 1983.

During the past week, several leading Soviet publications, including the KGB outlet, *Literaturnaya Gazeta*, have launched attacks, including threats of thermonuclear strike, against the new strategic doctrine announced by President Ronald Reagan on March 23, 1983. This is complemented by escalating attacks on me from the Soviet press and through other channels, blaming me as intellectual author of that strategic doctrine.

How much credit I merit for the President's doctrine is not worth discussing here, except to admit that I fully support the public declarations of the President, Defense Secretary Caspar Weinberger, and Dr. Edward Teller, in everything I know them to have stated publicly on this subject, and also to concede that I have expert qualifications on the policy issues involved in that doctrine.

In view of the character and seriousness of these Soviet attacks, the time has come for me to reply directly to the deliberately false statements on this subject by all Soviet officials and their Western admirers since March 23, 1983.

What the President and Secretary Weinberger proposed, contrary to Soviet falsehoods on this subject, was that both superpowers agree to deploy purely defensive antiballistic-missile systems capable of freeing humanity forever from the threat of thermonuclear ballistic missile warfare. Mr. Weinberger indicated a willingness of the United States to share technology to the effect of ensuring that both powers pos-

sessed such defense. The fact that the President and Mr. Weinberger made precisely such an offer has never been admitted publicly by any Soviet official.

What has been published by Soviet officials, in public statements available in North America and Western Europe, or in the Soviet press, has been entirely false, and known to be false by those Soviet officials. In short, they have been consistently lying on this subject.

The most important, and most frequent falsehoods issued by Soviet officials have been the following.

First, they have charged that the beam-weapons proposal outlined in statements by Dr. Teller, President Reagan, and Secretary Weinberger, was a preparation for a "first strike" against the Soviet Union. If both superpowers have defensive beam weapons, a first strike by either power is an impossibility, and the Soviet leadership knows this very well.

Second, the Soviets have substituted for the policy of Dr. Teller and the President a directly opposing policy, the "High Frontier" proposal issued by the Heritage Foundation and Lt.-Gen. (ret.) Daniel Graham. They have cited Graham's proposal for rocket bases flying in space, and have used that as a pretext to attack the directly opposing policy to the "High Frontier" policy, the actual policy announced by the United States.

This has its amusing side. General Graham and his cronies have been touring the world, denouncing me as a "Soviet KGB agent" on grounds of my support for the doctrine promulgated by the President. The Soviets, who have virtually threatened to kill me for my part in supporting the President's actual doctrine, also denounce me for supporting a policy which they allege to be General Graham's. This I consider not only abusive against me by the Soviets, but they insult my intelligence by suggesting I would support any part of a scheme as childishly amateurish as Graham's "High Frontier."

Finally, not exactly a Soviet lie, but intentionally misleading: They allege that a development of defensive beam-weapons systems unleashes an uncontrolled "arms race."

To the degree the Soviet use of "arms race" in this connection has any sensible interpretation at all, it means that improved versions of defensive systems will make early makeshifts technically obsolete. It also means that somewhere down the pike, some new technological breakthrough will probably develop an offensive weapons-system able to overcome the defensive systems. That line of argument would appear plausible, if it were possible to overlook the fact that the Soviet Union has been in a continuing arms race in the categories of naval buildup and more advanced nuclear-missile systems than the U.S. has produced. It is they who are in a red-hot arms buildup while the U.S. military capabilities have been collapsing of old age in most categories.

I am privileged to know that the Soviet officials do not believe what they have published repeatedly on this subject. They are opposed to the March 23, 1983 doctrine: fanatically opposed to it. The real reasons for their opposition, discussed only in private, are different than what is published.

Essentially, the Soviet leadership believes that the doctrine proposed by the President would work as the President, Dr. Teller, and Secretary Weinberger have described it. Anything to the contrary from a Soviet official is simply an out and out falsehood. What they object to is not the weapons systems proposed; they are presently in a crash-program effort to complete such weapons systems for themselves! What they object to is the United States' developing such a system.

Their deepest, real objection to the President's proposal is the Soviet fear that U.S. development of such a defensive weapons system would spark a major economic recovery in the United States. It would. They fear that the U.S.S.R.'s problem-ridden civilian economy would fall behind the U.S.'s significantly after a few years of a U.S. recovery sparked by spillover of beam-weapons technology into the civilian economy. A recovery of the U.S. to its relative economic strength of the middle 1960s is something the Soviet leadership is presently determined never to tolerate.

Look at the matter from the Soviet standpoint for a moment. The West is in a worsening economic depression, and about to go over the brink in the worst international financial collapse since 1931. We are now escaping from the greatest economic upsurge (in official statistics) since the Great Hoover Boom of the Summer of 1929. Our military strength is eroding and the will of the Congress, Democratic Party, and liberal Republicans brings sneers of delight to gentlemen in Moscow. Western Europe is in large part on the edge of breaking away from the Atlantic Alliance, into the semi-neutrality of a Middle Europe buffer zone between the two superpower blocs. If you were Secretary Yuri Andropov, viewing this from Moscow, might you not be tempted to believe that the old adversary, the United States, is about to destroy itself from within? Under such conditions, and with present and growing margins of Soviet strategic advantage, if you were Andropov, who would you imagine might win

any potential thermonuclear showdown?

Would you tolerate your old adversary, the United States, going through the remoralization of a major economic recovery? If you were Yuri Andropov, and you believed that a fellow named LaRouche had come close to shifting the U.S. toward adopting such a recovery policy, you would really hate that fellow LaRouche, and you and your crowd would attack LaRouche just about as violently as the Soviet press and other channels had conducted their international campaign against LaRouche since March 23, 1983.

So far, the reasons for the Soviet hatred of the March 23, 1983 announcement, for Soviet lies about the policy, and hatred against LaRouche, among other such matters, are all apparently merely common sense.

Now, as we look at the deeper reasons for Soviet reactions to the President's doctrine, their motives become more tangled, and much uglier.

The legacy of Pugwash

In my judgment, there is no legitimate reason for nuclear warfare between the United States and the Soviet Union, if the issues could be confined to the vital interests of the two powers as sovereign nation-states. Unfortunately, the issue is not confined to such vital interests. The problem is that the most evil person of the 20th century, the late Bertrand Russell, succeeded in organizing the postwar world into three "empires," a Soviet empire, a China empire, and a third empire, nominally dominated by the military power of the United States.

The situation has been created, in which each smaller power of the world is either directly part of the imperial "sphere of influence" of one of these three powers, or conducts its foreign policy as a kind of balancing act among either two or all three of those powers. The Soviet Union, China, and the United States are as much locked into this arrangement as the lesser powers struggling to avoid being either gobbled up or destroyed by this arrangement.

The immediate strategic problem, the imminent danger that successive strategic miscalculations by the powers might trigger an otherwise unthinkable thermonuclear war, is that the combination of the prevailing strategic doctrine—nuclear deterrence—and the effects of economic and monetary collapse, will produce a state of hyper-instability among the governments of the world, a condition which almost guarantees thermonuclear war by escalated miscalculations.

The essential problem is not bad nations or wicked governments—although there are such governments. The problem of bad governments could be solved, at least to the degree required to prevent general war, if the present monetary and economic crisis would stop, and if this imperialistic nonsense could be ended.

Who is to blame? Is the culprit the United States or the Soviet Union? What Kissinger typifies in U.S. policy-mak-

ing is pure evil, and what Andropov represents in foreign policy at present is monstrous in its implications for civilization at large, but ridding the nations of gentlemen such as Kissinger or Andropov would not lessen the growing danger of general war. The essential problem is not something which could be eliminated by attempting to eliminate some "bad nation." The problem is the policies set into motion by Bertrand Russell, especially Russell's evil Pugwash Conference. The problem, which Russell did more than any other single individual to create, is a policy establishment which bridges leading circles in both Eastern and Western Europe, a collection represented in the United States by our Eastern Establishment. It is the continued influence of that lunatic bunch of clowns, not any particular nation as such, which is the root of our present problem.

The Soviet leadership knows this very well. So does Kissinger's business partner, Britain's Lord Carrington, the man who described Soviet Secretary Yuri Andropov as "our asset" in the Soviet Union.

Whether Carrington and Andropov like or despise one another personally, I do not know; I do know that they have a working partnership against the United States and President Reagan. That partnership is not the sole cause of the danger of general nuclear war today, but it is not far from the center of the problem. The problem lies not in themselves as individual personalities; the problem is the policy they share in common, the imperialistic doctrine of Bertrand Russell's Pugwash Conference.

Go back to October 1946, when this problem began. In that month's issue of the Bulletin of the Atomic Scientists, Bertrand Russell began launching his campaign a "preventive nuclear war" against the Soviet Union, the proposal by Russell which led to an actual Anglo-American warplan for such an operation, "Operation Drop-Shot." Russell's motive was not anti-communism; Russell's policy motive of the 1946-55 period was the same "international socialist" program he had published repeatedly during the 1920s, in alliance with H.G. Wells. Russell's motives were not anti-socialist; they were racist. Russell proposed a "world-government" with a monopoly over the possession and use of nuclear arsenals. His motive for "preventive war" against Russia was to crush Russia before it could develop nuclear arsenals. "World government" meant to Russell, Anglo-Saxon world empire, and reducing the populations of the darker-skinned races, as he stated in print repeatedly during the 1920s.

When the Soviet Union acquired not only nuclear arsenals, but H-bombs, Russell found "preventive war" a bit discouraging. So, he organized the founding of the Pugwash Conference in 1957. His new proposal was to divide the new world-empire into two divisions, one Western, the other Eastern. The Soviet government accepted the offer. Later, a third proposed empire was surfaced, China; Russell's circles thought that three contending empires gave better options for having two gang up on one sometime down the line.

Despite the Soviet acceptance of the Pugwash Conference's imperialist plan, there were squabbles in the Soviet Union over this, sometimes quite visibly, into the 1968-72 period. However, from the beginning, the Soviet government was a participant in the Pugwash Conference, and was a complicit party to the entire operation.

The basic policy, which the Soviet government is supporting rather violently against President Reagan today, was laid out in all major features at the Second Pugwash Conference of 1958, in a keynote address delivered by a Bertrand Russell crony, Dr. Leo Szilard.

The gist of Szilard's keynote address was dramatized in the film, "Dr. Strangelove," with Szilard the real-life model for "Strangelove."

The leading points of Szilard's address were:

1) Build up the thermonuclear arsenals of the superpowers to the degree that the launching of war against the other by one would ensure the total destruction of both. This was Szilard's plan for preventing actual war between the superpowers directly.

2) Permit "limited nuclear war."

3) Plan for a Middle East petroleum crisis, leading to destruction of the nations of the Middle East.

4) Redraw the political map of the world, dividing the entire world between the two superpowers. This is the "New Yalta" policy of Kissinger's business partner, Lord Carrington, today.

In other words, putting Pershing II's in Germany was not a new idea Henry A. Kissinger pushed through NATO and the U.S. government in 1979. It was something the Soviets had accepted way back as early as 1958. They knew, since Szilard's "How to live with the bomb—and survive" address of 1958, that the doctrine of nuclear deterrence was based on the intention to have limited nuclear war in places such as Europe! By accepting the policies of Pugwash, continuously, as each new feature was adopted at conferences in which they negotiated these policies, they accepted the whole package. That is a fact proven in writing hundreds of times over that period.

Moreover, every strategic policy imposed upon the United States from the time of President Kennedy's death until March 23, 1983 was negotiated by the Soviets behind the scenes, usually long before the U.S. government knew the policy was coming down. Russell's crowd among U.S. scientists, Eastern Establishment types of McGeorge Bundy's and Ave Harriman's circles, and the Soviet government, rigged the strategic policies of the United States behind the backs of the U.S. people and, usually, the President and Congress of the United States. (Since the Eastern Establishment owns large chunks of the leading leadership of both major parties, Presidents and Congresses usually did as the cronies of McGeorge Bundy ordered, and asked few embarrassing questions about the actual parentage of the strategic policy they passed through.)

Such is the great superpower conflict.

This does not mean that McGeorge Bundy is a Soviet agent. It means that the crowd associated with and a leading faction in the Soviet Union have a working partnership, a partnership which will continue until one succeeds in killing the other off. It is a case of "common and conflicting goals." They have a common commitment to the Pugwash Conference policies, but no commitment not to destroy one another whenever the opportunity to do so more or less safely presents itself. Strategic policy since 1963 has been a rigged game, with both opponents cheating as much as they dare.

The other main feature of the game was the commitment of "international socialists" such as Russell, Bundy, and Kissinger, to destroy the institutions of 1) the sovereign nation-state, 2) industrial capitalism, and 3) technological progress. This meant, as Russell and Wells proposed during the 1920s, collapsing the economies of what we call the developing nations, to the point that local wars, famines and epidemics wiped out hundreds of millions of "excess" darker-skinned individuals of Africa, Asia, and Latin America.

Do the Soviets accept such genocide against the developing nations? There is a powerful genocide lobby in the Soviet leadership, around names including Djermen Gvishiani and Ivan Frolov, names which have been promoted since Andropov's rise to power. There is, however, no evidence that the Soviets have been so far directly engaged in Malthusian operations against peoples of other nations, barring casualties in military actions. Nonetheless, they do know that this genocide is the policy of George Ball, the Global 2000 gang, and the circles of Harriman and McGeorge Bundy generally, and they are aligned with these fellows *against* President Reagan, and LaRouche, *with* the fellows who are crushing the developing nations. How guilty does this make them? Draw your own conclusions. They are presently in back-channel arrangements with the whole tribe of these genocidalists, ostensibly to ensure the defeat and humiliation of those terrible fellows, Reagan, Teller, and LaRouche. Draw your own conclusions.

Issues of March 23

Do you really believe that the Soviet leadership is committed to peace? The only chance for peace was the offer President Reagan and Secretary Weinberger made publicly, repeatedly, beginning March 23, 1983. If Moscow had simply offered to discuss that offer with the President or his representatives—and they had indicated channels open to them specifically for this purpose, knew exactly what telephone number to ring—they could have quickly verified the "sincerity" of the offer; there was no need to inspect chicken-livers for signs of the President's "true intentions."

Without such negotiations, there is no visible way to avoid a thermonuclear showdown between the two superpowers sometime between now and perhaps 1985–87. It is difficult difficult to forecast an exact date, but the logic of the

situation means that such a showdown is inevitable, unless the Soviets pick up the President's March 23, 1983 offer. They Soviets know this logic well; when they rejected the President's offer, they knew with absolute certainty that they had decided to go for an unavoidable showdown.

Those arrogant, cynical, blind fools think that if West Germany and Italy, and perhaps the Benelux nations too, were to drop out of NATO over the winter of 1983–84, that such a development would not hit the U.S. population like Pearl Harbor 1941? The United States would mobilize for war, and perhaps nothing could stop what would follow. Their smug, fanatical conceit prompts them to delude themselves that the United States, a nation never conquered, would submit to the visible onrush of Soviet hegemony? The "peace movement" would evaporate overnight!

What about their attitude toward developing nations? True, they would not wish China to gobble up an India half-destroyed by Switzerland-steered separatists' insurgency movements. Otherwise, they know that the only chance for saving the people of most of Asia, Africa, and Latin America from hellish, genocidal economic collapse and political instability, is an economic recovery centered upon the United States. By supporting the Pugwash Conference doctrine, which they support loudly and violently against "March 23," they are virtually ensuring that a nAfrica now being butchered by their client Qaddafi actually dies, and hundreds of millions elsewhere also die. Is this the long-professed Soviet affection for "oppressed and progressive" peoples?

There is a very simple moral rule which ought to be observed in this world. Each of us is morally accountable in full, not only for the actions we take, but the foreseeable consequences of those actions. Whatever evil the Soviet government supports is an evil whose consequences are as much Soviet crimes as the crimes of Soviet allies against President Reagan's March 23 policy. Let the Soviet Union not blame President Reagan for Kissinger's actions, since Kissinger would never have crawled back into the government had Kissinger's back-channel Soviet cronies not mobilized to destroy President Reagan's March 23 doctrine and offer of peace.

The Soviets have miscalculated, by imagining that the U.S.A. would back down under conditions which would actually unify the United States to prepare for possible nuclear war. That is the calculated risk Andropov et al. have chosen to take. If war comes, do not blame President Reagan; the President offered peace and the Soviet leadership rejected it. Therefore, if war comes because of the Soviet rejection of peace, it will be the Soviet leadership which is guilty of whatever destruction of humanity ensues on this planet. Meanwhile, the Soviet press has actually threatened to launch such a war.

If the Soviet Union wishes to avoid nuclear war, it could show its intent by, for the first time, actually admitting in print the exact nature of the President's offer of peace.

Mexico's PAN fascists: front for the Hollywood mafia

by Timothy Rush

The general image of Baja California and its border cities of Tijuana and Mexicali is one of tourism, drugs, prostitution, gambling, divorces, illegal abortions, and laetrile treatments—in short, a haven of the underworld. This image is not wrong, but it is incomplete. Baja is the distilled essence of an axis which runs from Los Angeles to Acapulco, and embraces a filthy alliance of some of Mexico's most powerful families and interests with the Hollywood Mafia—a “Jet Setters' International” of sorts, with roots in the Prohibition period and the takeover of the Mexican and Hollywood film industries by the mob shortly thereafter.

The interests which cross in Tijuana and Mexicali have picked up a Mexican fascist party, the PAN (Partido de Acción Nacional), as their vehicle in state elections to be held in Baja California Norte Sept. 4. On one level, this represents their belief that their factions within the PRI, the party which has ruled Mexico uninterruptedly since the late 1920s, cannot be trusted with perpetuating the protection games which became institutionalized under President Miguel Alemán in the late 1940s.

They were dealt a heavy blow as President Luis Echeverría, in 1974, launched the anti-drug operation (Operation Condor) which wiped out 80 percent of the production of their beloved Sinaloa-Sonora-Baja “corridor”; as the same president expropriated the illegal landholdings of some of Sonora's and Sinaloa's dirtiest-drug latifundists in 1976; and as, in 1982, Echeverría's successor, José López Portillo, nationalized the corrupt, usurious private banking system, which had served as the handmaiden of the drug trade and flight capital scams for decades.

But bigger games come into play in the Baja elections. The nationalism in Mexico which is a hindrance to the mafia is equally a hindrance to the Malthusian policy planners of the Eastern Establishment in the United States, and their “old European” cousins in such Nazi redoubts as Switzerland and Venice, who want to cut off Mexico's drive to become an industrial powerhouse.

This larger faction—which subsumes many of the operations of Dope, Inc. and includes among its arms the U.S. State Department and the FBI—has also picked up the fascist PAN. The purpose: use it as a battering ram to destroy the PRI party and the institution of the Mexican presidency. The idea is not to build a replacement for the PRI, but to leave Mexico in anarchy. This faction believes that if the the PAN scores marked gains in Baja, anti-PRI activity could snowball across the country and make the decline of the PRI irreversible.

Against the United States

An editorial in the London *Times* of Aug. 13 (see International Intelligence) provides a clue to the vehemence with which the project to destroy Mexico's institutions is being executed. The *Times* editorial has more “unrests,” “disorders,” and “turmoils” per column-inch than any such pronouncement in recent newspaper history. The premise for the article is correct: the IMF austerity program now in effect is ripping the Mexican economy to shreds, and the Central American bloodletting is pressuring Mexico from the south. But the editorial gives away its real message in two things. It targets Mexico's “presidential system introduced with the 1917 constitution”—exactly the stable central authority which

gives Mexico a prayer of surviving the pressures arrayed against it. And *never does the London Times suggest changing the preconditions for its dire predictions, particularly the IMF economic policies.*

Who is threatened most by unrest and anarchy in Mexico? The *Times's* unhesitating answer: the United States. *The current policies against Mexico are in reality aimed north of the border as well as south of it.*

It was traitor Aaron Burr (1756–1836) who first saw in subversion of the emerging republic of Mexico one of his most powerful weapons against the republic of the United States. Throughout the decades preceding the Civil War, the British project for dismemberment of the Union included detailed plans for destruction of the Mexican republic and its replacement by a series of slaveholding satrapies. The traitorous Polk administration, complicit with this strategy, wanted to use the Mexican-American War of 1846–48 not just to gain western territory but to so devastate the rest of Mexico that the country would be incapable of independent rule; Polk court-martialed Whig Gen. Winfield Scott for securing a rapid peace which left the bulk of Mexico intact. The drive to dismember and enslave Mexico proceeded with William Walker's famous "filibuster raids" into Baja and Sonora in the mid-1850s; the British-Hapsburg installation of Maximilian as "emperor" from 1862–67; and, in this century, the efforts to take Baja by a group of Emma Goldman's anarchists, in 1911, and a William Buckley Sr.-directed Baja takeover bid in 1920.

Throughout history, the enemy of the factions attacking Mexico were republican, pro-industry forces in both the United States and Mexico, committed to President John Quincy Adams's doctrine of a "community of principle" among sovereign nations committed to mutual economic development.

