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EIR

From the Editor

We doubt very much that the key people in our cover photograph this week, Max Fisher and Henry Kissinger, are discussing philanthropy. Indeed, we conclude in our Special Report that their activities, and the policy faction they represent, embody what is wrong with U.S. foreign relations.

Max Fisher's United Brands—successor to the detested *El Pulpo*, the United Fruit Company—squats on Central America and is persistently accused of using it as a base for transporting illicit commodities. Moreover, as we document, United Brands is deeply involved with, not only the right-wing thugs it installs as rulers there, but with the creation of left-wing insurgencies whose ideology is provided by the Jesuits. The aim is a new stage of the backwardness previously enforced in the region—a bloody spiral of population reduction.

Why, you may ask, would United Brands foster civil war and terrorism on a scale that jeopardizes the existence of its own plantations and other assets in Central America? The immediate answer, according to our intelligence sources, is that Fisher's superiors in the British and associated Soviet circles who are pursuing regional wars have guaranteed him various kinds of financial indemnification should the leftists overrun United Brands. The ultimate answer is that Fisher, and United Brands as a corporate entity, are mere deployables in the eyes of the strategists who created them.

Meanwhile, Fisher's friend Henry Kissinger has toured Peru, Chile, Brazil, and Argentina, seeking South American intervention in the Caribbean and Central America on behalf of that bloody policy. "More efficient intermediate steps" than a U.S. military move were his recommendation Nov. 26 in Buenos Aires, meaning deployment of Latin forces and mercenaries in a "step-by-step" conflagration.

There is no reason to believe that the White House can adequately counter

unless appropriate political help is received from outside Washington. The most profound scandal would be to allow the administration and U.S. national interests to be further undermined.



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Warning to subscribers: The Detroit office of NSIPS has been taken over temporarily by a rather evil little operation linked to unsavory interests. This operation has seized control of publications including the *Labor Beacon* and *Parity Foundation*, and is soliciting subscribers of publications including *EIR* for investments of various sorts. Therefore, we are obliged to warn subscribers that we in no way endorse or condone any offerings currently made by the Detroit office or persons affiliated with it in any part of the nation. When this unsavory matter is cleared away, we shall promptly inform you. In the meantime, please forward reports, complaints, and requests for verification to our New York City office, which will assist you in any

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Special Report



Secretary of State Henry Kissinger (far right), in the midst of the oil crisis launched by his Mideast diplomacy, meets with Max Fisher (center). Behind Kissinger is the Undersecretary of State Joseph Sisco. UPI

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Mexico and Japan forge a post-Cancún alliance

by Timothy Rush and Héctor Apolinar

"No other country has shown its decision to place its relations with Mexico within the spirit of Cancún as much as Japan has," Mexican President José López Portillo told the leaders of Japan's largest-ever trade mission to Mexico Nov. 17. Japan's commitment to aid Mexican development is not just "rhetorical," but has already passed from "words into action," he declared.

Bunichiro Tanabe, the head of Japan's largest corporation, Mitsubishi, and the chief of the 131-man Japanese delegation, announced that 240 agreements worth over \$310 million had been signed. But substantial as these results are, the "fundamental purpose" of the effort was "looking ahead to the future, sowing the seeds that will bring benefits in the long term." Tanabe called Mexico's future "brilliant"; if "Mexico continues to grow at this rate, in this great effort, Mexico will be a great country."

The Japanese-Mexican talks advanced the renewed momentum for economic growth initiatives among many leading nations generated at the Cancún summit of 22 countries last month. From the Third World side, these nations included India, Nigeria, Brazil, and the Philippines, in addition to Mexico. On the side of the advanced sector, Japan took the lead in organizing a partnership with the Third World around high-technology industrial development, upgrading labor capabilities, and a new era of worldwide economic growth.

This was the "American System" program that President Ronald Reagan should have offered. Instead, under the advice of Secretaries Haig and Regan, Reagan

offered only warmed-over recipes from the British "free enterprise" economics cookbook.

New mechanisms

The Japanese delegation to Mexico of leading businessmen and government officials from the powerful Ministry of International Trade and Industry (MITI), focused on developing opportunities for Mexican exports to Japan, and joint ventures for transfer of technology and export to third countries.

"The world is in recession, but Mexico is still growing," López Portillo observed in his 45-minute meeting with the Japanese business leaders. "Therefore many countries want to sell products to Mexico but few countries want to buy." That is why the Japanese interest in promoting Mexican exports is especially helpful and welcome, he stated.

The new accords signed involve \$130 million in mining, \$83 million in agriculture and fishing, \$71 million in chemicals, \$20 million in machinery and machine tools, and \$10 million in consumer goods. Mexico's Industry Ministry also established a "special mechanism" directed exclusively to promoting Mexico-Japan joint investments. This mechanism will match up with a similar agency that is already functioning on the Japanese side.

In the course of the tour, members of the mission met with eight top government officials and visited twelve different states.

The trip continued a process begun with a successful

14th Meeting of Mexican and Japanese Businessmen in Guadalajara at the beginning of October, as well as the Japanese-Mexican coordination at Cancún. In sharp contrast to the previous phase of Japanese dealings with Mexico, when Japan showed little interest in anything except gaining Mexico's oil, Japan is now forging an economic and strategic alliance with Mexico. In discussions with this news service, the vice chairman of the Japanese mission, MITI's Shiro Miyamoto, stressed that Japan sees Mexico as a world power in the not-too-distant future. Japan will cooperate with Mexico in a wide range of fields, he stated, because it views Mexico as the "stabilizer" of Central America and much of Latin America.

Japan to U.S.: lower interest rates

Japanese Prime Minister Suzuki told America exactly why its policies were failing in a speech to the Japanese Diet this week. Angrily rejecting demands from the U.S. Commerce Department that Japan cut back on high technology exports, Suzuki placed the blame for America's growing trade deficit squarely on Volcker's high interest rates and America's increasing lag in basic research and development.

The U.S. trade deficit with Japan has zoomed to nearly \$15 billion for the year. To solve that problem, Suzuki proposed a combination of joint Japanese-U.S. cooperation in R & D, production, and marketing of high-technology items, together with increased Japanese imports.

Suzuki knew whereof he spoke. Japan has kept domestic interest rates at only a fraction of Volcker's, and recently lowered rates again, to 6.5 percent.

The same lesson applies to export credit. A dramatic case in point came this week when it was revealed that Combustion Engineering, one of America's largest nuclear and electricity generating technology firms, was on the verge of losing a several hundred million dollar contract for part of the Rio Escondido coal-fired electricity generating plant in northern Mexico.

The favored competitor: Japan's Mitsubishi. The reason: U.S. Eximbank's 10¾ percent interest rate on export financing, compared to Japan's 7¾ percent.

Combustion Engineering is also bidding with other U.S. firms, General Electric and Westinghouse, on the next stage of Mexico's nuclear program. Executives of all three firms have signalled that chances of winning the coveted contract are gravely jeopardized by the Reagan administration's failure to aid high-technology exports.

The terms of the new trade relations between Mexico and Japan thus call the question for the Reagan administration, which has prided itself on having reversed the disastrous tone of U.S.-Mexico relations set during the Carter administration.

From the communiqué

The 131-man Japanese delegation divided into an executive group and six other sub-groups during the 13 days of the visit. The executive group met with Commerce Minister De la Vega Domínguez; Industry Minister De Oteyza; Finance Minister Ibarra; Foreign Minister Castañeda; Foreign Trade Institute director Salinas; Fishing director Rull; Pemex head Moctezuma Cid; and Fertilizers director Gustavo Gutiérrez.

The lengthy communiqué issued at the end of the tour Nov. 18 summarized the work of the remaining subgroups. These are highlights:

- **Medium and long-term affairs:** The Mexicans expressed hopes of intensifying relations with Japan "in such sectors as agroindustry, petrochemicals, (and) industries related to port development." The Japanese welcomed "the possibilities for joint investment and transfer of technology" in Mexico, while requesting that Mexico waive aspects of its foreign investment regulations for joint investments "during the initial period in which the administration of these firms is stabilized."

The communiqué hailed the decision of the Mexican Industry Ministry (Sepafin) to "establish a mechanism for the promotion of Japanese-Mexican joint investments." "The parallel Japanese entity to this mechanism, the Organization to Promote Mexico-Japan Joint Investment,

collaboration of this Mexican mechanism."

- **Mining products:** "Immediate and medium-term prospects for Japanese import of Mexican mining products could well reach a total of \$130 million."

- **Agriculture, livestock, and fishing:** \$83 million in deals, including some to third countries. The Japanese urged improvement in Mexican storage, commercialization, and standardization of farm and fishing exports.

- **Chemical products:** prospective deals totalling \$71 million.

- **Machinery and industrial products:** immediate sales prospects of \$20 million, and extensive possibilities for new joint investment and transfer of technology. Existing areas of joint investment slated for expansion: "auto, construction equipment, heavy machinery for the electricity sector; telecommunications; steel tubing."

- **Consumer goods:** \$10 million.

Follow-up: the Mexican government will sponsor a return visit of Mexican businessmen to Japan in the near future. The Japanese mission "is convinced that the Mexico visit constitutes a vital step in the promotion of cooperative relations between the two countries."

High-technology trade war against Japan launched by U.S. post-industrialists

by Richard Katz

The United States "must find a way to stop the Japanese from spreading their economic tentacles all over Asia." These are not the words of some 1890s 'Yellow Peril' hatchet-job in a Hearst newspaper or a pre-World War II Hollywood propaganda film. They are the remarks of the U.S. Undersecretary of Commerce for International Trade, Lionel Olmer, in a Nov. 2 interview with the *Asian Wall Street Journal*. The next day, Olmer told Congress that Japan's national commitment to technological advancement could have adverse ramifications for U.S. national security! Olmer's rhetorical flair is matched by that of his boss, Commerce Secretary Malcolm Baldrige, who told the *Los Angeles Times* Nov. 7 that "the Japanese better open up their damn markets to us" or face serious repercussions.

Is this just a penchant for rhetoric on the part of overzealous officials? It seems not. The last few months have seen a series of actions that amount to virtual trade war against Japan, particularly in the critical high-technology *civilian* areas that Olmer termed a national-security issue.

In early November AT&T (American Telephone & Telegraph) denied Japan's Fujitsu an \$80 million contract for optical fibers, even though Fujitsu had the lowest bid, after the Chairman of the House Telecommunications Subcommittee suggested that U.S. national defenses might be "compromised" by giving the contract for a civilian phone line to a foreign company. The Senate meanwhile passed a bill (S.898) which would deny Japanese companies the ability to sell *any* telecommunications equipment in the United States if the Commerce Department or Special Trade Office determined that Japan denied U.S. firms reciprocity in *any single area* of telecommunications—e.g. fiber optics! The administration has not taken a stand on this bill, now before the House, even though this and previous administrations usually oppose what one House Commerce Committee source labelled "meat-axe" legislation. Indeed, Com-

merce Department Deputy Assistant Secretary Clyde Prestowitz told *EIR*, "I'm not saying I endorse the bill, but Congress is concerned that Japan's markets aren't open and Japan should be aware of this concern."

The 'post-industrial era'

One must not imagine that these trade warriors are concerned about U.S. export positions. Indeed, Commerce officials Baldrige and Olmer publicly indicated they were quite content to see the downgrading of the U.S. Export-Import Bank and the end of its "subsidized" low interest rates, despite the fact that as Special Trade Office official Douglas Newkirk told *EIR*, high export rates have repeatedly cost U.S. industry major export contracts. Moreover, Commerce Department sources told *EIR* that even though Baldrige publicly endorsed limits on Japanese auto shipments to the United States last spring, in fact, "Baldrige supports the use of Japanese imports to force U.S. automobile producers to streamline their production and *cut back their capacity*." (emphasis added).

Baldrige, Olmer and their allies have no particular commitment to either "free trade" or "protectionism" as such, and certainly not to U.S. industry. Rather they are part of a faction within certain business circles and some sections of the administration committed to what they call a "post-industrial era." Under such rubrics as "sunrise vs. sunset industries," "information and services economy," etc., the post-industrial era proponents propose that the United States scrap basic heavy industry such as steel, auto and housing in favor of computers, electronics, casinos, and so forth. The effect of the Volcker high interest rates—defended to *EIR* by Prestowitz as a necessary "anti-inflation" measure—has been to propel this shift to the post-industrial era. The overall scenario is to shift the world economy into the Club of Rome's Utopia of no more than 1-2 percent GNP growth and zero population growth.

One of the post-industrial faction's biggest political obstacles is the nation of Japan. With U.S. computer-telecommunications capacities controlled by companies committed to the Club of Rome ideal, such as IBM, AT&T and ITT, most of this advanced technology has been restricted to the information, bureaucratic and service sectors. Japan, on the other hand, devotes a great deal of its computer capacity to computer-assisted design and production in basic manufacturing.

Japan moved from negligible machine tool production in 1970 to a level of 60 percent of U.S. production and a major export position, by concentrating on numerically controlled (computerized) machine tools that it used to modernize industry. Japan leads the world in industrial robots, which are used to automate assembly lines in the auto sector and elsewhere. As Olmer himself admitted, such modernization means Japanese auto workers can produce an auto in 95 hours, compared to 120 in the United States. While U.S. steel shuts down its capacity, with Baldrige's blessing, on the grounds that steel is too energy-intensive, Japanese firms simply use the modern technique of continuous casting to save energy and keep producing steel.

Were U.S. firms, such as IBM, committed to the post-industrial era, to continue to dominate the world in computer-telecommunications technology, then it would be possible to restrict such technology to the information and service areas. If Japanese firms—in the only national sector capable of challenging IBM's dominance—match or beat IBM's technology and also begin to out-market it in the developing countries, Europe, and then the United States itself, there is no doubt computer technology can be used to propel a revolutionary modernization of basic heavy industry on behalf of high growth.

Japanese government and business have made it clear that they are committed to this approach, and Prime Minister Zenko Suzuki stressed at the Cancún, Mexico North-South summit that this modernization presupposed the transfer of basic industry to the currently underdeveloped countries. This was the basic difference at Cancún between Suzuki and U.S. Treasury Secretary Donald Regan. It is not coincidental that the Merrill Foundation, attached to Regan's Merrill Lynch, is a major funder of environmental and anti-nuclear crusades.

Commerce is led by committed post-industrial factioneers, who see Japan as a threat. Baldrige himself, during his 1962-81 presidency of the Connecticut-based Scoville, Inc., showed exactly how the post-industrial factions manage industry. He converted Scoville from a major heavy industry manufacturer of copper and brass into a maker of light electrical housing products, a switch aided by a 1977 \$10 million loan guarantee from the Connecticut Development Authority that included

provisions for a three-year wage freeze and no-strike pledge. Scoville President Herman Bladh summed it up: "Mac Baldrige converted me from an engineer to a marketing man."

Baldrige's deputy, Joseph Wright, Jr., served in 1976-81 as a top executive of Citibank, whose entire financial strategy is based on the shift to a post-industrial era, a strategy Wright helped fashion.

Lionel Olmer, after a period as a commander in U.S. Naval Intelligence, served under Henry Kissinger as a staff director of the Foreign Intelligence Advisory Board. During the Carter years he spent time as the Washington representative of Motorola, Inc., a major producer of semiconductors which has long been engaged in trade battles with Japan.

Olmer: development a political threat to U.S.

Olmer's Nov. 3 testimony before the House Trade Subcommittee dwelt on what he insisted were "national-security" problems caused by Japan's commitment to technological progress and its commitment to industrializing the developing nations. Olmer's testimony also makes it clearer why the sudden flare-up in the intensity of U.S. attacks on Japan occurred following Suzuki's presentation in Cancún, and why the Commerce Department blasts at Japan have focused much more intensely on the high-technology areas rather than basic U.S. industry.

"Japan has targeted high technology goods and capital goods as the direction of the future," Olmer declared. "The Ministry of International Trade and Industry's [MITI] 'Vision of the 1980s' . . . placed the emphasis for the 1980s on . . . not only computers, semiconductors, and robotics—all of which the Japanese are well into already—but also aircraft and biotechnology."

"These are areas where the Japanese government is putting financial assistance and technical encouragement. But it goes far beyond that. There has been a national consensus in Japan that their economic future depends on a rapid evolution into a knowledge-intensive and technology-intensive economy. Japan can see that nations like Korea, Taiwan, Brazil, Mexico, and many other LDCs will increasingly move into steel, shipbuilding, autos, and other industries where Japan currently acquires most of its export earnings. Japan is determined to move into new areas where it will not be so easy for other nations to compete with it. I believe that the real challenge from Japan is just beginning."

Olmer then indicated that, like his mentor Kissinger, he regarded the industrialization of the Third World as a political threat to the United States, in contrast to Japan, which regards such industrialization as both economically stimulating and politically stabilizing. "As developing countries expand their manufacturing capa-

bilities . . . the industrial nations and some advanced developing countries are moving to develop high-technology industries. . . But that means that these nations will be more directly in competition with the United States. . . . If we do not keep pace . . . we will lose technological leadership in the world. . . . *This has ramifications for our foreign policy and our national security* (emphasis added)."

"Technological leadership, and economic leadership generally, can translate into political, diplomatic, and military leadership. . . . As our technological lead diminishes, our political influence is reduced as other nations look elsewhere for technology. . . .

"Technological leadership is also a key to our national security. Our ability to produce modern military systems can be compromised if we are dependent on foreign sources for the most modern technology. I would not want to contemplate the implications of *dependence on foreign sources for our defense technology*." As Olmer was speaking, the Pentagon was heavily pressuring Japan to overcome its prohibitions against the export of arms in order to sell the United States military-related electronics and laser equipment.

Olmer is quite correct to point out the national security and foreign policy implications of continuing relative U.S. technological and economic decline; however, he offers the opposite of a solution. After warning that U.S. industry is about to lose a billion dollars in orders to Korea due to high interest rates on Export-Import loans compared to other nations, Olmer called, not for lowering U.S. interest rates, but for ending what he called subsidized low-interest credit altogether. In fact, the official U.S. government position now is that Japan must raise its Export-Import Bank rates to a level actually higher than the normal market interest rates in Japan's domestic market in order to match the high U.S. rates! On the subsidy issue itself, it must be added that the purpose of previously low Export-Import Bank rates was to aid the industrialization of developing countries, not for cutthroat competition among advanced countries.

Olmer's comments on the developing countries also made clear his opposition to their industrialization. Just as the United States did in the 19th century vis à vis Britain, many developing countries "protect" their infant industries until they are built up to world competitive standards. Otherwise they would be left forever as simply raw materials suppliers. Olmer insisted, "Many LDCs now have strong industrial economies and can no longer claim all of the privileges of developing nations in terms of trade and investment concessions," i.e. stop protecting infant industry.

In response to persistent Japanese arguments that the U.S. problem is not Japan, but years of high interest rates and bad policy that have led to stagnating invest-

ment and R&D, and now declining productivity, Olmer insisted that Reagan's economic program would remedy that. Unlike Special Trade Representative Bill Brock, who has repeatedly stated in public the need for interest rates to drop if the program is to work and trade frictions to be managed, Olmer did not mention interest rates; he stressed even more his view that the major problem with Japan in high-technology trade is Japan's alleged refusal to "open their markets." Prestowitz told *EIR*, "Japan's closed markets are a greater factor in poor U.S. exports to Japan in the high-technology areas than U.S. problems with price or quality competitiveness."

Some congressional sources disagree. A source on the House Trade Subcommittee—which discusses trade issues with Japan constantly—told *EIR* that over the past few years Japan has been gradually opening its market, including in high-technology. This is exemplified by the 1980 agreement to open up procurement on core high technologies by Japan's government-owned Nippon Telegraph and Telephone (NTT), and by Brock's successful agreement with Japan this summer on mutual reduction of tariffs on semiconductors. "I'm afraid the progress shown in the NTT case might be undermined by some of these actions," the source said, referring to the denial of the optical fiber contract to Fujitsu and the Senate bill on a possible ban of Japanese telecommunications equipment.

Psychological warfare: defaming Suzuki

The ability of the post-industrial faction to create an atmosphere in Congress conducive to trade war has been aided by a recent campaign linking the trade issue to Japan's alleged "free ride" on U.S. defense efforts, and personal attacks on Suzuki.

Part of the ammunition in this campaign was a defamatory memorandum regarding Suzuki and Foreign Minister Sunao Sonoda circulated to approximately 30 senators by Sen. Jesse Helms (R-N.C.). The memo is widely believed to have either been written by, or based on briefings by, an extremely hawkish Japanese figure named Hideaki Kase, a man disowned by more responsible Japanese advocates of a stronger Japanese defense role. Kase's U.S. appearances are often sponsored by two renowned post-industrial faction institutions, the Heritage Foundation and the Stanford Research Institute.

The memo contained such expressions as, "Suzuki is a former member of the Socialist Party, a weak inexperienced leader, whose closest friends . . . are still opposed to the U.S.-Japan Security Treaty and armaments of any kind. . . . Sonoda has strong leftist convictions." The memo then suggests one possible way to get Japan to do more on defense is "to 'threaten' Japan with trade reprisals. . . ."

Kurt Schrade on Japan and Volcker

In Part One of this interview, Kurt Schrade, chairman of the factory council at the Estel-Hoesch steel plant in the Ruhr city of Dortmund, West Germany, discussed the need for a direct-reduction facility there, the destructive international consequences of high U.S. interest rates, and the complementary relationship that could emerge between an industrializing Third World and a West Germany entering the high-technology frontiers. Mr. Schrade is a member of the Helmut Schmidt wing of the Social Democratic Party, and a member of the IG Metall metalworkers' federation. A year ago he played a leading role in organizing a Dortmund demonstration of 70,000 in favor of modernizing the steelworks. What follows is the second and final portion of the interview, which was conducted by EIR correspondents Ortrun and Hartmut Cramer in Dortmund on Oct. 19. Emphasis is in the original.

Schrade: [As Third World countries develop,] we ourselves will still need to retain a certain raw-materials industry, however, and it must be clearly recognized that we'll be unable to keep it at its present scope, because it will continue to become cheaper to produce steel—and eventually, of necessity, to produce manufactured products—on the spot, where ore and oil are immediately available. We have to recognize this transformation. That does not mean that West Germany and other European countries have to become agricultural outposts. I know that we have a great head start in the field of technology, and at any moment we can put it to use: all that is required is the will to do it. I think this would be the most natural thing in the world.

Cramers: In the recent period, the Japanese have been exporting high-quality goods at relatively low prices, because they have kept automating their production processes, and at the same time, they have provided their

big trading companies with extensive export credits at favored interest rates. In the American economy, where the modernization of the steel and auto sectors has been neglected, the demand has increased for restricting Japanese imports because of the crisis. Do you think such moves are justified?

Schrade: This is the question that is not only facing West Germany—after thinking it over, I believe that above all, it faces the U.S.A. I have never been able to understand why it is that the Americans, who have flown the banner of the free market, have for years been all worked up about the trigger prices, and why it's squirreled itself behind the "anti-dumping clauses." I can understand how the Japanese can promote their products more cheaply in other countries under the principle of free trade. West Germany—and this is really our problem—can't slam the door on Japan; we could do it, of course, but if we act that way toward the Japanese, we would have to do the same with every other country, shut off the market, not import any longer, or import less.

At the moment, the Japanese have acted toward us such that, as far as the steel sector goes, they have made a pact with the Brussels Commission [of the European Community] to limit their exports, and discount their prices at a pre-arranged level, I believe only 5 percent, under the market price. Japanese exports aren't the problem of the European steel industry at this point; basically, the Japanese have pulled back. We know that they are operating at only 60 percent of capacity, and yet—that's how things are in Japan—they are still very productive at the low level, which has to do with their mode of production. It is a totally unsatisfactory fact that German industry cannot move into the Japanese market, because of the barriers thrown up from Japanese side. Whether this situation will persist is another question. Certainly the Japanese are making trouble for entire sectors of industry, but, for *ordnungspolitischen* reasons [reasons of well-regulated foreign policy] as we say here, it is not possible to slam the door on them.

German companies have to ask themselves the following question: what function did they, or even the Americans, have after the Second World War? They reached the highest level of technology and research here, and they were in the position the Japanese have now vis-à-vis certain products. Today the Japanese have taken this role away from the West Germans, and, in my view, even from the Americans, on a world scale. This puts into question the abilities of our managers and businessmen. I have always said that there are so many young meatballs running around here, earning a God-awful fortune, who basically don't know how to do their job at all. To that extent, the Japanese ability to react to markets and react to situations is no excuse for the incompetence of Western European managers and Western managers overall.

Cramers: In recent months there have been intensive negotiations over the natural gas pipeline deal between the Soviet Union and several Western European countries, and there has been sharp public discussion in Europe and the United States about it. The economic advantages of the deal are obvious. What in your opinion, is the political significance of the deal, and of the whole question of East-West trade?

Schrade: There has been a catastrophe in that relationship, I would use that term. The Federal Republic hasn't been destroyed, but the [1964-72] embargo on pipeline exports had a horrible effect on pipe production here in West Germany. You can re-read management's statements on the subject at the time. The fact that we couldn't deliver the pipeline, and it was sitting around here, because it couldn't be sold, that we could cope with. But the Soviets put through their investment plans, the British jumped in and the Swedes, too.

Therefore, it is absolutely out of the question that now the Americans will dictate to the Federal Republic that we give up the pipeline deal. I think that, in light of our experience, the Soviet Union is at least as reliable a business partner as all the other Western partners, in terms of fulfilling their commitments and deadlines, and I consider it legitimate for the West German industrial state to reach this deal with the Soviet Union, in order, as we put it, to have more than one leg to stand on. History and experience show that if a country is prevented from doing business with the Soviet Union, other countries take the opportunity. Nobody in West Germany, especially not the workers, complains any more about making sales to communist nations. One can forget that in West Germany; ideology has absolutely faded away—things were very different in the 1950s.

I think that in general, trade automatically creates a different political climate than this whole embargo policy did. We experienced that in the immediate postwar period. The embargo policy was not only directed against the U.S.S.R., but against all the Eastern European nations. We cannot, we must not repeat that, because in the final analysis we are immediately affected if the political climate is disrupted in such a way that one day, for reasons having to do with keeping the peace, we have increased problems—in any case, more problems than those who are far away from Europe. Therefore the pipeline deal ought to be wrapped up as fast as possible, because it means that jobs will be saved for thousands of people here over a period of *years*: this is no fly-by-night arrangement. I'll refer again to the pipe embargo; according to statements by our management, not only the fact that deliveries were halted that caused us such trouble, but also that the breach of contract with the Soviets inevitably had the effect of freezing follow-up deals, so West Germany was cut out of that business for years.

Cramers: In discussions of the question of war-avoidance, currently there are three tendencies. One is to hope that peace can be maintained through the strongest possible deterrence, that is, rearmament; others believe that their goal can be primarily reached through disarmament negotiations. And finally, a third group, to which Chancellor Schmidt belongs, takes the view that world peace can only be secured through economic development and *political* stabilization of crisis-points, while maintaining the balance of military power at the lowest possible level. Which do you consider to have the most potential for success?

Schrade: On this question I agree with Helmut Schmidt. It is an illusion to believe that one side can or will have a rapid arms buildup, and the other side will act as if it weren't affected. I believe that on both sides, West or East, we have to accustom ourselves to living with a daily military threat. The problem is: how do you define military balance? I once found a simple formula: if we already have to live with the thought every day of being wiped out, then it would actually be sufficient to have an arsenal that would destroy the target population *once*—a person dies only once—and not, the way it is in the world today, seven or eight times. I believe this is no longer a question of security; in my view, it only has to do with the fact that the lobby on both sides—on our side it is a certain economic lobby, perhaps also a political one; in the Soviet Union is certainly the military—is fueling this arms race. That arms race is using up the biggest portion of our national product without reproducing goods consumed. I have never seen one tank produce another tank; my only experience is that it is produced in order either to be worn out or thrown away, and replaced by a new one. There is one thing I do *not* agree with the Chancellor about, because I believe that our defense spending is simply too high. I also believe that a lot is wasted; take the case of the Tornados. Think of how many billions have been thrown into developing it. I am of the opinion that the job of our politicians to make sure that if money is poured into weaponry, that it isn't going into turkeys.

I certainly think that Chancellor Schmidt, as he himself has said, is conducting a peace policy—I want to fully emphasize that. But there is a difference of opinion about what is necessary for peace, and what is necessary for stabilizing the balance of forces. It's simply impossible not to have a considerable divergence of opinion if you consider that roughly one-sixth of the federal budget is spent on armaments, which in actuality is absolutely ineffectual as a full-employment policy.

Cramers: You are doubtless aware that in recent weeks strong opposition has come together in the United States against Paul Volcker's high interest-rate policy. Con-

gressmen have submitted bills, and union leaders, farmers, construction-industry spokesmen, auto real estate dealers, who are all being ruined by the rates, have held demonstrations—on the model of what you have done in Dortmund—and demanded preferential credit for maintaining and expanding production. What do you anticipate from these developments in the United States?

Schrade: I can understand my American colleagues, since I presume that the situation in America is even worse than in Western Europe, I can understand it if they are saying in a big way that this high-interest policy has to be ended as fast as possible. As workers, I think we are all of one mind with our counterparts wherever they may be, that unemployment cannot come down until interest rates come down. In the case of the Federal Republic, we currently have 1.3 million out of work. If we don't want to find ourselves stuck with 3 or 4 million unemployed by 1990, we have to have economic expansion.

In the case of population policy, we are not expanding at all; we are regressing. Fewer and fewer people are being born in West Germany; we are growing smaller, and unemployment is getting bigger and bigger. That is not only a question of diverting tax revenues into weaponry, that is undeniably the question of a handful of people being in a position to speculate, to drive up interest rates, and to block economic development. We haven't yet had any demonstrations here for lower interest rates, but I think the working people all over the country will make it very clear to the government that rates have to come down. In all the DGB unions and employees' association, this is being constantly discussed.

