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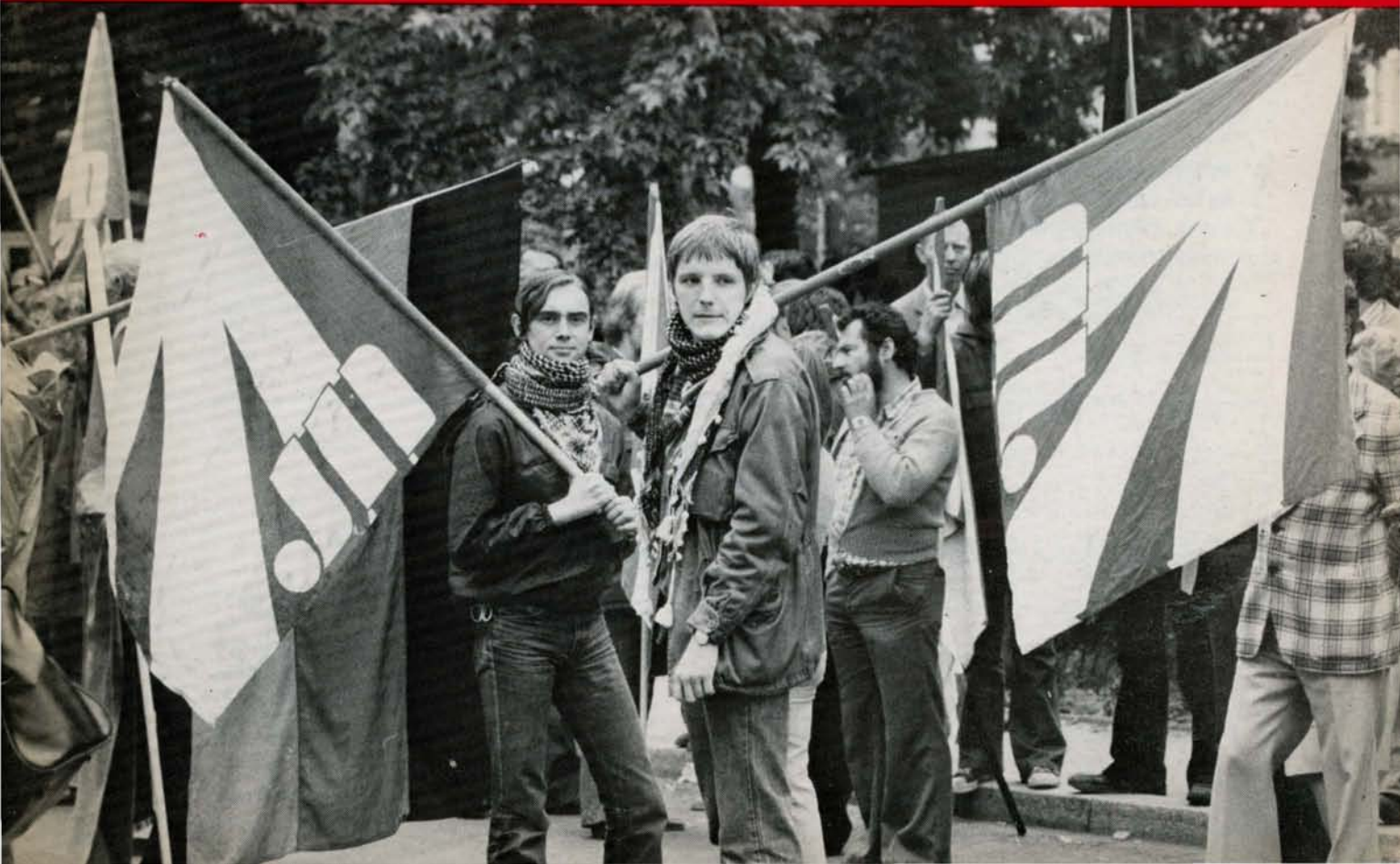
Executive Intelligence Review

December 15, 1981

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The anti-nuclear coup in Washington
Fahd plan depends on U.S.-Soviet thaw
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**Green fascism on the rise
once more in Germany**



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EIR

From the Editor

The transformation of the anti-technology peace and environmental movements into an openly fascist force is the subject of our Special Report this week. It is essential to understand analytically what many Germans know from experience: that an anarchic, countercultural stratum, recruiting among youth, can be very quickly turned into a fanatical paramilitary bludgeon against civilization itself. The report was prepared by Susan Welsh, an *EIR* specialist who has just returned from West Germany, by Michele Steinberg of our Counterintelligence staff, and by members of our Wiesbaden bureau.