Filibusters today

The PAN's secessionist program today is reflected in that of PAN candidate for the Baja state congress, Alfredo Arenas, who called in 1982 for Mexico to cede title to Baja to

pay off part of Mexico's foreign debt. The PAN's separatism generally takes more indirect forms. The longstanding resentments of the border region, so close to the United States but so far from Mexico City, are channeled into schemes that in effect de facto establish a binational border entity subject to neither the full sovereignty of the United States nor to that of Mexico.

Schemes include extension of the border assembly plant program (*maquiladoras*) into a Hong Kong-style strip of "duty-free zones" that would run the entire length of the border and extend up to 100 miles into Mexican and U.S. territory on each side; the establishment of the same kinds of arrangements in enclaves around each of the "twin cities" dotting the border; and use of environmentalist and water-resources pretexts to define a body of supranational law for the region that sweeps aside the sovereignty of the two countries. The *maquiladora* operations in Baja California are run entirely by the PAN.

In all these schemes, the border area becomes even more of a haven—an institutionalized one—for arms- and drug-smuggling, and terrorist safe-houses and training sites.

The famous re-publishing and updating of British schemes to Balkanize the United States, published in 1980 as the book *The Nine Nations of North America*, featured a blueprint for this new border entity, called "Mexamerica." The terrorist-oriented circles of both left and right promote the cognate concept of "Chicano Quebecs."

The economic breakdown in both the United States and Mexico makes the illegal activity along the border the only economic activity that moves. Drug growing and transporting are once again on the rise in the region, despite the continued control efforts of the Mexican government: for many who have returned to the trade, there is no perceived alternative. The collapse of the Mexican peso from a value of 25 to the dollar in February 1982, to 150 to the dollar today, has hit nowhere harder than the border region. Inflation, running at roughly 100 percent a year in the rest of the country, is running half again faster in most parts of the border. Three tacos—hardly a gourmet fare—cost 300 pesos



Former president Miguel Alemán, in his capacity as head of the National Council on Tourism, presenting Johnny Alessio with an award for increasing the U.S. tourist trade.

in Mexicali today; 18 months ago, they might have been 30 pesos.

A typical picture is that of the farmers in the irrigated Mexicali Valley. Plantings are way down this year, because dollars were not available at the beginning of the planting season to bring in the special seeds, fertilizer, and other inputs that traditionally have been bought from across the border. So far it has been impossible to organize consistent supply at reasonable cost from the rest of Mexico, and this is true of almost every kind of supply to the region, not just agricultural inputs.

What is the PAN?

The PAN, the vehicle of convenience for the Hollywood mafia and the State Department, was created as an asset of the Nazi International in 1939. For its first three decades, the PAN was sustained as a combined activity of Alemanista forces in the PRI and outside interests, principally from Europe, who wanted a point of access to Catholic and business circles. Two separate ideologies co-existed in the party: a form of "solidarism," instilled by European Jesuit and Dominican circles, and oriented toward "social action" of a corporatist form; and a Viennese-British radical liberalism associated with the Mont Pelerin Society, which included rabid rejection of state involvement in the economy. Both are classical Nazi ideologies, the first corresponding to the "socialists" of the pre-1934 Nazi left wing, the second the hook to bring the middle classes, terrified of losing social or economic position, into support for the party.

The presidential candidate of the PAN in the early 1960s gave a specifically feudal cast to this concoction: religious bonds among Latin American nations "will create a strong link capable of building the New Dark Ages, the American Dark Ages," proclaimed José González Torres. José Angel Conchello, party president from 1972-75 and the sponsor of 1982 PAN presidential candidate Pablo Emilio Madero, was frank about the party's Nazi orientation. "The economic recovery program of the country needs the idea of a great banker, Hjalmar Schacht, director of the German central bank during the Hitlerian empire. We must invest work to create capital," he wrote in 1976. Two years later, he urged that Mexico follow the model of Hitler's *Arbeitsdienst*, the forced labor service for youth which was the forerunner of the concentration camp system, "not just for its economic utility but also its educational content."

The "solidarist" wing of the party has kept open ties to Theology of Liberation "left-wing" forces at home and abroad (former PAN party president, Adolfo Christlieb Ibarrola, was a close friend of the "red bishop" of Cuernavaca, Sergio Méndez Arceo); the Mont Pelerin side is linked to the separatist movements and other neo-feudalist interests in Europe.

The party has particular roots in Monterrey Christian Democrat circles, overlapping those which spawned the 23rd of September League terrorists in the early 1970s and the ill-starred Social Democratic Party (PSD) in 1980, launched

with the aid of U.S. State Department operative Charles Henry Lee. According to intelligence sources monitoring northern border activity, the PAN currently is interfaced both with the "left" terrorist training center, the Comité de Defensa Popular (CDP) of Chihuahua, and the "right" Cuban anti-Castro group, Alpha 66, which last year set up special training camps for Mexicans in southern California. The party's own tactics, particularly in Sonora, have turned increasingly toward violence over the past 12 months.

Kissinger and Manatt

The nexus of interests which comes to light in an examination of Baja has important carry-over implications into immediate U.S. politics. The entrance of Kissinger into the Reagan administration in mid-July, was surrounded by suspicions of blackmail, probably sexual, exerted by Hollywood mafia sources on the president's staff or members of the so-called California kitchen cabinet. There was little else to explain how someone as anathema to the President and to his ideological current could have leaped "from the cold" into one of the most sensitive jobs in the U.S. government.

The same Hollywood circles run the "Mexico Connection," now attempting to guide the PAN to power in Baja California. It is a ring which, in the Mexican case, has specialized in bringing the sons and daughters of the Mexican elite to vacations and studies in southern California, there to envelop them in an atmosphere of drugs and sex which serves as a blackmail control point over them for the rest of their lives. Investigating the Hollywood mafia's operations in Mexico may just be the key which unlocks the blackmail against the White House—something of vital national security importance.

Kissinger himself is in the thick of Hollywood's Mexico connection, primarily through his decade-long, intimate association with the Hollywood mob's most trusted and powerful partner in Mexico, Miguel Alemán, prior to Alemán's death in March of this year. Kissinger has spent up to a month each year since the late 1960s as Alemán's personal guest in Mexico, hobnobbing with the Acapulco jet set and participating in its perverse pleasures. (There is a widely circulated story in Mexico that Henry killed a Rumanian waiter with a liquor bottle when the waiter refused his homosexual advances.)

Kissinger at the same time is one of the "gamemasters" targeting Mexican sovereignty and republicanism from the top. Along with fellow Trilateraloid Zbigniew Brzezinski, Kissinger is among the most insistent "forecasters" of a Mexican destabilization "like that of Iran"—punishment for the sin of "attempting to industrialize too fast."

To get to the bottom of Hollywood mob operations in Mexico, it will be equally useful to examine the role of Democratic Party National Committee Chairman Charles Manatt, whose career in Los Angeles law firms and banking intersects the operations of the Hollywood mafia at almost every turn.

Illustrative of the Kissinger-Manatt nexus is the case of old-line Hollywood law firm of Bautzer and Wyman. Greg Bautzer was the lawyer for Nazi spymaster and homosexual Errol Flynn during the 1940s, as well as for Flynn's sometime partner, Lansky mobster Benjamin "Bugsy" Siegel, when both were involved with heroin-and-arms operations in Sinaloa and Tijuana. According to Hollywood insider sources, today Bautzer is an intimate of Henry Kissinger. The same sources report that Bautzer's partner, Gene Wyman, was one of Manatt's most important mentors in Los Angeles, before Wyman's death in the mid-1970s.

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How the drug underworld creates a separatist movement: the history of the PAN

by Timothy Rush

The vast chain of underworld narcotics, prostitution, and smuggling operations along the Pacific Coast—from Los Angeles to Acapulco—traces back in both the United States and Mexico to the Prohibition era. It was then that the first great mob fortunes were made, and the networks established which later moved into drug and arms running when America went "wet" again.

The National Action Party (PAN), created just as these networks were first consolidated, has been chosen by these networks as their standard-bearer in their home base of Baja California. This is the story of how the PAN and the drugs came together.

In Mexico, the mogul of bootleg liquor was **William Jenkins**, an American, born in 1878, who settled in the city of Puebla at the turn of the century. After accumulating a moderate amount of personal wealth, he pulled off one of the great stunts of his era in 1919, when he arranged to have himself kidnapped by followers of guerrilla leader Emiliano Zapata. Some officials of the U.S. State Department and members of Congress maneuvered to have the United States declare war to rescue the hitherto unknown Jenkins; in the end, the U.S. government put up a handsome ransom, most of which found its way back into Jenkins's pockets the minute he was released.

Jenkins immediately used the loot to take control of all the sugar cane plantations of Matamoros Valley in the state of Puebla, the richest sugar cane region of the country. Over the next decade, as Prohibition in the U.S. made bootleg liquor the hottest commodity in the hemisphere, Jenkins built

his central sugar refinery, Atencingo, into the largest and most efficient in Latin America.

The bootleg liquor was sold all along the border. But it was in Tijuana that the most glamorous Mexican showcase of the "roaring 20s" was built. The **Agua Caliente** casino and race track opened its doors in 1928, and for the next seven years, was a mecca for an international crowd that a generation later would become the "jet setters." **Abelardo Rodríguez**, a general in the Mexican Revolution who became governor of Baja California from 1923-26 and would run almost everything in the state for several decades, ran the show.

All the big time Hollywood stars flocked down to Agua Caliente, looking for the action that was banned back home. It was an overlay of the Hollywood and the Mexican underworld, joined at Tijuana, which would blossom over the next 20 years.

The Mexican film industry

Exactly as the big time Prohibition liquor fortunes of the United States—some, such as Joseph Kennedy's, acquiring a veneer as "legit"; others, such as Meyer Lansky's, not—migrated to become the dominant forces in Hollywood beginning in the 1930s, so the big liquor and drug fortunes in Mexico went into the Mexican movie industry.

William Jenkins' first move, in combination with partner **Gabriel Alarcón**, was to establish a monopoly over the theaters in his home base of Puebla. His basic persuasion tactic was deployment of goons; even his favorable biographers

note that the means he used were “not recommendable.” Gov. Maximino Avila Camacho lent a hand—of particular usefulness when his brother, Manuel, later became president of Mexico.

In 1938 Jenkins disposed of his leading opposition. He arranged a deal with rival Puebla movie theater owner **Manuel Espinoza Yglesias**; Espinoza Yglesias became one of Jenkins’ principal lieutenants, eventually converting Jenkins’s fortune into the base of Mexico’s **Banco de Comercio (Bancomer)** financial empire, the largest in the country.

By the beginning of the World War II, Jenkins controlled 50 percent of all the movie theaters in Mexico; by the end of the decade, 90 percent. This gave him an absolute control over all the Mexican movie industry, then developing into the most active in Latin America; no film produced without his blessing was shown. He set up powerful deals with Hollywood’s new mob masters for the exclusive rights to distribute U.S. movies south of the border.

Agua Caliente’s Abelardo Rodríguez followed the same track into movie theater ownership; he eventually sold out to Jenkins/Espinoza Yglesias in 1953, for a handsome profit.

The Alemán-Alessio era

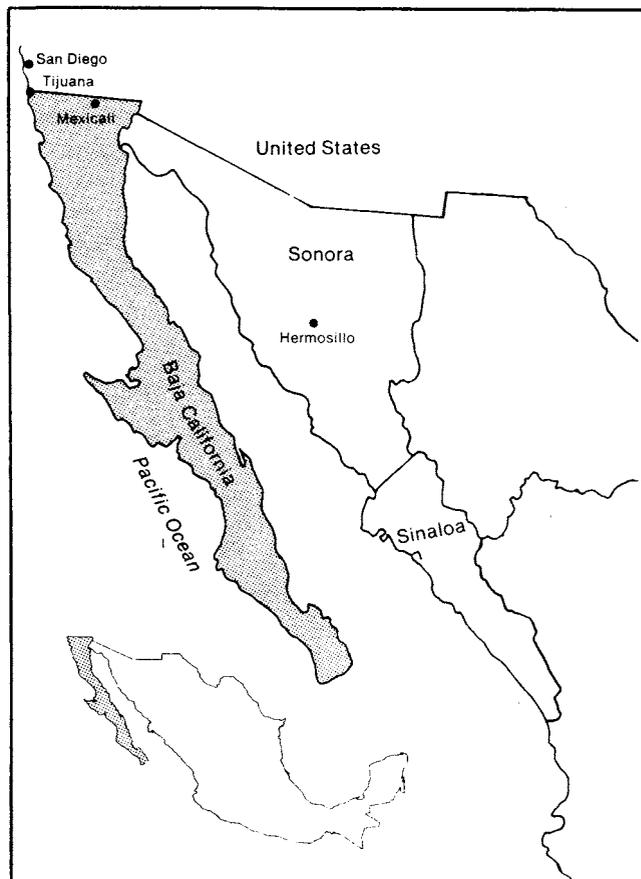
Lázaro Cárdenas (president of Mexico from 1934-40), put a crimp in the gangsters’ expansion plans. He banned casino gambling. On July 22, 1935, Agua Caliente casino was padlocked, never to reopen.

However, the mob found a back door in Mexican horse-racing and tourism. A Los Angeles business partner of **Benjamin “Bugsy” Siegel**, Meyer Lansky’s West Coast lieutenant, reopened the Agua Caliente race track in 1937. The track did a booming business during the war, as the leading California tracks were closed for the duration.

Official Mexico thawed for the mob when Manuel Avila Camacho became president in 1940. It became a paradise under **Miguel Alemán**, president from 1946-52.

Facing extortion and tax evasion charges in New York, mobster **Alfred Cleveland Blumenthal** moved to Mexico permanently in 1947. He built up the posh Ciró’s as the “in” restaurant/nightclub of Mexico City, La Reforma as the city’s gala hotel, and El Mirador and the Casablanca as the first big elegant hotels of Acapulco. **Virginia Hill**, mafia moll of Bugsy Siegel (before his gangland killing in 1947) and of other leading figures in the Lansky mob, was the chief “runner” to Mexico to make the emerging deals stick.

No one profited more from the Alemán welcome mat than **Johnny Alessio**. A poor Italian boy from San Diego, Alessio was picked up by one of the top mob-linked financial operatives in the region and magnate for the tuna industry, **C. Arnholt Smith** of the Bank of Italy and the U.S. National Bank, and deployed across the border to establish himself in Tijuana. By 1947, he was manager of the Banco del Pacífico in Tijuana.



The Avila Camacho brothers had muscled their way into control of Agua Caliente in 1945. Now, just two years later, Alemán wanted his own piece of the action. After negotiations with the Siegel mob in California Alessio was tapped for the job. The racetrack manager suddenly got a telegram from Mexico City, telling him “Don’t sell to anyone else ’til I get there.” It was signed by Alessio. The mystified manager, who had had no intentions of selling, checked back with his partners in Mexico City. They had just sold out themselves to Alessio.

Over the succeeding years, Alessio built up an empire of drug and gambling activity on the Mexican side of the border, and real estate and hotel activity in San Diego. Today, as dirty as he ever was, and after numerous brushes with the law, he is “Mr. San Diego.”

If Alessio became “Mr. San Diego,” the “Mr. Acapulco” of the period was **Teddy Stauffer**. It was a perfect case of the Hollywood drift south. Swiss by birth, Stauffer first began working Hollywood in the 1930s. Just before Pearl Harbor, he set up shop in Tijuana, where he served as part of **Errol Flynn**’s Nazi spy network. From there he made his way to Acapulco. He picked up the Casablanca hotel franchise from Alfred Cleveland Blumenthal, installing the first Acapulco nightclub and floorshow on the premises, and went on to

become the preeminent empresario of Alemán's gold coast.

The symbol of the whole period was the marriage of Alemán lieutenant **Bruno Pagliai** to Hollywood's **Merle Oberon**, one of the gala events of the decade. Pagliai had originally arrived in Mexico in 1945, a poor Argentine-Italian relation of Italian nobility. He quickly made his way up in the services of the man increasingly known as "the *gringo* president." In 1949 Alemán sent him to Agua Caliente in Tijuana to be trained by Alessio in the secrets of money laundering at the race tracks; he returned to head up the operations of the largest track anywhere in Mexico, the Hipódromo de las Américas, on the outskirts of Mexico City. He later set up business arrangements with central figures of the Permindex (Permanent Industrial Expositions) international assassination bureau and the Propaganda-2 Freemasonic Lodge of Licio Gelli in Italy.

Drugs and arms

The big money did not come from horseracing, however. It was only laundered there; the big money came from drugs, arms smuggling, real estate scams, and myriad mob shake-down operations along the way.

The corridor for Mexican production of marijuana and heroin began in the Pacific Coast state of Sinaloa, and proceeded up through the two border states of Sonora and Baja California. It was first developed by the Mexican branches of the Chinese opium syndicates famous in both San Francisco and Los Angeles. The heyday of the opium traffic under Chinese control was the 1920s. Then in the early 1930s, the Chinese colonies in Sonora and Sinaloa were broken up, their properties confiscated. The situation was ripe for the now-combined Hollywood and Mexican mafias to move in directly.

This drug trade gradually increased during the 1940s and 1950s, to explode in the 1960s and early 1970s. By the 1960s, Mexico's northwest drug corridor represented an integrated drug production and distribution district that began with large fields of marijuana and poppy in the Sierra Madre mountains. The poppies were refined into opium paste or heroin in over 100 laboratories in Culiacán, capital of the state of Sinaloa; the city became such a processing center that in 1972, when the heroin route through Turkey was shut down, Culiacán became an important transshipment center for South American heroin and cocaine heading for the United States. Almost the entirety of the police forces of Mexico's northwest and a considerable portion of the customs agents were on the drug traffickers' payroll.

Arms shipments came back the other way along the same routes.

Though the drugs flowed over into the United States all along the border, it was at the Baja gateway cities of Tijuana and Mexicali that the really big deals were made, and overall control kept on the operation. It was in Tijuana that **Alberto Sicilia Falcón**, the "boss of bosses" of the Mexican drug

trade, first got established in 1969. A Cuban who was enrolled in CIA-directed activity against Castro in Miami in the 1960s, Sicilia Falcón hooked up with Alessio in Tijuana and took over the worldwide networks of **Juan Hernández Chavira**, when Hernández was busted in the late 1960s. Sicilia Falcón's business cover was in tourism and tuna export.

The heroin king went on to establish himself first in Guadalajara and then in Mexico City, where he became the close friend of one of Alemán's former mistresses, **Dolores Olmedo**. It was in Mexico City that he was finally busted in 1975 on the basis of a trail of information that began with the arrest of a Culiacán drug ring three months before, led to top officials of Espinoza Yglesias's Bancomer branch in the same city, and from there reached top officials of the Bancomer branch in Tijuana. When it was discovered that hundreds of millions of dollars of his fortune had been stashed away in numbered accounts in Switzerland, his became a test case for breaking Swiss secrecy laws. The Swiss made some token concessions, but kept the basis for their managing of the world's hot money flows intact.

An entire substructure in Mexico was created around the nexus of interests associated with the Alemán forces, which continued, with few changes in personnel at the top, through to the deaths of Alemán and Pagliai within a month of each other in early 1983. Among the most important of these associated forces was a group of top latifundists in Sinaloa and Sonora, all with their fingers in the drug trade till. These latifundists, with pretensions to being aristocrats, were financially and ideologically controlled from Monterrey, the seat of power of the **Monterrey Group** of intermarried business families (Garzas, Sadas, Lagueras, Zambranos), which thus indirectly took its cut of the drug trade.

Also integral to the Alemán empire were the entertainment monopolies exercised by Jenkins, Alarcón, and Alemán partner **Emilio Azcárraga** (who set up Churubusco Studios on the outskirts of Mexico City in 1947 in partnership with RKO studios of Hollywood); and a series of lucrative car dealerships exemplified by the Ford franchise operated by **Pablo Bush Romero** in Mexico City. Bush, according to several sources, was reputed to be heavily involved in drug dealings.

FBI's Division Five

The war years brought more than the Hollywood mafia to Mexico; they brought the FBI. Far from serving as a law enforcement agency, the FBI's history in Mexico is that of a scandalous adjunct to the drug and terrorism rings which grew up over the succeeding decades.

In 1940 J. Edgar Hoover, together with the Office of Naval Intelligence (ONI) and British Intelligence, presented Franklin Roosevelt with a report urging that a special capability be set up to counter Axis espionage in the Western Hemisphere. Roosevelt approved, and the new unit, called

Special Intelligence Service (SIS), was run out of the espionage and counterespionage division of the FBI, Division Five, headed by Canadian Louis Mortimer Bloomfield.

Personnel from this same Division Five, together with Walter Sheridan associates from the Justice Department's "anti-crime taskforce" operations, became, two decades later, Intertel—the private intelligence arm of Resorts International which helped administer the major expansion of the Lansky mob into the Bahamas and then Atlantic City.

When the OSS challenged Division Five's mandate for operations south of the border, Roosevelt "directed that the FBI continue to have sole responsibility for the civilian intelligence operation in the Western Hemisphere," according to a study of the FBI of the period. The SIS/Division Five agents sent in were both undercover and open, as "legal attachés" to the embassies involved. This arrangement was kept up in the case of Mexico even after the war, and remains in effect to this day. FBI operations in Mexico exceed those of the CIA—and the CIA office in Mexico is the largest in the hemisphere.