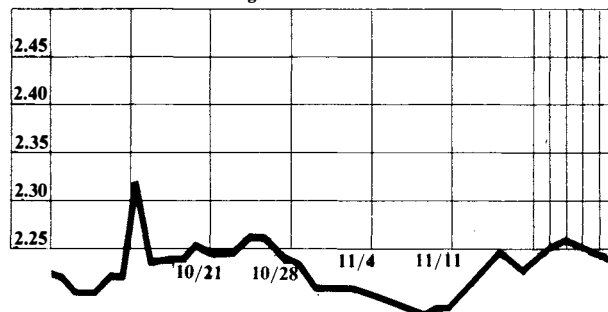
What hits very close to home, in addition to our jobs, is the housing issue. As you know, workers have quite a strong inclination, whenever it is possible, to build their own little homes; for years, even the workers in our plant have been unable to move ahead on a policy of one-family homes; it is almost impossible to build your own house, only a millionaire can do that here. The little guy who has saved and put his savings into a home-loan bank, then finds out that he cannot build if he has to pay 10 or 12 percent for a mortgage—he simply cannot afford to pay it. A lot of co-workers who even two or three years ago started to build have now had to get rid of their houses.

Therefore it is indisputable: the question of interest-rate policy has got to be clarified as fast as possible for reasons of employment policy. Ultimately, the result of that kind of policy of funneling capital where it gets the highest return, on the basis of speculation instead of investment, can only be total economic chaos. The workforce in every country cannot tolerate that over the long run, and I can imagine that in the future, we will have essentially far more massive political reverberations here, as well, on the issue of high interest rates.

Currency Rates

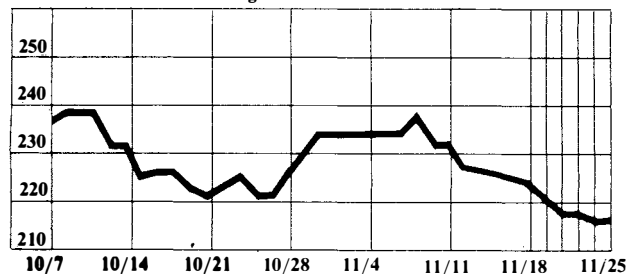
The dollar in deutschemarks

New York late afternoon fixing



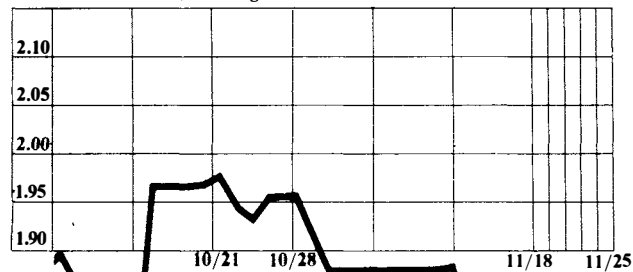
The dollar in yen

New York late afternoon fixing



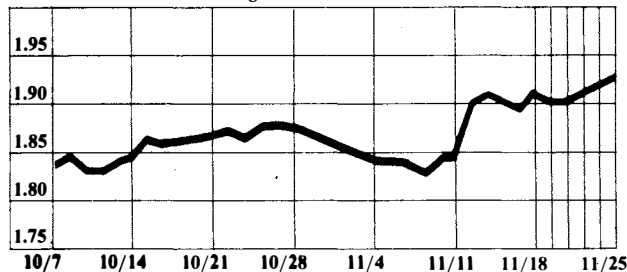
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Nuplexes can provide energy, process heat for the rapid industrialization of Egypt

by Jon Gilbertson, Director of Nuclear Engineering, Fusion Energy Foundation

On Nov. 24, an ambitious program developed by *Executive Intelligence Review* and the Fusion Energy Foundation, outlining how U.S.-Egyptian cooperation in the development of thermonuclear power for electrical energy in Egypt is the cornerstone of a comprehensive Middle East stability plan, was released by Lyndon H. LaRouche, Jr. and the National Democratic Policy Committee (NDPC), whose advisory board he chairs.

The program was commissioned after the Oct. 6 assassination of Egypt's president Anwar Sadat, as an urgent measure to underline American commitment to Egyptian economic growth. Continued progress in Egypt and the entire region is dependent on universal access to nuclear energy. The rapid conclusion of current talks between Washington and Cairo on delivering advanced nuclear technology to Egypt is an essential response to the Dark Ages perspective of Sadat's Muslim Brotherhood assassins. The Muslim Brotherhood is committed to replicating the barbarism of Ayatollah Khomeini's Iran throughout the Middle East. Allowing Egypt, the dominant population and scientific center of the region, to follow Iran would mean disaster for the entire so-called Arc of Crisis stretching from northwest Africa through the Persian Gulf and the Indian subcontinent.

The program proposes a sweeping national development effort by Egypt, centered in the construction of "nuplex" urban centers built around new nuclear power plants. Egypt could achieve in 30 years a living standard on the level of the industrialized West for an expanded population of perhaps 65 million.

The passage of President Reagan's proposal to sell AWACS radar planes to Saudi Arabia puts the potential for Arab-American cooperation at the highest point in years, and the Japanese and West Germans are ready to join in a major effort for development in the Middle East. The Saudi peace plan sponsored by Crown Prince Fahd raises the promise for a comprehensive Arab-Israeli settlement, making peace in the Middle East within reach.

A nuclear-based agricultural and industrial development program for Egypt

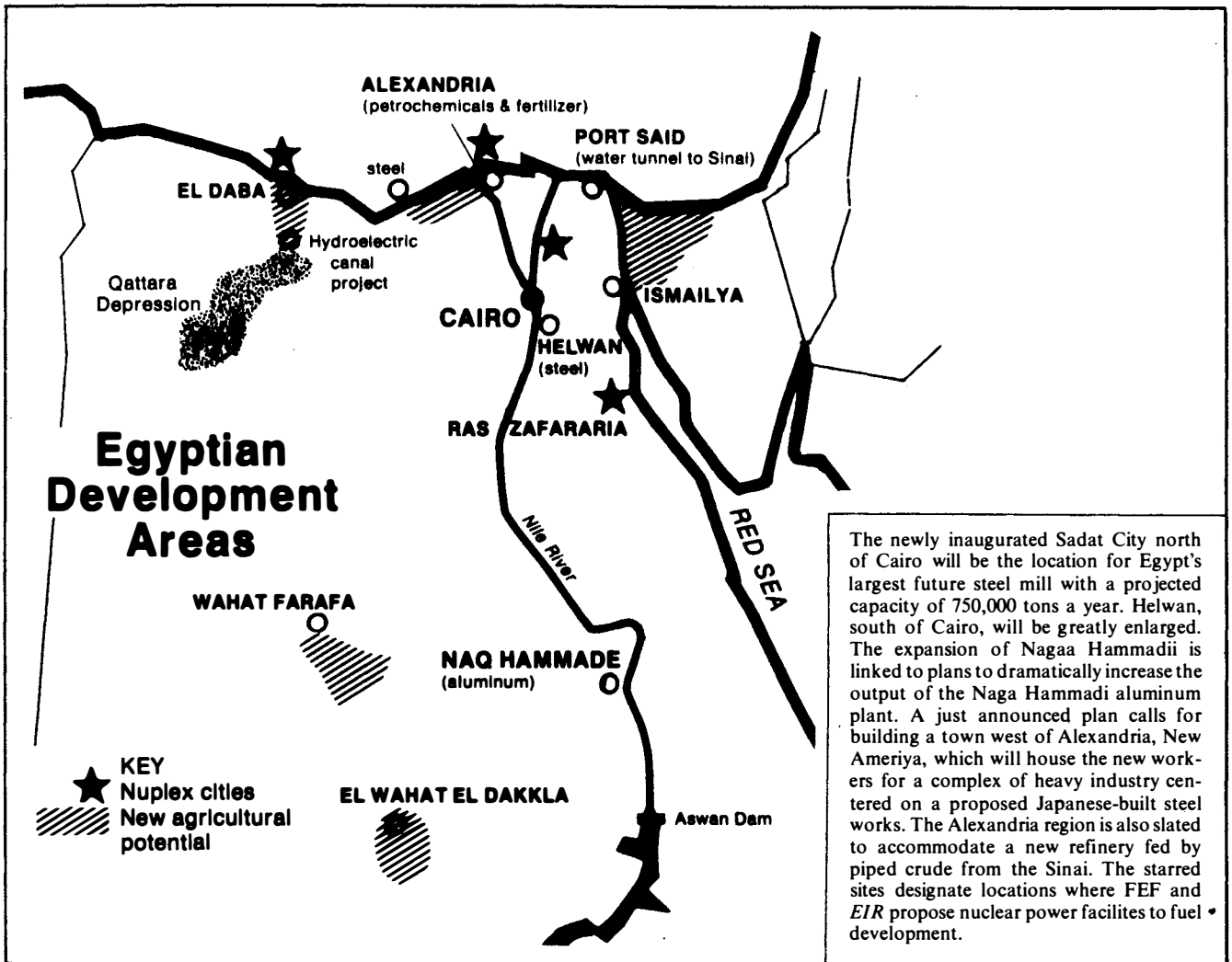
In order to initiate rapid development in the Middle East and North Africa, large amounts of nuclear energy must be introduced as quickly as possible.

State-of-the-art nuclear power reactors—such as pressurized boiling water or heavy water reactors—must be constructed in existing or planned Egyptian urban and industrial centers as part of integrated nuclear-centered agro-industrial complexes ("nuplexes"). Financing packages must be put together by the reactor-manufacturing nations, the U.S., France, Germany, and Japan. In the United States, this means increasing the export financing subsidies and lowering the interest rates of the Export-Import Bank and relaxing the export restrictions now demanded under the U.S. Nuclear Non-Proliferation Act of 1978. Loans to Egypt from other oil-producing nations, such as Saudi Arabia, should play a critical role.

For nearly 20 years, the principal design concept for introducing nuclear power into the developing sector has been the nuplex. Although designs for such installations have been on the drawing boards for years for India, Mexico and the Middle East, none have been built.

The nuplex conception is to apply nuclear power plants in a multi-phased agro-industrial development program. In the first phase, existing water-reactor technologies supply power as the center of an integrated agro-industrial complex, surrounded by residential areas and farmland. Nuclear electricity production frees the area from the confines and bottlenecks of an "umbilical cord" tied to usually distant coal or petroleum resources.

The second development phase applies new reactor technologies now under development to use nuclear power plants as sources not only of electrical power but also of high-quality, high-temperature industrial process heat. The production of cement, fertilizers, iron,



Courtesy of New Solidarity

and other basic metals, synthetic fuels, and many other chemical processes involves tremendous amounts of direct heat input.

This direct heat, usually referred to as process heat, is required at different temperatures depending on the process; the higher the temperature, the more efficient is the utilization. Therefore, in order to make a nuplex highly efficient and thus extremely economical, a nuclear reactor should be capable of supplying process heat at high temperatures. The reactor best suited for this is the High Temperature Gas-Cooled Reactor (HTGR).

Further program phases applying advanced breeder reactors, for example, begin as such advanced technologies come on line.

If nearly all the energy from a nuclear reactor can be used productively, instead of just 30 to 40 percent as is now the case for electricity production, the cost will plummet and the overall productivity effect on the economy will soar. Although the capital investment required to put together a nuplex project is obviously very large, the pay-off will also be very large because of

much-reduced operating costs. Taking the dense, concentrated energy produced from an HTGR, and distributing it to industrial processes and manufacturing plants in the vicinity of the reactor, will provide a unique step-up in a nation's economic output and therefore its living standard.

It will take thousands of people to support and operate the integrated industrial processing centers created by the nuplex. Thus, the construction of cities as an integrated part of such facilities is a key consideration in developing future nuplexes.

Energy growth rates

The goal of Egypt's energy plan will be to achieve a Western European energy density per person within a 35 to 40 year time frame. This will mean increasing Egypt's total energy consumption per capita from the current 3770 KW-hours to the present average Western European consumption of 35,100 KW-hours by the year 2020, an increase of over nine times current levels. Furthermore, since electrification is a vital energy input

into the development and modernization of a nation, a simultaneous goal will be to convert nearly 37 percent of this energy consumption into electricity, again approximately the present Western European level.

Since it is extremely important to use Egypt's reserves of oil, natural gas, and coal for direct applications in industrial and agricultural production, such as steel, fertilizer, petro-chemicals and gasoline/diesel fuel, as well as for export, they should be used as little as possible for producing electricity. All electricity production should be based on nuclear energy and, where possible, hydro-electric projects; since the development of additional Egyptian hydro-electricity is limited, this means most future electricity will be nuclear-generated.

The total energy consumption in Egypt in the year 2020, taking into account this per capital goal and an expected population of about 90 million, is 362 GWt (Gigawatts thermal). Current total energy consumption (using 1978 data) based on approximately 40 million people is only 17.5 GWt. This means that total energy consumption (using 1978 data) based on approximately 40 million people is only 17.5 GWt. This means that total energy consumption must increase by over 20 times today's level. Of this total energy goal, 135 GWt must be used to produce electrical energy, meeting the goal of approximately 46 GWe (Gigawatt electric) consumed per year by 2020, assuming a thermal-to-electricity conversion efficiency rate of 35 percent.

Growth rates for electricity production are assumed to be somewhat higher than the total energy growth rate because of the former's importance in accelerating a nation's development. Between now and 1990, a 7 percent annual electricity growth rate is planned, while during the next decade through the year 2000, a 10 percent rate will be achieved. For the following two decades, the annual growth of electricity consumption will level off at about 8 percent. In order to produce the required amount of electricity, twice as much generating capacity must be installed, based on projected load factors for Europe and the United States.

Thus, using these growth rates and the capacity factor of 0.5, the electrical generating capacity will increase as follows: 3.2 GWe; 1990: 7.2 GWe; 2000: 18.7 GWe; 2010: 42.0 GWe and 2020: 92 GWe.

Total energy growth begins with an average rate of 5 percent from now until 1990, and increasing to 8 percent in the last decade of this century. Between the year 2000 and 2010 an annual rate of 10 percent will be attained, dropping off again to 8 percent through 2020. Thus the total energy consumed in Egypt over this planning period will increase as follows: 1980: 17.5 GWt; 1990 31 GWt; 2000: 67 GWt; 2010: 173 GWt and 2020: 362 GWt. Over one-third of this thermal energy is converted to electricity, and this ratio will continue to increase upwards of two-thirds by 2050. The remainder

of thermal energy is to be used in direct applications, such as for fuel oil, gasoline, and industrial process heat.

Eighty to 85 GWe is to be provided by nuclear energy. A small amount of fossil-fuel-produced electricity is not expected to exceed 2 GWe total, and there will be a few GWe of hydro-electricity, including the Aswan Dam's full capacity of 2 GWe. Contributions from both these sources are not expected to exceed approximately 10 GWe by 2020.

How Oak Ridge began Mideast nuplex plans

by Robert Gallagher

The concept of the nuclear-centered agro-industrial complex ("nuplex") was originated by the scientists and statesmen who formulated President Eisenhower's 1953 Atoms for Peace program. The mid-50s Strauss-Eisenhower plan, named for the President and the first chairman of the Atomic Energy Commission, Adm. Lewis Strauss, called for construction of a nuplex in the Sinai-Negev area of the southeastern Mediterranean coast to be jointly owned and managed by Israel and Egypt.

In 1964, Oak Ridge National Laboratory set to working out the details of the nuplex idea for the Middle East and the entire developing sector of the world economy. Its efforts were spurred by the U.S. Senate's unanimous adoption of Senate Resolution 155, introduced in December 1967 by Senator Howard Baker. The resolution called for building peace in the Middle East through economic development centered around nuclear-based agricultural centers, whose waters would be provided by nuclear desalination plants.

It is the sense of the Senate that the prompt design, construction and operation of nuclear desalting plants will provide large quantities of fresh water to both Arab and Israeli territories and thereby will result in: 1) new jobs for the many refugees; 2) an enormous increase in the agricultural productivity of existing wastelands; 3) a broad base for cooperation between the Israeli and Arab government(s); and 4) a further demonstration of the United States efforts to find peaceful solutions to areas of conflict.

The Oak Ridge scientists, led by Lab director Alvin M. Weinberg, approached their design studies by posing the question: "How can we most quickly bring the developing countries up to the standard of living of the

advanced sector?" Their purpose and motivation was perfectly clear:

(Nuplexes) would provide developing countries a means of combating the imminent food shortages as well as providing a means of "leapfrogging" in their development.¹

The time has come when the energy derived from nuclear energy can be looked upon very seriously as a key for releasing indigenous agriculture from the bondage imposed by the necessity of securing fuel, fertilizer, and power for tillage all directly from the land without energy resources from the outside. . . . Such inputs could free these peoples from the Malthusian limitations hitherto imposed upon their indigenous food supply. . . .²

The Oak Ridge team developed detailed economic blueprints for some 26 nuplex sites around the world. Central to their application of nuclear power to developing sector agriculture was the use of power-intensive processes to obviate the need for raw materials such as naphtha and sulfur for fertilizer production. They also produced designs for nuplex-based production of magnesium, acetylene, aluminum, and many other products; special emphasis was devoted to nuplex steel-making.

The agricultural section of Oak Ridge's main conceptual study takes the Strauss-Eisenhower Sinai-Negev site as an exemplary design for a "food factory" that, depending on crop mixture and patterns, could support between 4.5 and 6.2 million persons, at a cost no greater than 9 cents per day per person in 1967. Water usage per person for this food factory would be equivalent to per person water usage in New York City. The study details water usage, yields, food value, and efficiency for some 10 crops and three principal crop mixes. The team rigorously calculated internal rates of return for both agricultural and industrial production, which demonstrated that the nuplexes would make a profit as high as 19 percent and that the vast Egyptian domestic market was ideal for assimilating nuplex agricultural goods.

A central feature of the Oak Ridge program was to apply nuclear-based desalination to provide irrigation water and reclaim first coastal, then inland, deserts throughout the developing sector—directly following the model of America's own development.

A third of the world's land is dry and virtually unoccupied, while half of the world's people are jammed—impoverished and undernourished—into a tenth of the land area. . . . [T]he fastest-growing region in our own country is the southwest desert, into which Americans move happily, taking their water and power requirements with them. . . . [N]uclear energy—not tied by any "umbilical cord" to coal or petroleum deposits—will play a

significant role in opening up arid areas for human living space.³

A central feature was the expansion of educational institutions to train the skilled labor required to run the nuplexes after a period of transition. They saw that the nuplex would have to be prepared for the introduction of revolutionary new technologies at least every 15 years. They projected a two-phase nuplex program, the first based on light-water reactors and the second on advanced nuclear-fuel breeder reactors. Due to the stagnation of advanced-sector industrial development, virtually the same technologies that were on the drawing boards during the studies are still there today.

¹ "Nuclear Energy Centers: Industrial and Agro-Industrial Complexes," ORNL-4290. Oak Ridge National Laboratory, November 1968.

² Perry R. South, Potential Agricultural Production from Nuclear-Powered Agro-Industrial Complexes Designed for the upper Indo-Gangetic Plain," ORNL-4292. Oak Ridge National Laboratory, November 1968.

³ "Nuclear Energy Centers: Industrial and Agro-Industrial Complexes: Summary Report," ORNL-4291. Oak Ridge National Laboratory, July 1968.

Egypt's current program for economic growth

The centerpiece of the current Egyptian development strategy as defined by the revolving five-year plan is the construction of eight 9We (gigawatt electrical) light water nuclear plants for power generation by the year 2000. The Egyptian Electricity Ministry is expected to begin taking bids for the first two plants in 1982. Over the past 12 months Egypt has signed agreements with the governments of the United States, France, Britain and West Germany to allow for the transfer of nuclear technology to Egypt.

According to projections from the Egyptian government, the eight plants will provide roughly half of the electricity demand by the year 2000. There are three sites for the plants, each site projected to handle up to four plants. Sidi Krier, 20 kilometers west of Alexandria, El Daba, 150 kilometers east of Alexandria (both on the Mediterranean), and Ras Zafararia, about 150 kilometers south of Suez on the Gulf of Suez, have been selected as sites.

El Daba will be the first to see nuclear plant construction, projected by the Cairo government to begin in 1983. Two plants are slated to be built there, to help power New Ameriya, a new city to be built west of Alexandria, and to supply electricity to a new ultra-high-technology integrated steel facility using the direct reduction process with Egyptian natural gas from the Abu Qir gas field.

Egypt's determination to acquire nuclear generating

plants stems from a power crisis, exacerbated by what the Ministry of Electricity estimates to be a net fifteen percent annual growth in demand for power.

Between 1980 and 1990, Cairo aims to increase Egypt's electricity output from the current 4,500 megawatts to 10,000. Aside from bringing on line nuclear plants and smaller conventional projects such as the construction of the 270 megawatt Aswan II power plant, the Cairo regime continues to study prospects for a massive hydroelectric project to flood the Qattara Depression in the western desert about 150 kilometers south of the Mediterranean coast.

Heavy industry features decisively in Egypt's future development plans; expanding Egypt's steel producing capacity is a priority. At present Egypt can produce about 1.7 million tons a year of steel, roughly 75 percent of which comes from the giant Soviet-built Helwan steel complex just south of Cairo. The Egyptian government aims to double output through the construction of two new steel complexes at Al Dekheila and at the proposed new town of Sadat City north of Cairo.

Another facet of Egypt's basic industrial strategy is the expansion of the Nag Hammadi aluminum smelter about 500 kilometers south of Cairo on the Nile. By 1982, the plant will produce 166,000 tons of aluminum per year.

The projections of increased steel and aluminum output intersect plans for construction of new cities to provide the workforce for these industries, and to stimulate new areas of economic growth. Egypt's city-building plans center around relocating population out of overcrowded Cairo and Alexandria.

The largest city-building project, inaugurated late last year, is construction of Sadat City between Cairo and Alexandria, slated to be a heavy-industry site beginning with the above-mentioned steel mill. It will provide homes for well over a million Egyptians. With the enlargement of the Helwan steel complex, the Egyptian development plan also calls for construction of the new city, 15 May City, near Helwan.

Another constraining factor on accelerated development in Egypt is its limited port capacity. At present Cairo has put priority on projects to expand port capacity in the Alexandria region. With a mere 5-million-ton annual capacity, the Alexandria port is currently straining to handle up to 20 million tons a year, and imports through Alexandria continue to increase.

The Alexandria region may well become the center of a new refining and fertilizer production center, since petroleum is piped from the Sinai into that region. The Egyptian development plan foresees integrating nuclear plants on the Mediterranean with the installation of desalination plants to expedite such land reclamation projects and expand Egyptian agriculture beyond the confines of the Nile River.

AID: the chief barrier

An executive with a large U.S. company told *Executive Intelligence Review* that his firm had sent a letter to the White House urging that the United States supply nuclear plants to Egypt as a matter of urgent national security. "If the U.S. is not part of Egypt's nuclear energy program, there is absolutely no guarantee that Egypt won't find itself in the same position that Iraq did," declared the source. "The Arabs know that a nuclear facility built by, say, a European country which exerts little influence in the Middle East compared to the U.S., is no security at all." Israeli destruction of facilities in Egypt, the closest U.S. ally among Arab nations, would mean a violent diplomatic break with Washington.

Under a high-interest rate regime, the private sector cannot independently finance the \$1 billion-plus cost of nuclear plants for Egypt. The traditional source for credit support, the Export-Import Bank, is currently being financially straitjacketed by William Draper III, whose father founded the genocidal Population Crisis Committee, which had a hand in writing Global 2000, along with AID.

The only other government agency which could augment financing of U.S. nuclear technology exports to Egypt is AID itself. At present AID grants to Egypt approach close to \$1 billion a year, larger than the rest of AID's total grants to the developing sector. But, according to AID's founding guidelines, it *cannot fundamentally underwrite* the transfer of nuclear technology, even for peaceful purposes, to any developing nation.

Instead, as AID's massive program in Egypt illustrates, the agency promotes economic policies based on the Hong Kong "free-market" model, and decentralized, small-scale labor-intensive rural programs. American businessmen attempting to engage in industrial agreements with Egypt have complained about the role of AID's Cairo mission director, Donald Brown, in sabotaging such deals.

An official with the State Department's Near East Desk on Environmental Affairs who works closely with the AID division was adamant that "never in a million years will AID support nuclear exports to Egypt or any other country. "If the President told AID to use the \$750 million slated for Egypt next year to go towards nuclear plants, AID would resist; this is not AID's image. But I'm really not worried about it. It is true that Reagan would like to sell the plants to Egypt and the nuclear industry is doing heavy lobbying. But in the final analysis, I think it won't come to pass." Queried about his confidence on the matter, this self-professed Arabist admitted that he and his co-thinkers were counting on "the Israel lobby to take care of the whole matter."

WorldTrade

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$2 bn.	Libya from U.S.S.R.	The Soviets are building for Libya a nuclear-powered desalination facility. Atomenergoexport, the prime contractor, is supplying the nuclear electric plant with 2 of their 440-mw pressurized water reactors. <i>International Construction Week</i> reports French, W. German, and Yugoslav bids for desalination technology and other subcontracts.	First full-size nuclear-powered desalination plant in the world.
\$310 mn.	Mexico/Japan	240 bilateral deals signed during Nov. by Japanese trade mission to Mexico. Some are for triangular transfer of technology to 3rd countries.	
\$4 mn.	Mozambique from U.K.	Fluor Corp.'s English subsidiary was awarded contract for feasibility study on producing ammonia-urea fertilizer from Mozambique's estimated 1-2 trillion cu. ft. natural gas field south of Save River. Fascinating contract for radical black Maputo govt. because Fluor is heavily involved with South Africa's SASOL project, and Morgan Totta, part of the Portuguese colonial oligarchy which once ruled Mozambique, is financing study.	Geco (Norway) and Western Geophysical (U.S.A.) conducting new offshore seismic studies; gas key to 10-yr. plan.
\$100 mn.	Brazil from South Africa	Perry Oppenheimer's Anglo-American of South Africa and the Bozano-Simonsen Bank of Brazil will invest \$100 mn. in expanding their jointly owned Brazilian gold mine, Morro Velho, which will produce 4 tons of gold this year. Brazil partner, former Finance Min. Mario Simonsen, runs family bank and sits on Citibank International Board.	Brazil expects double gold production this yr. and 30 tons in 1984. Govt. monopoly imposed on all mined gold.
\$52 mn.	Canada from U.S.	Scott Paper is building a 40,000 tpy toilet-paper mill at its New Westminster, B.C. plant.	
\$211 mn.	Iraq from U.K.	Iraqi govt. gave urban highway contract to Kier International. Biggest British order from Iraq in recent years.	British exports to Iraq at \$935 mn. this year, up over 50%.
\$285 mn.	Greece from France	Alsthom-Altantique contracted for 2 coal-fired 300-megawatt electrical stations in Amyntheon.	
\$350 mn.	Indonesia from U.S./West Germany	Indonesian govt. is building 3 mn. tpy open-pit coal mine on Sumatra. Morrison-Knudsen and Rehnbraun Consulting received \$45 mn. contract for design and construction management.	
UPDATE			
	West Germany from U.S.S.R.	On eve of Brezhnev visit to Bonn, Ruhrgas announced final agreement to purchase 10 bn. cu. meters of gas per yr. from U.S.S.R. W. German companies already have \$4.5 bn. in construction and supply contracts for the 3,000-mile pipeline to carry gas from Siberia. Ruhrgas did not reveal price formula, which had been sticking point until now. Ruhrgas has held to indexing to German fuel oil prices, while Soviets sought OPEC crude link.	Biggest East-West deal ever. U.S. govt. failed to convince W. Germans that getting 5% of their energy from U.S.S.R. was dangerous.
\$1 bn.	India from Japan/Kuwait	Mitsui seeking Japanese govt. financing for 1,000 mw coal-fired electric plant in India's Uttar Pradesh. Mitsui will also develop coal mines and run the project on a turnkey basis.	Kuwait has loaned \$33 mn. for coal-handling plant.

Bond option not to be ignored

Andrew Racz's proposal before the presidential Gold Commission has some powerful backing.

Princeton Professor Peter Kenen's closing *bon mot* before the Nov. 18 session of the President's Gold Commission, warning of possible circumstances "where gold could be the only acceptable means of international payment," could have served as the introduction to a plan proposed by another witness: Andrew Racz, an erstwhile specialist in speculative securities like Charter Oil and Resorts International who now heads his own firm, A. Racz and Co., in New York.

Racz, who first raised the notion of offering low-interest bonds backed by a conversion offer into precious metals in 1976, offered a plan to "activate American interest and American monetary power" by offering gold-backed bonds at low interest rates on domestic and international markets.

A special twist to the Racz plan, absent in similar proposals offered by former Council of Economic Advisors Chairman Alan Greenspan and others, is to employ the proceeds of such bond sales to reorganize the debt of troubled East bloc economies, as a bargaining chip to force the Soviets into arms negotiations to U.S. advantage. The strategic feature of Racz's plan attracted interest from Commissioners Henry Reuss (D-Wisc.) and Fed Governor Henry Wallich during the Nov. 18-19 hearings, according to the Treasury's discussion transcript.

Even more interesting is the interest shown by former President

Nixon, whose counsel is still important among the circle of former Republican cabinet members, including George Schultz, Alan Greenspan, and Arthur Burns, who advise President Reagan.

"I consulted President Nixon and he was favorably inclined to use monetary measures for international negotiations, as opposed to relying on military strength alone," Mr. Racz said in an interview. "He agreed that we have superiority over the Soviets in the monetary field. He suggested calling the gold-backed securities 'defense bonds.'"