The fact that on both sides of the Atlantic this emerging fascist movement began with opposition to all things involving nuclear power is of the utmost relevance. In the United States, that mob's co-thinkers in government office are succeeding to a drastic extent in blocking President Reagan's philosophical commitment to nuclear energy from accomplishing any practical results, a political and economic emergency addressed in our National section.

A preliminary victory has been secured, however, against the Justice Department's effort to intimidate or eliminate legislators at will: the Senate vote on expulsion of Abscammed New Jersey Democrat Harrison Williams has been postponed. If one reviews the process that began with Watergate, one will recall that the wreckage of the Weimar Republic's institutions in interwar Germany was accomplished not only by stormtroopers, but on the parliamentary and judicial level. The national mobilization that secured this setback for opponents of the American System can now be escalated.



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West German neo-Nazis, shown here at a Frankfurt action, are in the leadership of the 'green' movement. Bossu/Syigma

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A Caribbean model for international credit?

by David Goldman, Economics Editor

This week's inauguration, after two years of corporate infighting, of the International Banking Zones in New York City and other U.S. money centers could mark a turning point in recent financial history. To the extent that various administration officials, including President Reagan himself Sept. 29 before the International Monetary Fund, have endorsed a "Caribbean" model for the developing sector, they have ignored the much vaster implications for the industrial heartland itself.

The world is entering a liquidity crisis of unmanageable proportions, and therefore world finance is reacting according to the classical profile of the 1930s:

1) Where liquidity is to be gotten, banks will fight for it, fair or dirty.

2) National governments will adopt financial-protectionist measures, e.g., exchange controls, currency blocs, where it protects their liquidity position.

There is nothing contradictory in these seemingly opposed types of action. The Caribbean model as such was represented at the outset by Jamaica's Prime Minister Mr. Seaga as a means of capturing the funds generated by the country's huge marijuana crop. In a liquidity crisis, cash margins of this type—the international narcotics traffic is worth over \$200 billion and second only to oil as an item in international trade—can become decisive. It only need be remembered that the British "gold standard" of the last century was in fact based on the opium revenues of the British East India Company, which covered a 40 percent imbalance of imports over exports on the British trade accounts.

Where banks believe they may capitalize on such flows, e.g. the Hong Kongs, Londons, and (as of Dec. 3) the New Yorks, controls will be lifted. Where central

banks fear they will be victimized by such flows, e.g. the European Monetary System, controls will be imposed. Unless the central banks find a means to generate orderly forms of liquidity at acceptable interest rates, e.g. by mobilizing their gold reserves to provide low-interest international trade credits, as *EIR* has proposed, this type of monetary disintegration will be the principal fashion in which a "Crash of '79" becomes manifest.

Should a major crack in the chain of dollar payments emerge, for example, the IBFs, as they are called, will themselves become a principal instrument of U.S. exchange controls—a means whereby international banks might "walk away" from the liabilities of Cayman Islands subsidiaries made bankrupt by default of their debtors—as New York Federal Reserve officials report in background discussions.

Most financial press discussion of the IBFs misfocus on such issues as whether the shift in reserve-free international banking operations will damage the status of London and other Eurodollar centers relative to New York, or whether they will lend unfair advantage to the New York banks relative to their continental European competition, as Bundesbank President Karl-Otto Poehl charged last September. A scan against the financial horizon shows that a movement parallel to the IBFs is taking place across the entire banking world.

Britain, as usual, anticipated the most dramatic decontrol measure yet taken in American banking a year ago, by eliminating the foreign-exchange controls that had eliminated sterling as an international lending currency by the early 1970s; but only as the countdown to the opening of the New York free zones began did the full importance of Britain's earlier turnabout be-

come clear. During October and November London re-awoke the financial dead, with a rash of sterling-denominated loans—including a spectacular £375 million acceptance facility for the Mexican national oil company Pemex—that returned sterling to a place of significance among the world lending currencies. No one would have predicted that a billion pounds would be lent in a bare six weeks earlier this year. Effectively, London has become an international banking facility unto itself, drawing strength from what most recently was considered a bankrupt national currency.

The next step for such surprises is likely to be taken in Australia, where the Campbell Commission, presided over by the country's premier real-estate operator, will shortly give judgment over the Australian system of exchange controls. Currency the Australian central bank intervenes in foreign-exchange markets to peg the Australian dollar to an (unpublished) basket of currencies of its trading partners. Part of the exchange-rate management program is a system of exchange controls preventing short-term, speculative capital inflows. The Campbell report is expected to argue that the development of Australia's natural resources, i.e., one of the world's biggest sprees in real-estate speculation, requires complete freedom of capital movement and therefore cannot brook management of exchange rates.