A crucial clue to FBI activity in Mexico is provided as a by-product of investigations into the assassination of President John F. Kennedy. These investigations unearthed south

Texas court records of 1952 which showed that "there were 25 to 30 professional assassins kept in Mexico by the espionage section of the U.S. Federal Bureau of Investigation; [and] that these men were used to commit political assassinations all over North, South and Central America, the East European countries and Russia. . . ." The man in charge of the unit, back to 1943, according to one source, was **Albert Osborne**—an intelligence agent operating under cover of Protestant missionary work in the state of Puebla from 1942-62, and the man identified by six witnesses as the traveling companion of Lee Harvey Oswald in Mexico in September 1963.

The FBI gradually wound down some of its "legal attaché" work in the 1960s, until **Henry Kissinger** put the screws on the Bureau, and insisted that all FBI foreign operations be revitalized with a heavy emphasis on the Latin American side. Kissinger placed one of his own men in charge of the program and had him report directly.

President Luis Echeverría (1970-76), determined to return the Mexican economy to a nationalist course of basic investment and production, became the first president to tackle the drug empire, which was operating with its own private armies in the Sierra Madre mountains. He knew that nothing

PAN leader would rather fight than retract support for Nazi economics

The campaign by a 15-member squad of organizers from the Mexican Labor Party (PLM) to expose the treasonous activities of the PAN party in Baja California had PAN leaders on the verge of nervous collapse as election day approached. The PLM has created a major snafu in PAN expectations of walking off with an easy victory against the ruling PRI party in the state.

PAN leader José Angel Conchello called an emergency press conference Aug. 19 to counter the PLM campaign. On arrival at the Mexicali Holiday Inn for his presentation, Conchello threw a punch at PLM press spokesman Ricardo Olvera when Olvera asked him whether he would care to retract his stated support for the policies of Adolf Hitler's finance minister Hjalmar Schacht.

The PLM had saturated the cities of Mexicali, Ensenada and Tijuana with leaflets and posters denouncing Conchello and his Nazi proclivities, and warning the population "Don't vote for the mafia, vote for Mexico—don't support the PAN."

Once Conchello escaped from the crowd that witnessed his tantrum, he began his press conference in a

packed room in the hotel. PLM Secretary General Mari-vilia Carrasco asked to be given the microphone to ask Conchello a question, upon which the following exchange took place:

"Mr. Conchello," Carrasco said, "I would like to ask you. . . ."

Conchello, again out of control, pointed to the PLM leader. "That woman, I know her, she ran against me in my district in Mexico City, she is the Secretary General of the PLM, the party connected to that man in the U.S., that man LaRouche."

"Yes," Carrasco replied, "the PLM is a co-thinker of LaRouche's organization. But this is known all over Mexico and the world. What is not so well known either here or in the rest of the world, is that the PAN takes orders from the U.S. State Department. . . ."

The press conference broke up in pandemonium, and the major TV news in Mexico, "24 Horas," interrupted its evening broadcast to read a flash reporting on Conchello's violent attack against Olvera, who filed a formal complaint for physical assault against the PAN leader. Major Mexico City newspapers like *Excelsior* and dailies in Conchello's home state of Nuevo León gave prominent coverage to the incident, not neglecting to report that it was at the point that Conchello was asked to retract from his support for Hitler that he lost control of himself.

less than a virtual military occupation could do the trick, and correspondingly mandated Attorney General Pedro Ojeda Paullada to draw fully on the Mexican military for the crack-down. This was known as "Operation Condor."

Sicilia Falcón was one of the first to fall in the dragnet established in 1974. By 1977, an estimated 80 to 90 percent of the drug production in the region had been eliminated—one of the most successful anti-drug crackdowns anywhere in the world.

In 1976 Echeverría followed up with a campaign of land expropriations against the Sinaloa and Sonora latifundists, who had been holding land far in excess of legal limits.

Enter the PAN

The *Alemanista* nexus suddenly began to doubt its ability to protect its interests within the ruling PRI (Institutional Revolutionary Party). They began to look for "institutional alternatives" that could be used to replace the PRI on the local level in the areas where the drug and related operations needed protection most, and to force the PRI into line on the national level with this local clout.

The PAN was precisely the vehicle the Alemanistas had kept in readiness. Nationally, it sported such luminaries as Pablo Bush, the Mexico City Ford dealer, Knight of Malta, and reputed drug trafficker; and **José González Torres**, the PAN presidential candidate in 1958, who went on to handle insiders' investment portfolios for Espinoza Yglesias at the drug-linked Bancomer conglomerate.

Since 1972, the leadership of the PAN had been taken over by the hardline faction of Monterrey's **José Angel Conchello**, an overt Nazi ideologue wedded to a combination of radical British/Viennese "free enterprise" ideology and "small is beautiful" environmentalism. Conchello's Monterrey faction, based in the Vitro conglomerate and including **Pablo Emilio Madero**, Conchello protégé who ran for president on the PAN ticket in 1982, had the closest of ties to the Sinaloa-Sonora-Baja corridor.

The landowners and mafiosi reacted to Operation Condor and the expropriations with an explosion of opposition activity. The centerpiece was a series of "tractor strikes"—road caravans and blockades. The leaders of the "strikes" were **Manuel Clouthier**, the wealthiest latifundist of northern Sinaloa, with such close ties to Monterrey that Monterrey later named him to head the strongest of the national anti-government business federations, the Businessmen's Coordinating Council (CCE); **Carlos Sparrow Sada**, a relative of the Sada family of Monterrey who had set up shop in the center of the agricultural district of southern Sonora, Ciudad Obregón; **Adalberto Rosas López**, one of the leading latifundists of Ciudad Obregón, in-law of the oligarchic **Mazon** family of Hermosillo, and head of the local PAN activity; and **Carlos Amaya**, yet another Ford dealer and a close associate of Rosas's who currently is state director of the PAN.

The lawyer for the latifundists in their efforts to regain their lands, **Ignacio Burgoa Orihuela**, had just finished defending the top PAN leader of Baja California, **Salvador Rosas Magallón** from charges that he had headed a network of legal services for the leading drug mafiosi of the state.

Sonora: The test case

Sonora had a number of advantages for the interests pushing the PAN forward.

- It was a state in which, since 1968, there were a number of deep splits in its ruling PRI elite.

- Since the same year, the U.S. consulate in Hermosillo, staffed in part by FBI agents, had pioneered covert counter-intelligence operations, with an emphasis on the burgeoning student movement. According to local experts, the consulate helped create and run a right-wing paramilitary shocktroop force on the campus of the University of Sonora, called the **Micos**, and then infiltrated a number of the leftwing groups that proliferated in reaction. The consulate was notoriously cozy with the local PAN apparatus.

- It was common knowledge that the state's banking system, centered in the **Banpacífico** empire of one of Sonora's ranking latifundists, **Arcadio Valenzuela**, was shot through with drug money, and could be counted on to support the PAN political insurgency.

- Finally, the local Catholic archbishop, cultist **Carlos Quintero Arce**, was fully behind the PAN.

The PAN had previously won the mayorship of the state capital of Hermosillo for one term. In 1979, it placed Rosas as mayor of Ciudad Obregón through traitorous manipulations of Rosas's friends who had remained behind to work against the PRI from the inside. In 1982 the operation repeated itself, only this time with even greater success (capture of the city halls of Hermosillo plus two key cities on the border used for drug- and arms-shipments, San Luis Río Colorado and Agua Prieta) and even more flagrant involvement of the U.S. consulate. Rosas, who stage-managed the PAN victories, immediately launched his candidacy for governor in elections to be held in 1985.

Local sources report that with the PAN takeover of the Hermosillo mayoralty, a large number of FBI agents have virtually set up office in the town hall. Investigators are watching the activities of the former FBI chief in Mexico City, reputed to be involved in dirty drug and other dealings, who has recently shifted his base of operations to Arizona, across the border from Sonora.

With the PRI on the defensive in Sonora, the local PAN leaders—in tandem with representatives of the U.S. State Department—toured the other northern states to map out the next campaigns. On July 4, 1983, the PAN swept local elections in the state of Chihuahua, including the arms- and drug-shipment point of Ciudad Juárez. The Chihuahua Group of **Eloy Vallina** played a critical part in the PAN victory—the

Chihuahua Group's bank, Comermex, had been the center of the Tijuana scandals which led to the downfall of Sicilia Falcón in 1975.

The PAN is now gunning to take control of the heroin haven of Culiacán in the drug state just below Sonora, Sinaloa, with the candidacy of "tractor striker" Clouthier's cousin, **Jorge del Rincón**. This past spring, its national deputy for the Sinaloa port of Mazatlán, **Andrés Cáceres**, opened the first-ever direct PAN attack on Operation Condor. Cáceres adopted the ultra-left litany that the program "trampled on the human rights of the peasants."

On to Baja

But the focus of the most intense PAN activity is the heart of the mafia operations since the 1930s, Baja California.

The underworld had a free hand in Baja, through generous patronage doled out to a number of different factions nominally in both the PRI and the PAN. In 1959, when Alessio made a short-lived attempt to re-establish casino gambling in the state, the local authorities raised no objections. Objections were, however, raised both in Las Vegas, which did not want to see competition, and in Mexico City. It was national army units, sent in in sealed planes, which abruptly shut the Rosarito adventure down.

Just as in Sonora across the Gulf of Cortez, it was during the Echeverría period that the Alessio mob first ran into problems. Echeverría moved to place a figure committed to straightening out the crime rings, Gen. Hermenegildo Cuenca Díaz, in as PRI candidate in 1976. As Defense Minister during the Echeverría presidency, Cuenca Díaz had played a leading role in the successful execution of Operation Condor. The assets of the Hollywood mob in the state reacted with backstage efforts to secure the PRI nomination instead for **Mario Hernández Maytorena**.

Hernández was one of the most powerful businessmen in Baja, a major shareholder of both Unibanco and Espinoza Yglesias's Bancomer, and boss of a commercial and real estate empire centered in Mexicali, Tijuana, and San Luis Río Colorado.

Despite Mario Hernández's most intense pressure, Echeverría would not budge. But when Echeverría's candidate, Cuenca Díaz, suddenly died in early 1977, the mob was able to regain control. They secured the nomination and the election for "one of their own": **Roberto "Bobbie" de la Madrid**.

No relation to current President Miguel de la Madrid, Bobbie had prepared the ground for his bid for power with a 1976 deal cut with two of the biggest Hollywood Mafia operatives, **Lew Wasserman** of the \$5 billion holding company MCA, and the perennially investigated **Sidney Korshak**, charitably described as "the interface between the mob and legitimate business." The terms of the deal: keeping casinos out of Baja, in return for cutting de la Madrid into a series of Mafia-controlled business ventures in southern California. De la Madrid, who steps down from the governorship later this year, is reported to maintain his principal residence and most of his financial assets in San Diego; he is said to com-

mute by plane to work in the governor's office in Mexicali.

Because "Mr. San Diego" Alessio has an interest in keeping the image of that city clean, the drugs cleared through Tijuana are stored in depots at National City and Chula Vista, on the coast road to San Diego, according to sources familiar with the deals.

After buying his way into the governorship, de la Madrid dispensed with the PRI machinery and has been ruling the state directly through his own business associates and related networks. His state minister of development is his right-hand business partner, **Carlos Bustamante**, the subject of an international political scandal in 1979 when sweetheart gas and oil contracts with companies of former state governors **Edmund** and **Jerry Brown** in California were exposed.

Just as in 1976-77, the issue in the elections Sept. 4 is whether the mafia machinery stays in place or comes under attack. The PAN is a refuge when the drug runners cannot stay in the PRI.

In the number-three city in Baja California Norte, Ensenada, the Mario Hernández-Bob de la Madrid forces managed to secure the PRI nomination for one of their men, **Roberto Swain**. Thinking they had the situation sewn up, they nominated a total unknown as the token PAN opposition. But the rest of the PRI machine rebelled and, with the popular David Ojeda at the lead, adopted the label of the Socialist Workers Party (PST) and may take the elections.

For the other major nominations, for mayors of Tijuana and Mexicali, and governor, more reform-minded candidates tied to President Miguel de la Madrid within the PRI gained the upper hand. The colors of the mafia apparatus are correspondingly the blue and white of the PAN in those areas. The tightest races will be for governor, where the PAN's **Hector Terán** has the *sotto voce* backing of part of the Mario Hernández machine (Hernández is astutely keeping one foot in each of the PRI and PAN camps); and for mayor of the capital city, Mexicali, where **Eugenio Elorduy** is the mafia's choice on the PAN ticket. Elorduy, like other key elements in the PAN machinery around the country, rose to business prominence on the basis of a Ford dealership. Working quietly to ensure his victory is the current PRI mayor of Mexicali, **Eduardo Manuel Martínez Palomera**.

Isidro Miranda Araujo, Mexicali activist who moved over last year to serve as the top aide to the new PAN mayor of Hermosillo in neighboring Sonora, is now coordinating a flow of PAN cadres trained in martial arts to Baja for the elections, as well as funds skimmed from the public coffers of his adopted city, according to sources in Hermosillo. Both PAN heavyweights in Sonora, Adalberto Rosas and Carlos Amaya, have been making non-stop trips into Baja to unofficially advise the Elorduy and Terán campaigns, while in the final weeks national pro-Nazi leaders Conchello and Madero arrived on the scene.

The PAN forces feel they are on "home ground," and that if they can win Baja, the entire north will be reestablished as the drug-and-crime haven the Alemán-Hollywood Mafia forces originally carved out.

U.S. State Department secretly helped build the PAN

U.S. State Department policy has been for many years to secretly build up the National Action Party (PAN) as a challenge to Mexico's ruling Institutional Revolutionary Party (PRI), *EIR* was told in July, 1982 by one of the top half-dozen U.S. academics specializing in Mexico. "This has been going on for a long time. I don't know about the Hermosillo consular office, but definitely in Mexico City," he said. "I know that is true from personal contacts at the Embassy. It's been going on for at least 4-5 years. . . . You won't get any of them to tell you what I've just told you. They talk to me because of a different relation I have with them. You would have to go at it indirectly, probing what reactions they might have to the results of the elections. . . . The PRI has been sensitive to the U.S. Embassy link to the PAN."

In an interview at that time, following elections in which the PAN made major gains, a State Department spokesman said: "The PAN is a conservative business-oriented party, like the Republican Party in the United States."

Dale Junker, U.S. Vice-Consul in Hermosillo, was just as sanguine about the PAN. Asked by an American businessman in July 1982 about the impact of daily demonstrations of up to 5,000 PAN supporters, including one which burned down the local election offices in Caborca, Junker replied: "Things are calm. Well yes, there have been demonstrations, but these are just marches, you couldn't really call them demonstrations. . . . Yes, there was this fire in Caborca, some sort of electrical short in an office in the City Hall. The local authorities investigated it because obviously there was a lot of suspicion about it. But the PRI didn't take advantage, the PRI did the investigating and concluded it was just an electrical short." Told that it was not just any room in the City Hall, but the elections office, Junker replied: "Well, yes, it was the elections office, but the votes had been counted and certified already."

Since last summer, State Department involvement with the PAN has become such a scandal throughout Mexico that U.S. officials are now highly circumspect in their public statements. George High, newly-appointed director of Mexican Affairs at the State Department, has given orders for no one in the bureau to comment on the "opposition parties" in Mexico, *EIR* sources report, because of the sensitiveness of the issue. High got his new position as a result of his perfor-

mance at the U.S. Embassy in Mexico, where he functioned as the State Department's field officer in charge of coordination with the PAN. High participated in a clandestine planning session with PAN leaders in Hermosillo, Sonora on April 22 of this year, one of a series that he conducted throughout the volatile northern tier of Mexican states. The Hermosillo meeting became a national scandal when it reached the newspapers early the next month.

Top State Department officials who have refused to speak in their own name have supplied journalists with names of think tank experts "who can be expected to know State Department thinking." We publish excerpts of a discussion with one of them, made available to *EIR*:

Q: I would like to hear from you what the American policy toward Mexico currently is.

A: For years the U.S. had basically ignored Mexico. But things started to change in the 1970s, when changes in Mexico, both in its attitude toward the U.S. and to the rest of the world, started to change as well. It actually started with Luis Echeverría [Mexican president, 1970-76]. The U.S. came to see Mexico, not as a neighbor, but as a problem or as a difficult country to deal with.

In the 1950s and 1960s we could count on Mexico doing pretty much what the U.S. wanted, but now we can no longer do that. Mexico has its own priorities, its own objectives.

Q: What are the prospects for U.S.-Mexican relations?

A: There are and will continue to be a constant series of tensions and problems in the relationship that will get dealt with by one President or another and will get stabilized and then will break out again into a crisis and cause more problems and difficulties later on. There will always be problems, while at the same time leaders of both countries will meet periodically and will say that they are great friends and that we need to understand each other better. This will constantly go on.

Q: So I take it that the U.S. would like to see a political shift in Mexico toward a political system that would tend to adapt more to the U.S. needs?

A: Oh yes, and there are a lot of pressures on Mexico.

Q: Does the U.S. have lobbying groups inside Mexico?

A: I'm not really aware of how successfully the U.S. is using groups in Mexico. I have been told that the Mexican Army, for example, is more worried about Central America than is the political leadership. That may be true, but I don't know if the U.S. has anything to do with it.

Q: What about groups like the PAN whose economic and Central American policies are closer to the U.S. views?

A: I suppose that if anyone would take the PAN seriously in the U.S., they would be more in favor of the PAN than the PRI. I just don't know if the U.S. is clever or dumb enough to try to use the PAN in that way.

Has France's Mitterrand signed the death warrant for Chad?

by Mark Burdman

"There is a faction in France that asks, 'Why not a federation in Chad? The Arabs will go with Libya and the slaves will go with France.'" With these words, spoken at a press conference in the Chad capital city of Ndjamena on Aug. 23, Chad Information Minister Soumalia Mahamat identified the premise of French policy toward the crisis in Chad.

In the two months since Libyan dictator Muammar Qaddafi, with massive Soviet backing, launched aggression against Chad, French policy has been a mixture of cynicism, political compromise, and impotent military posturing, pivoted on a consensus among policy elites that the continent of Africa need not (or should not) be economically developed and that Africans are (either useful or useless) slaves to the whims of the Q'uai d'Orsay, France's foreign ministry.

In plain language, France has groveled before Qaddafi. And, to the dismay of Africans, the United States has left France to allow the destruction of what President Reagan recently called France's "sphere of influence" in Chad. Notwithstanding the President's Aug. 23 characterization of Qaddafi's actions in Chad as "naked external aggression," American response to the Chad crisis on the ground is overshadowed by the same day's State Department announcement that U.S. AWACs radar-monitoring devices were being removed from Sudan, in recognition that French unwillingness to deploy its Jaguar jets in the Chad theatre made the AWACs unnecessary. Intelligence insiders trace the most current round of sabotage of American policy in Africa to a secret visit in early August to the Elysée presidential palace in Paris by special envoy Vernon Walters, a friend of Henry Kissinger and a high-level operative of the Propaganda-2 Freemasonic lodge of Italy.

In this context came a report in the Italian press Aug. 25-26 that U.S. State Department special envoy to the Middle East Robert McFarlane, another Kissinger operative, has just opened discussions with Italy's P-2-controlled mafioso Prime Minister Bettino Craxi—to discuss a role for Craxi in mediating the Chad crisis! Various KGB-linked Socialist International operatives—including France's Claude Estier, Portugal's Mario Soares, and reportedly Greece's Andreas Papatheou—are being brought into discussions of the Craxi role.

If the *danse macabre* of Paris and Washington over Chad brings pleasure to the colonialists at Anatoly Gromyko's

Africa Institute in Moscow, it is also met by a smug satisfaction in Jerusalem. Israel's capital has become the new Mecca for African leaders seeking protection from Qaddafi's legions. The elaborate state visit by Liberia's President Samuel Doe and six cabinet ministers to Israel in late August to concretize wide-sweeping security, military, and economic arrangements, and the decision by the government of the Central African Republic Aug. 24 to become the third in Africa to resume diplomatic relations with Israel are only the surface ripples of a major transformation. Among the governments expected to trek to Jerusalem are those of Kenya, Togo, Ivory Coast, Senegal, Gabon, and even the Qaddafi-linked Sankara government of Upper Volta. Israeli sources forecast breakthroughs as well in relations between Israel and the Soviet-linked nation of Ethiopia, and Israeli-Ethiopian ties in the security and military sphere are already reported to be more extensive than conventional wisdom acknowledges.

The debacle of French policy in Africa is underscored by the extraordinary set of formulations made by Mitterrand in his Aug. 25 interview with *Le Monde*.

In verbiage, the interview was an attempt to please everybody: the restive traditional French military, by warning of a French response "beyond defensive retaliation" if Qaddafi were to attack French forces inside Chad; President Reagan, by praising French-American coordination and condemning Qaddafi for "aggression"; the French left, by eschewing both "preventive" military action and the provision of French air cover for a Chad government attempt to reconquer northern Chad from the Libyans; Colonel Qaddafi, by holding upon the olive branch for negotiations; and France's "clients" in Africa, by praising Chad leader Hissene Habré's integrity and courage and by rejecting the idea of partitioning Chad.