Mr. Racz's new firm was capitalized, in part, by political operators like Strook, Strook and Lavan partner Maxwell Rabb, the New York fundraising chief for the Reagan campaign who now is American ambassador to Italy, and by former British Conservative Party leader Edward DuCann. Both are men who play on the rougher side of the financial markets; e.g., Mr. Rabb was at one time chief operating officer of International Airport Hotels, a company linked to reputed criminal financier Meyer Lansky, while Mr. DuCann was receiver for the British assets of Investors Overseas Service after Robert Vesco bankrupted it. But they are also well-connected among the elite of European investment banking, and Mr. Racz's views may be assumed to have substantial interest among the circles who have made virtually all monetary policy since the Spanish bankruptcy of 1577.

Mr. Racz's emphasis is definitely on the political side of his plan. "I recommend that under certain circumstances the U.S. Treasury should start exchanging the bad debt of Western banks given to Poland with U.S. Treasury bonds which we obtain through the floating of gold- and silver-backed bonds in the American market. . . . The trump card would be passed through monetary and political levels to the hands of the President of the United States. . . ."

In many ways, the issue of Soviet power and the gold issue is considerably more complex than Mr. Racz has presented it. Hungary's petition to join the International Monetary Fund, and the parallel probes of the Hungarian central banker Dr. Janos Fekete towards the convertibility of the Hungarian forint into Western currency, bespeak a monetary-political game from the Soviet side. The Soviets are not so deaf as not to hear the calls for a European currency bloc, issued by Prof. Robert Triffin and others in the European bureaucracy who believe that an American depression will engender a European split; the Soviets suspect that there is something in closer monetary relations to a "decoupled" Europe for them. In different wrappings, the gold argument may be used to project Soviet as well as American geo-political designs.

Nonetheless, the importance of Mr. Racz's intervention before the Gold Commission is that he has offered a plan which an administration unable to easily finance its budget deficit nor stop the present economic decline will have difficulty ignoring. It is not to be left out of the next few months' political reckoning.

Illiquidity out of control

Paul Volcker has created a nightmare of mounting interest payments for corporations.

Most key indicators of corporate liquidity and debt maturity plummeted at a catastrophic rate during the first three quarters of 1981, a preliminary *EIR* survey on this subject has found.

Most key ratios of corporate liquidity had badly deteriorated over the last two decades. In 1981, the ratios suddenly went altogether haywire, because high interest rates are forcing contractions in production, and also leaving corporations with no protective cushion in the event of a call-in of bank lending. Quite literally, U.S. non-financial corporations have become addicted to short-term debt financing, which carries with it interest rates above 15 percent. The U.S. economy is now completely non-resilient, and Paul Volcker is promising to keep credit tight even as the U.S. economy enters into recession. Such pressure is enough to snap the daisy-chain of corporate financing and unleash bankruptcies on the scale of the 1930s.

The measure of dependency on short-term debt is evidenced by the fact that during the first three quarters of 1981, U.S. non-financial corporations added \$65.5 billion of short-term debt obligations—short-term bank loans, commercial paper borrowing, banker's acceptances, finance-company loans etc. This debt expansion shows up in the debt-maturity ratio that measures long-term debt divided by short-term liabilities. In 1945, this ratio was 4.44, meaning that for every

dollar of short-term debt, a corporation had \$4.44 in long-term debt. Since long-term debt carries lower interest rates, and has to be rolled over less often, it is far less draining and destabilizing for corporate treasuries. By 1980, this ratio had fallen to 2.62. It plummeted to 2.54 during the first quarter of 1981; 2.45 during the second quarter; and 2.33 during the third quarter; a decline of 11 percent in the ratio in nine months. Corporations are desperate to fund out long, that is, transform some of their short-term debt into long-term bonds, but possibilities are very limited overall.

Next, there is the ratio of liquid assets to short-term indebtedness, known as the liquidity ratio. This ratio indicates how long a company can run on internal sources of funds if need be, particularly in the event that some or all of its debt is called in. The broadest and most accurate liquidity ratio is liquid assets (cash and securities, usually Treasury bills, that can readily be turned into cash) in relation to short-term liabilities, which include not only short-term corporate borrowings from a bank, but also commercial paper issued by corporations, bankers' acceptances, finance-company loans to corporations, and so forth. In 1945, the ratio was 4.84, meaning that in the event of emergency, for every \$1 of short-term liability, a corporation had \$4.84 in liquid assets in its treasury to cover the liability—a very secure position indeed.

The deterioration in this ratio has been steady, accelerating downward during the 1970s. In 1977, the ratio was 0.74, meaning that for every \$1 in short-term liabilities, corporations only had 74 cents in corporate liquid assets. By 1980, this ratio was 0.62; and it fell to 0.59 by the third quarter of 1981.

The tremendous cost of debt service is the force undermining these ratios. In 1960, all U.S. non-financial corporations paid a total of \$5.28 billion in interest charges on debt. In 1970, that figure was up to \$23.36 billion. By 1978, the interest charge on debt service was \$70.6 billion.

Then it started to zoom up at a geometric rate. In 1979, it was \$93.1 billion. In 1980, it reached \$119.5 billion. By the end of the third quarter of 1981, it stood at \$167.7 billion, after a stunning increase of \$48.2 billion in just nine months.

To appreciate the magnitude of the increase, compare the increase in interest payments between the end of 1980 and the first three quarters of 1981, that is \$48.2 billion, with the increase in total corporate credit extensions of all types between the end of 1980 and the first three quarters of 1981, that is, \$81.8 billion. Fifty-nine percent of all new credit extended for the first three quarters of 1981 went just to finance the increase in new interest payments. This ratio compares with 58.5 percent in 1980, and only 35.4 percent in 1977. Corporations are being looted just to pay new interest on debt, or in other words, Paul Volcker's tithes.

Now, given that corporations are loaded up with all these new interest obligations on debt, what happens if Paul Volcker and banks call in credit during a recession?

Business Briefs

Energy

Mideast war threat behind Mobil super-bid?

The Nov. 24 announcement by Mobil Oil that the "Seven Sisters" oil company had raised its bid for Marathon Oil from \$82 to \$126 per share, or to \$6.5 billion, coincides ominously with warnings by Saudi Arabia's Sheikh Yamani of a "new oil shock" earlier this week.

Mobil rejoined the bidding war over Marathon, whose largest stockholder is Dope, Inc. figure Max Fisher, following a "friendly" takeover offer by U.S. Steel, which had bid \$125 per share. Mobil obtained an injunction in federal court against stockholders acting upon the U.S. Steel offer Tuesday, on technical grounds, and then came in with a slightly higher offer.

Most significant in the merger—apart from the fact that Fisher and his friends would come away several hundred million dollars richer—is that Marathon's principal reserves are in Texas and the North Sea, with little in the Mideast.

The two big corporations' willingness to pay so much for a smaller oil company in the context of a continued worldwide production glut, and imminent further collapse of oil demand due to world depression, indicates that they expect a cutoff of supplies from the Mideast, and will pay a huge premium to develop on-shore supplies here.

Transportation

Soviets attack British shipping cartel

Soviet Minister of Merchant Shipping Timofei Guzhenko issued an attack on the "aggressive behavior of Western shipowners" and claimed that the intense rate-cutting by Western shipping interests has damaged world shipping and reduced Soviet and East-bloc shipping to bilateral trade.

Other "Soviet sources" quoted by Morgan Guaranty's *Journal of Commerce* recently have accused Western shipping interests of rate-cutting "to regain control over primary sources of raw materials in the Third World."

The British who control most world shipping through vastly complex corporate structures have promoted cargo quotas, "leveling taxes" and other commercial and political containment operations to keep the Soviets out of the Baltic, North Atlantic and Pacific.

If allowed to freely compete, Soviet roll-on, roll-off ships would gain a small but secure portion of world liner traffic.

Post-Industrialism

Center's odd economists counter Reaganomics

The Center for Democratic Policy, the public policy research organization inspired by Cyrus Vance to develop Democratic Party alternatives to Reagan administration policy, is drawing on the advice of an interesting group.

Recent recommendations to the center urging vast increases in U.S. productivity have come from MIT economist Lester Thurow, consultant Arnold Packer, and former New York gubernatorial hopeful Howard J. Samuels.

Samuels's most notable economic contribution involved legalizing gambling in New York State, especially the establishment of the Off-Track Betting Corporation, which he headed. Packer is a top consultant to Control Data Corporation, where the primary economic focus is on technological and educational gimmicks designed to train illiterate portions of populations in the U.S. and abroad to perform robot-like functions in "sunrise" industries like electronic component assembly. Thurow shares this commitment to the "sunrise" sectors, recommending the natural death of U.S. heavy industry. Thurow, like Samuels, bases his economic tenets on gambling, concluding in his recent best-seller *Zero Sum Society* that the fundamental dy-

namic in the economy is that you win some and then you lose some.

Trade

Slow exports threaten West German recovery

New and more pessimistic estimates of West Germany's trade prospects for 1982 have brought Germany's expected economic recovery into question. Government and private forecasts have put expected growth for next year at 1 to 2 percent, based on expected rising exports. The recovery perspective included a projected halving of this year's current account deficit from the present DM 25 billion level. However, the West German daily *Handelsblatt* commented Nov. 25, "There is no reason for euphoria; no one is really sure that next year's deficit will really be lower than this year's." The same point has been made by spokesmen of the opposition Christian Democratic Union.

An additional weight bearing on the 1982 balance of payments is the German repayment obligations on some DM 34 billion in debt assumed during 1981. Repayment during the next few years will be in the order of DM 5 to 6 billion per year.

Gold

LaRouche reserve program presented in Washington

Executive Intelligence Review conducted a Nov. 24 seminar in Washington, D.C. on *EIR* founder Lyndon H. LaRouche Jr.'s program for a gold-reserve system to create credit for world industrial growth.

National Democratic Policy Committee representative Anthony Papert contrasted the LaRouche proposal for a gold-reserve system with that of Lewis Lehrman and *Wall Street Journal* contributor Jude Wanniski for a British-style

gold standard. Using gold as a reserve asset would enable countries to expand credit for industrial and agricultural growth as Hamilton and Washington did to honor the national debt, whereas the British gold standard is a deflationary tool to curb industry, he said.

Papert emphasized that LaRouche demands that the Federal Reserve Board be abolished and gold-based credit creation be effected by the Treasury.

EIR Economics Editor David Goldman told the 60 foreign-embassy and U.S. government officials that America is being bankrupted today just as Spain was bankrupted by the Hapsburgs in the 16th century. The cause of America's problems is the offshore money operators who make demands on the U.S. economy without investing in it. The gold reserve system is the only way America can preserve itself and build projects like the Oak Ridge style nuplex development program for Egypt, on the drawing boards in the late 1960s.

Electronics

U.S. computer hardware production soft

The buoyant market for U.S. mainframe computer manufacturers has turned suddenly soft this year with computer companies reporting a mere 1 percent annual rate increase in production employment through the first nine months. For the years 1977-80, employment increases averaged 14 percent per year.

The industry has blamed high interest rates and the high value of the dollar for its sluggish export sales, but analysts believe the core problem lies in providing adequate software to make use of the computer machinery.

Software costs, only a fraction of computer-related expenses in the first two decades of the industry, are now more than double the outlays for equipment. Companies plagued by breakdown of their often patched programs have remained unwilling to invest in new systems.

The one bright spot in the industry

outlook is for small computers valued at under \$10,000 per unit. Worldwide 1981 sales are expected to be nearly 800,000 units, up from 350,000 units in 1979.

Monetary Policy

BIS plan to come up at European summit

Bank for International Settlements outgoing President Jelle Zijlstra, the former President of the Dutch central bank, offered a plan during the last International Monetary Fund annual meeting in October which *EIR* characterized as the one serious crisis-preparation discussed during that affair.

According to European press reports, the French Finance Minister Jacques Delors is now trying to persuade his European colleagues to make it a priority agenda item at the upcoming summit meeting of European heads of state.

Delors said that France will press for "strengthening of the European Monetary System," the fixed-rate currency group founded by French President Giscard and West German Chancellor Schmidt in July 1978. In Mitterrand's political jargon, strengthening the EMS translates into creating a European currency bloc in a protectionist move against the U.S. dollar.

In addition, Delors is now reportedly arguing that the European bloc and the United States should create a zone of fluctuation for the dollar against the international parities of European currencies, which the Europeans would help to maintain. That is close to the Zijlstra plan, which argued that central banks must move towards managed exchange rates in place of the present system of floating rates.

Zijlstra's argument was based on a scathing critique of the Federal Reserve's ability to manage the U.S. monetary situation. He argued instead that central banks must get together to control the rate of domestic credit creation through direct enforcement, and manage both exchange rates and the gold price.

Briefly

● **HENRY WALLICH**, who attends the monthly Bank for International Settlements meetings on behalf of the Federal Reserve, said in a Nov. 21 speech, "The simple arrogance of saying that the gold standard is ridiculous and not worth talking about is not supported by any superior performance of alternative methods of regulating our monetary affairs." Only by arguing from "the assumption that in the future we can handle our affairs better than we have in the past," Wallich said, can the gold standard be opposed. He concluded that U.S. gold should be kept in reserve because gold would not be pushed out of the monetary system.

● **COMMODITY PRICES** have taken a sharp downturn from their July-August levels. The most dramatic decreases have been copper, down 20 percent; corn down 25 percent; cotton down 20 percent; silver fallen by 30 percent; sugar off a third; and soybeans down 18 percent. The price plunge, created by international commodity traders who control the world commodity exchanges, is aimed at depriving underdeveloped countries of vital revenues.

● **DREW LEWIS**, U.S. Secretary of Transportation told the Com-muter Airline Association of America that interest on the federal debt will top \$100 billion in the 1982 fiscal year, which ends next Sept. 30. *EIR* estimates interest payment will exceed \$119 billion.

● **EDWARD I. KOCH**, who campaigned successfully for a second mayoral term as the man who turned the corner on New York's finances has suddenly discovered that the city is facing its worst crisis since 1976. Before the election, Koch claimed a \$100 million budget surplus, and promised the rehiring of 2,300 patrolmen, 450 sanitation men, 440 teachers, and 375 firefighters. Koch now says there is a \$1 billion budget gap.

Dope, Inc. versus the White House: the Max Fisher scandal

by David Goldman, Economics Editor

President Reagan's Oct. 29 victory over opposition to the sale of advanced radar aircraft to Saudi Arabia concluded one of the most extraordinary episodes in American political history, in which a fairly routine action on behalf of an essential American ally and trading partner nearly foundered upon opposition in the American Congress. As the following materials document, United Brands' Max Fisher, ex-Purple Gang hood and associate of bootleggers and buttonmen, was the center around which the opposition revolved. Recently under attack in the Israeli press for withholding funds raised by American Jewish charities from their destination in Israel, Fisher has been one of the most powerful, and most controversial, figures in the American Zionist movement.

As *EIR* reported last week, the pressure on President Reagan has by no means let up following the AWACS vote. Max Fisher, the chairman of the Republican Party's Jewish Advisory Committee, met with Vice-President George Bush, and then on Nov. 19, the President met with 33 top financial contributors to his campaign who were reportedly seeking "reassurances" that Reagan would not pursue a comprehensive Middle East peace along the lines prescribed by Saudi Crown Prince Fahd, which proposes that Israel and the Palestine Liberation Organization recognize each other's right to exist. These meetings were preparatory to a heavy deployment to the United States in late November by members of the Menachem Begin government of Israel, including Defense Minister Ariel Sharon and, in a last-minute addition, Foreign Minister Yitzhak Shamir.

The threat being communicated by these circles is that if Reagan failed to deliver an "exclusive" U.S. military alliance with Israel, he risks an Israeli invasion of Lebanon and Republican defeat in 1982. Yet, it would be a mistake to identify the current pressures on Reagan as merely, or even principally, Israeli in origin, as Lyndon LaRouche indicates below.

In fact, Sen. Robert Packwood and other leaders of the opposition to the



Max Fisher (center) with Henry Kissinger on Aug. 18, 1975.

AWACS sale to Saudi Arabia acted as Fisher stooges in the recently concluded matter. The White House threw tremendous resources into the fight, with the understanding that not merely the issue at hand, but the President's fundamental ability to make foreign policy, was at risk.

The circumstances that give such power to a private citizen whose public character—despite the occasional laudatory article in the business magazines—can charitably be described as picaresque, are still far from clear.

Max Fisher, command substantial resources though he may, is not a large subject of interest in himself. His rise from leadership in Detroit's Purple Gang during the 1930s to a position of great influence (over former President Jerry Ford, who accepted a directorship at Fisher-associated Charter Oil, among others) raises—or at least should raise—some basic questions about how political and corporate power works in America. In police terms, Max Fisher, like his partner in the ownership of United Brands, Carl Lindner, is a cutout for something far older and nastier than the Detroit underworld.

To investigate the "Max Fisher case," *Executive Intelligence Review* has brought together the members of the team that wrote the 1978 bestseller *Dope, Inc.*, the book that revolutionized drug enforcement by revealing the highest levels of "Britain's Opium War Against the United States."

Collaborating in the section on Max Fisher's links to the international drug trade are *Dope, Inc.* co-

authors Jeffrey Steinberg and myself. Dennis Small, Latin America desk editor of the *EIR*, who is supervising the Latin American chapters in the second edition of the book, wrote the section below on Fisher and the destruction of Central America. Finally, Lyndon LaRouche, who commissioned *Dope, Inc.* and guided the team of researchers that produced the book, provides an overview of the current conspiracy against the Reagan White House and the President's life.

The East India Company heritage

Since the 1858 Sepoy Rebellion gave a bad name to Britain's East India Company, the Company's sponsors have preferred to spin off the dirtier side of its operations into separable entities which may be disowned when necessary. For Asia, the new incarnation of "John Company," the inheritor of the old Venetian trade network in opium, spices, and slaves, became the 1864-founded Hongkong and Shanghai Bank, still the central bank for the world opium traffic. For Latin America it became the New Orleans and Boston-based United Fruit Company.

The sometimes bewildering change of faces at United Fruit—from the old, odd alliance of New Orleans gangsters and Boston Brahmins of the 1930s to the Max Fisher-Carl Lindner combination now at the helm—does not really disguise a long-term continuity of operations.

It represents a bridge between apparently respecta-

ble finance and a ground-level ability to conduct coups d'état, arrange political assassinations, farm and market large quantities of narcotics, and launder the resulting cash flow back into the apparently respectable channels of banking.

The corporate form as such is a "black box" through which the complex requirements of this activity may be brought together. If the line of narrative jumps between Swiss high finance and the gutter of Florida racketeering, it merely follows the actual chain of command.

It also leads into the State Department, for example, in the person of Joseph Sisco, a former operative in the areas of Asian and Mideast policy, whose wife is a UB director.

United Fruit Company's founding at the turn of this century was a transplantation of the Odessa-to-Baltic grain trading interests that, at the height of Venetian mercantile power, came to control the finances of the Ottoman Empire, playing a central role in Russian-Turkish diplomacy. The Venetian Capodistria, who wrote the modern Swiss constitution after the 1814 Vienna Congress in his capacity as Russian foreign minister, established the links between Switzerland and the Eastern European banking families de Comondo, de Hirsch, and de Gunzberg. In 1850 the seat of the Venetian grain trade moved to Switzerland when the Iselin family of Swiss Bank Corporation organized Louis Dreyfus and Company, now the world's number-three grain trader.

The same Iselin family sponsored United Fruit's formation at the turn of the century through Central Trust of New York, the commercial bank which controlled all the rail routes (including the predecessor of the modern Illinois Gulf Central) from New Orleans to the Midwest grain belt. Central Trust board member André Iselin and fellow board member Samuel Untermyer, the trustifier of the Midwest grain milling industry, reincarnated the old Venetian monopoly over grain trade in the United States. Local New Orleans thugs like Nicholas Zemurray, and Boston shipowning interests who had hauled opium for the East India Company since 1820 (e.g., the Forbes and Cabot interests) merged into United Fruit Co. under Central Trust sponsorship.

Central Trust became, in 1929, Hanover Trust, and in 1968 merged into Manufacturers Hanover Trust.

Despite the long stretch of time, the old relationships are perfectly intact; the former treasurer of old Hanover Trust, Charles Woodruff, still directs the finances of United Brands, the successor organization to United Fruit since 1975.

Woodruff is the only outside director on the board of closely held American Financial Corporation, the Carl Lindner holding company that controls 38 percent of the shares of United Brands. American Financial Corporation, apart from its relationship to the old

United Fruit special operations in the Caribbean, is a major capability for laundering of illegal money, including narcotics revenues, in the United States, the successor to the Robert Vescos, Bernie Cornfelds, Stanley Goldblums, and Michele Sindonas of the early 1970s.

An overview

This umbrella shelters virtually every corporate miscreant who has made headlines in the last ten years' worth of financial press. Reliance Corporation's Saul Steinberg is 40 percent Lindner-owned. Meshulim Riklis's Rapid-American Corporation, number one on the Customs Service Watchlist for U.S.-Canadian border violations, the heir to the old Louie Rosenstiel/Schenley's bootlegging empire, is 40 percent Lindner-owned. Corporate asset-stripper Victor Posner, reputed to be a quasi-legitimate frontman for Meyer Lansky interests in the corporate sector, is 10 percent Lindner-owned. Charlie Bluhdorn's Gulf and Western Co., which arranged the purchase of Franklin National Bank by Italian dirty-money specialist Michele Sindona, is 8 percent Lindner-owned. The Jacobs brothers' Sport-Services, denied airport concessions in Atlanta in 1979 because of alleged organized crime connections, and the reputed source of the contract against murdered Arizona reporter Don Bolles, is in a political partnership with Carl Lindner's American Financial Corporation in the state of Ohio. Insurance-company scam specialist turned Justice Department paid informer Joe Hauser was finally bagged on a 1976 attempted multimillion-dollar insurance fraud in cooperation with Carl Lindner's insurance companies, which are widely suspected to using fake insurance policies (on the model of the old Equity Funding Life Insurance Company) as a cover for smuggling drug money.

The questions

Full treatment of the relevant issues would require book length, and will receive such in the 1982-scheduled second edition of *Dope, Inc.*, New Benjamin Franklin House, New York. But this Special Report begins to answer a set of questions which nag at every political intelligence specialist in the world: Why can masses of illegal drugs be grown under the nose of the United States in countries nominally friendly to the United States? How can they find their way into American cities? How can \$100 billion per year in illegal narcotics revenues evade the tax authorities? How can former bootleggers of the Bronfman-Riklis-Jacobs variety turn into some of the most powerful men in corporate America?

The answer, in summary, is that what once was called the Venetian Empire, and then the East India Company, is currently alive and well in the United States.

Who is the real Max Fisher?

by Jeffrey Steinberg,
Counterintelligence Editor

Max Fisher and a small group of his business associates are at the core of a group of corporations uniquely structured to carry out drug and money laundering on a multibillion-dollar scale. Without such a structured corporate interlock, a drug plague of the scale afflicting the United States would be precluded.

United Brands

In February 1975, United Brands (UB) Chairman of the Board Eli Black walked out of a window on the 44th floor of the Pan-American building in New York City. Within two months of his mysterious death, Max Fisher was appointed acting chairman of the company, and subsequently became its new Chairman of the Board. By 1975, Fisher and two his close associates, Carl Lindner of Cincinnati and Seymour Milstein of New York City, held a total of 48 percent of the stock of UB and its subsidiary companies.

Fisher's appointment was sponsored by two individuals: Sol Linowitz and Donald R. Gant, a Goldman, Sachs partner and Henry Kissinger associate. The Carter administration's special envoy for Panama Canal treaty negotiations, Linowitz is an international policy adviser to Maritime Fruit Company, the Israeli counterpart to United Brands, and sits on the board of Marine Midland Bank, which in 1979 merged with the Hongkong and Shanghai Banking Corporation, long the central clearinghouse bank for the Golden Triangle Far Eastern heroin trade.

One of Fisher's first actions as board chairman was to appoint Bert C. Reiss as Vice-President in charge of transportation. Reiss came from National Bulk Carriers Corporation (NBC), a firm involved in shipping and construction throughout Latin America. NBC is owned by Daniel K. Ludwig, an associate of Meyer Lansky who was responsible for the harbor-dredging project that led to the building of the scandal-ridden Paradise Island. Once at UB, Reiss excluded all non-company cargo from United Brands ships and from its New Orleans port facilities, throwing a shroud of total secrecy around the company's Caribbean/Central

American shipping activities.

On the way up

Fisher's early career was shaped by his association with such Detroit Purple Gang figures as Jack Rothberg, who helped him get started in the oil refinery business. In the late 1930s, Fisher was introduced to Julius Klein, a Chicago-based career military man and unofficial liaison between the Purple Gang and the Jewish underground in Palestine, and later a consultant on the formation of the regular Israeli armed forces and the Mossad secret service.

Beginning in 1957, Fisher was laundered into a position of greater respectability. Shell Oil Palestine, Ltd., Shell Chemical Palestine, Ltd., and Eliat Pipeline Company were sold to the Israeli-registered Paz Oil Company, and Fisher was allowed to buy one-third interest in Paz. An equal share was simultaneously purchased by the Swiss-Israel Trade Bank, whose managing director was Julius Klein. Closely linked to Swiss-Israel Trade Bank was the Banque de Credit Internationale (BCI), implicated in the early-1960s Permindex assassination attempts against Charles de Gaulle as well as the murder of President John Kennedy. BCI Chairman Tibor Rosenbaum was the Mossad's first Minister of Finance and Supply, and BCI's manager Sylvain Ferdman, a Swiss national, was reported by *Life* magazine in 1967 to be a prominent bagman for Meyer Lansky. Permindex itself was overseen by Major Louis M. Bloomfield of Montreal, with whom Max Fisher worked directly in smuggling arms to the Haganah in Palestine.

Through his Paz holdings, Fisher next bought into a significant piece of the Israeli state sector, and gained half ownership in Zim Shipping Company, the largest line in the Middle East, one of whose ships was exposed in 1978 by the *Jerusalem Post* as carrying millions of dollars worth of liquid hashish into New York.

At the time he purchased his Paz shares, Fisher's small Midwestern oil company, Aurora Oil, merged with the Marathon Oil Company of Findley, Ohio; Marathon, with Amerada Hess and Continental Oil, shortly thereafter opened up the first exploratory projects in Libya.

And, in 1967, Fisher further expanded his transportation holdings by picking up a sizeable piece of the Fruehauf Trucking Company.

Carl Lindner and AFC

Carl Lindner's own surfacing over the past two decades as a major figure in the U.S. financial world is a mystery. Despite his heavy holdings in such corporate giants as Gulf & Western, UB, Rapid-America, the *Cincinnati Inquirer*, Warner Communications, and Charter Oil, no source, public or private, has been

willing and able to identify the source of initial capital that enabled Lindner to launch the American Financial Corporation (AFC) in 1959. One source, a former financial consultant to AFC, acknowledged to *EIR* recently that Lindner's portfolio represents one of the most airtight money-laundering capabilities he has ever run into. Modeled on the Equity Funding Insurance Company, Lindner's operation includes over 70 shopping centers, 150 fast-food operations, one major commercial bank (Provident Bank of Cincinnati), and a string of insurance and re-insurance companies.

Among Lindner's financial holdings are a 28 percent share in UB, a piece of Rapid-American (owned by Israeli financier Meshulim Riklis, and in turn owner of Schenley Liquor, founded by Armand Hammer), a share of Gulf & Western (see article page 27), and a share of the Saul Steinberg Reliance Group. In 1979, Lindner bought an additional 26.4 percent of Charter Oil's common stock, providing much-needed liquidity at the moment Charter was sealing its contract with Qaddafi.

Midwest Air Charter and AAF

During 1979, *EIR* investigators were told that 1) the Midwest Air Charter Company was smuggling drugs across the United States, and 2) the company was a secret Fisher holding, maintained through one of his Marathon partners and through individuals at Charles Allen & Company investment house, at SportServices, and at the J. M. Kaplan Fund. What the researchers were able to uncover was a highly unusual feature of the Midwest Air Charter operation.

Since 1972, Midwest Air, which is partly owned by the better-known Airborne Air Freight (AAF) of Seattle, has maintained a contract with the Federal Reserve to deliver "time-sensitive documents" among the Fed districts around the country. Forty percent of every Midwest Air flight is taken up by these Fed documents; the remaining space is used by Midwest's only other client—AAF. Midwest has special arrangements with airport security agencies at most of the ports covered: no cargo searches are carried out.

According to *EIR*'s original sources, the Midwest Air Charter flights would receive their Far East drug cargo at the port of Seattle, from Canada by way of Alaska. At no point in the loading and unloading would there be a search of the planes or the cargo.

The Jacobs brothers

Within the small circle of friends around Max Fisher are the Jacobs brothers of Buffalo, New York. It is a matter of criminal archives that the Jacobs family was an integral part of the Canada-U.S. liquor and drug running apparatus of the Prohibition era. The company through which they conducted that lucrative enterprise, Emprise, remained in existence under that corporate

name until 1972. At that time, adverse publicity associated with a criminal conspiracy conviction in a Los Angeles federal court prompted the family to change the company name to SportServices.

Were SportServices a public corporation it would, as of 1977, have been approximately 150th on the Fortune 500 list. In the 450 separate corporations in the United States, Canada, and Britain that are owned outright by SportServices (also known as SportSystems) are: interests in over 20 horseracing tracks; food concessions at 40 horseracing tracks in the U.S. and Canada, plus an additional 15 concessions in Great Britain; 10 greyhound racing tracks; 24 food concessions at major league sports stadiums; ownership of the Boston Gardens and the Boston Bruins; Professional Sports Publications, Inc., the largest U.S. publisher of sports-events programs; 101 concessions at movie theaters and bowling alleys; 15 airport concessions; two jai alai stadiums in Florida; and one Alaska-to-Seattle cargo fleet.

Among the Jacobs family's holdings, which additionally include a reported part ownership in AAF, is Air Terminal Services, an on-the-ground airport service company that provides service employees and parking lot leasing and servicing for airports throughout the United States. In 1979, the Atlanta city council, after several days of hearings, rejected an ATS bid to purchase the parking lot franchise for the soon-to-be-opened international airport. Among the principal issues motivating the decision was the Jacobs family's connections to organized crime elements.

In 1976, Emprise-SportSystems was still under the gun of federal investigation, including a six-year inquiry into Emprise's gambling holdings in Arizona by then-U.S. Rep. Sam Steiger. One June 2 of that year, a Phoenix journalist named Don Bolles was assassinated when his car exploded. Bolles was working closely at that time with Rep. Steiger. Bolles' dying words were "Mafia . . . Emprise . . . Adamson." In January 1977, a local resident, John Adamson, pleaded guilty to planting the bomb that killed Bolles. The Emprise role in the affair was quickly covered up, and Max Fisher deployed the general counsel of United Brands, Stanley Mills, as general counsel to SportSystems.

The Jacobs brothers, Max and Jeremy, have now been laundered into "respectable" positions, principally through their membership on the board of the Joint Distribution Committee. This has placed them in the orbit of such figures as Sol Linowitz and Max Palevsky, both of whom sit on the board of Xerox and pressured the Carter administration and the Federal Reserve to approve the purchase of the Marine Midland Bank by the Hongkong and Shanghai Banking Corporation.

Palevsky was one of the earliest financial angels behind the dope lobby, having given \$25,000 in seed money to the National Organization for the Reform of Marijuana Laws (NORML).

United Brands, the Society of Jesus, and the destruction of Central America

by Dennis Small, Latin America Editor

Max Fisher, and the United Brands Corporation of which he is Honorary Chairman of the Board, are directly responsible for the current devastation sweeping Central America, and for the blind alley American foreign policy finds itself in in the region.

EIR has compiled an extensive dossier documenting these charges, the leading elements of which follow.

1. Left and right terrorism

United Brands (UB) was principally involved in selecting and training the key leaders of Central America in the 1960s and 1970s, who afterwards went on to lead the insurrectionary movements in El Salvador, Nicaragua, Guatemala and other countries in the area in the latter part of the decade. This was done in close coordination with the schismatic Catholic order, the *Society of Jesus* (Jesuits) and with elements linked to the Soviet *KGB*, operating through the *Inter-American Center of the Institute for Human Relations* at the Jesuit *Loyola University* in New Orleans.

According to a Jesuit priest who was Assistant Director of the Institute, Father Janer, S.J., it was UB that "suggested who could come to the Center for training," where the targetted individuals were then subjected to "sensitivity sessions" and other forms of brainwashing before being sent back into Central America to lead leftist insurrections there.

"I would not be surprised if some of them are fighting in there right now," Father Janer confided to an interviewer recently. This UB role in creating "left" terrorism might come as something of a surprise to those familiar with UB's more public historical association with "rightist" forces in the area. This "right-wing" profile goes back to the turn of the century when, under the name *United Fruit Company* (UFCO), it used its economic predominance in the area to make and

break governments virtually at will. From that time until today, virtually nothing of significance happens in Central America without UB's okay.

Perhaps the best known example of UB's "rightist" profile was the *1954 Castillo Armas coup in Guatemala*, where the attempted expropriation of UFCO lands by the Arbenz government led to its overthrow by an UFCO-financed expeditionary force. The entire logistics and international publicity back-up for the Castillo Armas coup were run out of UFCO's Boston headquarters. UB today retains great influence in the Guatemalan government and military, and among right-wing terrorists that are known to be deployed by extremist elements in the military. For example, one reliable source told *EIR* that *Guatemalan Defense Minister Benedicto Lucas Garcia*, the brother of the country's president, has close economic and political ties with United Brands.

Another case is that of former *Nicaraguan dictator Anastasio Somoza*, who was backed by UFCO throughout his decades-long career. When Somoza helped sponsor the 1961 Bay of Pigs invasion of Castro's Cuba, it was launched from Nicaragua's *Swan Island*, land owned outright by UFCO. And even in the period since the 1979 Sandinista Revolution, arms and aid have been provided to Somoza sympathizers by, among others, Max Fisher's close ally, *Samuel Flatto-Sharon*. Flatto-Sharon is the controller of UFCO's Israeli counterpart, *Maritime Fruit Company*; a former Irgun terrorist; a member of the Israeli Knesset; and a fugitive from French authorities on charges of stock and diamond fraud.

It is not only these well-known "rightist" UB activities that go back to the post-war period. Support for "leftist" terrorism significantly pre-dates the Loyola University Institute operations described above, going

back at least as far as 1947, when UFCO provided the arms for *Jose "Pepe" Figueres'* successful putsch in Costa Rica, through the mediation of *Fernando Castro Cervantes*, a wealthy Costa Rican businessman with extensive ties to UFCO. Figueres is a leading figure of the *Socialist International*, who has twice been president of Costa Rica (1953-57 and 1970-74).

UFCO was also behind Figueres' late 1940s creation of the infamous *Caribbean Legion*—the multinational armies of the so-called "Democratic Left" of Latin America, which included every leading social democrat in the region, from *Romulo Betancourt* to *Fidel Castro*. The Caribbean Legion was sponsored at the time by "State Department socialists" like *Jay Lovestone*, *David Dubinsky*, *Serafino Romualdi*, and *Adolf Berle*—all bankrolled by *Nelson Rockefeller*.

UB has maintained Socialist Figueres as one of their chief assets in the region through the years. For example, during his second presidential term in the early 1970s, Figueres arranged the amicable government purchase of UFCO holdings in Costa Rica, a deal by which Figueres profited handsomely through his son-in-law, *Danilo Jimenez Nevia*, who became a UB stockholder according to reliable Central American diplomatic sources.

It should also be noted that indicted financier *Robert Vesco* was granted asylum and residence in Costa Rica during this period—by President Figueres personally, in exchange for Vesco putting money into Figueres' farm, "La Lucha." It was during this same period that Figueres also permitted the opening of a large, well-staffed Soviet embassy in San José, Costa Rica.

Although UB maintained this "leftist" side of its activities throughout the post-war period, it wasn't until Max Fisher was brought onto the UB board in 1975 that this Socialist side gained predominance in terms of Central American operations. In fact, the 1979 Sandinista Revolution in Nicaragua itself is a direct result of this Fisher-induced change of emphasis, working in close collaboration with the Jesuits and the KGB.

The main vehicle for this Nicaraguan operation was UB's old asset, Pepe Figueres. The entire "Southern Front" of the war, fought along the border with Costa Rica, was controlled from top to bottom by Figueres.

2. The Paddock Plan

In a 1976 nationwide televised program, Democratic Party political leader Lyndon H. LaRouche denounced what he termed "the genocidal Paddock Plan" to reduce the population of Mexico and other countries of Latin America by half. What Mr. LaRouche was referring to was the publicized theories of the notorious agronomist *William Paddock*, who proposed that the best way to eliminate 30 million Mexicans was: "seal the border and watch them scream . . . [this will work] by the usual

means: through famine, war, and pestilence." Paddock, whose policy of forced depopulation is shared by such powerful organizations as the *Club of Rome*, the *International Monetary Fund*, and the Carter administration-authored *Global 2000 Report*, is also a founder of *Zero Population Growth* and is on the board of *FAIR* (Federation of American Immigration Reform).

More importantly, William Paddock is a United Brands man. He made his reputation as an agronomist for his decade of work in the 1950s and 1960s in Central America, including serving as the President of the *Escuela Agrícola Panamericana* (Pan American Agricultural School), near Tegucigalpa, Honduras. This school, founded by United Brands, has for decades been their flagship "research" center in the area, and is funded to this day by the *United Brands Foundation* (the grant for 1980 was of \$35,000). Max Fisher is a Vice President of the Foundation.

The network that Paddock worked closely with during his lengthy tenure in Central America is most revealing:

- *Joseph John Jova*: U.S. Ambassador to Honduras 1965-69. Paddock worked in Honduras during this period, and is a friend of Jova's according to the latter's admission. Jova is also a Knight of Malta, and a former employee of United Fruit Company himself.

- *Robert White*: Political officer at the U.S. embassy in Honduras in the late 1960s. Worked with Paddock. Was U.S. Ambassador to El Salvador under Carter, giving notorious public support to the cause of the insurrectionists. Currently at the Carnegie Endowment for Peace.

- *Modesto Guerra*: Was program officer under Robert White at the U.S. embassy in Honduras, 1965-1969. Was responsible for helping to recruit people for the Inter-American Center at the Institute for Human Relations at Loyola University in New Orleans. Currently director of the Latin American Chamber of Commerce in New Orleans.

- *Deane Hinton*: U.S. AID mission director in Guatemala in the late 1950s, where he worked with Paddock. Hinton is currently U.S. Ambassador to El Salvador.

The strong overlap of the 1960s deployment of these United Brands Paddock networks with the current activities in Central America is not accidental. One of their first achievements was the triggering of the 1969 "soccer war" between Honduras and El Salvador, which is viewed by this network as the continent's "first population war"—i.e., a military confrontation whose alleged cause was the "overpopulation" of the two countries involved.

The current civil war in El Salvador is referred to by this group as the "second population war." In reality, it is a war which they have helped trigger through "left" and "right" terrorism, in a deliberate effort to depopu-

late the region. This fact was stated quite frankly by *Thomas Ferguson*, the director of the Latin American section of the Office of Population Affairs at the U.S. State Department, an office that was heavily involved in the drafting of the infamous Global 2000 report referred to above.

Referring to Central America, Ferguson earlier this year told a reporter:

"There is a single theme behind all our work: we must reduce population levels. The government of El Salvador failed to use our programs to lower their population. Now they get a civil war because of it. There will be dislocation and food shortages. They still have too many people there."

3. Carter policy and the Reagan administration

After Max Fisher became head of United Brands in 1975, the network he heads determined that it would be best to institutionalize their policy of destabilization and depopulation of Central America as *official* U.S. policy. The Carter administration was the perfect vehicle for the job.

The policy document which shaped the entirety of Carter's Latin American policy was the *1976 Linowitz Commission Report*, prepared under the direction of Xerox Chairman *Sol Linowitz*. Linowitz, among his numerous other attributes, was on the Board of Directors of United Brands at the time that Max Fisher replaced Eli Black; Linowitz, in fact, is viewed by insiders as being principally responsible for that change-over. Linowitz is also:

- a member of the genocidal international Club of Rome;
- on the board of *Marine Midland Bank*, where he encouraged its 1979 takeover by the world's premier drug-financing bank, the Hongkong and Shanghai Bank;
- Carter's Panama Canal Treaty negotiator.

What Linowitz brought to Carter's Latin America policy, through his Commission's report, was a) an obsessive focus on human rights violations as a means of destabilizing targeted governments; and b) a strong opposition to the industrial modernization of the continent.

Issued simultaneously with the Linowitz Commission Report was another study prepared for the incoming Carter administration by the *Institute for Policy Studies*, the Washington-based leftist think-tank which coordinates international terrorists like the Baader-Meinhof gang and the Red Brigades. Significantly, a detailed textual analysis of the IPS and Linowitz reports conducted by *EIR* back in 1979, found them to be almost identical in policy proposals and even in terminology. Not surprisingly, there were a number of com-

mon members on the two commissions, including *Robert Pastor*, who later became the NSC's Latin American specialist under Zbigniew Brzezinski.

Anxious to maintain the institutionalization of their policy in the post-Carter period, Linowitz, Fisher, and the entire United Brands network went to work to "sell" it to the Reagan administration.

On January 11, 1980, Linowitz attended a small meeting at the Carter White House at which he helped establish a private group called *Caribbean/Central American Action (CCAA)*, whose stated purpose was to centralize and oversee all U.S. nongovernmental relations in the area. The man named as Executive Director of CCAA was *Peter Johnson*, who had previously been a State Department official principally assigned to work with Linowitz on public relations around the Panama Canal negotiations. United Brands was one of the original corporate sponsors and funders of CCAA, and UB Chairman *Seymour Milstein* is on the Executive Committee of the Board of Trustees of CCAA today—and is an active leader of the group, according to all accounts.

The Linowitz/UB outlook thus characterized CCAA from the outset. It was "sold" to President Reagan and his advisers later that year as the best vehicle to implement Reagan's "free enterprise" focus in the Caribbean Basin. The CCAA thus became the creator of the "Jamaica Model" policy, as implemented by the *Rockefeller Business Committee on Jamaica*. In fact, the Director of Corporate Communications for the Western Hemisphere for Rockefeller's Chase Manhattan Bank is *Kevin Corrigan*, whose brother, *Robert Corrigan*, is UB's chief lobbyist in Washington.

CCAA's role in selling the "Jamaica Model" is also seen in the fact that CCAA Executive Director Johnson personally escorted *Jamaican Prime Minister Edward Seaga* during his recent tour of the U.S. It is highly relevant that Seaga is a leading proponent of the legalization of Jamaica's sizeable marijuana trade with the United States. In fact, the entire Linowitz/United Brands "Jamaica Model" is nothing but advocacy for drug plantations in the Caribbean Basin, under the thin disguise of free enterprise rhetoric.

CCAA was built on the shoulders of its predecessor organization, the *Committee for the Caribbean*, founded in mid-1978 by the Chairman of *Tesoro Petroleum*, *Robert V. West, Jr.*, and by then-Lt. Governor of California *Merv Dymally*, currently a U.S. Congressman. Dymally is perhaps best known for his role in participating in the negotiations which permitted the establishment of *Jonestown* in Guyana.

The Committee's policy concerns, which it passed on to CCAA, were achieving "economic progress through private enterprise and the free market system," and dealing with "the population explosion."

Loyola Jesuit Center: 'Training people for death'

The following interview with Fr. Walte Janer, S.J. was made available to EIR. Fr. Janer was Assistant Director of the Institute for Human Relations at Loyola University in New Orleans, and reported to Father Twomey, the Director of the Institute.

Q: Tell me about your Center.

A: It was one of the few good things this country did for those people down there. We recruited people from the lower economic and social classes. We trained them in techniques so they could deal with the groups they were associated with. This demanded study and introspection. We gave them information classes about their milieu, their government, their history—to develop attitudinal and behavioral changes.

The proof is that it worked. Now I don't want to make a big thing of this, but I really believe that the Central American revolutions that are taking place now, at least we added a drop of water to that. And, goddamn, they deserve to take place. I think the Solidarity thing in Poland is going to have a repercussion in Latin America.

Q: The Jesuits have played a big role in this?

A: Of course. We have even been thrown out.

Q: The Institute was started by enlightened businessmen. Was United Brands involved and open to this social democratic orientation?

A: At that time they were. They helped by suggesting who could come to the Center for training.

Q: How were people instructed in attitude change?

A: We had a great thing going. We used to bring in sensitivity trainers from Panama. They were terrific. Then there was a psychiatrist from Guatemala that we would bring in. He is still alive; I get Christmas cards from him. We had training sessions in Panama and Guatemala and we got trainers from Washington also. There was an institute there, a psychological research institute. These good things could have been expanded. Father Twomey was a prophet.

Imagine, we would bring these little Indians from Panama and so on. These were Indian chiefs, their peo-

ple's leaders. We had a lot in Guatemala at Landívar University. Some of their professors came up to the Center. We also had a good little group from El Salvador. I would not be surprised if some of them are fighting in there right now. I don't know who is going to win, but I do know we were on the right track. It wasn't intended to create war, but it was a question of justice. It was really a simple thing.

Dr. Frank Keller, a Professor of Economics at Tulane University, also taught Economics of Community Development at the Loyola Center. We reprint his recent remarks to a journalist on his experiences.

Q: Tell me about the Center.

A: We went into this leadership training thing. They were six-week programs. We had to transfer part of our operation to Guatemala. I was talking to the man who ran our Center in Guatemala, and today is an opposition deputy. He said that of the 1,100 Guatemalans trained at the Center in New Orleans, 750 have been shot—because they were community leaders. They were popped off by the army. Our best operations were in Guatemala and Costa Rica. In 1964 I was talking to Father Twomey, and he said: "Are we making friends, or are we training people to be killed?" But we thought we were doing the right thing and went ahead with the operation.

What we did was to link group therapy, T-grouping, with academic information on social change, political action, and community economic development. The idea was how to get a group of people to recognize the needs of the community and organize to create a program and try to sell the program, you know, get the funding. We had what we called mini-grants. We would have a person before he left the Center devise a little development program for his community. He would go back to his country and apply to the U.S. Embassy for a grant and we would see to it that he got financed the first time around.

Q: Can you describe the T-grouping?

A: The National Training Laboratories in Washington, D.C. gave us assistance. They would have all our reports and I have all of theirs. We combined our evaluations. We also brought in Puerto Ricans to handle some sessions.

We had a good friend in Hale Boggs [then Congressman from Louisiana]. And we had Bobby Kennedy. He got interested in our work. He gave a speech at the State Department on youth and with Boggs made sure a contract was signed by the government with the Center.

Our people after training were sent back to recruit other people for the program. The new people would be debriefed by the old upon their return. It was quite an operation.

The current threat to President Reagan

by Lyndon H. LaRouche, Jr.

Lyndon H. LaRouche issued the following statement for release Nov. 22.

Immediately following the U.S. Senate's 52-48 vote in support of the sale of AWACS to Saudi Arabia, well-situated journalists and others reported a more than redoubled security-alert around President Ronald Reagan. Although I am not informed of the particular reasons for such an alert, the forces with capabilities to undertake an organized assassination-effort against the President include the same international dope-lobby circles which are avowedly the forces committed to my early assassination. From monitoring of those international dope-lobby networks, I have gridded signals which I must interpret as warning-signs of probable new preparations against the President.

What I fear most is the possibility that the White House's security forces may be manipulated into a "trench-warfare" posture on this problem, for fear of provoking an open political brawl with forces allied politically to Detroit's Max Fisher. What fills me with a sense of horror is a situation of White House "trench warfare" security-posture; attempting to pick off waves of deployed assassination threats one by one, instead of deploying capabilities to neutralize forces which are dispatching the assailants.

It should be recalled that shortly before the last assassination-attack upon the President, a dope-lobby front organization, the Yippies, voiced public threats against the life of the President. Not only are the Yippies tightly connected to the cabal of terrorists, including old Weatherman circles which have recently surfaced, they are linked to the *Chicago Sun-Times*, the Playboy Foundation, and other well-financed political forces through Chip Berlet of *High Times* and *Village Voice* (Alexander Cockburn, et al.), and William F. Buckley's NORML organization. They are also assets of Irwin Suall of the ADL Fact-Finding Division, and linked to the orbit of a very spooky sponsor of the Jim Jones Peoples Temple cult, Maurice Davis of Westchester County, New York, whose orbit is also under investigation in connection with the "Son of Sam" murders.

The threat is not Israeli-authored

If one did not know the international intelligence pedigrees of Cockburn, Suall, et al., one might be misled to the conclusion that the threat of which we are

speaking originates with the so-called Zionist lobby. In fact, those elements with Jewish names included in this cabal have no loyalties either to Israel or to the personal welfare of Jews of non-Israeli nationalities generally. The ADL Fact-Finding Division may be nominally associated with B'nai B'rith. Freemasonic lodges exert no effective control over the policies or actions of ADL officials.

The Fact-Finding Division is nonetheless a major component of the capability for organizing cover for assassinations, because of its deep penetration of justice and intelligence circles, including elements of the U.S. Department of Justice. The ADL's true master is an evil, predominantly anti-Semitic collection of wealthy and powerful interests centered in London, Venice-Trieste and Geneva, the interest which sponsored British intelligence's grooming of Irwin Suall at Oxford University's John Ruskin College. Suall, formerly an open supporter of the Roy M. Cohn-linked "military-industrial complex" effort against President Dwight D. Eisenhower, and a Reagan-hater since the 1950s is merely a pawn of very dirty, very powerful non-Jewish interests.

The case of the *Village Voice's* Alexander Cockburn is instructive. Cockburn is not only a member of a family with successive generations of officials in highest positions of the British Secret Intelligence Service. According to Michael Vale (not "Michael Vale" Carr of the Son-of-Sam cult) and corroborating sources, Cockburn is an asset of the Sussex-Glasgow "Russian Studies" element of the Psychological Warfare Division (PWD) of SIS. The *Village Voice's* indirect links to the Jim Jones Peoples Temple cult are historically located in the Indianapolis, Indiana region. This connection includes the name Lilly Endowment which massively funded Philip Agee's pro-terrorist *CounterSpy*/IPS Fifth Estate operations. The links to brainwasher Maurice Davis's circles in and around New York City are massive, including the orbit of the dope-lobby's pro-terrorist linked Dennis King of Roy Cohn-sponsored *Our Town*.

There is an Israeli element to this, which must not be misevaluated to imply that the problem is of Israeli or otherwise of Jewish origin, as I shall make that point clear here.

It will be recalled that the late Moshe Dayan resigned from the Menachem Begin government, for reasons leaked through the very important, Paris-based conduit, *Israel and Palestine* (whose back-issues should

be studied carefully by all serious intelligence and security officers). This lunatic element within Israeli circles is in covert alliance with Col. Muammar Qaddafi of Libya, and with the sections of the Soviet KGB associated with KGB Gen. Harold "Kim" Philby, especially through channels of the Antiochan Church hierarchy (Ignatius) and the Romanian conduit into the KGB command through the Romanian-Ukrainian branch of the Greek Catholic Church. Ariel Sharon and Yitzhak Shamir are among those identified within Israeli political life as Soviet KGB-linked, are currently key to the secret deals of the Begin government with the KGB and Qaddafi against the United States.

However, there are major other elements within leading Israeli circles which are genuinely friends of the United States, and typify the Israeli basis for hoping to make the Fahd Plan effort for durable Middle East peace successful. Every nation, every people, has its men and women of good will, and also a greater or lesser incidence of lunatics and criminals. (One must never permit the fact that a few criminals have Jewish names to become a pretext for tolerating anti-Semitism.)

Israel has the same internal problem currently afflicting many nations. With the collapse of the world's hard-commodity production and trade, the financial and political circles linked to the drug interests and funny-money interests generally, have gained a great increase in their power to buy political influence in bankrupt Israel and continental Europe as well as within the United States. This problem is not a problem of nationality, race or religion; it is a supranational faction which has its criminal accomplices among influential circles of many nations, races, and religious distinctions.

The core of the assassination threat

Contrary to popularized mythology, a "lone assassin" has a probability of close to zero of successfully killing a well-protected public figure without massive collaboration, and without high-level penetration of the sources of information bearing upon the security around, for example, a U.S. President. The assassination of President Abraham Lincoln by a joint SIS-Jesuit team is an example of this principle, as is the British-Venetian assassination of President William McKinley and of President John F. Kennedy—despite the massive, willful, Warren Commission cover-up operation.

In the world today, there is only one cabal which has both the motive and the capability for assassinating a well-protected U.S. President at first attempt. This is a network formerly associated with a multinational "murder, incorporated" entity called *Permindex*, headed during the early 1960s by Major (ret.) Louis M. Bloomfield of Montreal, Canada. The wife of a deceased executive of *Permindex*, Madame de Menil of Houston,

Texas, was recently a White House dinner-guest.

Permindex's case is extensively documented in the book *Dope, Inc.* In the forthcoming, second edition of *Dope, Inc.* there is new information on *Permindex* and its role in the Kennedy assassination, developed with aid of high-level security and intelligence sources in Western Europe, including investigations based upon a holographic document of the Rome, Italy branch of *Permindex*.

Because of *Permindex's* role in repeated attempts to assassinate France's President Charles de Gaulle, and the heat generated by the assassination of President Kennedy, *Permindex* went "underground" into Latin America and the Republic of South Africa, but the basic network still functions, with the Bronfman-linked Bloomfield still a relevant target of investigation, particularly in view of his penetration of high levels of the FBI's counterintelligence division.

Despite the diverting fact that Bronfman has a Jewish name, the command of *Permindex* and other guises of this "murder, incorporated" entity is centered in the Anglican Church hierarchy, and involves the same Romanian-Antioch interface to the Soviet KGB command involved in the attempted assassination of Pope John Paul II. The overlap among *Permindex*, the United Fruit (United Brands) and Tryall Compound (Jamaica) networks, including Madame de Menil's late husband, is totally congruent with the Anglican-Eastern Orthodox hierarchies and Jesuit interface on top of the *Permindex* capability.

I have learned from experience not to overestimate the intellectual powers of descendants of John D. Rockefeller II, but the networks established throughout the Western Hemisphere under the title of the Nelson Rockefeller-headed war-time CIA are the historical background through which to trace out the way in which Anglo-Canadian intelligence networks penetrated the U.S. intelligence-security environment to the degree which made possible both the execution and cover-up of the Kennedy assassination.

It is into this that such expendable tools as Irwin Suall, Dennis King, the Yippies, Philip Agee, Chip Berlet, et al., are connected and by which they are effectively controlled.

It is into this same capability that Henry A. Kissinger is connected.

Hitting the enemy flank

My advice to the Reagan administration is to break the "foxhole-defense" syndrome, and to deploy a flanking attack against vital points of capability of the supranational forces behind the threat to the President's welfare.

The White House must put to one side the fostered illusion that its political power depends upon keeping

peace with the circles behind Paul A. Volcker, Max Fisher et al. The President of the United States is elected to a four-year term by the people of the United States, to exert the full constitutional powers of his office, with constitutional separation of the respective powers of Executive, Judiciary, and Legislature. If the President governs himself by no consideration but dedication to the vital interests of the United States and its people, the President has the power to break through the screen of lying news-media, and to rally the support of the aroused majority of the American citizens, as well as to draw great support for his efforts from among governments and peoples in many parts of the world.

The President must recognize the identity of his enemies, and deploy powers directly and implicitly at his disposal—including the limited resources of myself and my associates—to crush the enemy of civilization quickly.

The enemy is to be recognized as chiefly the Club of Rome and its co-thinkers world-wide, including the Boris Ponomarev faction in the Soviet succession-fight, as well as KGB Gen. Harold "Kim" Philby. This enemy force is committed fanatically to establishing a Malthusian world-federalist order.

To that purpose, the enemy seeks to manipulate both Washington and Moscow—through the "Eastern Liberal Establishment," Socialist International, and the Moscow Malthusian-Cominternists, respectively, in order to orchestrate a pattern of world depression, destabilization of governments and other institutions, through which the world is placed under the dictatorship of Malthusian, pro-genocidal institutions operating under the cover of UNO agencies (UNESCO, et al.), International Monetary Fund "conditionalities," and the genocidal policies which moon-worshipping Robert S. McNamara conducted through the World Bank.

The Club of Rome, creation of the OECD organization attached to NATO, as well as of the Venetian (1949) and Prince Bernhard (1954) based European cultural associations and Bernhard's Bilderbergers, and the British SIS-controlled Islam and the West complex, are exemplary, together with entities such as the Ford Foundation and the Aspen Institute, of the policy-influencing forces working on behalf of a genocidal, Malthusian world-order.

If one's enemy is dispatching forces to kill one, then reach out and destroy the enemy which is dispatching such assassins. Once that is done, the capabilities the assassins set afoot are greatly reduced, and the remaining problems can be cleared away through a ruthless and rigorous mop-up operation.

The White House's means for destroying its bloody enemies are chiefly threefold.

Declare war against all Malthusian, pro-genocide entities such as the Club of Rome and Draper Fund,

invoking the Nuremberg Code respecting crimes against humanity as the moral and legal precedent for conducting such a crushing of all such criminals. Denounce as in the footsteps of Hitler's Nazis all those who support *Global 2000* and *Global Future* including Representative Ottinger of New York.

Launch a new world monetary system, in concert with allies, based on an international gold-reserve system in terms of approximately \$500 an ounce for monetary gold-reserve exchange among central banks. Uncork the international power of credit-creation embodied in U.S. gold monetary reserves, to direct credit issued on an international gold-reserve basis, into high-technology productive investments in U.S. industry, agriculture, and supporting infrastructure as well as world trade, to force an immediate process of general economic recovery.

These two measures should be supplemented by ruthless penalties against each and all nations which condone the production of drugs such as marijuana, cocaine, opium for export and domestic use, and international imposition of transparency upon all offshore, unregulated financial institutions, including those of the British Commonwealth.

These three measures will break the power behind the Malthusian world-federalists, and revive the power of high-technology capitalist industry and agriculture as the leading political force in the world, on the basis of such a credit-promoted industrial and agricultural recovery in the U.S.A., the budget can be brought back toward balance—as this can be accomplished in no other way. Then, the government of the United States will resume the power to do what it must in all matters proper to government.

Domestic security demands a crack-down against the drug-legalization lobby and the allied *Playboy*-centered "porno" industry, proper law-enforcement against classical categories of felonies, with less emphasis on the politically-subversive and felony-promoting "white collar crime" diversion. It demands above all, a developing of the moral and intellectual potentialities of our youth, through emphasis on classical culture, classical science and universal history in our primary and secondary education—contrary to the education-destroying policies of the National Training Laboratories and their National Education Association dupes.

Once the majority of normal, heterosexual citizens recognize that the White House is taking the lead to restore the United States to moral and material greatness, those citizens will rally, if slowly, distrustfully at first, to support and defend a President who at last begins to bring the long nightmare of countercultural kookery and economic decay to an end.

A well-calculated attack is the best defense, and finally the only effective defense.

The Fidel and Al show: havoc in the Caribbean

by Dennis Small

Over the past month, Secretary of State Alexander Haig and his bellicose allies in the U.S. government have threatened a naval blockade of Cuba and Nicaragua, a possible direct American military intervention in Central America, or the creation of a surrogate Latin American military force to fight "communism" in the region.

Cuba's leader Fidel Castro has matched Haig's taunts, insults and threats one-for-one. Cuba, a high government representative at the United Nations told the press last month, will answer any possible American military moves in the Caribbean Basin *militarily*.

If this reminds you of a staged duet, you are right. This is the "Fidel and Al Show," an orchestrated affair wherein the Caribbean Basin becomes a Vietnam-style shooting gallery between the U.S. and Cuba. Caught in the crossfire are the countries of the region, whose economies and political systems are being increasingly devastated.