In reality, as *Le Figaro's* Chad correspondent noted on Aug. 26, the interview is being viewed at best as "nice words that will disappear in the desert" of Chad, since Mitterrand punted on any plan to actually prevent the partition of Chad, refused to indicate how France would act to force Qaddafi to withdraw from Chad, and deferred all substantial decision-making over Chad to the Organization of African Unity and to the United Nations.

"If the Chadians were in a mood for laughing," *Figaro* reported, they would "split their sides" over the latter idea,

since these institutions would be ineffective (at best) in dealing with the Chad situation. Beyond all these factors, *Figaro* notes, what particularly upset the Habré forces in Ndjamena was Mitterrand's endorsement of the solution of "federation" for Chad, which they regard as "a disaster . . . madness . . . since it would collapse immediately," and break up the nation of Chad.

Mitterrand's actual words on federation are worth quoting. "A federation," he explained, "often conforms more to reality than a formal unity that is always broken apart. But it is not up to France to decide. Nothing can be concluded without the agreement of the Chadians themselves."

Jesuitically contorted as this may be, Chad leader Hissene Habré's reaction to Mitterrand's statement was quite simple. According to French radio on Aug. 26, Habré was "infuriated."

As a fierce nationalist, Habré becomes immediately expendable under conditions where Chad is being regionally split between respective Soviet-Libyan and nominally French spheres. Already, Paris gossip networks are full of rumors that, in fact, both Habré and Libyan asset Goukkouni Oueddei are about to be terminated, as part of a broader French-Libyan deal over Chad premised around a new leadership; sources inside Chad report that Goukkouni has not been seen in public in almost a month. Such a deal is being supported by the French cotton interests centered around such nasty old imperialists as Dominique Ponchardier, and by the pro-Libyan Freemasonic lobby of former Minister of Foreign Trade Michel Jobert, Foreign Minister Claude Cheysson, and special Elysée African affairs adviser Guy Penne. Recent visits by Roland Dumas, Mitterrand's personal lawyer, to Tripoli, Libya, were reportedly in pursuit of that kind of wretched deal.

'Mitterrand must remember Munich'

The Hitler-modeled Qaddafi, of course, has no intention of fulfilling his side of the deal with Mitterrand. Qaddafi is biding his time militarily, while supporting anti-French guerrillas in southern Chad and expanding his subversion in Africa into several nations, including Cameroon, Mali, and Sudan. In the most recent edition of the weekly magazine *Le Point*, President Gaafar Numeiry of Sudan presented concrete evidence of Libyan efforts to destabilize his country; Numeiry called on "France, America, and all the free countries to aid Chad and participate in the combat" to bring a halt to Qaddafi's imperialist ambitions in Africa.

On Aug. 23, Chad Information Minister Mahamat announced to journalists that Qaddafi was "preparing a new aggression which is intended to lead to the total annexation of Chad." He claimed that 100 Soviet-supported Libyan tanks and armored personnel carriers were moving south toward the town of Salal in west-central Chad, en route from the captured town of Faya-Largeau to the capital of Ndjamena. Despite all the talk of "military stalemate" in the current situation, Libyan units have continued operations in the town of Koro Toro 50 kilometers south of Faya-Largeau, and Lib-

yan jets have bombarded Umm Chalouda, a city in eastern Chad.

According to the best military estimates, the Soviets have recently installed SAM-5 anti-aircraft systems around the airport of Faya-Largeau, and are continuing to bring advisers and materiel into the war theatre. They are being abetted by the Papandreou government of Greece, which recently negotiated a secret arrangement with the Soviets to allow the U.S.S.R. to use Greek territory for transport of military equipment to the Libya-Chad region, according to information from African, Israeli, and Turkish sources. Greek government officials in Europe, confronted by evidence of Mr. Papandreou's deal, told *EIR* that "Libya to us is a friendly country," and emphasized that their policy toward Libya was coordinated with that of the U.S. State Department!

With great show, France has sent over 3,000 soldiers and advisers to Chad and have deployed four Mirage, four 2000-kilometer-range Jaguar jets, and one midair-resupply jet into Chad's territorial boundaries. But this deployment has, in late August, remained concentrated along a line that "partitions" Chad de facto from north to south, between French and Libyan interests.

In an interview with *Le Matin* Aug. 23, Gen. Chevance Bertin, who has had 50 years of experience as a top French commander in Chad, commented on the current French deployment in Chad. "What confuses me," said Chevance Bertin, "is the way in which the troops are deployed, because this allows one to see a sort of partition. We remain static, while Qaddafi knows what he wants—Aouzou [the strip in northern Chad unofficially annexed by Libya from which Qaddafi extends his aggression southward—M.B.]. If we leave this to him, it would be a catastrophe. One cannot negotiate with Qaddafi in a spirit of concessions.

"Mitterrand must remember Munich," Chevance Bertin emphasized. By leaving Qaddafi in possession of his northern Chad conquests, "one will have a perpetual war" in Chad. He concluded by calling for the "reconquest of the North," with France providing air cover for Habré's forces to carry out this mission. "Because he wants a strong Chad," the general noted, "Habré is an obstacle to the hegemonic designs of Qaddafi."

The tenor of the general's policy has been supported in previous days by leading African affairs advisers for the Gaullist Rassemblement pour la République party, including Yves Lancien and Jean de Lipkowski, who negotiated joint French-Chad security and military agreements in 1976 for the Giscard government. Mitterrand's policy, de Lipkowski warned, was putting France "in a very dangerous position" by communicating the idea that France accepted a dividing line between North and South.

Mitterrand pronounced to *Le Monde* on Aug. 25 that "France would not be brought into a battle not of its own decision," and would refuse to provide air cover for a move by Habré to reconquer the north. On the foundation of such pomposity, France will find itself irrelevant in the African strategic picture.

The Aquino murder: in whose interest?

by Richard Katz

The Aug. 21 airport assassination of Philippines opposition leader Benigno Aquino has been used to mount a new round of destabilization against President Ferdinand Marcos and his program for economic development. The campaign to remove Marcos and turn the Philippines into a new Iran is being run by a coalition joining oligarchic families with Maoists and Jesuit priests, with the assistance of the International Monetary Fund and the U.S. State Department.

The Western press accuses Marcos of ordering the assassination, but he did not stand to benefit. Indeed, his government is now being weakened by the accusations. Pressure is growing on President Reagan to cancel the trip to the Philippines he has scheduled for November. Congressman Stephen Solarz (D-N.Y.), a longtime Marcos foe who will visit the Philippines in September, has called for an "impartial" investigation of the killing, warning of problems for the \$900 million aid package in Congress.

The State Department has already announced in warning tones that it "trusts" Marcos will launch a full and impartial investigation, thus acting, as one Washington source put it, "like they acted with the Shah of Iran. They are nominally supporting him, but are in fact undercutting him." During Secretary of State George Shultz's trip to Manila this June, he told reporters on the plane that his subordinates would meet with opposition leaders, lest the United States be caught short, as in Iran, when Marcos falls or dies.

Philippines sources say that Aquino's funeral on Aug. 28 may be spark a prolonged campaign of demonstrations and terrorism to bring down Marcos.

Philippines opposition

Aquino was the most prominent of the opposition leaders against Marcos's rule; a decade of martial law ended only recently. The opposition movement ranges from the radical Maoists of the New People's Army and the Libyan-armed Muslim autonomy rebels in the Philippines' southern islands, to the Jesuit order and Cardinal Jaimie Sin, to right-wing plantation-owning families. The common denominator of all groupings is opposition to the president's efforts to industrial-

ize the country.

Aquino himself, though sentenced to death for an alleged political murder, was allowed by Marcos to leave the Philippines three years ago in order to get a heart operation in the United States. Aquino remained in the United States as an instructor at Harvard, and later MIT. He was sponsored by Harvard's Jerome Cohen, a prominent figure in efforts to undermine modernization in Korea as well as the Philippines, and a major proponent of Henry Kissinger and Zbigniew Brzezinski's "China Card" policy. Aquino was also in continual contact with the State Department.

Despite warnings from the Philippines government and his own supporters that he might be killed, Aquino chose to return to the Philippines in order to ignite a mass campaign to bring down Marcos. He told friends on the plane that he might be killed but that he did not expect Marcos would be responsible. He suggested two other possibilities: either the extremists within the opposition movement trying to "radicalize" that movement, or else a faction of the army worried that Aquino would be the strongest contender for succession once Marcos dies.

Shultz's role

Whoever planned the pulling of the trigger, the assassination of Aquino is the latest stage of pressure on the Marcos government, pressure abetted by the State Department and the IMF and World Bank. In opposition to the plantation-owning oligarchic families, who wish to leave the Philippines a raw materials exporter, Marcos had developed an important, albeit flawed, program of industrialization. For example, ten years ago almost all exports were primary commodities; now at least half are manufactured goods. Marcos has also been pursuing nuclear energy, hydroelectric and irrigation dams, and other big industrial construction projects.

The World Bank, charging that such projects are merely boondoggles to enrich Marcos, has pressured the Philippines government to cut down its investment program, to cut its budget, and to devalue its currency. Shultz, on his trip this June, praised the currency devaluation just announced and urged further austerity measures. Shultz is well aware that the economic turmoil caused by such austerity programs undermines popular confidence in Marcos even more.

Under this pressure, in the past few months the Philippines, along with Indonesia and Malaysia—countries hitherto developing rapidly despite the world trade depression—has had to slash billions of dollars worth of investment projects and subsidies on basic consumers staples that maintain bare subsistence.

Opposition leader Eva Estrada Kalaw told the *Washington Post* on Aug. 24 that the opposition "moderates" might seek reconciliation with a "decent sector of the government," naming Prime Minister Cesar Virata. Virata is the World Bank's man within the regime, and rumors have circulated for weeks that Marcos would like to fire him.

Resistance fears danger of separatism

by Richard Katz

The agitation against martial law that has rocked Pakistan's Sind province since Aug. 14 has now reached a turning point, say leaders of the Pakistan Peoples Party (PPP). For 10 days the Sind has been a scene of demonstrations and strikes numbering in the tens of thousands, burning of government buildings, and gunbattles between the population and the police and army. If the agitation spreads to other provinces, particularly Punjab, then Chief Martial Law Administrator Zia ul-Haq could face the possibility of a coup from within the military. If the agitation does not take hold in Punjab, then, say PPP leaders as well as Indian observers, the situation will quickly degenerate from a national movement for constitutional government into a bloodbath between Sindi civilians and a mostly Punjabi army. The latter eventuality would quickly fuel secessionist tendencies in the Sind, and thus create a new locus of instability on India's borders.

Hoping to forestall the latter eventuality, on Aug. 25 Nusrat Bhutto, widow of the slain Pakistani Prime Minister Z. A. Bhutto, who led the PPP, called upon Pakistanis to rise up and fight military rule. Mrs. Bhutto said that dictator Zia ul-Haq's army has taken up the gun against civilians. She called upon Pakistanis throughout the nation—in the Sind, Punjab, Baluchistan, and Northwest Frontier Provinces—to fight against martial law. She is gambling that her call will spread the movement to Punjab. PPP leaders say it will take a week to see if her call is successful.

The unrest began following Zia's Aug. 14 announcement of a plan to promulgate a bogus constitution in 1985. The agitation is led by the Movement for the Restoration of Democracy (MRD), an eight-party coalition whose strongest component is the PPP. Much of the on-the-ground leadership of the agitation is composed of landlords and *mullanahs* [Muslim clergy] allied with the PPP and MRD. In the Sind there have been demonstrations of up to 50,000 people. In some cases, agitators have burned down police stations, taken arms, and engaged in battles when the police or army tried to stop the demonstrations.

So far, however, there has been comparatively little agitation in the other three provinces: the heavily populated Punjab, and the sparsely settled Baluchistan and Northwest

Frontier Provinces. A PPP leader, whose evaluation on this point was echoed by a U.S. administration official, commented, "If Punjab doesn't rise up, then the agitation in the Sind will peter out. The army will then take revenge on the Sindi civilians." Severe tension has traditionally existed between Punjabis and Sindis. Any slaughter of Sindis will turn what is now just resentment into real separatist tendencies, as in the Bangladesh situation of 1970. So far the agitational focus has been for restoring constitutional rule, not for Sindi separatism.

"The situation is potentially very dangerous," a PPP leader told *EIR*. "Many Pakistanis think Henry Kissinger brought Zia to power as a coup not only against Bhutto, but against Pakistan itself. Maybe he counted on Zia's harsh rule to cause Pakistan to split, just like the last military government lost us Bangladesh [East Pakistan before 1970]."

Another PPP leader commented, "Zia may think he can isolate developments in the Sind, but the army is blind, deaf, and mentally retarded. They are accepting all sorts of nonsense about how secession is being backed from India. In truth the last thing the Indians want is secessionist tendencies in Pakistan because of the chain reaction it will cause." An Indian journalist made the same point: "India is saying nothing right now, lest it give the impression of interfering. But people here are very worried that a Punjabi versus Sindi bloodbath might help the separatists. It's no good for India to have such a crisis on its border."

If the worst fears come true, then instability there would join other instabilities on India's border along with those inside India, e.g. the situations in Sri Lanka, India's northeast province of Assam, and Khalistan separatism in Indian Punjab. The turmoil in Punjab has been aided by Zia and the U.S. State Department, along with British and Swiss-based factions who have long desired to "divide and conquer" India.

At least for the present, the U.S. State Department seems to want to keep Zia from unleashing a bloodbath. Wire stories in New Delhi say that the United States has advised Zia against any rash action that might fuel separatism. A high-level administration official told *EIR* on Aug. 25, "We are supporting Zia; he is the legitimate ruler. We will know in a week if the agitation will spread to Punjab. I don't think it will. The shopowners want to keep their shops open. Zia will be able to handle the Sind if Punjab stays quiet. I feel instinctively that he will avoid any kind of rash action that might fuel a separatist rebellion. I think he can calculate the political effects of harsh repression as well as anybody else."

However, as the PPP leader pointed out, Zia's harsh rule is the most important factor in promoting separatism. Whatever U.S. policymakers may think they are doing, their support for Zia—rather than giving aid to a peaceful transition to more normal rule—only adds to the instability. And, as PPP leaders have pointed out, should separatism grow in the Sind, it will revive in Baluchistan, a state in which the Soviet Union contains significant political assets.

Support center for separatist terror exposed

by Katherine Kanter

The rumor that Licio Gelli, the former torturer in Mussolini's secret police and mastermind of the Propaganda-2 Freemasonic lodge, had taken refuge in the Benedictine monastery of St. Honorat, France, following his Aug. 11 "escape" from Swiss jail, came as no surprise to those who have observed the role of the Benedictine-created Ciemen—the International Escarre Center for Ethnic Minorities and Nationalities—in promoting separatist-terrorist activities in the Mediterranean.

Ciemen's official publications state that they do not respect the sovereignty of presently constituted nation-states, but that the real "nations" of Europe are determined by "ethnicities," that is, tribes, based on racial criteria. These tribes, such as the Kurds, the Armenians, the Slovenes of Yugoslavia, and the Sardinians, are in danger of "cultural genocide." Any and all means are permissible to protect the tribes from the "imperialist state," a term frequently used in the group's Catalan-language publication, *Altres Nacions*.

Ciemen supports the organization Herri Batasuna, which openly, flagrantly, defends the Basque terrorist ETA, just as they defend the Sinn Fein. They are now working intensively with the environmentalist movements from all over the Mediterranean to unleash a continent-wide environmentalist-pacifist wave of violence when the Euromissiles are deployed this fall.

Ciemen was founded in 1975. The name Escarre in the organization's title is in honor of the ex-abbot of the Benedictine abbey of Montserrat near Barcelona. Abbot Escarre was exiled to Milan in the mid-1960s after publishing a series of articles against Franco and in favor of separatism for the area of northern Spain known as Catalan. Another monk, Aureli Argemi, accompanied him in his exile to Milan, where they quickly established contact with KGB-linked editor Giangiacomo Feltrinelli—one of the most open advocates of terrorism in Italy, who was killed in 1972 when a bomb he was carrying exploded—and with the Basso family of ultra-

left socialists. Family head Lelio Basso in fact founded the Libyan-financed Lelio Basso Foundation in the very same abbey of Montserrat.

Historically, the abbey of Montserrat has functioned as the "spiritual" center for Catalan autonomism, which is now becoming open separatism. The present head of the Catalan government, Jordi Pujol, makes frequent "spiritual retreats" in Montserrat, while the Catalan Department of Culture, under Max Cahnerm, has supported the activities of the Ciemen in both Spain and France.

Safehouse in France

An important step in the organization's development was taken when Escarre and Argemi moved a group of "dissident" monks—dissident because they were separatist and not merely autonomist—from Montserrat to the French town of Prada near Perpignan. There they took up residence in a disused 9th-century Benedictine monastery called San Miguel de Cuxa, which serves as a kind of grand-scale safehouse for the European separatist movements. The location is ideal for such purposes as it is lost in mountains and woods, only 3 kilometers from the Spanish border and very near to the sea.

As the monks specialize in breeding dangerous German shepherd dogs, it is rather difficult to find out just who is living in the huge outbuildings, which can probably house about 200 persons. The monks claim they finance themselves selling Ying-Yang symbols and other ceramic amulets which appear to belong to a kind of pre-Christian cult. Strangely, the figure of Christ is absent from their artistic productions. A number of young female hippies circulate in the monastic residence, performing a variety of tasks for their masters.

War in the press

On Aug. 5, the Spanish-language newspaper *Diario de Barcelona* published a long article detailing the charges, previously made in the newspaper of Lyndon LaRouche's

French associates, *Nouvelle Solidarité*, characterizing the Ciemen as a terrorist front. On the following day, the same paper published a full-page article with the headline "The Ciemen Will Go to Court Against Those Who Accuse It of Terrorism—Argemi Rejects the Affirmations of *Nouvelle Solidarité*."

On Aug. 7, the president of the Ciemen, Felipe Sole y Sabaris, gave an interview to *El País*'s Barcelona edition (the most widely read paper in Spain), in which he took particular exception to the allegations that the Ciemen coordinated European armed groups with the Libyans. Ciemen's secretary, Angel Colom, also denied any link to the Berber tribe in Algeria, and both stated that they would like to be investigated by anyone who wishes to know the names of those behind the Ciemen and its finances, because they have nothing to hide. On Aug. 16, the widely read French daily *Quotidien de Paris* published an article by one of *Nouvelle Solidarité*'s editors, Thierry Lalevéé, on the Libyan connection and the Ciemen. This appeared on the very day that the Ciemen congress to unify the environmentalist movement with the separatist terrorist groups opened at San Miguel de Cuxa.

Then on Aug. 12 and 13, monk Argemi participated in a meeting in Corsica between the Corsican National Council, which is a front for the terrorist National Front for the Liberation of Corsica, and the Herri Bastasuna, the legalized arm of the Basque terrorist movement ETA. At this meeting, coordination of all the European separatist movements into a strike force against the "imperialist nation states" was discussed, according to a press conference given later by Herri Batasuna.

Benedictine origins

The central role of the Benedictine order in these activities is not surprising when one knows the history of this order. The Benedictines are an oriental order, the spiritual masters of which came from Alexandria, a former center of the Egyptian Isis cult. They are most closely related to Mount Athos and the Russian Orthodox Church, and in fact, the abbey of Montserrat helped to set up a branch of the Eglise Orthodoxe de France in Barcelona, led by an Alexandrian emigré. The Benedictines have always been a front for financial and land owning nobility, and it was they who introduced the feudal system into Spain. The program they wrote for the Occitan (French Provence) independence movement, founded in 1974, and called *Volem Viure al País* ("We Want to Live in Our Own Country"), is straight feudalism: flee urban civilisation, return Occitania to a rural order with leatherwork, stonework, and handicrafts as the main industries. Close down the Toulouse aeronautics industry as "French imperialist," and above all, through the independence movement, get control away from France of the important bauxite and uranium reserves of Occitania.

The Ciemen and all its abbeys must be closed. Many a machine gun can be hidden under a long robe.

Ciemen protests its innocence

The following are excerpts from an article in Diario de Barcelona of Aug. 5, 1983, by chief editor Jaime Reixach. Diario de Barcelona is the most widely read daily newspaper in Barcelona, though it maintains correspondent relations with such organizations as Die Tageszeitung in Berlin, a pro-terrorist daily paper. On Aug. 7 the regional Catalanian edition of El País ran the story as well and began to print vehement denials from the leadership of the Ciemen.

In an article entitled, "Qaddafi's Libya, the Mecca of Ecological Separatists and Other Terrorists," the French magazine Nouvelle Solidarité has accused the Escarre International Center for the Study of Ethnic Minorities (Ciemen) of being the enclave that connects armed movements from all over Europe, and including other continents, with Gen. [sic] Muammar Qaddafi. . . .

Nouvelle Solidarité describes the Escarre Center as an organization serving separatist groups from southern Europe and asserts that its offices in Barcelona, San Miguel de Cuxa, Paris, Milan, and Sicily were set up and financed by Qaddafi.