The authors of this dangerous farce are the Society of Jesus (Jesuits) and their British intelligence allies, who control *both* Comrades Castro and Haig. The Jesuit strategy calls for depopulating the region, and forcing a military confrontation between Moscow and Washington. Since last December's Cuban Communist Party Central Committee plenum, when Castro consummated his strategic alliance with the Jesuits and the Second International orchestrators of insurgency, he has been fully on that track.

The principal voice raised against this insanity has been that of Mexican President José López Portillo. In a Nov. 20 interview with NBC-TV, the Mexican head of state demanded an end to "this escalation of verbal

terrorism that exists today on both sides," and warned that any armed action would be "a gigantic error against all history." López Portillo repeated this stern counsel to Haig personally, who visited Mexico for 24 hours to exchange views on the Central American crisis. Haig chose to tell his hosts, in the words of Mexican Foreign Minister Jorge Castañeda, only that "for now, for the moment, the U.S. is not considering intervening militarily in Nicaragua or Cuba." However, he "refused to renounce other measures"—widely interpreted by the press as a reference to a possible naval blockade.

In a Nov. 10 televised press conference, President Reagan, in answer to a question about whether the U.S. planned to intervene militarily in El Salvador or other parts of the region, stated: "We're giving economic aid. I think we should continue to do that. I don't believe this requires in any way, nor have we considered, aid of the kind of actual military intervention on our part."

Yet the very next day, Haig, in testimony before the House Foreign Affairs Committee, assumed his most publicly threatening tone to date. Nicaragua's military build-up, he stated, is a threat to "the vital strategic interests" of the United States. U.S. policy, he asserted, is to continue "a kind of psychological warfare against the Cubans and Nicaraguans." Haig's Jesuit-trained adviser on Latin America, Gen. Vernon Walters, eloquently restated this "chicken game" theory of international diplomacy a few days later: "it is constructive ambiguity . . . designed to worry the governments of both countries. Let them worry."

Haig has more than psychological warfare in readiness. Haig ally Jeane Kirkpatrick, the U.S. ambassador

to the United Nations, stated on Nov. 1 that the U.S. is "willing, if necessary, to carry out actions of dissuasion and containment such as a blockade—including mining ports—together with strict economic warfare measures, and ultimately direct action against Cuba." On Nov. 16, Gen. Wallace Nutting, the U.S. General Commander for South and Central America, declared in Panama that "I think military action must be part of the response."

As for Fidel Castro, starting in late July, when the Cuban president launched a ferocious attack on the Reagan administration for being "fascist," Cuba has been on the warpath. Since then the country was placed on full security alert, and there are press reports that Cuban troops stationed in Ethiopia and Libya have been called home to beef up the island's defenses. The most explicit statement of Cuban war-readiness came on Nov. 6 from an unnamed "high official" at the Cuban United Nations Mission, who told the Spanish news agency EFE that Cuba will send troops into El Salvador or Nicaragua to defend the revolutionary movements in those countries, if they are requested following foreign military intervention, whether American or Latin American. Cuba will also challenge any naval blockade around their island, the official said, and added that they view the current situation as already "much worse than the 1961 missile crisis."

View from Latin America

The degree to which Fidel and Al can bring things to the point of actual military confrontation depends in large measure upon how the rest of Latin America responds. Haig strategy here has been twofold: 1) to try to neutralize Mexico's influence by building up Venezuela as America's premier ally on the continent—a point emphasized during Venezuelan President Herrera Campins' recent official visit to Washington (see article below); and 2) get the military governments of Latin America's Southern Cone to commit forces to Central America, or destabilize those unwilling to do so.

Argentina has been the South American nation most willing to enter the fray in the Caribbean, but even in that country Junta President Roberto Viola has reflected pressures from more moderate elements in the country who oppose such a move. But Viola was forced to take a "leave of absence" last week for "medical reasons." There are strong rumors that he will be permanently replaced by Army Chief of Staff Gen. Leopoldo Galtieri, who is very close to Haig, and on record favoring Argentine military involvement in El Salvador.

A crucial test of strength will occur on Dec. 2 at the annual meeting of the Organization of American States, where Haig is expected to go down to the wire against Mexico in an attempt to win majority support for some kind of an intervention in Central America.

López Portillo: 'Stop the verbal terrorism'

On Nov. 20, Mexican President José López Portillo granted an interview to NBC-TV, which was reproduced in the Mexican press the following day. Translated excerpts follow.

NBC: What do you think of possible American interventions in Cuba or Nicaragua?

JLP: It would be a gigantic error, an error against history; it would violate the international principles which make us a community, it would be intervention in internal affairs, resolving matters with violence. I would not even dare to think that this could be viable. Mexico, naturally, would defend the principles of international law which govern the lives of civilized countries.

NBC: What about a possible blockade of Cuba?

JLP: Blockades have demonstrated that they are ineffective, merely an irritant, so why not support the other peaceful solutions Mexico has proposed? Is it not reasonable to seek détente in the area? I seriously think it is possible to do so, before resorting to these violent and arbitrary extremes, to search out all reasonable paths first.

As I have repeatedly stated, Mexico is ready to be and could be a good communicator, so why not exhaust that possibility? The word "mediator" has been overused. I don't think we would be a mediator, but a communicator. We could communicate, because we are friends with both [the U.S. and Cuba]. We don't aspire to mediate, either as arbitrators or judges. We would simply put them in contact through a reasonable plan of communication which would enable them to know the problems on both sides. I am convinced that they are not so serious as to be incapable of solution.

If there is patience to listen, I am certain solutions can be found. I don't believe the ideological issues are limiting. The U.S. has magnificent diplomatic relations with the Soviet Union, with China. There is active trade. There are no limits. Why not exhaust all possibilities toward understanding the Cuban problem? It is a small country. I am certain that solutions exist.

NBC: What is Mexico's stance on the Salvadoran guerrillas?

JLP: In the French-Mexican communiqué we said that we are dealing with a "representative political force." I would emphasize that we are not preaching law but stressing facts. This is not a juridical judgment but a political expression. I would like this to be very clear.

To suppose that a political solution can be a formal solution, such as an electoral process which does not consider the protagonists, this is not a political solution. *Poli* comes from the Greek "poly," meaning many . . . Thus, all who participate in a problem must solve it.

NBC: Reagan's arms proposal to the Soviets?

JLP: Reagan's speech yesterday was for me a cause of great joy. It has been a long time since I have seen such a valiant initiative and I would compare it to Sadat's efforts to solve his problems with Israel. Permit me to congratulate Reagan for that initiative.

This is the road to solving the problem, if both great countries realize that, they will be helping themselves. What greatly concerns me and what is paradoxical is that, while our bilateral relations with the U.S. are splendid, the only problems we have with the U.S. are our criteria, not over fundamental issues but over the methodology required for dealing with the problems of Central America and the Caribbean.

NBC: Where does Mexico think the arms in Central America are coming from?

JLP: I absolutely do not know where they come from. Surely from somewhere, but I have no idea and I can not tell you what Mexico thinks, because I don't even know what I think.

NBC: Please amplify on Mexico's proposal to be a "communicator."

JLP: To seek détente, to seek it through dialogue, understanding of reciprocal problems. If we are speaking of Cuba and the United States, why is a solution not sought? What are the problems? Instead of this escalation of verbal terrorism that presently comes from both sides, why not seek communication which makes the problems conscious and which expresses political will? I am convinced that this escalation [of violence] is useful for no one, and that there are other paths. I am convinced of this, and Mexico is ready to do what it can.

NBC: Is the U.S. or Cuba blocking a solution more?

JLP: I could not say, I am not an expert in these relations; but this is not important. What is important is a good disposition. To erase the past and begin anew before resorting to extremes that can only deteriorate relations in the area.

NBC: Are there any other problems you have discussed regarding the Caribbean and Cuba?

JLP: What is happening is that the U.S.—I don't know if Canada, possibly Venezuela as well—do not want Cuba included. We feel if Cuba is not included, a very important part is left out, and if the process is not complete there will always be an open or latent problem. I think the entire area should be included.

Venezuela spreading Club of Rome policy

by Gretchen Small

When Venezuelan President Luis Herrera Campins left Washington following his three-day official visit Nov. 16-18, America's leading newspapers hailed Venezuela as the "premier democracy" on the continent, and the U.S.'s main ally in the area. "Mr. Herrera's views are still closer to those of the U.S. than to Mexico," a *Baltimore Sun* editorial exulted, while the *Washington Post* declared that the Venezuelan President was more "sincere" than the Mexicans, for at least he recognized the dangers of a guerrilla movement developing in his own country.

What the Eastern press was really saying is that Herrera Campins has consistently supported Secretary of State Alexander Haig's genocidal policies in Central America, and—as is widely admitted in the area—served as the "enforcer" of State Department policy upon the Christian Democratic government in El Salvador. But this presidential visit came at an awkward time for Herrera, on the heels of Haig's worst rantings about the likelihood of a direct U.S. military intervention in the region. No one was quite sure what the Venezuelan response to all this would be.

In Washington, however, Herrera Campins obediently kept silent. While he is said to have informed Washington privately not to look for Venezuelan troops to join any intervention force, Herrera Campins made clear he would do nothing to counter Haig's confrontationalist approach.

The payoff for his silence came with the official sale of 20 F-16 fighter bombers to Venezuela, giving it some of the most sophisticated weaponry on the continent, and the word that President Reagan had agreed to pay a return visit to Caracas in early 1982.

Haig has pushed for months for a Venezuelan-U.S. axis in Latin America, principally to counter the privileged relationship between Mexico and the United States built by President Reagan personally. But while the Campins government may be an ally of zero-growth Haig, it is decidedly not of President Reagan nor of the United States. A visit to Caracas could be more dangerous for the President than his July 1981 visit to the British colony of Canada, where a dry run for assassination of Reagan was staged—with the complicity of the Canadian

government.

Venezuela has earned its name well: it is indeed the "Little Venice" of South America. Historically, and most emphatically now, Venezuela has not been governed as a nation-state, but as a mere convention center and sometime safehouse for the international set of the ancient oligarchic families of Europe and the Mideast. Italian black nobility exposed in the recent fascist "P-2" Masonic lodge scandal, joint British and Soviet KGB Islamic fundamentalist assets like Colonel Qaddafi, the drug-linked side of the Israeli Zionists, the Chinese architects of Pol Pot's genocide, the Jesuit order's Spanish terrorist organization, ETA—all currently use Venezuela as an international deployment center.

These are the interests, the same ones that run Trudeau's Canada, that have ordered assassination attempts against leading world figures like President Reagan, Pope John Paul II, Anwar Sadat, and former French President Giscard d'Estaing during the past year alone. Their on-the-ground capabilities for carrying out another hit against President Reagan are also well-established in Venezuela—and operate under government protection.

Exemplary of this government complicity is the "amnesty" declared by Herrera Campins, just months after taking office in March 1979, for several of the country's top terrorists who had been in hiding or exile for years. Prominent among those so benefited were Julio Escalona, head of the Organización Revolucionaria, the underground terrorist arm of the radical-Arab linked Liga Socialista; and Douglas Bravo, the famous Cuban-tied leader of the guerrilla "Armed Forces of National Liberation" in the hills of Venezuela during the 1960s.

Now fully "rehabilitated," both Escalona and Bravo appeared prominently last month at a three-day international symposium on "The Thought and Works" of Libya's open terrorist-sponsor, Col. Muammar Qaddafi. Held in Caracas and sponsored by five of Venezuela's universities and financed by the Tripoli government, the conference brought together over 400 delegates from 66 countries, ranging from Arab fundamentalist zealots to representatives of *all* of Venezuela's political parties, to discuss common actions.

The government TV channel, CANTV, which had signed a contract with the conference's university sponsors to provide three-way satellite communication between Tripoli, Caracas, and Managua so that Colonel Qaddafi could "dialogue" with the conference, canceled out on the deal a few days before the conference opened—perhaps out of fear of exposing President Herrera Campins to "extra problems" during his visit to Washington on the heels of the Qaddafi bash.

In June 1981, Haig's "premier ally" in Latin America literally turned the country over—press, TV, politicians, and all—to the annual meeting of the International

Club of Rome. Gathered with official Venezuelan government sponsorship and financing, this was the first Club of Rome meeting ever held in the developing sector.

The Jesuit-trained Christian Democrat Luis Herrera Campins was elected President in December 1978 on a program of instituting community-based "participatory democracy." Before he assumed office, from Jan. 29 to Feb. 1, 1979, detailed plans for the Club of Rome takeover were solidified at a private conference of "100 experts" in Caracas which brought together top international genocide planners, such as Club of Rome founder Aurelio Peccei, RAND Corporation director Charles Wolfe, and Israeli fascist Yehezkel Dror, with the men who were to become the leading figures in the new government—including President Herrera himself. The sponsor was a newly formed think tank in Venezuela, named Orinoquía, today charged with establishing an official Club of Rome chapter inside Venezuela.

In March 1979, the obese Herrera Campins took office. Not until Socialist François Mitterrand came to power in France two years later has such a rapid shift into evil "kookdom" occurred so quickly.

New cabinet posts were created right and left: a Minister of State for the Development of Intelligence, for the Participation of Women in Development, for Culture, for Youth, for Science and Technology, were all named. All bore the Club of Rome stamp.

The first task was the wrecking of the economy. The previous administration's policies of channeling the country's oil wealth into long-term investments in heavy industry—steel, aluminum, coal, and the beginnings of a capital-goods industry—to provide a diversified base for the future when the oil wells run dry, were reversed immediately. Steel expansion, shipbuilding, port construction, coal and iron projects, some even already under construction, were slowed down or canceled under the rubric of a Friedmanite strategy of "fighting inflation by cooling down the economy."

Herrera's dark ages strategy went so far as the closing of the country's only national tractor factory, on the grounds that tractors meant a "rise in the costs for the farmer," and therefore hurt the economy!

Dark ages shocktroops

The unemployed, the "marginalized," and youth with no future are becoming the shocktroops for restructuring of the country's institutions and mode of thought. The cutting edge of the program has been the youth:

Under the direction of the Ministry for the Development of Intelligence, headed by Luis Alberto Machado, millions of Venezuelans have been handed over to teams of international brainwashers using "education" as their cover. Some 12 to 18 different "experiments" in education are being run currently in Venezuela in

schools, hospitals, private corporations, and the military under Machado's program, with an "artificial intelligence" project developed out of the Cambridge Center for the Study of Thinking Skills in England as the core.

Machado is pushing his program using the "positive image" that "genius can be taught," but the basic conception behind the program is simply that man is like a computer which must only be programmed to work. B. F. Skinner, the psychologist most known for his "man equals rat" theories, recently stated that Machado's program "will no doubt take its place as one of the greatest social experiments of this century."

One of Machado's programs begins with infants. Maternity hospital personnel in most of the country's hospitals have now been trained in "sensory stimulation" of infants.

An estimated 42,000-plus teachers have gone through Machado's programs, and he is trying to spread his model internationally, reportedly gaining interest at UNESCO for his plan for a "World Alliance for Intelligence" among Third World Nations.

The Ministry of Youth, headed by Dr. Brewer Carias has centralized efforts to train squadristi shock troops of both youths and adults to impose their version of "national values" upon the population. "Civic action" training programs for hundreds of people have set up a disciplined, national-level communications system for use in "emergencies," "guarding the ecological system," and folk values.

The hard core of a Nazi-style youth movement is also being created by the Youth Ministry. Adolescents and young adults, outfitted in uniforms of brown shirts and boots, have been sent off to agricultural work camps mainly in jungle areas, along Venezuela's borders, indoctrinated in wild chauvinism of "guarding" the borders from foreigners.

The Ministry of Science and Technology, under Raymundo Villegas, has played a key role in conducting Muslim Brotherhood fanaticism internationally and domestically. Under Villegas, Venezuela has promoted the creation of a "Third World Institute" within OPEC. This is the pet project of one Abdus Salam, a member of the Club of Rome and a top Muslim Brotherhood figure. The Institute, implicated in passing nuclear secrets to the Pakistani dictator Ziaul Haz (see *EIR*, June 30, 1981), currently operates out of its center in Trieste, Italy, and an office at Simón Bolívar University in Caracas.

Now in the latest Dark Ages step, the Ministry of Culture has announced that a 45 percent tax has been placed on all tapes, records, or cassettes of *classical*—and only classical—music, since such music is a "luxury" item serving only the elites.

Although total submission of the Venezuelan population to this brainwashers' hell has by no means been completed, the Herrera Campins administration is now primarily concerned with expanding its policies internationally.

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The challenges facing the Vatican

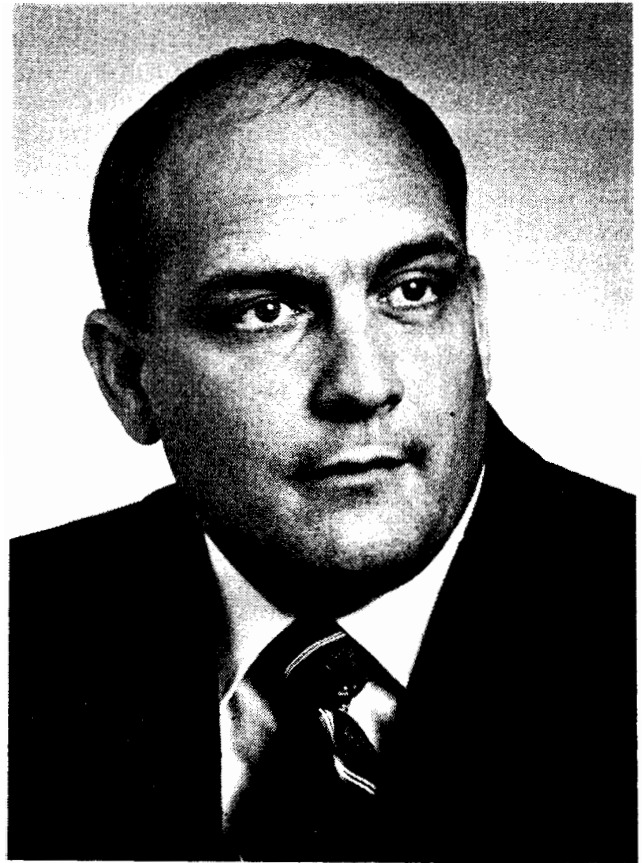
European Editor Vivian Zoakos analyzes the schismatic tendencies within the Roman Catholic Church, and its external Global 2000 enemies.

As the interview we publish below with Stephen Mumford of the North Carolina International Fertility Research Program attests, the Catholic Church is currently under massive international attack. The aim of the attackers, as Mr. Mumford also correctly identifies, is to destroy what may be best termed the Augustinian tradition within Roman Catholicism.

But this tradition does not represent some particular doctrinal "faction" of Catholicism. It is, rather, the very essence of Christian doctrine, enunciated in the Gospels and elaborated extensively during the patristic period and subsequently. Thus the so-called "renewal" preached by the liberal zero-growth advocates inside and outside Catholicism means nothing less than the outright destruction of Catholic Christianity. Wipe out this tradition and its adherents, and what would remain would be not a church but a cult, an immensely powerful cult, for propagating the zero-growth gospel of the Club of Rome. This was the dream of Auguste Comte, the 19th-century father of logical positivism, who envisioned in his final, definitive book on the model for optimal social organization, a Catholic Church divested of all its "supernatural mumbo-jumbo" and acting instead as a superb instrument for social control of the masses.

In other words, the reason the Catholic Church is being attacked today—substantially the same reason it has been attacked over the millennia—is because it is the most powerful international institution defending *science*, or what is sometimes identified with less precision as morality. This has always been true of the Church, despite whatever aberrations occurred in its history when fundamentally anti-Christian forces managed to wrest central control away from the representatives of the Augustinian or patristic tradition.

The scientific grounding of the Church stems from its fundamental teaching that man was created in the image of God and is thus God-like. Hence he is commanded, as the very essence of his mortality, to engage in a continuous process of self-perfection. As the latest papal encyclical *Laborem Exercens* strongly sets forth, man therefore has dominion over nature. The increasing



Stephen Mumford

control of nature through the use of the physical and educational sciences becomes the mediation for the process of self-perfection which is, so to speak, the first commandment of Christianity. As nature comes under greater control, population can increase and new potentially God-like individuals be created.

Thus the population question enters the picture as it always has throughout history, as the inevitable *corollary* of the goals of those political circles who wish to replace the scientific philosophy of progress with some variant of the anti-scientific Aristotelian world view of a static

universe, of "zero growth."

It is true, as Mr. Mumford says, that the current attack being mounted against what he calls the "conservative Church leadership" is particularly vehement and widespread. One of the assets of the attackers is that they can count on powerful currents within the Church itself as allies. Hence the threats of schism as a foil against Rome.

In private conversations, certain powerful individuals within the Anglican Church speak of the need for assassinating the Pope, fearing that nothing short of this would be sufficient, because of the extraordinary extent of power centralized in the papacy which makes it difficult to destroy the Church without first seizing control of the Seat of Peter.

Exemplary of this attitude is the Episcopalian Canon West of St. John the Divine cathedral in New York. Following a discussion in which he endorsed the recent statement of Archbishop of Canterbury Runcie that the Anglican and Catholic Churches must unify, Canon West had the following to say about the impediment presented by the current Pope: "I gaze with affection at the following thought: given the system as it is [the power of the papacy], you have no methods of dealing with the problem. Death is the only option. No council of bishops is going to go against this encyclical [*Laborem Exercens*], and the Pope does not convene the bishops. So death is the only option. This Pope is strong, he has this Polish peasant stamina. . . . This is a system that does not allow for possible errors."

Inside the Catholic Church, the identity of the schismatics and those otherwise intent on destroying the Augustinian tradition can be seen in part through the Church networks behind the recent attacks on Chicago Cardinal Cody. *EIR* has reported some details on the networks involved: the machinery of Notre Dame University head Theodore Hesburgh, Father Andrew Greeley, Msgr. John J. Egan and others. It is significant to note that all these gentlemen are members of the Concilium organization based out of Holland, a country which has bred much of the schismatic movement internationally. Other members of the Concilium include Dr. Hans Küng, the liberal theologian whose teaching rights were suspended by Rome two years ago. Küng is currently in Chicago to teach at the University of Chicago's divinity school. The current head of the Concilium and Küng's close friend, whose teaching rights were also removed for preaching heresy, is Father Johann B. Metz. Father Metz is also now in Chicago, where he followed Küng in October.

At a recent conference of this organization held in Europe, Küng and the rest called for the Catholic Church to "divest itself of certain historical prerogatives" and "clear up as quickly as possible the differences which separate it from the World Council of Churches"—an

institution which is one of the most influential forces behind the Club of Rome anti-scientific doctrines. Küng continued: "In a time of crisis . . . a time of suffered persecution, of overwhelming injustice and inhumanity in the world, we [the Catholic Church, and particularly Pope John Paul II] are distributing the sweet poison of an idea, despite everything, of an evolutioning progress and the illusion of an incessant growth. . . ."

The Church and the papacy are not responding passively to this conspiracy to wipe out the two thousand year old institution. Certain dramatic initiatives have been announced by the Pope which have created enormous consternation among schismatic circles.

One of the most dramatic of these was John Paul II's announcement last month that he would be appointing a personal representative to head the Jesuit order. As an organized institution, the Jesuits represent one of the central bulwarks behind the anti-Augustinian faction operating nominally inside the Church. The Pope's decision, which has been widely described as historically unprecedented, was explained by him as a step toward taking greater personal control over the Order. Normally when the Jesuit general superior dies, or for any reason becomes incapable of carrying out his duties, a Jesuit general council is convened to elect a new general. The current general superior is Rev. Pedro Arrupe, who suffered a stroke last year.

John Paul II refused Arrupe's request for a resignation, saying only that it was not "opportune" to call a "general congregation" at this time, and that greater preparation was needed. Instead he installed 80-year old Paolo Dezza, the former confessor of Pope Paul VI, as the de facto head of the order. In case Father Dezza were to die, Rev. Giuseppe Pittau has been appointed as his assistant with right of succession.

A second step taken by the Pope is of particular importance because it seeks to stop at the source the perpetuation of heretical views inside the Church. Last month Archbishop Roach, as current head of the American Conference of Bishops, announced he had received a personal letter from John Paul ordering a thorough investigation of all Catholic seminaries throughout the country. The findings of this study will then be sent to Rome for evaluation. Similar investigations of seminaries throughout the rest of the world are planned.

The immediate response from the schismatics who form such a huge proportion of current American seminary teachers was to cry "academic freedom." The uproar generated has been enormous, and it has only begun. With this move, the Pope has among other things called the bluff of the schismatics. He has gone on the offensive on a decisive issue, and at a time when the schismatics have by no means the consolidated organizational requirements necessary to fight a frontal confrontation with Rome.

Stephen Mumford on Global 2000

The following is Part 1 of a two-part interview with Stephen Mumford conducted by EIR European Editor Vivian Zoakos on Nov. 2.

Zoakos: I would like to begin by mentioning an article of yours in the *Humanist* some months back where you talk about the Augustinian tradition in the Catholic Church as being the source of problems in terms of how the Church deals with population issues. You also discuss how, given the national security problem that this represents for the United States, a schism is necessary, with the American Church taking the lead role in breaking away from the control of Rome. Could you comment further on this? Is the summary I gave correct?

Mumford: In the article, I point out that world population growth is a threat to the security of all nations, not just the United States. This is something that is often not remembered correctly. I think that we can go so far as to say that the security of all nations is threatened by world overpopulation, and in turn U.S. security is threatened. Otherwise your summary is correct.

Zoakos: Do you see such developments as the attacks on Cardinal Cody, for example, to be part of getting this schism going in the American Church?

Mumford: I really don't think so. I think that the schism is developing as a result of Global 2000. I don't think there's any other activity coming under way that is leading more to a schism than the Church's opposition to this *Global 2000 Report*.

Zoakos: When you say "the Church's opposition," I presume you mean Rome as opposed to the American Church?

Mumford: I mean the ultra-conservative leadership of the Church both in this country and in Rome. The *Global 2000 Report* is the single greatest threat to the conservative leadership of the Roman Catholic Church in this century and possibly in the Church's history. The Church has gone to great lengths to make this report controversial, and if one examines the opposition to this report one finds that it's almost entirely conservative Roman Catholic. There is little opposition coming from elsewhere.

Zoakos: I presume you are aware that my magazine and

Mr. LaRouche, who is our founder, have also made very, very strong opposition campaigns against the *Global 2000 Report*. Are you aware of this?

Mumford: No, I'm not.

Zoakos: Have you ever read our magazine? It was my understanding that you did, or had at some point.

Mumford: I have read a few articles that were sent to me, but I have't followed the magazine.

Zoakos: Mr. LaRouche has written quite a number of articles, as have others of us, attacking the *Global 2000 Report* as a genocide report, and in fact defending the Church as being, as you correctly identify, one of the few institutions in the world which has similarly attacked this report. Do you agree with the label of genocide?

Mumford: No, I think the opposite is very much the case. There is a growing awareness that we are losing the race with food supplies and, as the difference between food-supply and demand increases then we are going to see—I do not believe it will be genocide—that it would be mass starvation certainly. I would never agree that the *Global 2000 Report* is working toward genocide.

Zoakos: When, in your *Humanist* article you talk about the necessity to overthrow the curia, how do you mean that exactly? How do you see that as coming about?

Mumford: I think that the American Church must break away from the Roman Church, and with this break will come a sharp decrease in power of the central Church. I see no other national Church with the potential strength to do that. In Mexico, for example, I do not think that the government is particularly strong enough to confront the Church on this issue. The United States could accomplish more in assisting Mexico by undertaking this confrontation and Mexico would reap enormous benefits. The Mexican government is not strong enough to confront the Church on the population issue, whereas the U.S. is strong enough to do so. If the American government chose to confront the Church on this issue, it could—and win—and the Mexican government would then be freer to implement effective population-control programs.

Zoakos: In your *Humanist* article you cite Father Francis X. Murphy, as your authority or your source of information on various of the issues that you discuss. I have read some of the writings of Father Murphy and, from what I have seen, he considers himself a Malthusian. Do you consider yourself a Malthusian?

Mumford: Yes.

Zoakos: Do you, as does Father Murphy, trace the roots of Malthusianism to the Italian Gianmaria Ortes?

Mumford: No. I think it's simple common sense. Mal-

thus just happened to be the first to have this common sense come forth in writing.

Zoakos: In our own intelligence work we have been able to trace back, in agreement with Father Murphy on this, that Malthus was plagiarizing Ortes. We have traced back the origins of these population-control ideas to Venetian intelligence in the Renaissance and post-Renaissance periods, and we see the population-control question as being of a piece with the political aims of Venetian intelligence at that time, and more recently also British intelligence and similar forces who are opposed to the Augustinian tradition that you cite in the Church, specifically because they are in opposition to anything that allows human beings to develop their mental capacities in a God-like fashion as Augustine says. In other words, you attack the Augustinian tradition in Catholicism—and would you agree with this—you are not merely addressing the population issue as such, but that the population issue is but one aspect of the broader considerations which have to do with the quality of mental development that Augustine calls for, and which the tradition that carries that on in the Church today calls for.

Mumford: I really have no problem with that. My concern is the attitudes toward procreation that St. Augustine talks of, and we find ourselves today in a situation very different from Augustine's time where death control is a fact of life. We have made great strides in death control and this is creating an imbalance. We either address birth control or we are headed toward mass suicide, and the *Global 2000 Report* points this out very clearly. Let me ask, have you read Volume II of the *Global 2000 Report*?

Zoakos: I've read summaries.