To back up this charge, the article, signed by Thierry Lalevéé, says that Ciemen is directly complicit in terrorist activities, particularly after observing activists from Ari and Grapo. . . .

*Nouvelle Solidarité . . . is a weekly publication edited in Paris by an organization of the same name, which also puts out *Executive Intelligence Review*. . . . In recent months it has received harsh criticism from the German press, specifically from our correspondent in Berlin, *Tageszeitung*, which accused *Nouvelle Solidarité* of being a fascist organization which was introduced into Europe with direct CIA financing. . . .*

Excerpts from a full-page article in the Aug. 6 Diario de Barcelona:

*Members of the Secretariat of Ciemen as well as its secretary general, Aureli Argemi, have denied the charges made by *Nouvelle Solidarité* that their organization serves as a promoter of armed European groups. . . .*

Argemi promised that the information appearing in said publication would be the object of a criminal suit. . . . The secretary general of the studies center has himself made available the objectives, plans, and sources of Ciemen's financing—"which are no more than its friends, members, and institutions with first and last names, and, in no case, foreign powers or political parties"—to anyone who wishes to see them. . . .

Armenian terrorist wave: carrying out the 'New Yalta' policy in Turkey

by Nancy Coker

The summer of 1983 has been both a busy and a bloody one for Armenian terrorists. In June, a grenade attack on shoppers in Istanbul's covered bazaar left half a dozen people dead and 250 wounded. In July, Armenian terrorists murdered a Turkish diplomat in Brussels, blew up the Turkish Airlines terminal at Orly Airport in Paris (7 dead, 50 wounded), and stormed the Turkish ambassador's residence in Lisbon, killing the wife of one of the diplomats.

The renewed outbreak of Armenian terror has been timed to "commemorate" the 60th anniversary of the 1923 Lausanne Treaty, which ratified Turkish sovereignty over eastern Turkey, claimed by Armenians at the end of World War I as their homeland. The much-publicized demands of the Armenian terrorists are for the creation of a separate Armenian state in what is now eastern Turkey and the Soviet Union, along with formal Turkish admission of and reparations for the Armenian massacre of 1915.

The real reasons for the terrorist attacks go well beyond these demands. "The name of the game is the destabilization of Turkey," commented one analyst. "The Soviets want to weaken Turkey's U.S. connections. The terrorism is a warning. It's one way of keeping Turkey weak, off balance, and on the defensive, while at the same time pushing the Turks toward carrying out some desperate retaliatory act that will only complicate matters for Ankara."

The pressure on Turkey is coming not only from Moscow, but from the Lord Carrington-Kissinger circles in London and Washington, who have agreed to accommodate Soviet game-playing in the Middle East and in Turkey, in exchange for a "New Yalta" re-division of the entire globe. According to this New Yalta trade-off, the United States will reign supreme in the Western Hemisphere, in exchange for increased Soviet influence in the Middle East and the emergence of an "independent Europe."

The pressure on Turkey from the West was evidenced in an Aug. 15 editorial in the *London Times*, which decried Turkey's "lack of democracy" under military rule, and dismissed Turkey's upcoming elections to return the country to civilian rule as a fraud. The *Times* went so far as to mouth support for former Prime Minister Suleyman Demirel, whose misrule during the 1970s helped to plunge Turkey into near

civil war and ushered in the 1980 military takeover. Several months ago, Turkey's generals ordered the detention of Demirel and his cronies for attempting to stage a political comeback.

"Democracy means allowing the people to make their own choices," wrote the *Times*. "It will be difficult for the rest of the world to accept the government that emerges from the elections . . . as genuinely representative of the Turkish people."

The Armenian terrorists, no doubt, heartily agree.

The Armenian question

The origins of the Armenian question lie not in this century but in the last.

The forefathers of today's Armenian terrorists first surfaced as far back as the 1830s. Ironically, they were not even Armenian: They were American (and British) Protestant evangelical missionaries stationed in the Ottoman Empire. Rather than attempting to educate an elite who could turn the Ottoman Empire into a modern nation-state, as was the desire of such American military figures as Commodore David Porter, the missionaries instead focused their attention on dismembering the Empire as the prelude to dividing it up among the Great Powers. To that end, the missionaries built up an extensive following from among Turkey's numerous Christian minorities, predominantly Bulgarians and Armenians, creating an ethnic identity for these minorities and forging them into militant national liberation movements. Whatever the particular goals of the myriad groups and factions that emerged, the net effect over the course of the 19th century was the same: the growing inability of the Ottoman Sultan to rule his far-flung lands as a result of insurrection and treason on the part of his subjects.

The American missionaries assigned to the Middle East were not interested so much in converting Muslims to the ranks of Christianity, but in proselytizing among people who were already Christian. "By labouring among Christians, we gain an easy entrance into the heart of our enemy's territory," wrote Harrison Dwight, a prominent missionary who traveled extensively throughout the Middle East. He and his colleagues were particularly sensitive to the role that the

Armenians could play in undermining the Ottoman Empire. "The bearing of our labours in Western Asia upon Mohammedanism increases inconceivably their [the Armenians] importance; and we look with intense interest upon every new station that is formed as an additional entrenchment thrown up against the armies of the false prophet."

The missionaries' subversive activities took a leap forward during the 1860s with the establishment of Robert College in Istanbul. Under the directorship of Cyrus Hamlin and later his son-in-law George Washburn, Robert College concentrated its organizing and educational efforts almost exclusively on two minority populations within the Ottoman Empire: the Armenians and the Bulgarians. The bulk of the leadership of the Bulgarian revolution in 1876, which separated Bulgaria off from the Ottoman Empire, were graduates of Robert College. As for the Armenians, the various separatist, revolutionary, and terrorist organizations that sprang up worked in close collaboration with Europe's Freemasonic networks, namely the French Grand Orient Lodge, Young Italy revolutionary leader Giuseppe Mazzini, and the Young Turks.

Until the arrival of the missionaries, the Armenians enjoyed all the privileges of a favored minority in the Ottoman Empire, with many Armenians serving in high positions in the Ottoman Porte (as the Sultan's government was called). After the missionaries' arrival in Turkey, the Ottoman Sultan bowed to British pressure and extended to the new Armenian Protestant converts special semi-autonomous (*millet*) status. By the last quarter of the 19th century, the Sultan knew he had made a mistake, but by then it was too late. Confronted with the treasonous activities of the Armenians and desperate to hold his crumbling empire together, the Sultan resorted increasingly to harsh means to quell internal rebellion.

By this time, the Armenians were the pawns not only of the missionaries and their Anglo-American masters, but also of the Russians and the French as well, who used the Armenians as battering rams against the Ottoman Porte to further Russia's and France's imperial designs on the Ottoman Empire.

Among the strategies adopted by the Great Powers in their use of the Armenians was to use terrorist atrocities, perpetrated by both Turks and Armenians, to trigger a spiral of violence against the Armenians that would awaken outrage against Turkey in the Christian West and in Christian Russia. Needless to say, thousands upon thousands of Armenians, and a large number of Turks, died in the senseless slaughters that periodically occurred.

The Armenian World Congress

Historically, the Russian input into Armenian terrorism has not been insignificant. Nor is it insignificant today.

The Soviet connection to the Armenian terrorists was nowhere better expressed than at the Armenian World Congress which convened on July 20 in Lausanne. Chaired by Swiss-Armenian pastor and terrorist-sympathizer James Kar-

nusian, the congress was attended by the French-based Armenian National Movement, whose leader, Ara Toranian, was arrested a few days later by the French police on suspicion of his involvement in the Orly Airport bombing. The Congress unanimously refused to condemn the Orly bombing, and expressed sympathy for the "desperation into which young Armenians are led by the intransigence of the Turkish authorities." The meeting concluded by calling upon the Turks to officially negotiate with the prime minister of Soviet Armenia.

At the congress, Karnusian called for the creation of "some kind of a government in exile" that would enjoy non-governmental organizational status at the United Nations. He admitted that negotiations with Soviet Armenia were taking place, and that he was in "personal contact" with European-based terrorist minorities such as the Corsicans and with radical parties such as the Greens in West Germany, through the Association of Endangered Peoples in Hanover led by Tessa Hoffman, who spoke at the congress. The Association of Endangered Peoples serves as a link to others radical minorities, such as the Kurds, especially the pro-Khomeini Kurds of the Barzani group, who were officially represented at the congress.

The Nazi connection

That the congress took place in Lausanne, the international center of the old Nazi apparatus, was not coincidental. Close examination of the Armenian terrorist organizations reveal their neo-Nazi connections. The Armenian Revolutionary Army (ARA), the organization that stormed the Turkish ambassadorial residence in July in Lisbon, is a case in point.

One organization known to be giving logistical support to ARA is an extreme right-wing Portuguese terrorist group called Codeco, the Operational Commandos for the Defense of Christian and Western Civilization, created in 1976 by Portuguese General de Spínola. Codeco is manned by former members of the Portuguese secret police PIDE and the French OAS. Instrumental in its creation was a Madrid-based team led by de Spínola and composed of the late Otto Skorzeny, Skorzeny's wife (who still operates out of Madrid), and Nazi oldtimer Gerhard Hartmut von Schubert. Von Schubert is the former head of the Nazi Paladin organization and is now a refugee in Argentina, where he maintains close links with Swiss-based Nazi financier François Genoud.

Through such channels, Codeco developed relations with the Spanish section of the World Union of National Socialist Organizations, or Cedade, in Barcelona. Cedade, which is one of the vanguards of Catalan separatism, was involved in the September 1980 Rue Copernic synagogue bombing in Paris. Often finding refuge in the offices of Cedade were Nazi war criminal Klaus Barbie, now awaiting trial in Lyon, and Stefano delle Chiaie, the Montecarlo Lodge Freemasonic member responsible for the August 1980 bombing of the Bologna railroad station.

The Greens are unconstitutional

Andreas Buck reports from Wiesbaden on the ways and means to secure the official prohibition of this neo-Nazi formation.

For the nations of Western Europe, 1983 has been in many ways a dark year. The 50th anniversary of Adolf Hitler's coming to power, and the 100th anniversary of Benito Mussolini's birth and Richard Wagner's death are being celebrated everywhere. In August, Bettino Craxi, a man who likes to be styled the "new Duce," became the first Socialist prime minister of Italy since the fall of Mussolini. In the Federal Republic of Germany, the Green Party won 5.6 percent of the popular vote and 27 Bundestag seats in national elections March 6. Werner Vogel, a 75-year-old Nazi war criminal who was elected on the Green ticket, was nearly installed as the "elder president" of the Bundestag.

The German population's previous desire to distance itself from the Nazi Führer and his policies is gradually being undermined. Although the political writer Wolfgang Koepen said at a recent celebration of Wagner, "Wagner played with the fire that burned at Auschwitz," in the minds of most of the population, the connection between the political and cultural pessimism of Wagner and Weimar Germany, and the Nazi takeover which immediately followed, is but dimly perceived.

The *New York Times* printed a front-page article Aug. 14, claiming that "West German Youth Has Shaken Off the Past," and that "A new generation, no longer burdened by guilt for Hitler's crimes, is coming to the corridors of power in West Germany." The *Times* quotes a 26-year-old antiwar activist that "the interest in history is very small among people his age and that there is a subconscious tendency to explain away Hitler's crimes."

But such a response to history is hardly universal. Led by the European Labor Party (EAP), who published a special report, "The Fundamental Law of the Federal Republic of Germany Requires Banning the Green Party," a small number of politicians, journalists, and others have begun to denounce the Greens what they are: the direct descendants of the Nazis.

The EAP special report, which was also published as a pamphlet, detailed the violent history of the Green Party and its movement, and examined their program from the perspective of German constitutional law. The report put particular emphasis on the federal court decisions which banned the Socialist National Party (Sozialistische Reichspartei), the

successor party to the Nazis, in 1953, and the German Communist Party (Kommunistische Partei) in 1956. The EAP special report demonstrates that, based on these court decisions, the Green Party is unconstitutional and ought be banned immediately.

The court decisions stated that a party is "unconstitutional" if it denies the fundamental principles and values of the constitutional order of government, principles, and values on which all parties must agree if there is to be a constitutional government. But for a party to be unconstitutional, such denial must be active opposition, not just passive "ideological differences." One judgment read, "A party is not then unconstitutional if it merely does not recognize, or denies, the highest principles of a free, democratic order, in order to replace it with some other order. It must additionally have an active, militantly aggressive attitude to the existing order; it must deliberately attempt to disrupt the functioning of this order, and intend to replace in the future."

As the EAP documents, the Green Party's history and statements deny the fundamental principles and values of the Federal Republic's constitutional order, and the party has an "active, militantly aggressive attitude to the existing order," whose actions have been deliberate attempts to disrupt the republic. The EAP presented the report to the federal government, the legislature, all political parties, and regional governments.

Official reaction has been limited—in thought as well as action. The personal assistant of the Justice Minister of Hesse, Dr. Harald Noack, sent the EAP a response which concluded: "My understanding of democracy rests rather on the conviction that political groups gain a justification of their existence and activities at the moment when they are legitimized by the voters and if they are not unambiguously opposed to law and justice." Such an "understanding" of democracy has dominated German politics since the republican leaders of the late 18th and early 19th century German classical period were exiled. In this mixture of not wanting to be bothered, cowardice, positivistic submission to the letter of the written law, and blatant fellow-travelerism, one can again hear voices saying, "I didn't know what was going on."

But as Günther Bannas wrote in the *Frankfurter Allgemeine Zeitung* on March 2, 1983, in a report on the elec-

toral campaign of the Greens, "No one will be able to say, I didn't know what was going on." Recent actions by the Greens, including the attack on U.S. Vice-President George Bush in Krefeld and the incident in which Frank Schwalba-Hoth, a member of the Hesse state parliament, doused U.S. 5th Army Corps Gen. Paul Williams with his own blood at a reception, have spurred others besides the EAP to call for an investigation of the Greens' constitutionality.

A very few politicians have actually been willing so far to publicly discuss a ban on the Greens. These include Christian Social Union (CSU) head Franz-Josef Strauss, who said that "the penetration of unconstitutional parties into parliament" must be blocked, and the CSU politician Theodor Waigel, who has demanded a thorough investigation of the loyalty of the Greens to the fundamental constitutional law of the Federal Republic. From the judicial side, Professor Stober of the University of Münster has warned against allowing the Greens into public service, and the Cologne constitutional lawyer Martin Kriele has acknowledged that the self-styled "resistance movement" shows strong fascist characteristics.

Columnist Klaus Besser wrote in the popular tabloid *Bild am Sonntag* on Aug. 7: "The number of anti-democratic parties which wish to bless us with a state based on violence is growing, slowly but surely. What the Greens did at the reception of a general from the United States, a nation still friendly to us, was worthy of an SA, and generally, the behavior of the boorish representatives of the Greens in the Bundestag is reminiscent of the Nazis in the old Reichstag. . . . The question now arises, how long are we to passively sit by and watch as the Greens turn our nation into a police state?" But, as Besser added, "The route to a complaint under the constitution is difficult and controversial."

Germany has suffered from such constitutional difficulties before. Following the Beerhall Putsch of 1923, the Nazis carefully preserved the appearance of legality. They came to power "legally," covering their violence and their illegal actions with appeals to the "legitimacy" of their intentions. The Greens and the peace movement are doing exactly the same, as they, in a characteristically Orwellian twisting of the meaning of "non-violent resistance," stand, with Molotov cocktail and brick in hand, and chant the motto: "Willst du nicht mein Bruder sein, dann hau' ich dir die Fresse ein!" ("If you don't want to be my brother, I'll smash in your face!"). They too blame a radical minority for any violence, and assert that the great majority are peaceful. But it is clear that the "peaceniks" thrive off the actions of the radicals, and, that, without the small radical movements, the more formal pronouncements of the official representatives of the Greens and the peace movement are nothing more than verbal gymnastics.

There are other factors that make a ban on the Greens difficult. The media which, when not openly favorable, as is usually the case, makes light of the Greens' actions—for example, the references by Johannes Gross, the journalist, to

the Greens as "chlorophyll fascists" or "Potemkin villages on bicycles" are more helpful than harmful to the Greens. The media are generally overwhelmingly favorable to the activities of the Green Party, and are attempting to drive the population into virtual capitulation with a "peace movement bombardment."

Another problem is the treatment of the Greens by the U.S. State Department. In an recent interview in *Der Spiegel*, a Green representative expressed great enthusiasm over the recent reception of a Green delegation in the United States by the State Department—nowhere have they ever received such a reception. A better alibi could not have been provided for all those who want to get out of beginning any action to ban the Greens.

In a recent radio broadcast Jo Leinen, a Green who had previously promised the citizens of the Federal Republic to make their nation ungovernable, stated, without rousing any opposition whatsoever, that the peace movement has the support of a majority of the citizens of West Germany.

However, the German population has clearly, if far too passively, refuted her statement, when over 500,000 people flocked to Ramstein for an aerial display by NATO, despite a call to boycott the display made from the pulpits of evangelical churches throughout the nation. In the light of this vote by the population for a "militant" democracy and for technological progress (over 300,000 had earlier attended the landing of the space probe Challenger in Cologne), it is far more true to say that it is the EAP, which has supported technical progress for years and energetically promoted the development of defensive beam weapons, which has the support of the majority of the population.



Green Party demonstrators blocking traffic in the West German city of Ulm.

France's 'red millionaire' advocates the partition of Chad

by Joelle Leconte

"Why not give a part of Chad to Libya and the rest to the Central African Republic?" proposed "red" millionaire Jean-Baptiste Doumeng on the plane flying back from Congo-Brazzaville to Paris. "Qaddafi is not mad," said Doumeng, who therefore doubts that "Libya has any hegemonic designs on Africa."

Doumeng did not make such proposals merely because he chairs an oil-trading company dealing in Libyan oil. Jean-Baptiste Doumeng is the Armand Hammer of France, who has built a fortune on both trade and political good offices between East and West.

Doumeng proposed on June 1982 a kind of decoupling of the French currency from the dollar. "Our money must be protected from the forces of the world market," he wrote in *Le Monde*, "essentially from the dollar." The solution he proposed was first to establish a two-tier monetary system with 1) a convertible franc to be used in international exchanges, possibly based on gold, and held at parity to the other currencies; and 2) a domestic franc, non-convertible, whose interests and parity to the convertible franc would be fixed by parliament. These proposals were close to those issued by Jean Riboud, who is head of the Schlumberger multinational and an old Socialist pal and advisor of President

Mitterrand. Riboud's Socialist Party faction, CERES, has for months been pushing for an isolationist policy, and an eastward orientation of French trade and diplomacy.

A boost from Moscow

Born in 1919, Doumeng entered the French Resistance in 1943 under communist general Alamichel. In 1945 he began a trade-union career and became director of the Co-operative Agricole et Vinicole of Longages as well as a Communist Party member.

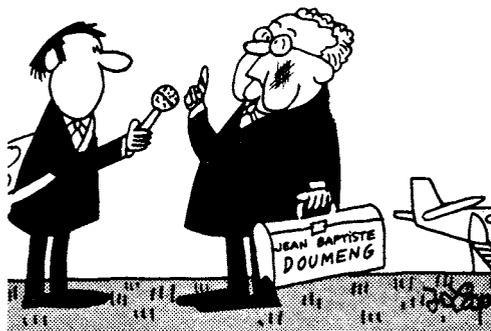
But his career really took off in 1952, when he attended a major economic conference in Moscow. There he met with the director of the Soviet bank BCEN in France, Mr. Hilsum, and thus began his lucrative East-West grain export-import business, for which he now has a near-monopoly in France. Doumeng is chairman of a food-products company called Interagra, as well as the SOCOPA meat-producer cooperative. The Doumeng empire also includes IPI-Trade International, and Sica-vins (Comptoir Agricole Français). He has been involved in the recent French trade deals with Vietnam.

Doumeng has been nominated by the Mitterrand government to sit on the board of COFACE, the French state company which covers foreign trade risks. Last year three-quarters of the losses covered by COFACE were from East bloc countries.

During the Giscard d'Estaing regime Doumeng played an important role as semi-official East-West intermediary. When Giscard flew to Warsaw to meet Soviet President Leonid Brezhnev in January 1980, as East-West relations were on the rocks following the Soviet invasion of Afghanistan, he traveled on board the private plane of Jean-Baptiste Doumeng. The trip was organized by Giscard's "Eastern connections"—international lawyer Samuel Pizar and Interior Minister Michel Poniatowski.

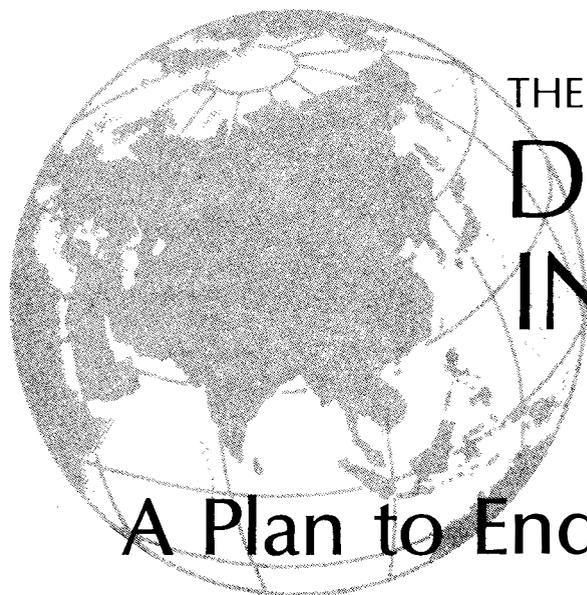
Doumeng, like Armand Hammer, has long-standing involvement in Africa. For many years he has been trying to replace the ELF-ERAP company in the trading of Gabonese oil; very recently he was in Mali signing a contract with the Mali government for the construction of a maintenance base at an airstrip for heavy carriers, being built 160 kilometers from the capital Bamako, very probably for Soviet use.