Mumford: I tell you, summaries are not adequate. I really think that if you take the time to read Volume II you would be just about as convinced as I am. It's a very convincing document, and one thing that becomes clear in reading the *Global 2000 Report* is that Mother Nature has a considerable overkill capacity, and even if one-fifth of the projections in the *Global 2000 Report* are realized, then the world will have committed mass suicide. There are five times as many projections in there than one would have to consider in order to arrive at the logical conclusion that we are headed on a suicide course. If even one-fifth of these projections are realized then civilization as we know it today will have ended. There will be no more churches, no more Catholic Church.

Zoakos: What about the view, though, that has been expressed in some of the Papal encyclicals, the latest being the *Laborem Exercens* of John Paul II, where science is identified as a means through which man can

overcome these kinds of obstacles? This encyclical, by the way, is one which from the very beginning places itself very much in the tradition of *Humanae Vitae* on the question of birth control and population matters.

Mumford: It still doesn't bring us to where we have to get to in order to address this enormous problem of population growth outstripping food supplies. Earlier you talked about the schismatic movement, and I think that the greatest single factor in the schismatic movement is the attack on the *Global 2000 Report* by the conservative leadership of the Church. Again, this attack is promoting the schism more than any other activity. More Catholics are intellectually honest, and these honest people are reading this Volume II and saying it certainly appears that the planet is on a suicide course, and they're asking themselves a valid question: how can we afford to take the risk? What if we later found out the report is right? Intellectually honest Catholics recognize this and the conservative leadership is driving the vast majority of Catholics to this schism. I really don't see the leadership changing its course. This is the problem of believing in infallibility and I think the claim of infallibility is the ultimate exercise in intellectual dishonesty.

Zoakos: Yes, I read the article of Dr. Hans Küng to this effect, the article for which he was proscribed from teaching. Did you see that article?

Mumford: No, I didn't.

Zoakos: He makes the identical argument in one of the two articles for which his teaching rights were forbidden by the Church. This was an introduction to a book on the 1871 Vatican I council, for which Dr. Küng wrote the introduction, where he makes the point that the reason the infallibility doctrine has to be gone after is specifically because, without hitting the infallibility doctrine, the population-control question could not be touched; because so long as the Pope is infallible, then what he says on issues of population control has to be taken as the word of God, so to speak.

Mumford: Well, I've gone at it from obviously a different angle, and I've arrived at the same conclusion as Hans Küng. How do you feel about the claim to infallibility?

Zoakos: Well, you, not I, are being interviewed here. But I'll tell you that the way we see the infallibility question is from a very practical standpoint at this point; that whatever the correctness or incorrectness of having passed the infallibility doctrine at that council, the more interesting question is why it is being attacked now. I think that one of the useful things which Küng does in that piece of his is to identify the fact that the attack on the infallibility doctrine has nothing to do with questions of real intellectual honesty and concern, but with a

tactical move to attack that doctrine as the wall that stands in the way of being able to go after the population question in the Church.

Mumford: I have given this a lot of thought from another direction: the denial of reality. I have worked recently in Africa and South America, and I lived in Asia back in the early 1970s. In the early 1970s I had been exposed to no statistics on population growth, but just by making my own observations in Asian countries this thought of overpopulation as being suicidal came home very clear to me, and I think that the claim of infallibility can possibly lead to denial of reality and I think it was a tragic mistake of Vatican I to have passed this.

Zoakos: What would you think of the types of comments which we have received from the population-control bureau in the State Department where they told us that the civil war in El Salvador is an excellent example of the kinds of things which can be gotten under way to execute the *Global 2000 Report*? That the creation of civil war is itself a method for implementing the *Global 2000 Report*?

Mumford: Well, I think you really need to read Volume II. This is not consistent with what I am seeing in the *Global 2000 Report*. I think the *Global 2000 Report* is projecting a lot of social and political stress if this rapid population growth continues, and it makes this as an observation. The events which we are seeing in El Salvador now have taken place in the absence of the *Global 2000 Report*. Iran is very similar to El Salvador in this respect, and yet Iran took place before the *Global 2000 Report* appeared. So I would not agree that El Salvador is the execution of the *Global 2000 Report*.

Zoakos: But if I may interrupt, I was not stating what I did as a matter of our personal feelings on the matter, but as quotes from the people whose job it is to implement the *Global 2000 Report*, by the people who wrote the *Global 2000 Report*.

Mumford: At this point it's nobody's job to implement the *Global 2000 Report*. There's been no action taken. I would seriously question any type of information like that which you might have received.

Zoakos: You cite the Iran situation and the fact that the *Global 2000 Report* had not yet been produced at that time. But do you really consider that to be so important? After all, the machinery which originated with William Draper and evolved in the State Department into the apparatus that eventually produced the *Global 2000 Report* was, of course, already in place, and had been since the Kennedy period. So whether this particular report had been produced or not is something I would not consider to be at all decisive.

Mumford: Let me say this: In the early 1970s, I prepared a book that I completed in late 1975 called *Population*

Growth Control: The Next Move is America's published by the Philosophical Library in New York City, and in this book I make the case that world population growth is a serious national-security threat. This is one of its two themes. And I had absolutely no contact with any organization or group; I merely remembered my experiences in Asia, gathered data on what was going on around me, and I came to the same conclusions that the *Global 2000 Report* came to. This was published in 1977, but I finished it by 1975, and I can assure you I had no contact with any organized group at all.

I was at that time sort of isolated in Houston, Texas, and not traveling anywhere. I was a student at the time. I think that the conclusion that the *Global 2000 Report* comes to could be arrived at by any scholar who takes a good, close look at where mankind is heading. I don't think that any one organization or any group of organizations exists who masterminded the thing, because I, as one human being, have arrived at that point without any assistance from anybody.

Zoakos: Well, one of the things minimally that can be said is that there is a point of view which allows one to come to those kinds of conclusions in the first place. That is the point of view which says that science has limitations, the point of view that the Club of Rome has done so much to publicize. Science has limitations and thus cannot be developed to the point where these food problems and resource-limitation problems, which you can be solved. Whether or not it is the case, as you say, that independent researchers have come to the same conclusions by doing their independent work and unconnected to one another; nevertheless we find an absolute identity of views from the standpoint of premises from which all these investigations have been conducted.

Mumford: I have a great deal of hope and admiration for science and am myself a scientist. Yet I see that science is not solving the problems and for a number of reasons, one being that it takes time and we have run out of time. We cannot deny that 30 million children are starving to death each year, of a famine of massive proportions—but a dispersed famine, and we are not seeing it because it is dispersed pretty much around the world, excluding Europe and North America at this point. Population growth is taking place so fast that science cannot keep up with it, and had this growth occurred over a couple of centuries rather than a few decades, I believe science could have provided [an answer]. But the problem is that it is exceedingly fast growth, beyond imagination even a couple of centuries ago, and I think herein lies the problem. Science is not capable of expanding food production, and housing, and other necessary elements for human survival to grow at a fast enough pace to accommodate the new members to the world's population each day.

Sonora '81 fair shows Mexico's potential

by Dolia Pettingell

The government of Sonora is perhaps among the few governments in the developing countries that are proposing the construction of nuplexes as a key component for their industrialization plans. Those plans were the background of the Sonora '81 Industrial Prospects Fair on Oct. 10 in that northwest state's capital city of Hermosillo. The Fair was a rare occurrence in a depression-ridden world economy. As an American citizen visiting the Fair put it, "This is the type of thing that one could always see in the U.S. in the 1960s. Not anymore."

The central theme of the Sonora Fair, sponsored by the state government with the strong backing of the federal government, was industrializing Sonora, a state with massive raw material resources. The political purpose was to educate the population on the possibilities for development.

The Fair was inaugurated by Mexican President José López Portillo on the night of Oct. 10. It was organized into three huge pavilions: one covered everything related to agriculture and ranching; a second for fishing; and a third one for mining—Sonora's four major economic activities.

Industrialization being the goal of the Sonora planners, several computer terminals were set up in the Fair in order to provide all the information that every potential investor—local and foreign—would need. Full data on present and prospective production levels, industrialization and marketing prospectives, how each product is presently utilized, the level of production necessary to make it profitable, technology availability, and the economic feasibility of other potential uses was provided upon request. As a fair organizer commented, "We are setting the table, it is up to them (the investors) to take the opportunity."

Where to invest

The main problem that Sonora's planners face is that products are being exported primarily to the U.S. or shipped to the center of Mexico with no value added, that is, as raw materials. Many of these products return to the state as industrial goods where they are sold in the retail market. This is the case for example for cotton.

The most attractive areas of investment are those related to the industrial processing of agricultural and fishing goods which would increase Sonora's already leading role as food producer.

Sonora is currently the leading producer of grain in Mexico. Sonora's crops of wheat, cotton, soy beans, safflower, sesame seed and grapes have reached the highest yields in the entire country. The key in this is Sonora's highly mechanized, American style agricultural production.

In 1980, Sonora produced 1.2 million tons of wheat. 950,000 tons were shipped to Mexico City, Jalisco and Nuevo León. Only 25 percent of the total production was processed into wheat flour in local mills. Building more advanced flour mills is an investment priority.

Cotton production faces a similar problem. Sonora is now producing 27 percent of Mexico's yearly cotton crop. However, 54 percent of Sonora's 1980 total production of 460,000 bales of cotton was exported raw to the Middle East. The rest was shipped to other parts of Mexico. Sonora's textile industry hardly exists. This represents another key area for investment.

The food processing industry also has big potential. Sonora is currently a leading producer of citrus fruits, fish, beef and pork. Large percentages of those products are exported unprocessed. The processing of the by-products of these goods is also an area that needs to be developed.

With a total cattle population of 2 million, Sonora produced in 1980 530,000 bull calves. Out of the 106,000 head butchered, 89 percent was consumed in the local market; the rest was sent to Mexico City. However, the entirety of leather produced was sent to other parts of Mexico to be used in the shoe and leather industries. Sonora has no leather industry.

Only 23 million dollars worth of new investment projects were consolidated during the Fair itself. However, due to its political and educational success, much more investment is likely in the following months.

The Fair organizers, however, realize that one of the key problems holding back investment world-wide is the high interest rates imposed by the U.S. Federal Reserve. Soaring interest rates are one of the main causes of the economic crisis that the Alfa industrial group from Monterrey is currently going through. In a normal situation, the Alfa group would have been one of the first to invest in the Sonora project. Due to the crisis, Alfa has been forced to restrict investments for industrial expansion.

Sonora in the year 2031

The commitment of the Sonora government to the industrialization of the state was best seen in the projected Annual Report from the Sonora governor for the year 2031, and in the booth that the Sonora Secretary of

Planning and Budget put together for the Sonora Fair. Thousands of the Annual Report of the year 2031 were distributed at the Fair. It presents the results of a 50 year industrial development plan. By that year the population of Sonora would have grown from the current 1.5 million to 5 million. The standards of living of the population would be the highest in the entire country and many new cities would have been built. (See box.)

The Sonora government booth presented the same concept of what Sonora would look like by the year 2031, employing audiovisual and other displays to show the advanced development that the state could achieve. A key feature in the Sonora development plan is the installation of nuclear-based agro-industrial complexes, known as nuplexes. According to a video tape shown in the booth, by the year 2031 Sonora would have two pairs of nuclear power plants that would be the center of two new agro-industrial cities. The energy, and especially the waste heat from these plants, would be used to desalinate water. This water would be used for irrigation and would start solving one of the major

obstacles for agricultural production in the region.

Nuclear energy, a political fight

The emphasis put by the Sonora planners on nuclear energy has nation-wide political significance. Until recently, Mexico has consistently postponed the initiation of a full-scale nuclear development program due to political sabotage from inside the government of López Portillo. In addition, several attempts to at least start researching nuclear energy in Mexico have been countered by local authorities. This is the case of a project for a nuclear research center planned to be built in the state of Michoacán where the governor, a devoted environmentalist, turned down the federal government proposal in the name of "protecting the environment."

Reliable sources report that the Sonora government is fighting behind the scene to get approval for building the research center in the state of Sonora. Although the government of the state of Nuevo León also wants it, it is known that Sonora has excellent possibilities of gaining the project.

*The AMEF exhibit:
at left is Director
Cecilia Soto de Estévez.*



AMEF exhibit draws a gigantic response

Out of all the hundreds of booths that integrated the Sonora '81 Fair, the booth sponsored by Mexican Association of Fusion Energy (AMEF) was the most visited. Hundreds of businessmen, hundreds of potential investors, hundreds of professionals, and thousands of students from five-year olds to college students, stopped at the AMEF booth to ask questions, ranging from the technical to intensely political.

The feature that most absorbed the visitors was a half-hour videotape explaining how nuclear fusion energy works, and polemicizing against the international environmentalist movement. Many visitors re-

turned several times to the AMEF booth with further questions.

The AMEF, publishers of the Spanish magazine, *Fusión*, borrowed several scale models of American nuclear plants to be exhibited at the booth. Two of those models were the Clinch River liquid-metal fast-breeder reactor, and the high-temperature gas-cooled reactor under construction by General Atomic of San Diego. The walls of the booth were covered with enlarged photos of nuclear plants in various stages of construction, and the latest discoveries of the solar system, including Saturn pictures taken by Voyager.

'Sonora full of energy in the year 2031'

The following are excerpts from the Annual Report that the governor of the State of Sonora is imagined to give to the State Legislature in the year 2031. The Annual Report was distributed in the thousands by the Sonora government Secretary of Planning and Budget during the Sonora '81 Industrial Fair. The governor reports on the tremendous levels of economic growth and high increase in the standard of living achieved during the previous 50 years as a result of an ambitious industrial development plan for Sonora.

Industry

Sonora sharply orients toward the food industry. That specialization has become ever more accentuated to the degree that its food research institutes have developed new technologies. Thus, Sonora has more than overcome the food problem which was approaching Mexico and other regions of the world. Agriculture and fishing, which have long been fully mechanized, remain the largest employers of skilled labor.

Energy

The huge uranium deposits which were first brought on stream 45 years ago are the basis for generating nuclear energy in the state and throughout Mexico. . . .

The state has its energy needs assured up to the year 2080, thanks to the functioning of the fourth stage of nuclear plants which generate electricity and desalinate seawater. Natural gas pipelines were extended to all the state's towns over 20 years ago.

Education

Since 1981, 100 percent of school age children have been educated. By 1985, the state had eliminated illiteracy, opened kindergardens for all children, and made 11 years of education compulsory.

Today, in 2031, 70 percent of secondary school and university students study technological careers with the remaining 30 percent in the humanities. . . . The state has two graduate schools, five universities and 35 technological centers.

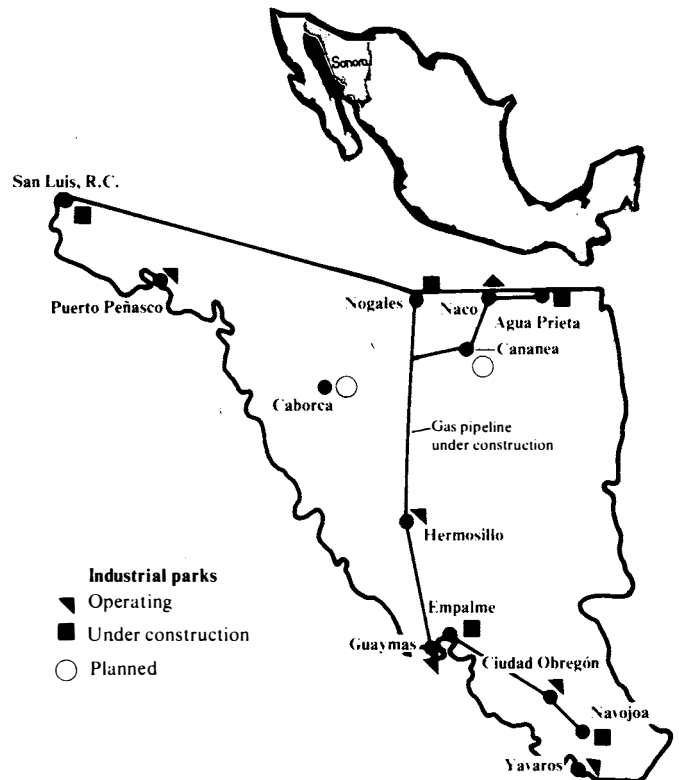
Health and social security

One hundred percent of Sonora's population belongs to a social security system. . . . Heart disease and cancer have been reduced to 10 percent of the levels of 50 years ago. Sonora's population is healthy; even with the difficulties of modern life, its life span now extends to 80 years. . . .

Population

The State Plan for Human Settlement redistributed the state's urban population, breaking the historic migration pattern from the interior to the coast and promoting an orderly growth of cities. Five of our cities have more than 50,000 inhabitants, seven more than 250,000 people, 38 between 50,000 and 100,000, and 53 municipalities have less than 50,000 people.

The arrival of abundant irrigation water with the Northwest water plan construction resulted in 11 new population centers with more than 50,000 people. Mexicans from all over the country come to the state. This, in addition to natural population growth, brings our population to 5 million. But we have no overpopulation problem, and life in our cities is pleasant and comfortable.



Out of the 13 industrial parks that the industrial development plan for Sonora calls for, five are already operating, five are under construction and the rest are in planning stage. The gas pipeline currently under construction will supply the industrial parks with cheap and abundant gas.

Green fascists menace Germany once more

by Susan Welsh

Over 100,000 “greenie” environmentalists converged on the Frankfurt International Airport in West Germany Nov. 15, shutting down Europe’s third-largest airport and launching what they term an “ecological civil war” aimed to topple the government of Chancellor Helmut Schmidt. The demonstrators set flaming barricades on traffic arteries throughout the surrounding area, jamming traffic for miles around. Molotov cocktails, stones, and clubs were hurled at police, and an elderly woman died when her car was trapped in a mob of rioters.

Holger Börner, the governor of the state of Hessen, where Frankfurt is located, denounced the “greenie” opponents of his plan to expand the airport as *Nazis whose real aim is to destroy the democratic order and the rule of law*. Börner is Schmidt’s most important political ally, and has insisted on a policy of economic development for Hessen, despite “greenie” opposition.

The greenies use legalistic terminology about the “people’s will” in a way that reminds one of “Nazi jargon,” Börner said in an interview to the daily *Frankfurter Allgemeine Zeitung* Nov. 15. They twist things to accuse the state of injustice, while placing the very existence of the democratic state in jeopardy. “Goebbels began by talking about the Reichstag [parliament] as a ‘chamber for empty chatter,’ and the final result was the *Reichskristallnacht*”—the Nazi confiscation and destruction of Jewish property, Börner declared.

Just as the Nazi regime was created by London as a tool to destroy both Germany and Russia, so today’s green fascists are being deployed by Anglo-American elites against the Schmidt government.

Schmidt’s global role

European Labor Party Chairman Helga Zepp-LaRouche issued a statement from her headquarters in Wiesbaden, Hessen’s capital (which was also invaded by greenies the day before), denouncing the “green fascists.” “Whoever overthrows Chancellor Schmidt jeopardizes world peace,” she stated, in a leaflet.

More than any other head of state today, Schmidt is responsible for the two “superpowers” not having yet plunged the world into war by miscalculation. Despite

pressure from Alexander Haig’s U.S. State Department, Schmidt has stuck to a policy of East-West détente, based on the idea that economic cooperation can underwrite a war-avoidance policy. Despite efforts of “foreign and domestic advocates” of “Global 2000”—a worldwide regime of zero economic and technological growth—Schmidt has insisted that urgent measures are needed to achieve economic recovery and growth. The alternative, as he has repeatedly underlined, is world war and fascism.

The protesters from the German greenie and “peace” movement are by no means a mere expression of what the *New York Times Magazine* recently called “the German malaise.” The movements are being orchestrated from the top by Schmidt’s enemies in London and Washington, and their domestic towel-boys. Schmidt’s Free Democratic Party coalition partners, who include his Foreign Minister, Hans Dietrich Genscher, and Interior Minister Gerhard Baum, are the most avid proponents of Global 2000 in West Germany. Social Democratic Party Chairman Willy Brandt, a British agent-of-influence since World War II and international spokesman for zero growth, is now in league with Alexander Haig and Britain’s Lord Carrington to topple Schmidt, as Brandt openly supports the rabble demonstrating against his own party’s Chancellor.

In a speech Nov. 9, Interior Minister Baum declared that the youthful violence is not a “criminal act” but rather a “social phenomenon.” “We should be more relaxed,” he said. “Some criminal desperadoes will not put this republic in question. It is we who could do so by our exaggerated reactions.”

Green fascism

As the European Labor Party outlines in its leaflet, the West German greenies are becoming indistinguishable from Adolf Hitler’s fascist stormtroops, and in fact professed neo-Nazi number among the leadership of the Green Party.

The “green” demonstrations are organized along paramilitary lines, with helmets, leather jackets and boots for the participants. Squads are organized with a drummer and emblem-bearer at the fore. Once the official, “peaceful” protest is over—usually after an evening torchlight procession—the leaders announce to the crowds of young punks (many of whom are carrying plastic bags filled with bottles or other implements): “Okay, now do whatever you want.” Then the trashing and violence begins. One of the core groupings in the Hessen environmentalist movement, the *Grüne Liste Umweltschutz*, was headed until 1978 by a known neo-Nazi. His successor openly proclaimed that the left must take from the fascist movement of the 1930s what is useful, transforming it by a “Hegelian dialectic” to suit the needs of today!

A new peril for Lebanon

Israel wants a new war over Lebanon. The purpose: to wreck the Saudi peace plan.

Israeli Defense Minister Ariel Sharon is preparing Israel's armed forces for a blitzkrieg sweep into Southern Lebanon, striking as far north as the strategic Beirut-Damascus highway, as a counter-move against the Reagan administration's growing openness to Saudi Crown Prince Fahd's eight-point peace plan.

"If Saudi Arabia succeeds in forging an Arab consensus at the Nov. 25 Arab summit in Morocco in support of the Fahd plan, then I think it is safe to say that Israel will take action in Lebanon," a Pentagon official stated. "The last thing Israel ever wants to see is Arab unity, and the Israelis know that a move into Lebanon will further catalyze the radical Arab Rejection Front and divide the Arab world against Saudi Arabia."

The timing of the attack, according to U.S. and Arab intelligence sources, is before mid-December, with several sources focusing on the weekend of Dec. 5.

"Things are very tense," said one source. "We are very near a new Israeli move into Lebanon. Israel must move before the return of Philip Habib." Habib, President Reagan's special envoy to the region, is scheduled to resume his diplomatic shuttle some time after Thanksgiving.

The pretext for the Israeli attack, according to highly placed Palestinians, is likely to be a bombing or an assassination of an Israeli leader by "Palestinian terrorists."

Such an event could easily be arranged by Israel's Mossad secret service.

Israel's essential motive for a war against Lebanon and Syria is to disrupt the growing consensus around the Saudi peace plan. Israel is joined in its efforts by Great Britain and the Soviet KGB. According to U.S. intelligence information, the KGB has indicated to Israel that Moscow will not stand in the way of an Israeli thrust into Lebanon as long as the real target of the attack is Saudi Arabia.

Both London and Moscow are committed to preventing the consolidation of U.S.-Arab relations around the Fahd plan.

"The Soviets are playing a clever game," said one source. "They would not be unhappy if Israel attacked Lebanon in the midst of the U.S.-U.S.S.R. arms talks, because that would embarrass the Reagan administration."

According to Israeli intelligence sources, Israel plans to strike far deeper into Lebanon than it did in the last full-scale invasion in 1978, this time going as far north as the Zahrani River, about 25 miles north of the Litani River, the old Israeli "Red Line."

Operation Zahrani would target Palestinian installations in the coastal town of Tyre and nearby Rashidiya, coupled with air strikes on the Syrian anti-aircraft missiles in the Bekaa Valley, midway between Beirut and Damascus. An air offensive followed by an Israeli

sweep of armored columns into the Bekaa Valley would push the Syrians out of Lebanon and cut off the Palestinians in Beirut from Syrian logistical support. The prime objective would be to push the Palestinians in Lebanon further north, with the ultimate aim of forcing them into Syria, while expanding Israel's stranglehold over more territory in southern Lebanon.

The indispensable political backup for the planned attack is coming from a group of American Zionist figures led by Detroit's Max Fisher.

On Nov. 19, Fisher led two dozen Jewish Republican Caucus members into a meeting with Reagan, during which the President was informed of the "consequences" of continued U.S. gestures of support for the Fahd plan: the unleashing of Israel into Lebanon, and a withdrawal of U.S. Jewish support for the Republican Party. The President politely refused to reverse his earlier praise of the Fahd plan.

EIR Founding Editor Lyndon H. LaRouche, leader of the National Democratic Policy Committee, has called on Reagan to dispatch a contingent of U.S. troops, at the Lebanese government's invitation, to Lebanon's border with Israel, and to station the U.S. Sixth Fleet off the Lebanese and Israeli coast. Only such a strong display of firepower, LaRouche believes, can prevent Israel from risking the sort of all-out confrontation with the United States that it seems prepared for.

The LaRouche proposal is known to be receiving widespread consideration by the relevant governments, including that of Lebanon.

De la Madrid's advisers

The cards are on the table regarding who's pushing a suicidal "go slow" course to avoid a "doomsday scenario."

New York's *Journal of Commerce*, a long-time opponent of Mexican industrial growth, has done everyone a service by laying out publicly, for the first time, a strategy to take over the De la Madrid presidential campaign and use it as a club against President López Portillo's growth commitments.

The problem, says columnist Gordon Mott writing in the Nov. 23 edition of the *Journal*, is that López Portillo remains wedded to the "full-steam-ahead philosophy" which has brought Mexico record growth rates for the past four years.

This conflicts with what "financial experts and foreign economists" have decreed for Mexico: speeded up devaluation of the peso, cutbacks in federal spending, decline in overall growth to half the current 8 percent; and "tight controls" on the money supply.

That is to say; collapse the economy.

De la Madrid can be brought into line, asserts the *Journal*: "his economic policies are believed to favor a moderate growth pattern." But unfortunately, "there is no indication Mr. López Portillo will permit the candidate to have any say in the economic planning over the next 14 months."

How to break López Portillo? The *Journal* threatens that "reduced confidence by foreign bankers . . . might spur devaluation fears . . . creating a situation of capital flight."

If López Portillo hangs on, he will only be handing his successor "a recession worse than the one in 1976," and "the economy would essentially have to be brought to a grinding halt." However, concludes the article, "If Mr. López Portillo agrees to start the economic slowdown now by writing a conservative budget for 1983, the doomsday scenario might never be realized." The 1983 budget debate, the *Journal* coyly adds, "is due for release next month."

What makes the *Journal* scenario anything more than wishful thinking is the unfortunate fact that there is a group of close De la Madrid advisers who are saying the same thing.

I'm talking especially about Carlos Salinas de Gortari, the 33-year old Harvard-trained "whiz kid" whom De la Madrid named to head the PRI party think tank, IEPES, for the current campaign.

At every opportunity Salinas has been stressing the need to "consolidate" Mexican growth, and to "invert" the current model. Instead of "quantitative" measures of growth, the country must look more to enhance its "quality of life." Among the IEPES director's favorite methods to do this is slashing Mexico's population growth.

Joining with him in a top IEPES position is Enrique González Pedrero, current head of the Free Textbook Program for the Education Ministry and one of Mexico's most rabid Malthusians and environ-

mentalists. He is a close associate of Mario Moya Palencia, the former Interior Minister who launched a national publicity crusade around the slogan, "Let's make ourselves less." González Pedrero's most recent book is a polemic against industrial advance entitled, "The Wealth of Poverty."

This kind of imported Club of Rome ideology naturally is not going over particularly well in substantial sectors of the country. The group around PRI president Ojeda Paullada is reportedly working on more growth-oriented programmatic proposals.

And far from weakening on this front, López Portillo is showing signs of toughening up measures to deal with the economic warfare promised by the *Journal of Commerce*.

The Mexican Foreign Investment Commission ruled the second week in November that for the first time foreign real-estate offerings in the country must clear all transactions with the Commission, "with the object of avoiding a flight of capital by that route."

The question is: how much do Salinas de Gortari and Co. speak for De la Madrid? The candidate's own speeches have recently given a nod toward the "slow-growth" crowd, and De la Madrid has not been reining in Salinas's antics. Ironically, this has played to rave reviews in the left press here—another example of how "left" and "right" is not the issue on development questions. But no one should forget the lessons of 1976, when the "go slow" forces similarly thought they had López Portillo "under control"—only to be assailing the same López Portillo today as a growth fanatic.

International Intelligence

Green fascist movement planned for U.S.

Recent interviews with leading U.S. environmentalist spokesmen confirm that a green fascist "peace movement" is being formed in the United States which will work in direct coordination with the European green fascists.

The Sierra Club, the most powerful environmentalist organization in the U.S., has resolved to call on "all nations to stop the production, deployment, and testing of all nuclear weapons." Other environmentalist leaders, including Dr. Helen Caldicot of Physicians for Social Responsibility are returning from Germany where they participated in the recent bloody riots in Bonn, Frankfurt, and elsewhere, while the Friends of the Earth recently brought together members from its organizations in 26 countries, the first such meeting in 10 years, to coordinate their activities globally.

Amory Lovins, the enfant terrible of the Friends of the Earth, and a frequent contributor to Club of Rome publications, commented on the recent fascist riots in Germany to an interviewer Nov. 24: "The European reaction is very interesting. I hoped something like this would happen, but I must admit I'm surprised at how quickly and coherently it has come up. . . . It would be a really lovely irony if Germany led the way to peace. But, it may actually happen."

Kissinger overthrows Argentine president

General Roberto Viola was hounded out of the presidency of Argentina Nov. 19. Physically and politically shattered, Viola may never return from his "leave of absence."

Everybody in Argentina knows who is at the receiving end of the "transition"; Army Commander General Leopoldo Galtieri is rapidly consolidating his personal power. Galtieri is an opponent of political liberalization and a supporter of

Henry Kissinger's view of Argentina's role in projected geopolitical adventures, such as a South Atlantic Treaty Organization modeled on NATO.