RECTIFICATIF



Je n'ai jamais dit qu'il fallait donner le nord du Tchad à Kadhafi, j'ai dit qu'il fallait lui vendre !

Correction: "I never said one had to give northern Chad to Qaddafi; I said we should sell it to him." Canard Enchaîné



THE DEVELOPMENT OF THE INDIAN AND PACIFIC OCEAN BASINS

A Plan to End the World Depression

Thursday, September 15

CONFERENCE PROGRAM

2 P.M.-4 P.M.

World Stability and Global

Development: The U.S. Role in Indian and Pacific Ocean Basin Development

Speaker: **Lyndon H. LaRouche, Jr.**,
Founder, *EIR*; Chairman, Advisory
Board, National Democratic Policy
Committee

4 P.M.-5:30 P.M.

The Strategic Parameters of Indian and Pacific Ocean Basin Development

7 P.M.-10 P.M.

Great Projects for Indian and Pacific Ocean Development

Speakers: **Uwe Parpart**, Research
Director, Fusion Energy Foundation;
Dr. Steven Bardwell, Editor, *Fusion*
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In late October President Ronald Reagan will be making an extended visit to Asia, including the countries of the Association of Southeast Asian Nations (ASEAN), South Korea and Japan. The President will visit a region spanning the Indian Ocean and Pacific Ocean Basins, where almost two-thirds of the world's population lives. The region includes some of the fastest-growing economies in the world, economies that have continued to grow even under conditions of world depression, and is strategically vital to the security of the United States and the world. This is a region that many people believe will be the new economic and strategic center for the world in the next century.

It is vital that the United States approaches the Indian Ocean/Pacific Ocean Basin area with a coherent policy: a comprehensive strategy for stability and economic development. The *Executive Intelligence Review* will present such a strategy at this conference.

EIR founder, Lyndon H. LaRouche, Jr., who has just returned from a tour of India, Thailand, and Japan where he had extensive discussions with political and economic leaders from those nations, will present the key concepts which should guide American policy for the future. The conference will present for discussion detailed plans for large-scale infrastructure development projects, including a new canal across the Kra Isthmus of Thailand, a second Panama canal, and large-scale riparian water-control projects for South Asia, Southeast Asia, and China.

Who deploys the 'cocaine cartel'?

The "underground" is going public in an IMF-directed bid to force debt payment with narco-dollars.

In a Venezuelan newspaper article dated Aug. 19, the attorney for Bolivian "Cocaine King" Roberto Suárez is quoted as saying that Suárez holds "proof positive" that Bolivian Interior Minister Mario Roncal is on the take from drug runners. Then, one of Colombia's leading "cocaine magnates," an associate of congressman Pablo Escobar, scandalized Colombian political circles with charges that newly appointed Justice Minister Lara Bonilla had accepted thousands of dollars from a noted drug trafficker for his senatorial campaign.

Suárez employs some 235,000 Indians on his vast coca plantations in central Bolivia. Escobar, one of the world's richest men, has built up a personal fortune of \$2 billion by financing cocaine traffic to the U.S. from his home base in Medellín, Colombia.

Why the sudden elevation of the "cocaine cartel," as ABC-TV dubbed it in a recent documentary, from the criminal underground into the political limelight? These highly publicized "surfacing" of leading Dope, Inc. figures in Latin America are timed to coincide with the tightening of the austerity screws by the International Monetary Fund. The aim is to force these countries to pay their debts with drug money. The more outrageous and widespread the scandal, the easier the IMF hopes it will be to force the government in question to cave in.

Exemplary is the case of Peru, which has just signed a debt refinanc-

ing package with the Club of Paris—the Western nations' debt renegotiating body—at a stupendous interest rate of 4 percent above Libor. With nothing left to pay its debt, much less at such astronomical interest rates, Peru is opening up its territory to investments by the Italian and Israeli mafias for the construction of vast new "Resorts International"-style projects designed to bring in desperately needed foreign exchange.

The projects—to include hotels, casinos, and race tracks—will sprout along the length of the Peruvian jungle fringe, from northern Tarapoto through the drug centers of Ayacucho, Huanuco, Pasco, Junin, and Ucayali down through the department of Madre de Dios, and are reportedly being financed through the Italian P-2-linked Banco Ambrosiano Andino.

Just as the Mexican-U.S. mafias converted northwestern Mexico into their playground in the early 1900s, so is Peru intended to become the South American mafias' "Paradise Island."

Bolivia is another case in point. The confederation of cocaine traffickers—headed by Roberto Suárez—is organizing a return to power through a coup d'état against President Siles Zuazo. According to their own admission, all they lack is an untainted military figure to place at the helm.

This time their new government will wear an "anti-drug" face, and one of its first acts after seizing power will be to eliminate the independent "free enterprise" coca growers who have

flooded the cocaine market and depressed prices.

As part of the coup preparations, Suárez has deployed his lawyers and bought-and-paid-for congressmen to smear collaborators of Siles Zuazo with charges of association with drug traffickers. Their opening move is to accuse Interior Minister Roncal. The rest, they hope, will follow.

In Colombia, the Betancur government is besieged by the so-called *clase emergente* which has now fully emerged and, while actively seeking to buy up political posts, is smearing every government official possible.

The most recent—and outrageous—case is the charge just levelled against the new Justice Minister Rodrigo Lara Bonilla of having taken "hot money" to finance an earlier senatorial campaign. The charges were made by Jairo Ortega Ramírez, the congressman whose alternate back home in the drug capital of Medellín is Pablo Escobar. Further, the charges were made at the opening session of a congressional debate on the infiltration of "hot money" into politics called by Justice Minister Lara Bonilla himself.

Lara Bonilla responded to Ortega and Escobar's offensive with the demand that "the courts of investigation not be turned into courts of drug traffickers," but the remainder of his extraordinary congressional session has been turned into a personal self-defense. Corrupt media like the magazine *Semana* have already begun to publish the alleged evidence against Lara Bonilla.

These assaults by drug traffickers against members of constitutionally elected governments have a simple purpose. Once the public is convinced that honesty in government is a thing of the past, it will accept the International Monetary Fund's insistence that cocaine is their only future.

Will the U.S. lose Egypt to the IMF?

The actions of the Fund and the Eximbank are the most effective way to destroy an ally.

The U.S. Export-Import Bank dealt Egypt a blow in August when it rejected requests for credit from two American firms interested in building Egypt's first nuclear energy plant. The Eximbank's stated reason: Egypt is uncreditworthy. Eximbank went so far as to cable export credit agencies around the world, warning them that Egypt was "a bad risk."

Exim's actions are tantamount to sabotage. They imperil not only Egypt's energy program, but Egypt's relations with the United States. Without a quantum leap in domestic energy production, Egypt's economic problems will soon overwhelm the pro-American government of President Hosni Mubarak.

Eximbank's duplicity in dealing with Egypt is underscored by its new love affair with Khomeini's Iran following Teheran's repayment of almost half a billion dollars in back debt. Eximbank is putting out the line that Iran's honoring of its debts "offsets" Mexico's and Brazil's late payments and will probably make a new hike in U.S. interest rates unnecessary.

The International Monetary Fund is working with Eximbank to break Egypt. Following annual talks with Egyptian officials at the beginning of August, an IMF team left Cairo claiming that, in order to receive up to a \$300 IMF loan, Egypt is softening its resistance to imposing of the IMF economic austerity measures.

Since the bloody food riots of January 1977, sparked after the Cairo

government agreed to IMF demands to cut subsidies on food, Egypt has been one of the most forthright opponents of the IMF. Now, with a marked downturn in foreign exchange earnings, and a worsening balance of payments deficit, Egypt is edging toward a financial crisis which is like that which preceded the 1977 riots.

Egypt's foreign exchange earnings in oil, foreign worker remittances, and Suez canal transit fees are falling. Over the past 12 months, the debt has climbed from \$14 billion to \$17 billion; banking sources in London anticipate that Cairo will have no choice but to accept the conditionalities of the IMF, as it did in the early 1970s.

Then, as now, Egypt is being forced to borrow short term to finance vital food imports and manage its balance of payments. This year Egypt's foreign food import bill is expected to be upwards of \$5 billion and the cost of subsidies over \$2 billion. The IMF is demanding that the Mubarak government slash such expenditures in order to balance its books, no matter what the political consequences. Since taking office in 1981, Mubarak has repeatedly affirmed that he will not adhere to such demands.

Mubarak continues to uphold his stated policy that Egypt's economy is his number one priority, and he is currently crafting a foreign policy aimed at preventing a replay of 1977. His strategy is to strengthen economic ties with not only Western Europe and Ja-

pan, but also the Soviet Union.

A well-placed Egyptian official recently revealed that Cairo is becoming increasingly concerned about the policy of the U.S. State Department's Agency for International Development (AID), a close collaborator of the IMF, toward Egypt. Recently Cairo approached the United States with a proposal that U.S. markets be opened to Egyptian exports in order to begin to cut the massive trade deficit Egypt has consistently run with the United States. But the AID office reportedly intervened and smashed the proposal. Egypt is now on a drive to find new export markets in order to increase its foreign exchange earnings.

Both the minister of State for Foreign Affairs, Butros Ghali, and the Egyptian foreign minister, Hassan Ali, have reaffirmed that Egypt will soon reopen relations with Moscow. The planned exchange of diplomats between Cairo and Washington is motivated not only by Mubarak's desire to appear more non-aligned, not an exclusive ally of the United States. It is also motivated by Egypt's need for the economic benefits that would accrue from renewed relations with the U.S.S.R. In recent weeks, Moscow and Cairo have signed new economic and trade protocols in anticipation of reestablishing formal relations.

Washington's refusal to heed Mubarak's repeated request that Egypt's \$1 billion a year in U.S. aid be used for industrial development is a crucial reason that America's strongest Arab ally is now looking elsewhere for new partnerships, including the Comecon. At this point, Egypt has no choice. Repayments on loans for food imports have reportedly begun to come in late, and certain continental European banks are attempting to sell Egyptian debt, for fear that eventually Cairo will not be able to pay.

CFR makes propaganda for Greens

The Eastern Establishment is promoting the leaders of a party that attacked a U.S. general.

Every politician with some basic feeling of dignity should have thought that the incident in Wiesbaden on Aug. 3, when a Green Party deputy poured blood on Gen. Paul Williams during an official reception for the U.S. Armed Forces, was outrageous enough to forbid any further official courting of the Greens. There was some kind of sentiment even among liberal supporters of the Green Party that with this "direct action," the Greens had crossed the limits of the tolerable, and there was a lot of public criticism of this action, with some even calling for the expulsion of the Green deputy from his own party.

These moral standards are obviously considered irrelevant by members of the prestigious East Coast establishment club, the New York Council on Foreign Relations (CFR), or by officials of the U.S. State Department, including the U.S. ambassador to Bonn, Arthur Burns. While many think that it is about time to move politically and legally against the Green Party because of its open support for the activists of the coming "hot autumn" mobilization against the emplacement of the Euromissiles, the CFR feels compelled to give the most prominent treatment to Green Party leaders Petra Kelly and ex-Gen. Gert Bastian. The two Greens, who are traveling together a lot (there is a saying among journalists that he is her "wife"), will address a highly exclusive audience of CFR members only at the council's building on 58 East 68th Street in New York on Sept. 19.

The arrangements made for this unprecedented gathering at the CFR go far beyond the usual preparations made for these kinds of "off-the-record" events: Even guests, whom the CFR members are usually allowed to bring with them to such events, will be excluded.

The CFR seems the right place for the Greens to go, because the council's mouthpiece, *Foreign Affairs* magazine, is more than sympathetic to the anti-American views of the Green Party and the affiliated "peace movement." James Chace, the managing director of the magazine, stated in a recent interview that he and his staff believe the "movement" will not disappear after the first missiles are stationed in West Germany, but that it as well as the Green Party "will remain a political power factor for some years to come, and they might even extend their political influence."

In an effort to underline this thesis, the magazine will have Robert McNamara, the "butcher of Vietnam" and recent convert to the U.S. peace movement, write an essay investigating the viability of so-called nuclear-free zones in Europe, which happens to be one of the most prominent demands put forward by the Green Party.

Two days after this distinguished gathering at the CFR, Miss Kelly and her general will be meeting officials at the State Department, and rumors have it that some people at the Pentagon might also be willing to discuss "alternative defense strategies" with them.

The question remains what it is

that the State Department or Pentagon wants to discuss with the Greens, because even those who met Green representatives during their last stay in Washington in July doubt the usefulness of such meetings. One of these officials told a Washington journalist in mid-August that "none of them [the Greens] seemed to have understood the least thing about all the matters we discussed here."

Again, it will be the U.S. ambassador to Bonn, Arthur Burns, whose office will arrange the Greens' trip to Washington.

With the State Department thus setting the precedent, the National War College in Washington seems to feel "in line," too, by inviting Miss Kelly and Bastian for another "off-the-record" debate with military people at the U.S. Army College on Sept. 21.

Political irony might have it that at the same time Petra Kelly will address U.S. officers at the War College in what is considered a "peaceful dialogue among adversaries," her own political combatants in the Green Party and in the "movement" will turn West Germany into a political hotspot of the first degree.

It should be mentioned that Miss Kelly seems to model her own radicalism after the activities of the Berigan brothers, who have built their own violence-prone organization called the "Ploughshare Movement." This organization, many members of which have been listed on the police records or have been jailed in the past years, has developed a special mode of action which reaches from destroying technical instruments to pouring blood on facilities, symbols, and personnel.

On Sept. 24, Petra Kelly is scheduled to receive a peace award from the "Women's Strike for Peace" in Philadelphia. But compared to the official receptions, this is a routine affair.

The Nazi International frees Gelli

A remarkable network was deployed to get the Propaganda-2 chief back running terrorist operations.

Licio Gelli, the *Maestro venerabile* of the Propaganda-2 masonic lodge, escaped from the Swiss prison of Champ Dollon during the night of Aug. 10-11, with the total complicity of local judicial and political authorities.

Gelli's lawyer, Dominique Poncet, had the gall to say in public that Gelli had been kidnaped; the prison's director has offered the absurd explanation that Gelli escaped with the complicity of a single corrupted jailer.

In reality, Licio Gelli has been liberated by the international network of the P-2 lodge, in order to prevent his extradition to Italy, and also to put him back to work.

The very night Gelli disappeared from the Swiss prison, a bomb went off on the railroad track between Florence and Bologna. Had an approaching train not happened to slow down, it would have been derailed, to plunge more than 1,000 passengers over a precipice, causing the worst political massacre in postwar Italy. The responsibility for the bomb was claimed by the right-wing terrorist movement NAR (Nuclei Armati Rivoluzionari).

It should be noted that Claudio Mutti, the former head of the Italy-Libya friendship association, was arrested and tried for a bombing, also claimed by the NAR, in precisely the same spot in 1974. Mutti was acquitted only last month for "lack of evidence."

Italian Interior Minister Oscar L. Scalfaro has warned that a new wave of right-wing terrorism is to be expected. Such a development is exactly

what Prime Minister Bettino Craxi would need to push through his package of institutional reforms, based on the original plan of the P-2 to transform the Italian republic into a fascist dictatorship.

Gelli himself wanted to publicize that he is not alone in his pursuits. His biographer and top aide, Pier Carpi, said in an interview in the Italian newspaper *Il Giorno* on Aug. 17 that Gelli has given him enough material about his international friends for Carpi to write another book. Gelli told him: "There is a 35-millimeter color film showing my daughter Maria Grazia's wedding with the star guests that participated: Henry Kissinger, Robert McNamara, five U.S. senators, and top Italian politicians. . . . I am a great friend of George Bush and I visit Gerald Ford, who is acknowledged as the top leader of American masonry."

On Aug. 22, TV news national channel 2, referring to Gelli's escape, reported: "There are rumors that Gelli could even be in the United States, given the fact that there he could profit from his friendship with Mr. Kissinger, Mr. McNamara, and Vice-President Bush."

Gelli's friendship with members of the Trilateral Commission was already known, since Gelli was one of the few Italians present at the White House party in honor of Jimmy Carter's inauguration as President. In addition, the papers found in Gelli's villa in Arezzo described meetings Gelli held in 1969 with Henry Kissinger and Alexander Haig at the National Secu-

rity Council. . . .

Kissinger's name also appeared alongside Gelli's during the investigation by the Bologna magistracy into the 1981 bombing at the Bologna railroad station which killed 85 people. The bombing was ordered by the Comité Montecarlo super-lodge, headed by Gelli and Henry Kissinger. The Montecarlo lodge also masterminds worldwide weapons smuggling, investigations of which have been stopped by a mysterious series of assassinations of key witnesses and complete sabotage of the inquiry.

Let's take a look at the Swiss prison of Champ Dollon from which Gelli escaped: the director, Michel Hentsh, is a right-wing extremist linked to the Ligue Vaudoise, a regionalist group; the jailer in charge of Gelli, Edoardo Ceresa, is a former military trainer and a Swiss secret services official; the French language teacher of the prison, Umberto Tosi, an Italian from Tuscany, is an old school friend of Gelli and is a mason, head of a Tuscan lodge active in Geneva! In an interview with *Panorama* magazine in April, Tosi, who visited Gelli every day in prison to teach him French, stated, "Whenever I shake hands with Gelli, I do it according to masonic custom."

Swiss officials knew very well that Gelli was surrounded by a network ready to liberate him whenever the order was given. This criminal network is led by the banker François Genoud, of the Nazi International of Lausanne, and by his friends Hans Kunz and Stefano delle Chiaie, plus secret agents of the Swiss secret services and fascist wings of the French SAC secret service. The marching orders come from American friends.

Where is Gelli now? *La Repubblica* of Aug. 20 suggests that Gelli might be the guest of the Rev. Sun Myung Moon sect in Uruguay, at the Plaza de Montevideo hotel.

International Intelligence

The NZZ blasts Fyodor Burlatskii article

The Swiss daily *Neue Zürcher Zeitung*, as the first major Western news service aside from NSIPS and its associated news services, published an extensive article Aug. 25 on the *Literaturnaya Gazeta* article of Aug. 10 by Fyodor Burlatskii, which had termed the U.S. beam-weapons defense policy a "casus belli."

"Moscow considers the real challenge to be the end of March speech by President Reagan [declaring that] America would mobilize all of its scientific and technological capabilities to catch up with the Soviet lead in space, and, in addition to modern satellite defense systems, in the future would also deploy anti-missile systems based on laser defenses. Soviet marshals, scientists, and propagandists were called upon en masse to portray President Reagan's plan as irresponsible or even crazy, and also to prove that the Soviet Union would do the same."

The Burlatskii article was written shortly before Andropov "offered" to ban space weapons, writes the *NZZ*, where "the party philosopher Burlatskii claimed in the Soviet intelligence sheet *Literaturnaya Gazeta* that 'cosmic weapons' are provocative and represent a 'casus belli.'" "In his discussion with U.S. senators," writes the *NZZ*, "Andropov obviously took up the arguments of his advisor Burlatskii, whose 'War Games' article will clearly play an important role in the outer-space diplomacy of the party boss . . . the space initiative of Andropov reveals itself thus to be a propagandistic tool to move Washington to give in and accept discussions, where it is clear that Andropov would like to prescribe his own rules for such discussions."

Place in the sun for Italy's new Mussolini

While financiers operating out of Switzerland have poured tens if not hundreds of millions of dollars worth of flight capital into Italy since the appointment of Bettino Craxi as prime minister in June, an international press campaign is hyping Craxi as a model Western statesman. The Aug. 20 lead

editorial of the *New York Times*, "The New Opening in Italy," goes so far as to credit Craxi with having brought to success "a 20-year effort to lift the Communist mortgage" on Italy's "political life." Craxi's victory is described as "deliverance"—not just for Italy, but potentially also for the entire West.

On Aug. 19, Switzerland's leading financial daily, *Neue Zürcher Zeitung*, reported that since June there has emerged an inexplicable surplus of more than \$1 billion every month in Italy's balance of payments. The article notes that this sum is too large to be accounted for by the tourist industry. While the *NZZ* leaves to the reader to guess where these funds are coming from, Swiss bankers admit off the record that private investment sources have since June been cashing in U.S. dollar investments to rush funds to Italy to help Craxi out. On Thursday, the Italian stock market suddenly upticked 2 percent—amid reports in the Italian press that in September a larger, sustained stock market pickup is expected.

BVS chief: 'East Germans funding peace movement'

The head of the West German agency for internal security, Heribert Hellenbroich, has issued a blast—rare for a public official—at Communist control of his country's peace movement. The Bundesverfassungsschutz (State Security Bureau) chief was interviewed on the TV program "Report" on Aug. 24 (see *EIR*, Aug. 16, for earlier remarks by Hellenbroich on the Greens).

Hellenbroich said that the 150,000 orthodox communists, represented by the West German Communist Party (DKP) and its front organizations and the 10,000 autonomous peaceniks, make up the core of the peace movement, and that they control strategic leadership positions in its organizational structure. He also stated unequivocally that his agency had information about preparations by the autonomous groups for violent attacks on U.S. ammunition transports. The Komitee gegen Bombentransporte (Committee Against Munitions Shipments), for example, is heavily infiltrated by pro-terrorist elements.

When asked about the financial sources of the movement Hellenbroich answered:

"In the coordinating committees, the German Communist Party and its front organizations are the main force, and we have confirmed information that the DKP brings into the movement its financial power, which it does not and cannot receive through membership fees, but it is very massively financially supported by the Socialist Unity Party (SED) [communist party] of the DDR [East Germany]. For this we have hard proof."

The interview triggered an outcry from the Social Democrats, led by former justice minister Jürgen Schmude, and parliamentarian Freimut Duve from Hamburg, who also sits on the interior commission in the federal parliament.

Why London sees an Iran 'south of the border'

The dire prognostications of all those who want to shake the United States through the destruction of the Mexican republic were aired in the Aug. 13 lead editorial of the *Times* of London:

"American suspicion of Mexican stability is long standing and well-founded in view of recent Mexican developments—the scale of its problems and the unpredictable and mysterious nature of its politics. The collapse of Mexican stability, leading to insurrection, revolution, or just a prolonged period of economic and social disintegration cannot feature in any exchange of courtesies between the presidents, but it features in the minds of American policy-makers.

"The effect on the United States of such a collapse in Mexico would be very serious. The two countries share a common frontier of 1600 miles. . . .

"Social disintegration in El Salvador and Nicaragua has now created a new exodus of refugees to Southern Mexico and the United States. Today's difficulties would be tiny compared to the massive upheaval across the U.S.-Mexican border should Mexico's indecipherable polity start to disintegrate under the pressure of Cuban-inspired subversion spreading from Central America, and the strain of economic austerity at home. . . .

"The border is not controllable. Moreover, a Mexican government dedicated to mischief-making could aggravate its relations with the United States by laying claim

to territory beyond its border with as legitimate a basis for the claim as the Argentine one to the Falklands—in other words juridically questionable, but rhetorically popular in Latin America.

"It is symptomatic of the Mexican unwillingness to share Washington's concern for these matters that the Mexican government prefers to maintain the status quo on the border even though it festers in their bilateral relations. . . .

"The trouble with Mexico is that the presidential system introduced with the 1917 Constitution does not provide for any real popular participation in presidential politics other than in the most formal sense of regular elections. . . . It is true that Mexico has avoided the military intervention that has characterized the rest of Latin America, but the health of this secretive, unpredictable and inherently arbitrary system of leadership cannot be taken for granted in the face of the sustained instability of most other countries in the region. . . .

"[T]he nightmare for some Washington officials is that Mexico's technocrats will discover that they are as out of touch with the scale of disaffection in the rural areas of their country as were the Shah's managers in Iran. It cannot be pleasant for Washington policy makers to visualize a future for the United States sharing a common frontier with a neighbour of 73 million inhabitants vulnerable to such political volatility."

Beam weapons termed 'the end of the line'

"If the U.S. deployed a directed energy weapon system, a complete one, the Russians take the view that it's the end of the line: it would be war. I don't disagree with them," said a leading British strategist Aug. 24, who usually acts as a liaison between the Mountbatten-Carrington groupings of Britain and the Soviet General Staff. "They're worried about a strategic ambush. They know that if the U.S. really gets started on that path, its technological skill is such that they cannot match.

"The Burlatskii article [in *Literaturnaya Gazeta*, threatening war if the U.S. attempts to develop beam-weapon missile-defense systems] can be said to sum up six months

of a major debate: there has been considerable attention to the problem of beam weapons in the whole range of Soviet military publications, about space warfare. They're in the middle of a crash program. Especially the fact that the U.S. has the Shuttle and it's damn good. The U.S. is making great progress in lasers and beams, and developing six or seven systems. . . . The March 23 speech jolted them quite badly. It has made Soviet strategic planning a nightmare."

Elaborating on the history of the question, the think tanker added: "I had a long conversation with Marshall Sokolovskii in 1963. He told me: 'I'll lecture you on space weapons. This is the key and vital area, the battleground of the future. Do you know about the economics of space technology?' So, the Soviets are looking for a retaliation-proof capability. I don't think they'd deliver a first strike . . . but of course they may, since they know that if there is a race they are going to lose it. But it's a very serious warning."

Soviet space military capabilities assessed

With respect to the ability of the Soviet space program to put an anti-ballistic missile system in orbit, expert on Soviet space efforts James Oberg told EIR: "Yes, the Soviets have shown that they are capable of breakthroughs. Their Salyut space stations have demonstrated their ability to do maintenance of orbital facilities. They would use this manned capability to overcome technical problems they have had in long-duration autonomous systems," for a space-based ABM system. Oberg estimated that the soonest the Soviets would demonstrate this capability would be in five years.

A sustained Soviet effort over the past twenty years has produced the first Intercontinental Ballistic Missile (ICBM), the first anti-satellite system, and the only space nuclear bomb capability. After the first test launch of NASA's Space Shuttle in April 1981, Soviet party chief Leonid Brezhnev felt obliged to declare "May the shoreless cosmic ocean be pure and free of weapons of any kind." To this day, only the U.S.S.R. has developed the capability to put weapons in space.

Briefly

● **AVRAHAM AHITUV**, the former head of Israel's Shin Beth internal security service, has issued a denunciation of Jewish settlements in the West Bank as a "psychological hothouse for Jewish terror" against Arabs in the region.

● **EUROPEAN COMMUNITY** top brass in Brussels, Belgium, are reported furious with Greek President Andreas Papandreou's attempts to transform the December 1983 EC ministerial meeting into a sounding-board for protest against the installation of Pershing and Cruise missiles on European soil.

● **GENGHIS KHAN** has been rehabilitated as a national hero by the Chinese government, it announced in August.

● **THE WIFE** of Muammar Qaddafi has arrived for a stay in Wiesbaden, West Germany, according to the Aug. 20 *Wiesbadener Kurier*.

● **EGYPT AND TUNISIA** have announced security crackdowns against Al-Tahrir, an Islamic fundamentalist-terrorist group linked to the Swiss-based Nazi International.

● **CHARLES HERNU**, France's defense minister, announced that a contingent of French military personnel was being dispatched Aug. 24 to Argentina in order to receive training from the Argentine air force on use of Exocet missiles. An angry spokesman at the Quai d'Orsay complained that Foreign Minister Claude Cheysson had not been consulted.

● **A CHIEF AIDE** to PLO chairman Arafat, Lt. Col. Mahmoud Muraish, was shot to death in Athens while driving in a car with his family, by one or two males on a motorcycle on Aug. 21. Muraish's bodyguard, Mustafa Ali, and one son were wounded.

● **RUDOLF BAHRO**, a leader of the West German Green Party, turned up at the "International University" of the Rajneesh Bagwan cult in Oregon towards the end of August.

Andropov Democrats back from U.S.S.R. with slingshots

by Ronald Kokinda in Washington, D.C.

Taking advantage of the August congressional recess, Democratic senators, congressmen, and several presidential aspirants recently visited two areas of major U.S. foreign policy concern, the Soviet Union and Central America. Their resulting political pronouncements and the press play they have received from these trips forebode an attempt by the Democratic Party leadership to portray President Reagan as a reckless "warmonger."

For his part, President Reagan is showing signs of cutting the ground out from under the peace movement as presently constituted. For the first time since the Scrowcroft Commission approach to arms control came to overshadow the President's March 23 defense strategy initiative, he seems to have begun an aggressive organizing effort for beam weapons development, a policy which could in fact bring peace (see Special Report).

These Democratic travelers came back Aug. 22 identifying Soviet Party leader Yuri Andropov as a "man of peace," and poised to help the Soviets back Reagan down.

On Aug. 18, Andropov took the occasion of a visit by nine Democratic senators to call for a "complete" ban on the research and development of "any space-based weapons for hitting targets on Earth, in the air or in outer space." He claimed that the Soviet Union would impose a "unilateral moratorium" on the deployment of its "killer satellites" as long as the U.S. refrained from deploying its anti-satellite (ASAT) weapons, which will be significantly more effective and which are scheduled for testing this fall. Claiborne Pell (D-R.I.), the ranking Democrat on the Senate Foreign Relations Committee and a former Averell Harriman campaign

chairman, responded—with a brief qualifier that this might be an Andropov ploy to "forestall U.S. tests"—that Andropov's proposal "should be examined seriously [in order to determine] whether it is a genuine offer."

Pell was accompanied by Paul Sarbanes (Md.); Don Riegle (Mich.); Howard Metzenbaum (Ohio), James Sasser (Tenn.), who is coordinating John Glenn's campaign in the South; Russell Long (La.); Patrick Leahy (Vt.); Dennis DeConcini (Ariz.); and Dale Bumpers (Ark.), whose wife heads the KGB-contaminated women's "disarmament through friendship" organization known as Peace Links.

Banning space-directed weapons

Andropov's formulation was almost identical to the text of Senate Joint Resolution 129, which the Senate Foreign Relations Committee passed on July 19. Originally cosponsored by Pell, Paul Tsongas (D-Mass.), and Alan Cranston (D-Cal.), along with Kissinger Republicans Larry Pressler (S.D.) and Charles Mathias (Md.), the resolution seeks an immediate moratorium and a permanent treaty on the testing and deployment of anti-satellite weapons as well as negotiations for a treaty "prohibiting the testing, production, deployment, or use of any space-directed or space-based weapons system which is designed to inflict injury or cause any other form of damage on the Earth, in the atmosphere, or on objects placed in space." This "protect the ICBM" defense of the Mutually Assured Destruction doctrine was lifted from a draft ASAT treaty written by the Union of Concerned Scientists—a conduit of the KGB-contaminated Pugwash Conference scientific circles.

With Andropov's boost, renewed attempts will be made to get Senate floor action on S.J.R. 129. As part of this Capitol Hill offensive, the Senate Foreign Relations Committee is also scheduled on Sept. 20 to consider the nuclear freeze resolution, cosponsored by Senators Kennedy (D-Mass.), Mark Hatfield (R-Ore.), Pell, Tsongas, Sarbanes and others. Tsongas has already succeeded in attaching an amendment to the defense authorization bill calling for "good faith" efforts to negotiate an ASAT treaty prior to the testing of the U.S. ASAT weapon. This language has reportedly been retained in the House-Senate conference report, which will come to a up-or-down vote when Congress returns from recess. Opponents of the President's defense modernization program will also probably force a number of votes on the House and Senate appropriations bills on the MX, the Pershing IIs, the ASAT, and other defense systems.

The day before he received the senators, Andropov met with William Winpisinger, head of the International Association of Machinists and a leader of the Socialist International; TASS reported that their meeting took place in a "warm and friendly atmosphere."

At home, presidential aspirant Sen. John Glenn (D-Ohio) has been cultivating both an image as a "middle of the road" type, his major selling point over Jimmy Carter's Vice-President, and also as "no Johnny-come-lately to the peace movement." Glenn appeared at the August peace conference in Iowa, and his top advisers say nuclear nonproliferation will be the centerpiece of his campaign. One Glenn strategist confirmed that Glenn thinks "there is a bigger danger posed to peace by the proliferation of nuclear weapons to third countries than by the Soviets," and that Glenn is totally "opposed to any militarization of space," including directed energy beam systems. Glenn would like to "sit down with the Soviets and work out a ban on weapons in space," the adviser said. "Glenn is the real Mr. Star Wars, and he realizes that space is not the place for weapons, as opposed to the false Mr. Star Wars [Reagan] who wants to put weapons in space."

The Central America front

This "paint Reagan as a warmonger" offensive has a similar platform in Central America, where Democratic spokesmen have made a series of Democratic trips. Gary Hart (D-Colo.), will tour the area Sept. 6-9. Alan Cranston, in an Aug. 22 press conference upon returning from a tour of the region, called upon the administration to withdraw "the enormous naval flotilla" of U.S. ships from the region, charging that "tensions have increased markedly" because of the Reagan policy. "It's time the U.S. government pursued a dialogue with Cuba through the Contadora process," Cranston said, "because no lasting solution can be reached without the involvement of Cuba and the United States. At some point, directly or indirectly, there has to be some form of communication." Cranston underlined his point that "Reagan's strategy of tough talk and guns" was "undermining Contadora." "To continue down the path of brute force fighting the inev-

itable tide of social change in Latin America means the United States will always be on the wrong side."

This is the grossest hypocrisy on all counts. The same Harriman Democrats who blast U.S. military involvement in Central America have pushed the Boland-Zablocki amendment in the House, which calls for an \$80 million program of "overt" U.S. military operations to interdict arms flows from Nicaragua and Cuba—hardly the approach of the Contadora Group (Mexico, Colombia, Panama, and Venezuela); which wants the superpowers out of the region. Indeed, the Boland-Zablocki approach would leave Nicaragua an untouched sanctuary for arms supplies while requiring American military efforts to cut off arms flows to other countries, a strategy which, as Republicans have pointed out, failed in Vietnam.

As for "social change" in Ibero-America, the Harriman Democrats have done nothing to halt the blockage of all U.S. aid to Guyana, which condemns that nation to hunger and misery. They are avid supporters of "appropriate technologies" and "population reduction," euphemisms for Third World genocide which emerged under the Carter administration. They cynically relish every blunder the White House has made in Central America, seeking to use it against the President, instead of to rescue the people of the region.

The four Democratic front-runners, Mondale, Hart, Glenn, and Cranston, have been competing for advisers on Central America from the same group that took the foreign policy helm under Carter and presided over the takeover of the anti-technology Sandinista Jesuits in Nicaragua. Names that have surfaced in this talent search include Lawrence Pezzullo, ambassador to Nicaragua before and after the Sandinista takeover; Wayne S. Smith, former head of the U.S. interest section in Havana, who resigned to protest the Reagan attitude toward Cuba; Robert Pastor, an NSC staffer during the Carter years; Viron Vaky, assistant secretary of State under Carter; Profs. Jorge Dominguez of Harvard and Wayne Cornelius of Stanford University; Ambler Moss, former ambassador to Panama; and Sally Shelton, a Carter deputy assistant Secretary of State for Central America.

Senator Paul Tsongas, visiting Managua, Nicaragua, went so far as to invite junta leader Daniel Ortega to visit the United States as his guest. Tsongas, who has endorsed John Glenn, added that Ortega had accepted the invitation. Rep. Frederick Boucher (D-Va.), who visited Nicaragua with Reps. Ed Markey (D-Mass.), Frank Harrison (D-Pa.), and Thomas Carper (D-Del.), reported to the press Ortega's justification that the military buildup backed by the Soviets and Cubans was a response to the U.S. show of force. Boucher and his colleagues recommended immediate negotiations with Nicaragua, ending U.S. aid to the "contra" rebels, and pressure on the U.S.-allied El Salvador government to accelerate its agricultural reforms.

Some Capitol Hill observers were wondering why these legislators didn't simply make Andropov's announcements for him from the steps of the Capitol, and save the taxpayers some travel money.



Shuttle astronaut details mission's technical success

Dr. Sally K. Ride, 32, one of the five astronauts on the June 18 mission of the U.S. Space Shuttle, is both the youngest person and the first American woman to have made a space flight. Dr. Ride has a Ph.D. in physics. The following interview, conducted on July 26 by Marsha Freeman for Fusion magazine, was made available to EIR by Fusion.

Freeman: The work that you did on the seventh Shuttle flight using the Remote Manipulator System (RMS) or arm, was one of the major objectives of the mission. Could you describe how the arm performed in space compared to your practice with it before the flight, and the importance of the RMS in future Shuttle missions?

Dr. Ride: We had quite a bit of training on Earth before we went into space, but almost all of that was on simulators. The arm itself is very lightweight, designed to be used in space, and actually won't support its own weight on the ground. You have to rely on computer simulations. We have several sophisticated simulators: there are two here at the Johnson Space Center, and one up in Toronto at SPAR Aerospace, which is the company that built the arm. Both John Fabian and I had extensive experience on these simulators. As a matter of fact, we did a lot of the design work, trying to match one simulator to another and get them to be as close as we could to what was supposed to be the predicted performance of the arm. What we found was that the real arm behaves at least as well as the simulators and in some cases, much better.

It's much easier to control than some of the simulators, and the dynamic control, the oscillations, are quite a bit less. All the operations were easy to perform, and in every case the arm worked at least as well as advertised. We had a 3,500-pound payload which we could position as close as we wanted. If we decided we wanted to move it two inches, we could move it two inches. It was really easy to use.

As far as the future, the thing we did on our flight which was different than the other flights was the release of a payload. We let go of it with the arm, left it as a free flyer, and then retrieved it. On other flights, they had used the arm to carry a payload but had only used the arm to wave it around. The main thing that we demonstrated with the arm on this flight was that the Shuttle can not only release payloads, but can retrieve them. This is a capability that NASA has advertised for quite a while and is one of things that will be very important.

We are planning payloads to be put into orbit that are designed to be serviced by the Space Shuttle. If after a year, for example, the film runs out [in a satellite], we are designing the payload such that we can go after it with the Shuttle and use the arm to grapple it and then service it. We have Flight 13 coming up where we are going to use the arm to grapple a payload that is in space right now, the Solar Maximum Mission satellite, which malfunctioned right after it was sent up. We are going to try to use the arm to pick it up and repair it with the Shuttle.

Freeman: You are one of the few scientists who has gone into space and the first physicist in the Shuttle. With your expertise, what would you be interested in doing on your second Shuttle mission?

Dr. Ride: Actually, I'm not the first physicist. On Flight 5, Joe Allen was one of the mission specialists, and he has a Ph.D. in physics. There have been quite a few scientists who have flown, particularly back in Skylab and the later Apollo flights. So far on the Space Shuttle we've had only six scientists fly. When we came to NASA it was made very clear to use that although we would have an opportunity to pursue the research we wanted to, we would have no special privileges as far as proposing experiments or implementing experiments on the Shuttle. If there were experiments we wanted to propose, we had to propose them through all the proper channels. I don't have any particular experiments that I have intended to propose. The main advantage of a science background is that it prepares you to learn a lot very quickly about fields that you really don't know much about. NASA has wanted use to primarily generalists, not specialists.

Freeman: In the future, however, won't there be a great advantage in having scientists in space who will be trained in special fields, to do experiments in space?

Dr. Ride: I think that's very true. NASA is planning to have those people fly on the Space Shuttle as well as further on down the road. The astronauts who are flying as mission specialists now are not really seen as the experts for a given experiment. If there's an experiment that requires a scientific expert on board, NASA's plan is generally going to be to try to fly a principal investigator associated with that experiment, rather than to try to train one of us—to fly the person who's actually designed the experiment.

A good example of that is the CFES [Continuous Flow Electrophoresis] experiment that is scheduled to fly again on the next flight, but also on Flight 12. The work that's been done so far, including on our flight, was primarily engineering experimental work; proof of concept and then trying out a couple of different things, but it was mostly to make sure that the experiment would work in weightless conditions, and to try to refine it to the point where they could use it as a production system. During that period they trained a mission specialist to operate it and we were very well qualified to operate it, in that mode. But on Flight 12 they're going to use it to actually produce quantities of some pharmaceuticals that they intend to be tested by the Food and Drug Administration. For that, they [the industrial designers, McDonnell Douglas and Johnson & Johnson] want to fly one of their own scientists who is extremely familiar with the entire process and could make any changes if necessary.

Freeman: What might some of the most important missions be in the next 5, 10, or 20 years?

Dr. Ride: I know that NASA is looking toward the continuation of the Space Shuttle program—using it as a launch platform for communications satellites and using it as a base for short-term experiments in space. But I think that NASA is also working toward the concept of a space station that would give us a permanent presence in space—a space station that would be continuously occupied and could be accessed by the Space Shuttle, which could then be serviced and shuttle people to and from the space station. That has not been funded by Congress yet, but NASA has conducted several feasibility studies and considers this the next important stepping stone. It's the kind of thing we need, for example, if we're going to do more substantive experimentation on the lunar surface, we're going to need something like a space station as a platform to jump from, rather than building large rockets like we used to.

Freeman: One of your areas of expertise is in advanced laser research. On March 23 President Reagan announced a new defense policy based on high-energy laser development for space-based defense. What do you think the importance of space is for national defense?

Dr. Ride: That's an aspect of the space program that I'm not really very familiar with. We tend to concentrate on the civilian side and on our particular space flight. To be honest with you, I haven't had the chance to think about that since I've been back.

Freeman: From your overall experience with the Space Shuttle, what do you hope to accomplish on your next trip into space?

Dr. Ride: I don't have any specific goals. I think that one of the things that made our flight so appealing was that it was very diverse. We had a chance launch two communications satellites, to use the arm and demonstrate its capabilities, and to perform quite a few experiments, while we were on board.