Shortly before Viola became President in March, Ronald Reagan met him and offered his full personal backing for restoring the South American dictatorship to democratic life. The U.S. enemies of that process responded by feting Galtieri with a 10-day military tour of the United States. Galtieri returned to Washington earlier this month to receive what *Somos* magazine and other Argentine press described as "inordinate personal endorsements" from White House adviser Richard Allen and Defense Secretary Caspar Weinberger.

In closed-door army sessions, Gen. Galtieri is now negotiating with the openly pro-Nazi factions of the army the terms of the new order. Henry Kissinger has traveled to Argentina to organize a speedy consummation of Galtieri's coup.

Viola's hopes for getting support from Reagan and other international forces were wiped out by Zionist journalist Jacobo Timerman. Although Viola provoked a right-wing military rebellion against himself by spiriting Timerman out of Argentina, Timerman showed his gratitude by having world public opinion believe the Viola faction was responsible for anti-Semitism.

Why would the avowedly "leftist" Timerman join in the fascists' destabilization of Viola? Was Timerman employed by the Israeli Mossad intelligence agency, in whose employ he became Latin American director of Israeli overseas radio?

Mitterrand called 'paranoid' over opposition

French President François Mitterrand is reportedly paranoid over intense opposition being mounted against his programs seeking corporate nationalizations and emergency-decree powers. The opposition is being led by industrialist layers, Gaullist party members, and supporters of former President Giscard

d'Estaing. The French President, a leader of the Socialist International, is described by high-level Paris sources as having developed an "Allende syndrome"—fear that the right-wing forces are plotting a violent coup.

Mitterrand has announced he will seek parliamentary approval to use the constitution's Article 38—an emergency clause—with the intent of imposing an economic program that would, rather than increasing employment and adding to produced wealth, spread around dwindling employment and "share" general poverty. Measures would include reducing the work-week and lowering the retirement age.

The national association of small and medium-sized firms broke with tradition and refused to invite a single government minister to attend its national congress the week of Nov. 15. This is widely interpreted as a direct attack on Mitterrand.

Dean and Parpart tour India

Fusion Energy Foundation Research Director Uwe Parpart and former director of the U.S. Department of Energy's Magnetic Fusion program, Dr. Steven Dean are completing a tour of all of India's major physics laboratories where they have been lecturing and holding extended discussions with Indian scientists working in plasma physics and related subjects. The tour is sponsored by the Indian Council for Scientific and Industrial Research, the major government body coordinating the work of scientific laboratories across the country.

On Nov. 16, Dean and Parpart held lectures and discussions at the Physical Research Laboratory in Ahmedabad, the site which will be the base of India's newly started fusion program.

In Bombay, they met with scientists from the Tata Institute for Fundamental Research, the oldest such institute in India, and with the head of the plasma physics program at the Bhabha Atomic Research Center.

Next came the Indian Institute of Sci-

ence in Bangalore, and the Saha Institute for Nuclear Physics in Calcutta. Dean and Parpart also lectured at the Indian Institute of Technology in Delhi, at Delhi University, and at the Council for Scientific and Industrial Research itself in Delhi, and were scheduled to meet with Prime Minister Indira Gandhi.

Greenies in SPD mobilize against Schmidt

Erhard Eppler, a leading member of the environmentalist wing of West Germany's Social Democratic Party (SPD), has in an interview to the German edition of the pornographic monthly Penthouse declared that no real Social Democrat could ever support Schmidt's government.

The SPD under Schmidt is even more right-wing than the Christian Democrats on defense policy, he said, quoting SPD chairman Willy Brandt's prediction that the coalition in Bonn cannot last until 1984. He recommended that the party adopt the "historic plan of Friedrich Naumann"—the turn-of-the-century liberal who founded the "National Social Working Group," the antecedent of the Thule Society, the ideologues of Hitler's National Socialism.

In the city of Hannover, the SPD held a congress the weekend of Nov. 21, passing a resolution denouncing NATO's "Euromissile" resolution of 1979, a cornerstone of the Bonn government's policy. The party in Lower Saxony, and its capital city of Hannover, re-elected greenie supporter Peter von Oertzen as head of the state SPD. The Social Democrats there passed a resolution on reinstating Karl-Heinz Hansen, the "dissident" recently kicked out of the SPD by the national leadership for having denounced Schmidt for "political obscenities."

The parties in Lower Saxony and Schleswig Holstein, and factions elsewhere, are defending Hansen.

The SPD in Hannover is now ruling the city, thanks to a parliamentary vote of support last month from the new

"green" members of the city council and the one Communist councilman. This amounts to a de facto coalition between the Greens and the SPD in the city.

Pressure builds to bulldoze Denmark's Christiania

The "squatters' town" of Christiania, off-limits to police although located at the center of Copenhagen, has become the target of an international campaign making headlines throughout Europe, demanding that it be shut down because of its role in drug trafficking, safehousing terrorists, and building a fascist youth movement across the continent. The Danish government, accused of protecting the "community," has come under enormous pressure.

Recently, the Justice Ministers of the Nordic Council, including Iceland, Norway, and Sweden, as well as Denmark, voted for Christiania to be shut down. Denmark alone cast a dissenting vote.

The pressure continued as anti-drug coalitions, which initiated the furor, held simultaneous demonstrations in front of Danish consular facilities in the United States, Mexico, Colombia, Italy, France, West Germany, Sweden, and Denmark itself. They demanded that the counter-culture ghetto be leveled to make room for a nuclear plant, and carried signs reading "Something Rotten in the State of Denmark, and in a New York demonstration, "Stop Denmark from Shooting Up Our Troops"—a reference to the fact that, as Nordic Council members emphasized, Christiania's natives have taken advantage of freedom of travel between Nordic Council countries to run drugs throughout Scandinavia and into the rest of Europe.

At least eight newspapers in Sweden and Denmark have given coverage to the campaign, with headlines like "Paris wants Christiania shut!"

Christiania was founded in 1971 as a government-sanctioned "sociological experiment" with the support of the Danish Royal Family, the left wing of the Social Democratic Party, and Conservatives invoking the "free market."

Briefly

● **BRAZIL** is throwing its diplomatic weight behind Prince Fahd's plan for Middle East peace. Brazil's only reservation is that Jerusalem should be an international city, capital of neither Israel nor a Palestinian West Bank state.

● **AL WAATAN AL ARABI**, an Arabic weekly magazine with a 10,000 circulation in Arab countries and Europe, carried a three-page interview with *EIR* founder Lyndon LaRouche in its Nov. 16-22 issue. The article begins: "American policy-makers are not necessarily in the White House. Some are on their way in. Among them is the leader of one of the most influential movements in the United States, the National Democratic Policy Committee, and one of the great American thinkers of today, Mr. Lyndon H. LaRouche, Jr." The article is viewed in the Middle East as a response to the attack on LaRouche in the *New Scientist* magazine.

● **JOHANN DEBEER**, the South African Secretary General of Health, recently avowed that "Forced birth control may have to be applied in South Africa unless all groups adopt voluntary family planning measures." It is well-known that the usage of the term "groups" in this context by South African officialdom refers to racial groups. The government has been recruiting white immigrants from Poland and Great Britain.

● **LEONID ZAMYATIN**, Brezhnev's spokesman during his late-November trip to Bonn, astonished the European press with his belligerent sniping at reporters and the West in general. "Whose job is Mr. Zamyatin doing?" queried *Le Monde* from Paris, adding that the impression arose that "it was a certain Leonid Brezhnev who was authorized to communicate to the West German Chancellor the views of Mr. Zamyatin."

U.S. Club of Rome plots an organizing take-off

by Lonnie Wolfe

The U.S. membership of the Club of Rome, the supranational NATO-backed organization that initiated the official zero-growth movement in the 1960s, met in a Maryland suburb of Washington, D.C. and mapped plans to take over the chief policy-making institutions of the United States. According to accounts of the Nov. 17-18 meeting made available to *EIR* by participants, members of the subversive Club already assert a powerful influence over sections of the government, the Congress, and the private sector, using a network of influential Club of Rome moles. The Club and its leadership stated that the organization would emerge from the shadows and make a direct pitch for allegiance from broader sectors of the American public next year.

EIR's informants reported that the Club of Rome functions like an Oriental secret society, centered around the personality and "teachings" of its co-founder, Aurelio Peccei. Peccei, a former Fiat executive who publicly endorsed cannibalism in 1974 as a viable solution to the so-called population crisis, is the leading figure in a conspiracy backed by European oligarchs to revive the discredited theories of 18th-century Britain's Parson Malthus. Malthus and his latter-day cult followers claim that population growth necessarily outstrips food supplies, and therefore the population must be curbed, by any means, however brutal. The history of the United States industrial republic proves that technological progress overcomes every Malthusian "limit to growth," but this has not stopped the evil Club of Rome cult from gaining the positions of power in the U.S. government to influence, and even determine, policy.

Members of the Club boast that they created the policy doctrine of the Carter administration's *Global 2000 Report*, which calls for the elimination of 2 billion people from the world by the year 2000, and that their networks in the Alexander Haig State Department are carrying out the Malthusian doctrine on which the report was based. The Committee for the Year 2000, the elite group run by former Secretary of State Cyrus Vance and former Ambassador to Britain Elliot Richardson, functions as a Club of Rome front promoting the Global 2000 doctrine. Henry Kissinger and his circle are also conduits for Peccei's policy. The threat to U.S. national security is dramatized by the fact that high-ranking Soviet officials are active in the Malthusian organization. Dzhermen Gvishiani, the deputy chairman of the Soviet State Committee on Science and Technology and co-director (with the U.S.'s McGeorge Bundy) of the International Institute for Applied Systems Analysis, and Yevgenii Fyodorov, an active leader of Soviet "peace fronts" as well as scientific institutes, recently became members of the Club of Rome executive board.

The two-day meeting Nov. 17-18 began with a business session attended by nearly 40 members. The agenda: how to expand the influence of Peccei and his Malthusian ideas into every section of American society. According to Club leaders in the U.S.A., the membership is selected for its ability to influence institutions, since the Club's goal is not to recruit but to take over institutions. Those that cannot be taken over must be either destroyed or neutralized.

"We cannot be a Peccei cult," said one member to the

business meeting. "We must continue to expand our influence beyond those who accept Peccei as we do. This is how we spread our ideas." It was pointed out repeatedly by members that the Club of Rome is the mother of all environmentalist and population-reduction-advocating organizations. For example, Donald Lesh, the Kissinger operative who was previously Executive Director of the U.S. Association for the Club of Rome, "runs the Global Tomorrow coalition for us," a Club member reported. Each member of the Club, it was stated, places his or her allegiance to Peccei and the Club's doctrine above loyalty to any other institution—including the U.S. government. And according to a private communication to members from Peccei dated July 28, 1981, the Club should push the creation of regional governing structures as a transitional phase to a new world order based on scarcity. "We must see ourselves as part of an international conspiracy," said one Club member. "We are not Americans in that respect."

The U.S. organization had been viewed by Peccei's European adherents as a "weak sister." Now, orders have come down from Europe that the Club must mobilize for a show of force in the United States. To accomplish this, the business meeting discussed a leadership reorganization that selects 49 of the 189 select U.S. members as an "advisory council." The advisory council then chooses a 7-member executive council to run day-to-day activities. Advisory council members will also coordinate relations with Club of Rome supporters in the government, such as Jim Buckley in the State Department, who cannot come out in the open yet.

This restructuring was required for the Club's major organizing project—a March 2 celebration of the 10th anniversary of the genocidal *Limits to Growth* report at the Smithsonian Institution in Washington. The event is being shepherded by Peccei personally, who plans to deliver big names to the event, such as former West German Chancellor and green fascist sympathizer Willy Brandt. The U.S. association must deliver 500 to 1,000 prominent individuals from its network—with, as was stressed at the meeting, a healthy number of non-whites. This is necessary, Club members stated, to answer repeated (and accurate) charges that the Club promotes policies of genocide against non-white races.

The rest of the two-day meeting was a brainwashing indoctrination session on the theme of "positive images of the future." This will be the theme of the Club's new "Made for America" manifesto, a book titled *Making It Happen*, to be released coincidental with the March celebration. The first session, called "What is to Come?" was conducted by Carol Christensen, whose theme was the need for the Club to create its image of utopia, or "utopia-ing," as she called it.

The group was then divided into smaller "T-groups," in which each member was asked to write his or her

images of the future on a blackboard. Some members thought the process ridiculous, yet all went along. After it was completed, Christensen hammered home the message: "We are all too mental. That creates roadblocks. . . . It is the carrot not the stick that we need, and we must use images to captivate people." One veteran Club of Rome member explained that "we have a real chance now." "The recession has shattered their reality. People will turn to us like they turn toward religious groups. We must give them an image to cope with horrible reality." Christensen argued with a conference participant who protested that many of the facts in such reports as *Limits to Growth* and *Global 2000* are wrong. "That has been our problem," she stated. "We fixate too much on facts. We must do better at projecting the images of the future in the visions of Peccei. Facts are meaningless. It is the image that is important."

At the banquet Nov. 17, a private affair, new members were inducted into the Club. They were introduced by the new Executive Director, Faye Beuby, who professes to be a disciple of "that great man to whom we owe our existence, Aurelio Peccei," bidding each new inductee say a few words about why they were worthy of membership in the exclusive Club. "I have been a foreign-intelligence officer for nine years," said one David Burris. "I have worked another nine years in social service. I have spent the last nine years as a consultant on energy matters. I have devoted myself to propagating the ideas of the Club of Rome and Aurelio Peccei." "I work in the office of the Undersecretary of Defense," said Donald Dewitt. "I am your man in the Defense Department." Another, a professor of management at George Washington University, stated, "I am devoted to spreading the ideas of Aurelio Peccei in the private sector." Still another boasted of her influence over policy circles in the Democratic Party.

The next morning, participants in the conference had a rather nasty brush with reality. As they were about to be treated to a multi-media presentation on how science fiction comic books are key to understanding human consciousness, a representative of former Democratic presidential pre-candidate Lyndon LaRouche walked up to the microphone and announced, "I am indicting everyone here in this room under the Nuremberg statutes for crimes against humanity 100 times worse than Hitler. You are all murderers and genocidalists." The young man walked out the door.

Outside the meeting hall were picketers from the National Democratic Policy Committee of LaRouche, carrying signs saying "Give the Club of Rome the Right to Die." Pandemonium broke out in the room. Soon calm was restored, but for the rest of the conference, there was a steady undercurrent of talk about the LaRouche group and the problems of organizing openly in America.

Will the Reagan administration kill America's fusion program?

by Marsha Freeman, Science & Technology Editor

EIR has learned that science policymakers for the Reagan administration are considering a "restructuring" of the U.S. magnetic fusion program, an attempt to return to a "go-slow" program to develop fusion energy which would stop construction of new fusion experiments needed to sustain continued progress in the program, and would preclude broadening the effort to develop the technology and engineering base for commercial fusion power.

Fusion energy is the process of the Sun and stars: the fusing together of isotopes of hydrogen. The promise of fusion is to create an energy source which uses hydrogen from water for fuel, which is safe, clean and unlimited.

Over the past year a milestone was reached in the United States with the passage and signing into law of the 1980 Magnetic Fusion Energy Engineering Act. The current threat to revise the fusion timetable jeopardizes that law's commitment to demonstrating engineering feasibility by the year 1990 and commercial feasibility by the year 2000.

'Too optimistic'

According to an assistant director for the White House Office of Science and Technology Policy (OSTP), the fusion program developed in the last days of the Carter administration, including the signing of the Fusion Act, was "too optimistic." Refusing to elaborate on this, the spokesman stated that there are "technical" reasons why the timetable for fusion should be stretched out, and asserted that fusion would make an impact on the national energy scene "more likely by the year 2040 or 2050, not 2000 or 2010, which was the framework some enthusiasts saw."

There should be "support for basic science and engineering rather than accelerating industry participation," this OSTP official stated, "and we want to shift the emphasis back to science and engineering research."

This perspective violates the intention of the law to increasingly involve high-technology industry in the fusion program to develop the technology and engineering that will be required to build power plants in the

next century. "Basic research" in fusion may sound like a positive approach, but without industry involved, the program will quickly reach a dead end.

Even within the purview of basic research, the OSTP admitted that some of the new fusion experiments required to answer remaining scientific questions about fusion may have to be "deferred" because they would require up-front funding.

This policy of halting new experiments and projects and refusing to build an engineering prototype fusion reactor will wreck progress in fusion. Questions that remain in the scientific feasibility for fusion can only be answered through the use of bigger and more sophisticated experimental machines. Therefore, this sort of "restructured" program has nothing to do with a real concern for basic science, but represents an attempt to destroy the future of the program and demoralize the scientists and administrators who have led one of the nation's most important energy development programs.

What will be affected

The Magnetic Fusion Energy Engineering Act mandated that there be a fusion engineering device (FED) on line by 1990; by the year 2000 the U.S. would have a commercial demonstration reactor to lay the basis for utility-based fusion power systems. Without a commitment this year to build this FED the letter of the law will not be met. The next-step tokamak device, the Tokamak Fusion Test Reactor (TFTR), is the furthest advanced fusion technology. The TFTR will become operational at Princeton University in about a year. If there is no follow-on tokamak such as the FED ready to be designed and constructed after this test device, the tokamak program will come to a dead end. The United States will have shown that fusion is scientifically feasible, but have no reactor to demonstrate engineering feasibility so it can be utilized.

In addition to the mainline tokamak program, the United States has the most diversified fusion program in the world. Americans are the leaders in magnetic mirror fusion technique and have excellent efforts in

hybrid mirror-tokamak programs. The U.S. fusion program currently involves a plan to build the world's largest tandem mirror facility at the Lawrence Livermore Laboratory, called the Mirror Fusion Test Facility (MFTF).

The MFTF has been authorized by the Congress and the FY82 budget of \$456 million includes funds for construction. The White House science office and the Office of Management and Budget are now thinking of abandoning the tandem mirror project in fiscal 1983 budget.

The bumpy torus, developed at the Oak Ridge National Laboratory, embodies a mirror-tokamak hybrid concept; it has been a promising approach to fusion. The Congress has authorized \$20 million so the construction of an Elmo Bumpy Torus proof-of-principle scientific experiment can begin in FY82. Administration policy-makers are trying to take it out of the FY83 budget.

Key to advancing to the fusion engineering phase is the solution of severe materials problems. Also in the FY82 budget are \$14 million to continue construction of the Fusion Materials Irradiation Test (FMIT) facility at the Hanford facility in the state of Washington. This will be the only machine in the world which can simulate a fusion environment, in order to develop and test new materials. The budget-cutters are advising that the FMIT will not be part of the FY83 funding.

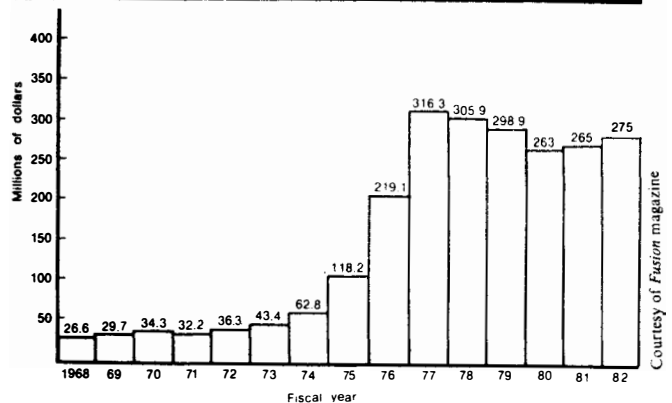
As scientists in the fusion program will be the first to state, there is no point in continuing the current research work if there is no intention to develop engineering technologies and proceed to the next stages in each fusion area. The most serious potential effect will be the demoralization of the fusion community. Already, technical people involved with various aspects of developing the fusion budget and advising the Congress have left Washington and gone into industry out of frustration.

Who makes fusion policy?

Until the early 1970s, the nation's magnetic fusion program consisted of a handful of small-scale scientific experiments at primarily the national laboratories. In 1972 an alliance of key scientists, including Dr. Robert Hirsch at the Atomic Energy Commission and the Energy Research and Development Administration, conspired with Congressional leaders such as Mike McCormack to push for an aggressive fusion effort.

Just at the time when decisions would have to be made to spend considerably larger amounts of money to build the next-larger class of fusion experiments, the 1973 oil embargo forced the energy question. The Nixon administration commissioned the Project Independence study, whose findings were published in 1974.

Based on that study, the Nixon energy program



The magnetic fusion budget in constant 1977 dollars

The U.S. magnetic fusion program has suffered a decline in real-dollar funding since the advent of the Carter administration. The buying power, in terms of personnel, new machines, and operating expenses has continued to decline as inflation has out-run insufficient increases in the budget. This graph is based on a very conservative 8 percent annual inflation rate and therefore understates the actual rate of decline.

Last spring, during budget hearings before Congress, the director of the fusion program, Edwin Kintner, pointed out that to attain the same **real dollar** level of \$316 million as in FY77 the **current** dollar funding for fusion would have to be about \$525 million. Instead the FY 82 budget will be \$456 million, far short of the FY77 level program.

The Fusion Act mandates that the fusion budget should indeed have been at the \$525 million level for FY82, with another 25 percent increase in FY83 and a total doubling of the program within seven years. This would begin to return the program to the increase in **real dollars** which is required to begin the engineering development phase for fusion and the development of an engineering and later, commercial prototype reactor.

called for the demonstration of liquid metal breeder technology by 1980, bringing 240 gigawatts of conventional nuclear energy on-line by 1985, and an aggressive fusion program to develop the energy technologies for the future. Although, as the report states, the scientific feasibility of fusion was "uncertain" and would not be proven until the next generation of machines was in operation, the importance of fusion and its potential benefits outweigh any "risks" of increasing fusion funding.

Under Ford, the fusion budget was *doubled* between FY75 and FY76 and then nearly doubled again in the next fiscal year (see diagram). Another hundred million dollars was added on in FY 1977. That was the last Ford fusion budget. With the advent of the zero-growth Carter administration and James Schlesinger as energy adviser, fusion funding began to decline.

Schlesinger's fusion policy was clearly stated and reflected his overall perspective that "the age of cheap

energy is over." There is no "technological fix" to solve our energy crisis, the fusion community was told, along with the American public. The proposed solution was an unfeasible and economically destructive synthetic fuels program, emergency stockpiling of oil, decreased standards of living though energy "conservation," and military readiness to invade Mideast oil fields.

Nuclear technology would be denied to the developing countries on the basis of bogus weapons proliferation concerns, and Americans would permanently learn to live with less.

After two years of what began to be accurately perceived as madness, the Congress, the scientific community and the political forces associated with Lyndon LaRouche struck back. Fusion had to be the cornerstone of a sane energy policy, all agreed. A series of scientific reviews of the fusion program was initiated to gather the ammunition to reverse the Carter go-slow fusion policy, and the Fusion Energy Foundation alerted the American public that its energy future was being sold down the river.

A sane fusion policy

In August 1978, scientists at the Princeton Plasma Physics Laboratory succeeded in achieving a plasma temperature over 60 million degrees in their Princeton Large Torus tokamak machine. This milestone, which was hailed around the world, created the momentum to initiate a review of the Schlesinger policy of fusion by the year 2020.

Mike McCormack, the chairman of the Energy Research and Production subcommittee of the House Committee on Science and Technology called Dr. Hirsch, now in industry, in to Washington to chair a fusion review panel. Made up of respected figures in the scientific community and high-technology industry, the Hirsch panel stated that the fusion program was "funding-limited" and that further progress required an increasing budget.

A year later, under heavy scientific, public, and industry pressure, the Department of Energy initiated its own fusion review. Headed by Dr. Solomon Buchsbaum, this Energy Research Advisory Board panel also concluded that the program was ready to advance to the engineering phase, and recognized that this would require significant increases in the fusion budget.

With this ammunition and a full-scale national and international mobilization of support from the FEF, Congressman McCormack proceeded in January 1980 to introduce a bill into the House of Representatives revising the nation's fusion timetable. The bill passed the House on Aug. 26, 1980 and the Senate a month later. The bill mandates a 25 percent increase in fusion funding for the two fiscal years after passage and a total doubling of the budget within seven years.

The nation finally had a law on the books that outlined a fusion policy to demonstrate commercial feasibility by the year 2000 with funding levels to make this goal a reality. The DOE Office of Fusion Energy drew up program plans to meet the legal deadlines. The Fusion Engineering Device began to be designed; it appeared that a three-year attempt to cripple the program, during which time the budget did not even keep up with inflation, would be reversed, once and for all.

Reagan saboteurs

Considering President Reagan's pro-nuclear, pro-growth mandate from the electorate last November, many fusion supporters could not imagine that this new administration would try to reverse the important progress made in putting the nation on a firm road to commercial fusion. Yet, when the administration's revised FY81 budget was released to Congress on March 10 the funding for fusion had been sliced from \$505 million to \$460 million. Worse yet, Carter holdover Dr. N. Douglas Pewitt, acting director of the DOE's Office of Energy Research, was telling the Congress that nearly unanimously passed the McCormack fusion bill a year ago that it was a "permissive piece of legislation."

"This administration will not make a commitment to build a Fusion Engineering Device," he intoned. At that point it was clear that the budget-slashers and anti-science Carter leftovers would be exerting pressure on the spokesmen, such as Energy Secretary Edwards, who insisted that the administration would support fusion development.

During the summer, confirmation hearings were held for the President's science adviser, Dr. George Keyworth. Asked about fusion, Dr. Keyworth stated that he thought fusion should be "kept in the national laboratories" and that industry involvement and engineering development would "hurt" the science effort.

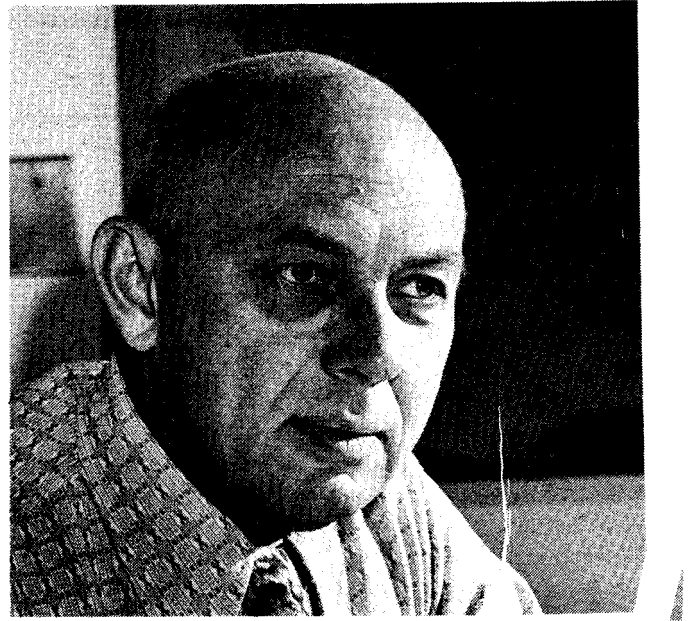
Now, spokesmen for the OMB and science adviser's office are using a series of excuses, such as technical problems and budget constraints to try to pretend there is no law on the books mandating accelerated fusion development

Even the best-intentioned people advising current science and technology policy will be responsible for irreparable damage to the fusion and other advanced nuclear programs if this mentality is allowed to predominate. There will be virtually no way to rebuild fusion capability of world leadership quality if continued stagnation drives the most talented people out of the program.

Like the NASA budget in the late 1960s, today's fusion budget decisions will affect the program for years to come. The U.S. has held the world lead in fusion research for the past decade. It could lose it now with the stroke of a pen.

DOE's fusion chief resigns in protest

by Marsha Freeman



Edwin Kintner

On Nov. 24, Edwin Kintner, the Associate Director of the Office of Energy Research and head of the U.S. magnetic fusion program, announced to his staff in Washington that he had resigned from his position at the Department of Energy. Kintner cited the attempt by the Office of Management and Budget to usurp policy-making power for the fusion program from the scientists at the DOE, and instead apply their "budget cutting" methods to the nation's most critical science and technology program.

In a statement to *Fusion* magazine, Kintner said: "It is now sufficiently clear that the intent of the DOE Buchsbaum fusion review panel and of the Magnetic Fusion Energy Engineering Act of 1980 will not be carried out." As the head of the Department of Energy fusion effort, and from many years of experience as a veteran of the nuclear Navy, Kintner was solidly behind the recommendations by the Buchsbaum panel and the Fusion Act to begin an aggressive engineering effort in fusion.

Kintner has led the U.S. fusion effort for the past six years, since the formation of the Department of Energy, and weathered the vagaries of the Carter Administration attempts to keep fusion as a mere research project. Kintner played a key role in the reviews of the fusion program over 1979 and 1980, and drew on his experience in helping build the U.S. Navy's first nuclear-powered submarine to reinforce the idea that if the nation set its mind to it, the United States could have commercial fusion by the year 2000.

Kintner said upon his resignation that the current power play between the OMB, DOE, and the Office of the Science Adviser "leaves the program with no strateg-

ic backbone or timetable." Not only is the OMB setting the absolute funding limit for fusion for fiscal 1983, they are attempting to tell the fusion office how it can or cannot spend the insufficient money it would have left.

A second scientist involved in the fusion program stated that Kintner had no indication that he would get any support from higher echelons in the Department of Energy in fighting for the fusion budget this year. Neither the Secretary, James Edwards, nor the Deputy Secretary, Ken Davis, has been committed to making sure the U.S. maintains its current international lead in magnetic fusion.

Instead, what has predominated is a short-sighted policy of pushing forward the nuclear fast breeder while succumbing to the line that if fusion were to be ready for commercial development sooner, rather than in 50 years, that would interfere with the breeder effort. In reality, without advanced nuclear and fusion research and engineering pushing ahead, the breeder and conventional nuclear technology are a dead end.

Kintner is planning to remain at the DOE until Jan. 10, then play an active role as a public spokesman for the fusion effort. He plans to be available to testify in Washington during the public hearings on the FY83 budget, and will, no doubt, find his advice welcomed.

The DOE has stated that as of Nov. 30 the acting director of the fusion program will be Dr. Jim Kane, a high-energy physics scientist. It is not clear whether leadership for the program will continue to be vested in someone with science or engineering expertise and experience, or whether, given the effort to emasculate the fusion program and the expected dissolution of the DOE, a "caretaker" director will be appointed.

Williams sues to force Abscam debate

by Edward Spannaus, Law Editor

U.S. Senator Harrison A. Williams has raised the ante in his Abscam case by bringing suit in Federal Court to block the Senate vote on his proposed expulsion scheduled for Dec. 3. The suit, filed Nov. 23, asks the court to issue a temporary and a permanent order restraining against the Senate vote until violations of Williams's constitutional rights have been remedied.

Williams has previously filed a civil suit against the Abscam conspirators—ranging from former Attorney General Benjamin Civiletti to FBI-protected con man Mel Weinberg—charging a conspiracy to violate his constitutional rights. In the new action filed last week, Williams now accuses the Senate leadership and the Senate Ethics Committee of working hand in glove with the FBI and Justice Department to orchestrate the Senate expulsion procedure with the Justice Department's criminal prosecution of him, in further violation of his constitutional rights.

Named as defendants in the new Williams suit are the Senate leadership including George Bush, Howard Baker, and Robert Byrd, the Ethics Committee leadership of Howard Heflin and Malcom Wallop, and certain Ethics Committee staff. The suit charges that Heflin, Baker, and Byrd had a meeting with Civiletti and FBI Director William Webster shortly after the "press leaks" of Abscam occurred, and then voted to launch an inquiry into Williams's conduct long before Williams was indicted by a Federal Grand Jury.

Williams charges that the entire Ethics Committee investigation of him violated specifically his Fifth and Sixth Amendment Constitutional rights. By conducting itself first as a "grand jury" (in its "preliminary investigation") and then as a trial court (in its full "investigation"), the Ethics Committee violated his right to be represented by counsel of his choice and the right to a trial by a jury of his peers. The complaint by Williams cites 18 closed meetings of the Ethics Committee at which Williams was not allowed to be present, and cites *ex parte* meetings between the Committee and Justice Department officials, including one meeting in which DOJ officials stated that they were "having difficulty making

the 'facts fit the law.' "

A central allegation of the Williams suit is that his Sixth Amendment rights were violated because the Ethics Committee would not allow for his lawyers to have adequate time to prepare for the Ethics Committee investigation, which was being run simultaneously with the court prosecutor in New York. As a result, Williams attorneys were forced to enter into stipulations as to the accuracy of the videotapes being shown to the Senate. The tapes were then shown to many individual Senators by Ethics Committee staff officials such as Donald Sanders, and these showings were "fraught with inaccuracies and prejudicial misrepresentations."

As a result, charges Williams,

"Plaintiff [Williams], at present, is in the untenable position of standing before the trier of fact, the Senate . . . while the Senate's mind has been poisoned by the Committee's demonstration to most of the Senate's members of false and misleading tapes in conjunction with untrue and inaccurate *ex parte* statements . . . without any opportunity to compel and confront those witnesses against him to whom reference is made in the Ethics Committee Report accompanying S. Res. 204.

Calling and cross-examining witnesses would allow Williams to demonstrate the perjured testimony being used against him.

Other egregious conduct cited by Senator Williams is the fact that his wife and his wife's secretary were questioned by the Ethics Committee with assurances that the testimony would not be used in the criminal case, and then the testimony was handed over to the Justice Department for use in the criminal prosecution! This obliterated "the privilege of spousal immunity."

Williams is seeking a full trial before the Senate, in which he would be represented by counsel and in which he would call an estimated 25 witnesses, and he is asking the courts to enjoin the expulsion vote until such time as violations of his constitutional rights are corrected.

Meanwhile, Ethics Committee Chairman Malcom Wallop has responded to Williams's suit by telling the press that the courts have no jurisdiction over the matter because the Williams case involves only "internal Senate business." Wallop's separation-of-powers argument is rather weakened, however, by the Ethics Committee's collusion with the Justice Department. The weakness of this argument is ironically raised in looking at the abuse of separation-of-powers by Carter in the Abscam operation overall. Executive overreach into the legislative branch is at the heart of the issue of whether Abscam was constitutional at all. But even more fundamental is the question of whether Wallop and Heflin can succeed in putting the Ethics Committee and the Senate above the Constitution itself.

Biological diversity

In apparent coordination with the just-announced U.S. Association for the Club of Rome (Usacor) campaign to promote "positive images" of the dismal future they intend, "conservative" Undersecretary of State for Security Assistance James Buckley, a close personal friend of Usacor leader Russell Train, has publicly trumpeted his sympathy for Club of Rome dogma which holds that man must suffer for the "tyranny" over plant and animal life which he has enjoyed. In a Nov. 16 speech opening a State Department conference on "Biological Diversity" (no, not biological diversions, that's brother Bill's affair), Buckley announced himself to be an ardent supporter of the furbish lousewort and the snail darter. In a Nov. 2 speech in New York City, Buckley had declared his first love to be the "fields and woodlands of Northwest Connecticut." In the same speech (referring to his arms sales to Pakistan et al.) he says his own children call him "The Merchant of Death."

Anti-Soviet terrorist expert Sam Francis has also recently expressed support for the Club of Rome. Puffy-cheeked Francis, now an aide to New Right Senator John East (R-N.C.), was the Heritage Foundation "expert" who became notorious for "proving" that the Soviet KGB ran international terrorism. Asked about the possible threat to national security posed by Darnell Whitt, a Usacor member who recently moved from a position in the Defense Intelligence Agency to work in the office of Fred Iklè, Undersecretary of Defense for Policy, Francis admitted he knew of at least one Club of Rome leader, Dzhermen Gvishiani, who had

been identified in a 1976 New Republic article by Michael Ledeen and Clare Sterling as a KGB operative, but said, "Don't worry. I don't think the Club of Rome is KGB, it just has a few agents in its leadership. Calling the Club of Rome KGB because of the agents in its leadership is like saying the State Department is KGB run." Being told that Darnell Whitt had pledged to a recent Usacor meeting that he would use his Defense Department position to implement the policies of the Club of Rome, "anti-Communist" Francis said, "That's all right, we have a lot of people in government loyal to a lot of things besides the interest of the United States. I wouldn't worry about it."

Listen to nanny

No one who is anyone in Washington travels alone. On Nov. 24, Peter McPherson, the Administrator of the U.S. Agency for International Development gave a press conference in which he said that the most important thing the Reagan administration, which now admits its policies will cause at least another eight months of recession and a longer period of high unemployment, can do for underdeveloped nations is to strong-arm them into adopting its own failing economic policies. After this press conference, as McPherson tried to purchase a candy bar without assistance, I asked him, "Doesn't all of this 'Magic of the Marketplace' talk embarrass you?" At that point, his nanny, a silky haired blonde man, grabbed him by the shoulder, shook his head emphatically, "No," and turned to me saying, "Excuse us, but we won't tackle that one right now."

"Little David Stockman ran off to play with Billy Greider without his nanny and now he's a disgrace,"

our leaders are taught in their leadership training schools. I asked a Federal Emergency Management Agency (FEMA) Public Information officer if FEMA had contingency plans to deal with the Reagan-ordered Nov. 23 shutdown of the federal government. He answered, "No, like Mt. St. Helen's, it hasn't ever happened before." I asked him if I could quote him as comparing the President to a volcano, and he said, "Sure, but attribute the quote to David Stockman."

Professional solidarity

At a recent State Department briefing, State Department smokescreen Dean Fischer was asked about narcotics cult queen Bianca Jagger's role in rescuing Salvadoran refugees from presumed right-wing thugs in Guatemala. After Fischer read a lengthy statement, making no reference to the incident under discussion but suggesting that many refugees might also be radical guerrillas and that many refugee service operations may actually be servicing guerrillas, the assembled journalists broke into chants of "What about Bianca? What about Bianca?" As Dean seemed confused about what was being asked of him, I cut off the chanting with the clarifying question, "How many guerrillas did Bianca service?"

At this point the assembled journalists turned toward me and shouted, in rough unison, a stern disapproving, "Ooh." This disapproval puzzled me for some time because the Washington press corps is noted for nothing if not its fancy for gratuitous sexual innuendo at the expense of almost any figure no matter how sainted. Upon reflection, however, I realized that in Bianca the State Department correspondents recognized a professional of their own class.

Tenn-Tom, Clinch River finally approved

The 1982 Energy and Water Appropriations bill received final approval by the House on Nov. 20. The Senate followed suit the next day. Included in the appropriations bill was \$189 million for the Tennessee-Tombigbee Waterway, a 232-mile navigation channel that would connect much of the Southeast with the Gulf of Mexico. Tenn-Tom will establish the infrastructure for the industrial development of one of the country's poorest areas, the region where Mississippi, Alabama and Tennessee join.

The project, already two-thirds complete, has continually been a target of the environmentalists and the population-control lobby because it would foster industrial expansion and thus population growth. The 1982 appropriation will provide enough funds to complete 80 percent of the project, which congressional supporters of the waterway hope will finally make it impossible for the environmentalists to derail it.

Also included in the bill was \$195 million for the Clinch River breeder reactor, which will be able to reprocess spent reactor fuel into new fuel. The funds will continue the construction of the breeder over the noisy objections of the environmentalists.

Also included in the appropriations bill was \$456 million for magnetic fusion energy development. The allocation is not sufficient to start the engineering phase of a fusion energy device, to which Congress is committed by law.

Senate group bucks on Clean Air Act

As it continued its mark-up on revisions of the Clean Air Act Nov. 25, the environmentalist-dominated Senate Committee on Environment and Public Works continued to vote overwhelmingly against the Reagan administration's efforts to eliminate some of the legislation's more egregious curbs on industrial growth. Leading the charge in this round was Sen. Gary Hart (D-Colo.), who proposed an amendment which blocks current and expected efforts of the Reagan administration to loosen motor vehicle air quality requirements via regulation. The Hart amendment, which passed by a vote of 10 to 3, strips the Environmental Protection Agency of authority to change heavy-duty truck emission standards, and codifies those standards as part of federal law.

Voting against the Hart amendment were Republicans Steve Symms (Idaho), Alan Simpson (Wyo.), and Frank Murkowski (Alaska). Those three, plus James Abdnor (S. Dak.), seem to be the only reliable support which the administration has on the nominally Republican-controlled committee in the administration's attempt to alleviate some of the environmental excess of the 1970s. While Committee Chairman Robert Stafford (R-Vt.) is known as a diehard environmentalist, other pro-growth Republicans such as Pete Dominici (N. Mex.) have been voting against the administration on crucial votes.

An earlier committee mark-up produced a similar 12 to 3 vote

against the administration, when Senator Symms proposed that economic factors be taken into account in the setting of what are known as "national secondary ambient air quality standards." Secondary standards are those which govern air quality indices that do not affect human health per se, such as visibility. The overwhelming defeat of that Symms amendment precluded any attempt to substantively amend primary standards.

Senator calls for abolishing the FEC

Testifying before the Senate Rules Committee on Nov. 24, Sen. Roger Jepsen (R-Iowa) called on Congress to abolish the Federal Election Committee (FEC), saying "I firmly believe that returning to a simple election law will go much further in restoring the public confidence in their elected officials." Jepsen intends to introduce legislation calling for the dismantling of the FEC as a watchdog and enforcement agency, and transferring the financial disclosure requirements of existing law to an "Office of Federal Elections" in the General Accounting Office, and transferring the enforcement powers of the FEC to the Justice Department. The FEC has been charged with using its enforcement powers in a politically motivated and harassing fashion by a variety of groups.

Earlier this year, a move arose among some Republicans to kill off the FEC during the debate covering the periodic re-authori-

zation of the FEC. When that effort failed, a compromise emerged which extended FEC authorization for one year only, and established an eight-member Senate Task Force to examine reform proposals for the FEC. Jepsen was one of four Republican members of the Task Force (along with Senators Mathias (Md.), Packwood (Ore.), and Stevens (Ark.), although a spokesman pointed out that Jepsen's pending legislation represents his own thinking, and not that of the task force.

Jepsen's proposals were attacked by Rules Committee ranking Democrat Wendell Ford (Ky.). Ford is also chairman of the Senate Democratic Campaign Committee. Support for the FEC or proposals to toughen its procedures and provisions came from Senate Democratic Whip Alan Cranston and Common Cause.

Democratic task force sidesteps Volcker issue

Despite a 10-minute tirade against Paul Volcker and the Federal Reserve Board by a representative of the Michigan Homebuilders Association, the Senate Democratic "Emergency Task Force on Interest Rates" continued to duck the issue of the culpability of Federal Reserve Board Chairman Volcker in bringing on a new depression when it held a public policy forum on Nov. 20. Task Force chairman Don Riegle (D-Mich.) continually tried to place responsibility for the current economic crisis on the shoulders of President Ronald Reagan.

Nonetheless, Manny Dembs, the Michigan homebuilder, was the focus of national network news coverage of the hearings on the Nov. 20 evening news. Dembs brought people scurrying in from adjoining corridors and offices as he yelled in outrage, "It's a disgrace, this Volcker and the whole Federal Reserve Board. What they are doing to this country and people like me is a disgrace. They should resign. You should tell them to resign. You have to stop playing politician. Tell them to get out. I am worried about my country. . . . Who are these bankers that are doing this? I can't compete with Wall Street. I am just one citizen and I am being destroyed. I just have one thing to say—don't let the Federal Reserve destroy my country."

Following Dembs' outburst, Riegle intoned, "I think the Federal Reserve Board should hear your views, and I think the administration should hear your views." When Dembs asked Riegle who he thought the enemy was, Riegle slipped away by saying, "I think high interest rates are the enemy."

With one exception, the rest of the hearing was taken up with similar, albeit quieter, "grass-roots" renditions of the horrendous impact of the Fed policy.

Riegle has stated on the Senate floor that he intends to use the Task Force to create support for credit controls, which would give Paul Volcker free rein to determine who would get the already limited credit available. Credit controls are opposed by some task force members, especially John Melcher (D-Mont.).

Tie foreign aid to population control

Congressman James Scheuer (D-N.Y.) intends to introduce legislation after the first of the year to link U.S. foreign aid to a country's willingness to impose population-control programs.

Scheuer is a leading spokesman for the depopulation lobby inside Congress and is a member of the Population Crisis Committee/Draper Fund.

In an interview made available to *EIR*, Scheuer claimed that development is intimately linked to population reduction. The best way to reduce population is to force women in the developing sector into low-wage, labor-intensive industry "to get them the hell out of the hut or the bedroom . . . put them to work so that they won't have time for so many kids." This, he said, is the secret of the low population growth rates in Hong Kong and Singapore.

The problem, said Scheuer, is that many developing countries desire "unnecessary things like nuclear power plants or steel mills." The time has come to prevent agencies of the U.S. government from encouraging this model of development, declared the Congressman. "These countries can all go to hell if they want, but we won't pay the ticket."

Sources close to Scheuer claim that he has support from some sections of the State Department for the legislation, particularly from the Agency for International Development. The entire genocide lobby is preparing a major mobilization behind the bill.

National News

Defense of Williams worries Post

The *Washington Post* of Katharine Meyer Graham has expressed intense worry over the implications should Lyndon LaRouche's National Democratic Policy Committee succeed in vindicating Abscam victim, Harrison Williams, now fighting against expulsion from the U.S. Senate.

A Nov. 25 article, "Senator Finds Unlikely Ally in Abscam Fight," attacks the NDPC's nationwide showing of a film proving Williams's innocence of all charges; the half-hour documentary features an interview with the Senator followed by a brief LaRouche statement warning that if his frameup is allowed to pass, there will follow more general political purging of branches of government, both political parties, as well as suppression of citizens' constitutional rights.

The *Post* first slanders LaRouche as a "right-wing ideologue," as well as "former Marxist who spent much of the 1970s breaking up public meetings." Then, it charges LaRouche with hostility to the legislative branch he is now defending from gross encroachment of powers the Carter executive.

"LaRouche," say staff writers Paul Taylor and Bill Peterson, "offers an analysis of Williams's predicament that hardly seems likely to endear the embattled senator to his colleagues. He describes Abscam as a 'treasonous' action designed to break the will of Congress, then goes on to doubt the 'moral capacity' of congressmen to stand up to it."

LaRouche's attack on legislators who support genocide "more hideous than that perpetrated by Albert Speer and others under Adolf Hitler" is quoted out of context, without distinguishing the "population-control" caucus as its target. LaRouche has attacked Abscam as in part designed to make these genocide advocates the dominant faction in Congress.

The *Post*, whose Katharine Graham sits on the "Brandt Commission" body that issued a report in 1980 advocating

Third World genocide, figured very prominently as recipient of specially arranged Justice Department "leaks" in Abscam's entrapment and frameup of leading legislators, including Williams.

Reaching Williams himself for comment, the *Post* reports that Williams considers the NDPC "his most active grassroots support" and "very thoughtful people" on "constitutional issues." He adds that he met LaRouche once, but has not researched all his positions yet.

McPherson ties AID to population control

Peter McPherson, the director of the State Department's Agency for International Development (AID) Nov. 24 lauded the IMF's "conditionalities" policies toward the developing sector, and announced that the U.S. plans a "get tough policy" of its own. McPherson, speaking to foreign journalists in Washington, said that the United States would place more emphasis than ever on "encouraging policy changes in the governments with which we deal."

According to the AID director, the U.S. will attempt to force developing-sector countries to eliminate food subsidy programs—a move which many Third World leaders say will cause mass starvation and political unrest.

"A country may want aid to buy food, but if that country is not paying its farmers enough for what it produces, then there isn't much we can do. . . . We teach people how to fish, we do not give them food." An Indian journalist charged that McPherson was in fact using such statements to cover up for the massive underinvestment in the developing sector, which the U.S. government and the IMF sanction.

The AID director retorted, "We have too often put in capital in a country which wasn't able to or didn't have the know-how to use it. . . . This is true for Africa where people didn't have enough training to use what people can give them. . . ."

"The IMF, the World Bank, and I hope the donor community generally are

going to be a lot more forthcoming in their demands before they give aid," said McPherson. "I applaud the IMF for being insistent on certain things."

Recent statements by New York State Rep. James Scheuer cited alleged misspending of aid monies by developing sector governments, using "universities" as an example.

"If a minister of health comes to me and says we need more health facilities in cities," said McPherson in echo, "we say no, we think that you can get a lot more with barefoot doctors out in the country. We don't want to deal with that health minister."

John Murphy's Abscam appeal

Former U.S. Rep. John M. Murphy of Staten Island, N.Y., victim of a 1979-1980 Abscam frameup, filed a motion Nov. 20 with the U.S. Second Circuit Court of Appeals to overturn his conviction. As in the case of Sen. Harrison Williams, now fighting expulsion proceedings before the Senate, Murphy is directly challenging the unconstitutional and unethical behavior of the Department of Justice and the FBI, with a particular focus on the activities of Thomas Puccio, chief of the Brooklyn Organized Crime Task Force, who, with the approval of Judge George Pratt, illegally suppressed evidence exonerating both members of Congress.

Murphy, like Senator Williams, never took any money. Although Murphy was found innocent of bribery, he was found guilty on the related charges of "receiving an unlawful gratuity," conflict of interest, and conspiracy!

On Oct. 20, 1979, Puccio put Murphy in a room where money was passed from FBI agents to lawyer Howard Criden in a closed briefcase. The money was never mentioned to Murphy, nor was it ever shown to him. Yet, during the trial, Puccio was able to manipulate a credulous, post-Watergate jury into believing that Murphy was involved in a criminal conspiracy. Subsequent to the Oct. 20

meeting, even the FBI knew that they did not have a case against Murphy, as documented in the now-famous "D.P. Exhibit 39A." Exhibit 39A was illegally suppressed by Puccio with the agreement of Judge Pratt during the Abscam trials. It was an "FBI Internal Memorandum from Section Chief W. D. Gow to Assistant Director in Charge Francis M. Mullen, Jr." dated Nov. 27, 1979.

Global 2000 moles exposed at CEQ

According to well-placed Washington sources, the White House Council on Environmental Quality (CEQ) is under the total control of top Republican environmentalists linked to Russell Train and William Ruckelshaus, both members of the Committee for the Year 2000, a group which includes Cyrus Vance. The CEQ remains as a rogue agency, despite efforts of the Reagan White House to place it under control, efforts which included a severe staff cut.

These sources report that the CEQ is currently in the control of Deputy Director Ernie Meiner, a protégé of both Ruckelshaus and Train and a former aide to Vice-President Spiro Agnew.

Key Global 2000 moles have been identified on CEQ staff:

- Chapman Barnes, the CEQ's director of international division, coordinates directly with Train's World Wildlife Fund and with Bill Long in the Population Division of the State Department, as well as the staff of Undersecretary of State James Buckley. Barnes heads a project on the global environment which is being used as a cover to organize a rewrite of the *Global 2000 Report* in "Reaganese." This project is being coordinated with the Committee for the Year 2000 and the State Department.

- Ralph Luken, author of a paper on "the transition of American agriculture in an era of limited resources" which has been sent to the President. The report, which recommends small farming and "appropriate technology," and attacks water projects, was used as the basis of

an article in a recent issue of the Sierra Club's magazine, among others.

Symposium on Dante has political impact

A symposium on "Why America Needs Dante Today" confounded political and cultural pundits alike by drawing 175 citizens of South Philadelphia to the community's Older Adults Center for a four-and-a-half hour program Nov. 21. Initiated by the Lafayette Foundation for the Arts and Sciences, which is planning an ambitious program of events to celebrate the Philadelphia Tricentennial in 1982, the symposium was also sponsored by the National Anti-Drug Coalition, the Frank Palumbo lodge of the Sons of Italy, the Comitato Tricolore and the American Institute for Italian Culture.

The event stirred pride in local residents of South Philadelphia, which boasts a large Italian-American population, because the subject of the great Italian poet and world citizen Dante Alighieri was treated from the standpoint of Dante's crucial relevance to current political and social issues.

The program included a slide presentation on Dante's *Divine Comedy* by Nora Hamerman, the editor-in-chief of the Anti-Drug Coalition's magazine *War on Drugs*; a discussion of Dante's concept of the dignity of man by Prof. Robert Melzi of Widener University; and a selection of Renaissance and classical vocal music by the Foundation ensemble.

Taken by surprise was a prominent local politician who had predicted that South Philadelphians would "never sit that long" or be interested in such a cultural event. The politician staged a hasty appearance after learning that the room was jammed to capacity by citizens absorbed in linking Dante's descriptions of the souls in the afterlife to their own contemporary world. The day's program closed with a lively debate on Dante's contribution to the foundations of the American republic and the origins of the Italian language.

Briefly

- **DAVID SCHIFF** of the New York investment house Lehman Brothers, Kuhn Loeb was recently asked by *EIR* whether it was true that his relatives played a major role in setting up the Federal Reserve. "Oh yes, we are very proud of that," he declared, praising the Fed's current credit strangulation policy. Schiff called the Fed a much-needed "fourth branch of government."

- **HENRY KISSINGER** congratulated himself Nov. 23 for his great success in having the foresight to help Chilean dictator Gen. Augusto Pinochet seize power in 1973. For Kissinger, "the success of the Chilean economy is of great symbolic and substantive importance for our countries which are committed to the market economy, and, therefore, we desire the greatest success to this country." No Kissinger comments on the failure of six major Chilean banks this month and the near-bankrupt country's abysmal trade deficit were reported.

- **WINSTON LORD**, the director of the Council on Foreign Relations, lamented to *EIR* last week that his friend Henry Kissinger will never be asked to join a Reagan administration. Then, brightening up, he added, "He's playing an important role though. He talks often with the White House and Secretary of State Al Haig."

- **SEN. CHARLES MATHIAS** (R-Md.) has proposed a bill mandating that no more than 15 percent of all ambassadorial posts be filled by appointees who are not career foreign service officers. Every President since Truman has appointed at least one-third his ambassadors from outside foreign service ranks. Foreign service professionals are trained at a small group of Eastern Establishment and Jesuit think tanks, all of which are committed to the zero-growth and genocide policies that Senator Mathias supports.

Editorial

Two summits...many questions

The outcome of the two major summits of Thanksgiving week 1981 should give U.S. policymakers a sobering insight into the factional divisions now rending the Soviet Union. West German Chancellor Helmut Schmidt's meeting with Soviet President Brezhnev in Bonn on Nov. 23 and 24 created an opening for defusing East-West tensions, and especially for solving the growing crisis in the Middle East. The very next day came the vengeful response—triggered by forces within the Soviet Union itself—in the form of the collapse of the Arab League summit.

These events make it all the more urgent that President Ronald Reagan resist the blandishments and pressures of the United Brands crowd exposed in our Special Report, and follow through with his tentative endorsement of the Fahd Plan, the eight-point peace framework proposed by Saudi Crown Prince Fahd. Unless a powerful signal of this sort is forthcoming from the White House, we are facing the rise to power of forces in the Soviet Union who are certainly committed to confrontation on every front; these forces include not only the Russian component of the Club of Rome conspiracy behind "Global 2000," but an increasingly influential group of Soviet military men.

The result of Schmidt's meeting with Brezhnev was that West Germany established itself as the principal European go-between for East and West, filling the vacuum left by former French President Giscard. In talks described by high-level European sources, as "far-reaching," the Middle East was the main area discussed. The final communiqué stressed the need to "concentrate their efforts on the removal of existing sources of tension and the prevention of new situations of conflict." Schmidt was in constant touch with the White House during these talks, and there was a noticeable softening of the Soviet media line on Reagan. The Germans set up their own, parallel consultations with the Soviets to bolster U.S.-Soviet arms control talks in Geneva.

Although the Fahd plan was not mentioned as an explicit agenda item, there can be little doubt that one of the things Schmidt was seeking from Brezhnev was Soviet neutrality on the eight-point peace framework.

For weeks, Saudi diplomacy had been intent on putting that plan on the agenda at the Arab League summit, which opened in Fez, Morocco on Nov. 25. But no sooner had the Schmidt-Brezhnev meeting been successfully concluded, than the Arab League summit blew up.

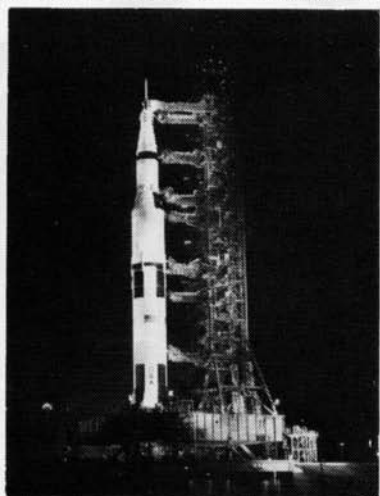
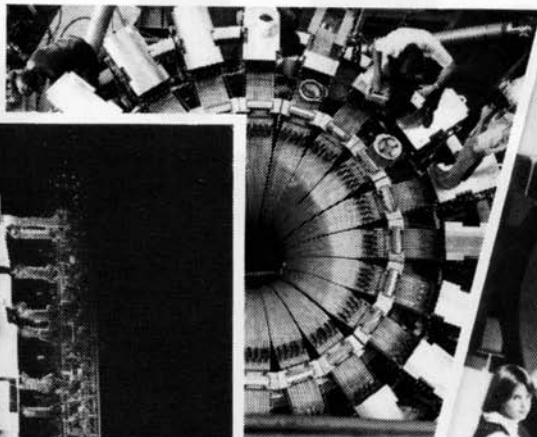
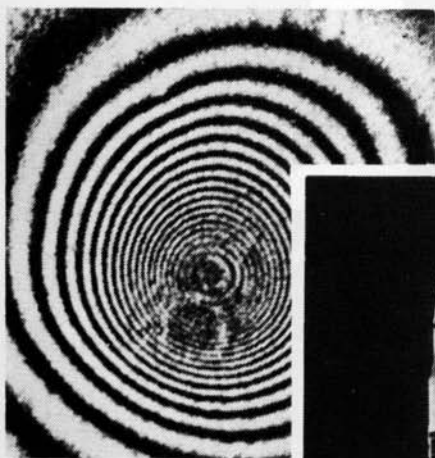
All indications are that Brezhnev's "hardline" opponents on the Politburo and in the Soviet intelligence service (KGB) pulled the strings on their asset, Syrian President Hafez Assad. Assad had been putting out signals that he would support the Fahd plan in some form. He stopped over in Tripoli en route to Fez, and at that point joined Libyan dictator Muammar Qaddafi in boycotting the meeting.

The behavior of Assad and Qaddafi was, once again, in perfect synchronization with moves by the Begin government of Israel, which is preparing to invade Lebanon in order to block the Fahd plan, which foresees mutual recognition of Israel and the Palestine Liberation Organization.

A scary indication of how rapidly the Soviet faction fight is emerging into the open came when the Soviet Defense Minister, Marshal Kulikov, gave an interview to the Parisian pro-terrorist newspaper *Liberation*, the first such interview he ever granted a non-Soviet publication. What was extraordinary is that the interview, taking a policy line clearly opposed to Brezhnev's embrace of the "peace partnership" with Chancellor Schmidt, was reprinted in the Soviet official military paper *Red Star* on the very day that Brezhnev arrived in Bonn.

Ronald Reagan has, as of this writing, responded positively to the results of the Bonn summit. This could mean the emergence of a "Schmidt-Reagan" alliance comparable to Schmidt's previous collaboration with Giscard. An excellent and in fact crucial beginning to such collaboration would be the Egyptian nuclear development program reported in this week's Economics section. If the Middle East is instead allowed to go the way of Iran—as the "Global 2000" advocates in Moscow, Washington and London want it—then the Soviet Union will have no choice but to adopt a hard-line military posture. The ball is now in Ronald Reagan's court.

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