NEW EIR REPORT NOW AVAILABLE:

The Economic Impact of the Relativistic Beam Technology

A unique study of the impact of the new defense-related technologies—high power lasers, particle beams, and fusion—which will become available to basic industrial production as the March 23 defensive strategic doctrine proposed by President Reagan is developed. The report is a computer analysis incorporating the LaRouche-Riemann model, which examines the little-discussed revolutionary civilian economic "spinoff" effects of the new beam weapon development program.

The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

- an estimated 4 million highly skilled industrial jobs could be added to the economy per year;
- the U.S. trade deficit could be eliminated in two years; and
- the rate of growth of real GNP could approach 25 percent per annum.

Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the period of the next decade. The study concludes that the major constraint on how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.

This EIR Special Report is available for \$250.00.
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(212) 247-8820 or (800) 223-5594 x818

Grand jury probing Henry's business partner

Developments in the federal grand jury investigation of the shady Swiss-based firm Marc Rich A.G. for conspiracy might instead expose the organized crime empire behind the secretive financier's most famous business associate—Henry A. Kissinger.

Judge Leonard Sands has ordered the holding company for Twentieth Century Fox Film Corp., of which Henry Kissinger is a director, to cease financial transactions with Marc Rich. Rich, which owns 50 percent of Twentieth Century Fox, is among the world's largest trading companies, with annual sales of \$10 billion. Under intensive federal scrutiny for alleged price fixing, Rich attracted U.S. government scrutiny by what federal prosecutors described as possible "shams" designed to conceal assets. After being fined \$2.5 million and under threat of seizure of \$55 million worth of U.S. subsidiaries, Rich agreed to supply Judge Sands and the grand jury with requested subpoenaed documents.

The Swiss government suddenly came to the rescue, impounding Marc Rich A.G. documents under the Secrecy in Banking articles of the Swiss criminal code. Then agents of the Clarion Corporation, a former U.S. subsidiary of Rich believed by federal prosecutors still to be under its control, loaded two crates full of documents to fly back to company headquarters in Zug, Switzerland, where it is believed that the Swiss government would impound them. An anonymous tip and fast action by federal agents caught the plane moments before takeoff, and the documents were retrieved.



Why did *Izvestia*, the official organ of the Soviet government, drop its characteristic denunciations of "the multinationals" and come to the defense of Rich? In an Aug. 17 article titled "Open Blackmail," the paper accused the Reagan administration of delivering "an open threat, an attempt to interfere into the internal affairs of Western European countries through the threat of economic sanctions."

Why is Marc Rich risking its entire financial empire to withhold documents in what would seem on the surface to be an income tax case? And why has the Swiss government created an international incident over the financial affairs of an unsavory commodity trader? Could these documents implicate Henry Kissinger in international financial manipulation?

This line of investigation is suggested by examination of the man who brought Henry Kissinger and Marc Rich together, Denver independent oil man Marvin Davis. Davis, who bought

Twentieth Century Fox with Rich as his silent partner, placed his close friend Henry on the Fox board at a reported salary of \$50,000. A protégé of the late Meyer Lansky, the organized crime kingpin, Davis is a top funder of Dope Inc.'s Anti-Defamation League of the B'nai B'rith and has a substantial interest in Toronto Dominion Bank, linked to the drug trade. Davis is the owner of the *Denver Post*, the mouthpiece of "Rocky mountain high" liberalism.

Trilaterals plan Pacific Basin moves

The second annual conference of the "World Forum" convened in Vail, Colorado Aug. 26-28 for a discussion of "Trade Policy Issues," featuring a keynote speech by Henry Kissinger. The conference was slated to consider "issues related to economic recovery, to trade, and to structural imbalances in industrial countries. Wherever appropriate, it is to also maintain a regional focus on the Pacific Basin."

EIR's on-the-scene correspondent will have a report next week on the meeting, which was convened by former President Gerald Ford, and included former world leaders Helmut Schmidt, Valéry Giscard d'Estaing, Malcolm Fraser, and James Callaghan.

Kissinger will be keynoting a conference in Hong Kong Oct. 28-29 on the topic "Political and Economic Developments in Asia in the 1980s."

Henry met in April with Chinese Foreign Minister Wu Xueqian and discussed setting up a firm in Hong Kong called Everbright Industrial Corp., to promote sales of "high technology" to China, according to a report by syndicated columnist Jack Anderson. Kissinger would be a consultant in the firm, which would be run by Wang Guangyin, an entrepreneur who is said to hold a diplomatic passport and cabinet rank and to report directly to Chinese Premier Zhao Ziyang.

Manatt admits he will rig the convention

All Democratic National chairman Chuck Manatt's thousands of pages of rules mandating an "open process" and the "widest possible outreach" for the selection of convention delegates and the 1984 Democratic presidential nomination itself were dismissed quickly in mid-August.

The "Proposed Final Call to the 1984 Democratic National Convention" contains a remarkable passage under Section VI, "Presidential Candidates," which gives Manatt sole power to determine for the convention who is a Democratic presidential candidate and who isn't.

The Call states: "The term 'presidential candidate' herein shall mean any person who, as determined by the Chair of the Democratic National Committee, has established substantial support for his or her nomination as the Democratic candidate for the Office of the President of the United States, is a *bona fide* Democrat who has the interests, welfare and success of the Democratic Party at heart, and who will participate in the convention in good faith [*italics in original*]."

DNC press officer Diane Dewhirst told a journalist on Aug. 18 that the clause was inserted because presidential candidates are entitled to a certain number of rooms, space, and other convention facilities, and Manatt doesn't want "non bona fide" candi-

dates using them up.

Would the chairman consider Jesse Jackson or has-beens George McGovern, who mooted a candidacy in early August, or Gov. George Wallace, bona fide candidates? Oh yes, said Dewhirst, and they would be afforded all the amenities.

What about Lyndon LaRouche, who received federal matching funds and ran in 16 Democratic presidential primaries in 1980? "LaRouche is not a Democrat; he's a member of the U.S. Labor Party," lied Dewhirst. Twitted on this childish answer, Dewhirst said that Manatt would certainly invoke this clause against LaRouche were he to run for President.

The hand of Chuck Manatt is also visible in the not-so-subtle threats against anti-Harriman delegates who might be elected during the February-June 1984 delegate selection "window." The Proposed Final Call's "Responsibility" Section VII (M), stipulates that each delegate "expressly agrees that he or she will not publicly support or campaign for any candidate for President or Vice-President other than the nominees of the convention."

In short, all the monstrous fixes that were used to secure the renomination of the hated Jimmy Carter in 1980 are in place, as befits an associate of the mob-linked Hollywood crowd like Chuck Manatt. This is not to say that Manatt will succeed in his rigging attempt against LaRouche Democrats—only that he is making predictable moves already.

'Leadership' principle but no leaders

Crashing boredom characterizes the Democratic presidential race. Front-runner Walter Mondale became so panicked by the situation that he convinced the AFL-CIO to move up its planned endorsement session from December to October. One California Kennedy hand said "The AFL-CIO

endorsement of Mondale was necessary . . . it's a mixed blessing. He got it early because his campaign was going nowhere." The AFL-CIO endorsement, he chuckled, was hardly decisive for George McGovern in 1972 or for Henry "Scoop" Jackson in 1976 in Pennsylvania, and besides, some of the other candidates "have friends in labor who won't be denied."

The problem, as a second Kennedy hand concurred, is that none of the Democratic presidential campaigns has caught fire. It's not this or that issue, though they should be talking about issues, our interviewee said; none of the candidates project as a strong leader who has the intellect and moral integrity to solve the nation's problems. "A candidate like that you can support even if you don't agree on every issue," he said.

Will the Bob Strauss-Lane Kirkland-Trilateral Commission roadshow otherwise known as the Democratic National Caucus, or the complementary "issues debates" that the Democratic Caucus is now sponsoring, fill the bill? No, the Kennedy field hands agreed. The Democratic Party only functions on the basis of an individual leader who embodies certain values for the nation. That, though these fellows didn't say it, is the secret of Ronald Reagan's ability to hold the nation's interest, while the Democratic candidates parade through media events like male mannequins.

Policy solutions are the true coin of real moral-intellectual leaders. "Somebody has to say 9.5 percent official unemployment is not good news," quipped one of the Kennedy loyalists. But the official position of the Manatt party is that there is an economic recovery! *New York Times* pundit Tom Wicker warned the Democrats on Aug. 23 that without a solution in Central America they will be seen as handing the region to the communists. Nor does every Democratic voter believe the party's propaganda about Andropov's desire for peace.

National News

Caribbean maneuvers held by NATO

The recently commenced Readex-2-83 maneuvers in the Caribbean involve two British ships, one Dutch ship, and the following from the United States: two aircraft carriers, 16 destroyers, cruisers, frigates, seven supply ships, two minesweepers, two Atlantic Fleet attack submarines, and a command ship. Apparently by the end of the maneuvers—which are scheduled to continue through Sept. 17—the full complement of ships will be 43.

The first exercise in this series occurred in March, involving 32 ships and 300 aircraft, and was also a U.S.-British-Dutch operation.

The exercise plan is: Leave port under simulated mining threat; perform aircraft carrier operations; perform air-to-surface and air-to-subsurface attacks against a target; visit various ports in the Caribbean; and conclude with air-to-air and surface-to-surface missile exercises.

Club of Life meets to boost medical science

A Club of Life conference on Sept. 16 in Washington, D.C., titled "Medical Science and the Fight Against Genocide," will bring together leaders of the U.S. anti-euthanasia movement, political leaders in the fight for economic development of the Third World, and distinguished members of the medical profession.

Discussion topics at the conference will include "How to Stop the IMF-Qaddafi Rampage in Africa," "Kissinger's Racist Policy to Destroy Guyana," "Is AIDS the 20th Century's Bubonic Plague?," and "The Battle to Prolong Human Life."

Club of Life founder Helga Zepp-LaRouche's keynote presentation will be titled "The Cultural Foundations for Defeating the Enemies of Life Today."

This is the Club of Life's third major U.S. conference since its founding last Oc-

tober. The organization, active in 15 countries on five continents, is recognized as the international leader in the fight against Parson Malthus's dictum of inevitable depopulation.

Heritage 'conservatives' out to defeat Reagan

A coalition of more than 30 conservative groups has been put together by Heritage Foundation sponsor Paul Weyrich, Conservative Caucus head Howard Phillips, and Richard Viguerie, to demand that President Reagan go for "a clear-cut policy of victory in Central America," and to "instruct Reagan and Congress on true anti-communist behavior," the Aug. 22 *Washington Post* reported.

The coalition, its leaders claim, was formed in response to Henry Kissinger's appointment as head of the administration's Central American Commission. Organizers are planning a media blitz to begin after Labor Day and continue through the 1984 elections.

The coalition's policies are, however, actually aimed at preventing the re-election of Reagan in 1984, inside sources revealed. Their prescription for "gaining victory" in Central America would enmesh the United States in an expanding war which would alienate both Western Europe and Ibero-America and fuel the U.S. peace movement's anti-Reagan campaign.

A top aide to Weyrich told a journalist that the formation of the coalition represents "the culmination of two years of disenchantment with Reagan. Paul and others don't want to see Reagan re-elected if he continues on the kind of centrist course he's been taking. The people who did the work in the Reagan campaign in 1980 are primarily from the conservative movement. They don't like what Reagan has become, and if their leaders don't go out and motivate them to work for Reagan, there is no way they will. And Paul and other leaders have no intention of motivating conservatives to work for Reagan."

Weyrich's assistant added that he, along with Edward Feulner of Heritage and Peter

Gemma of the National Pro-Life PAC, have recently set up a "conservative alternative to the Trilateral Commission" called the International Policy Forum, which is "networking with conservatives all over the world."

Walters won't rule out Nicaragua intervention

Vernon Walters, State Department ambassador-at-large and a leading expert on Latin America, refused to rule out a U.S. military intervention into Nicaragua, in an interview to the Spanish weekly *Cambio 16*.

"That is something one cannot say," he replied, when the interviewer asked about the likelihood of an intervention. "This was one of the mistakes we made in Vietnam; we said that we would never invade North Vietnam and what happened was that the Vietnamese sent all their troops to the South. One cannot say to the enemy what one is planning to do. We are naive, but not to that extreme."

Walters gave his interview during his stop in Madrid as part of an early August European tour.

LaRouche addresses Strauss's 'dual-key' idea

Lyndon H. LaRouche, Jr., the internationally prominent economist who chairs the advisory council of the National Democratic Policy Committee, issued a statement on Aug. 23 on the proposal by West German Christian Social Union leader Franz-Josef Strauss for a "dual-key" system governing U.S. missiles stationed in the Federal Republic of Germany.

Strauss called in an interview with *Der Stern* magazine Aug. 11 for a German "veto right" over any U.S. decision to launch missiles from German soil. Strauss, the governor of the state of Bavaria, may enter the Bonn cabinet if there is a government shake-up this fall.

LaRouche declared: "The proposal is implicitly an interesting idea, not inconsis-

ent with my own thinking on the lines of negotiations on arms reductions within the setting of U.S.-Soviet negotiations being redefined by the President's March 23 speech calling for a U.S. strategic defense based on the most advanced technologies 'to give us the means of rendering these nuclear weapons impotent and obsolete,' and Defense Secretary Weinberger's statement March 25 that 'If both sides can acquire the means of rendering impotent these deadly missiles, we would really have advanced the cause of peace and humanity very, very far.'

"It should be the objective of both superpowers," LaRouche continued, "to disengage from the posture of forward nuclear defense which has brought both superpowers to the brink of a launch on warning.

"Herr Strauss's proposal could well be a feature of overall negotiations within the March 23 concept of ending forever the era of Mutually Assured Destruction nuclear terror.

"I would hope that the leadership of the Soviet Union would begin to see the wisdom of new approaches defined by the President's March 23 doctrine of Mutually Assured Survival."

Does Tower retirement signal cabinet shakeup?

Senate Armed Services Committee Chairman John Tower's announcement that he will retire at the end of his term in 1984 has provoked speculation in Washington about a coming shakeup in the Reagan cabinet.

Since Tower had already raised \$2 million for his 1984 Senate bid and his wife had recently left a federal government position to work for his reelection, the word in Washington is that he was suddenly given assurances that he will be the new Secretary of Defense in a second Reagan administration.

Unlike Defense Secretary Caspar Weinberger, who has been outspoken in defense of President Reagan's March 23 strategic defense speech, Tower has tended to toe the defense bureaucracy line. Tower, like those DOD officials immediately responsible for programs in directed energy defensive weapons research, has accepted the argu-

ment that the program is "technology limited" and not "funding limited," i.e., that the programs are adequately financed but involve inherent technological obstacles.

Such arguments have left beam weapons programs in the research and development stage, but with no effort to actually build and deploy a system.

The announced retirement has also fueled speculation about a Republican loss of their majority in the Senate. With both Senate Majority Leader Howard Baker and Tower stepping down, it is unlikely that the Republicans will keep those seats.

Texas is traditionally a Democratic state and no strong candidate has stepped forward on the Republican side in Tennessee. The Republicans would then have to lose only three more seats to lose their narrow majority.

Harrimanite Democrats are looking at vulnerable Republican seats from New Hampshire, Iowa, Mississippi, Minnesota, and North Carolina. Senate Foreign Relations Committee chairman Charles Percy is also facing a tough primary challenge from the conservative side of the Republican party and will run against a well-financed Democratic opponent.

Capitol Hill sources say that a Percy retirement is not out of the question either.

Mario Cuomo to endorse Mondale?

New York Gov. Mario Cuomo, frequently mooted as a possible running mate for Democratic presidential hopeful John Glenn, is reportedly considering an early endorsement of Walter Mondale.

Cuomo is being proposed as keynote speaker for the 1984 Democratic Party presidential nominating convention—a prestigious but traditionally "neutral" office.

Cuomo advisers report that the governor will accept no such "impotent" position in the party as the convention approaches—an indication that he may endorse front runner Mondale.

The AFL-CIO executive, which will likely give an early endorsement to the former Vice-President at its October meeting, is backing Cuomo as the keynote speaker.

Briefly

● **JERRY BROWN**, just returned from a month sojourn in Mexico, announced that he will co-author a study with existentialist Nobel Prize winning novelist Gabriel García Márquez. Brown has confirmed that he will head up a special commission on national productivity and technology, and one on national industrial strategy.

● **THE HOLISTIC HEALTH** center in Wichita, Kansas had its official "skybreaking" ceremony the week of Aug. 20. The center, surrounded by geodesic domes, is a specially constructed pyramid built in a certain position to "facilitate" communication with outer space. It will provide a variety of services from "stress analysis" to marriage counseling. The center is funded, in part, by Willard Garvey, who also funds the Libertarian Party. Local sources have revealed that Garvey brought back a statue from a trip to the Far East and the Middle East several years ago which now sits in his Wichita office. Staff members are expected to pay daily homage to the object.

● **WARREN HAMERMAN**, chairman of the National Democratic Policy Committee, accused Utah's Jake Garn of "licking the boots of Paul Volcker while Volcker blew smoke at the Senate Banking Committee during his confirmation hearings." Hamerman's description of the senator was the lead item on the 8:00 a.m. news on radio station KJZ, Salt Lake City, on Aug. 24. Hamerman was also featured on a station talk show that morning.

● **DANIEL ELLSBERG** has joined four "peace" demonstrators who have gone on a hunger strike until the United States changes its nuclear policy and halts emplacement of the Pershings. The strike, being held at the Catholic Worker building in Oakland, California, is coordinated with strikes by four demonstrators in Paris and by three in Bonn. One of the Bonn fasters, Andrea Elukovich, is a San Francisco sheriff's deputy.

Editorial

'The technological bases for peace'

This week's cover feature reports that on Aug. 23 in Erice, Italy, U.S., Soviet, and European scientists agreed to set up a commission to study the feasibility of anti-missile beam weapons, the new technologies upon which U.S. President Ronald Reagan based his declaration of the new strategic doctrine of "Mutually Assured Survival" last March 23.

The town of Erice in Sicily has seen a great deal of history. Founded by the Phoenicians, contested by the Syracusan Greeks, subjected by the Romans, the hill-top city manifests the layered ruins of those epochs, as well as a delicately beautiful Gothic church in its central square. In antiquity it was noted for the temple of a hideous "earth-mother" cult for whom each society had its own name. The cult was used to maintain oligarchist control by instilling in the inhabitants the terror of technological change as forbidden "interference in Mother Nature's inscrutable ways."

But the Erice meeting, titled "Technological Bases of Peace," has dealt a potentially lethal blow to that oppressive ideology and its modern-day advocates in the Green "peace" movement.

Erice points toward the "origins of a real peace, the pursuit of the common aims of mankind," to which Edward Teller referred in his famous speech of Oct. 25, 1982: "We can do much more than avoid war. By cooperation with those who are willing fully to cooperate, we can improve the very horrible way of life in the Third World. We can by using technology create a situation where the reasons for war will diminish and keep diminishing."

Since *EIR* held a public conference on the subject in Washington, D.C. in February 1982, this review's founder Lyndon LaRouche has insisted that the beam-weapons development policy is the key to the solution to the avalanching collapse of the world economy caused by International Monetary Fund debt-collection policies, and by the oligarchs who insist on maintaining that rotted hulk, while suppressing the qualitatively new technologies crucial to growth.

As LaRouche stressed in *EIR* last January, the relativistic physics involved in the beam-weapons gear-

up will revolutionize the very notion of the term "raw materials," transforming man's ability to transform nature, spilling over unimaginable benefits into the civilian economy.

At hand is the opportunity of which LaRouche wrote: "If we can resolve now to dedicate both our nations to fostering rapid economic development of developing nations, using the increase of technology and world trade, we have established among nations a moral commitment (in effect of practice) to the welfare of each and every person on our planet, a commitment to affording them the productive powers to meet their own requirements."

The outcome of the Erice conference brings every genuine advocate of peace, and every political leader of any nation, face-to-face with an unambiguous choice. One side, promoted at Erice by the U.S. delegation led by Dr. Teller, is the Judeo-Christian ethic of man's mission to multiply, subdue the earth, and exert dominion over nature.

The opposing, earth-mother cult ideology is wielded today through the anti-nuclear Green movement, the dope mafia, the Scottish Rite freemasonry, and the likes of Muammar Qaddafi (who tyrannizes the Libyan desert across the Mediterranean from Erice, and foments violent "peace" rallies by the Greens against the Pershing missile site in Comiso, Sicily), to spread superstitious fear of the nuclear and other technologies vital to advanced-sector and Third World economic development.

Moscow, too, has backed these wretched cults, in the cynical ambition that Russia might become the "Third and Final Roman Empire," over the ashes of a West which had renounced technological progress.

Erice provides the superpowers with a historic chance: President Andropov, to shift to a rational policy, and negotiate on the basis of Reagan's new defense doctrine, as Lyndon LaRouche has repeatedly urged; and the Reagan administration, to start a real economic recovery in place of the faked "upswing" that has been sold to the President by the same treacherous advisers trying to sabotage the beam policy—starting with H. Kissinger and his friends.

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