Brazil, meanwhile, is looking toward an offshore market—a “Rio Dollar”—to cope with the financing problems associated with a \$20 billion annual foreign borrowing requirements. On Nov. 19 the President of that country's central bank, Gerardo Langoni, announced in Bahrain that Brazil would bring over a team of specialists to study its offshore money market, implying, according to Brazilian press accounts, that the government now leans toward the establishment of an offshore money center in Rio. Citibank, the Canadian Imperial Bank of Commerce, and various other international and domestic banks began to float such a proposal in 1979, as if in order to say that, because Brazil had already accumulated such great debt, it should transform itself into a debt with a country attached, as Voltaire said of Prussia.

Karl-Otto Poehl's revelations

The President of the German Federal Bank, who is now presiding over a slow but deliberate shift in German banking operations from Eurodollar borrowing and lending to German mark-based financing out of Germany's own landlocked Cayman Islands, the Grand Duchy of Luxembourg, has stated the matter in theoretical terms. Speaking before a Forex Research conference in Paris Nov. 16, he said:

“As the year is drawing to a close perhaps the only good thing we can say about it is that the ‘crash of 79’ has not occurred in 1981. . . . Although I believe that such a crash as described so vividly in [Paul Erdman's]

book will not occur, there can be no question about the seriousness of the economic situation at present.

“I hesitate to use the word ‘crisis’ but I believe that what I shall have to talk about tonight is a crisis scenario if ever there was one in the postwar years. . . .”

“I will readily admit that the European Monetary System has performed a good deal better than I expected at the outset. But I would have to add that I cannot applaud all the reasons why it has functioned better than expected [including] the Bundesbank's fears that its monetary policies might be endangered by too large a volume of intervention. . . . The EMS will remain a shell that is in constant danger of cracking under the pressures from inside, without the promise of a viable organism emerging from it. . . . We cannot be satisfied with a ‘zone of monetary stability in Europe’ merely in terms of more stable exchange rates supported by intervention obligations, by settlement mechanisms based on a precarious European Monetary Unit, by credit lines involving considerable liquidity creation. . . .”

“One subject of heated debate among EMS partners over recent months has been that of a ‘common attitude vis-à-vis third currencies,’ meaning especially a ‘common dollar policy.’ My own reaction to the various pressures deriving from developments and policies across the Atlantic [stems from] the poor chances of any intervention on our part with the U.S. authorities. . . . We may not have lived through the phase of repeated strains and instability yet. The short-term outlook for U.S. inflation is clouded more than anything else by the size of the federal budget deficit now projected. The immediate outlook is clouded also by the prospect of economic slowdown which may yet go deeper than intended as part of the fight against inflation.”

Poehl, who should (and sometimes does) know better, formulated a classy equivalent to “every man for himself,” with the proviso that the salvation, in the form of life-raft sorts of currency arrangements, requires increasingly brutal austerity approaches to credit issuance, along the lines proposed during the last International Monetary Fund meeting by Poehl's Dutch colleague, the outgoing President of the Bank for International Settlements, Jelle Zijlstra.

Far from representing an increment to American power, the International Banking Facilities betray the yawning weakness in the dollar credit structure, and in particular the collapse of the Federal Reserve's ability to manage dollar liquidity. It is to be emphasized above all that the world is in a liquidity crisis brought on in part by the \$140 billion annual foreign borrowing requirement (almost all to refinance debt service) of the developing sector, and what Karl-Otto Poehl euphemistically called “a crisis scenario if ever there was one in the postwar period.” Speaking at the same conference, the chief economist of the Bank for International Settlements, Belgian Alexandre de Lamfalussy, put it

this way: "Expenditure-restraining monetary policies are unavoidable if we want to put an end to inflation and so are its costly effects in terms of lost employment and real income. . . . [Government must] defuse inflationary expectations by sending more signals about interest rates and credit shortages."

During fiscal 1981, Manufacturers Hanover Trust pointed out in their Nov. 23 *Financial Digest*, the sum of federal borrowings already equalled net private savings, and this year's deficit threatens to be half again as high as last year's; broadly speaking, the deficits of leading industrial-nation governments due to the consequences of two years' of Paul Volcker's "expenditure-restraining monetary policy" are greater than the world sum of advanced-sector savings, and can only be financed through the intervention of savings pools like the OPEC investment funds. This means the advanced-sector governments are not much better off than those of the Third World.



Professor Mundell on his gold proposal

Professor Robert Mundell, formerly at the International Monetary Fund and University of Chicago, is the acknowledged creator of the "supply-side economics" promoted by his graduate student Arthur Laffer and former Wall Street Journal editor Jude Wanniski.

In this Dec. 3 discussion with EIR's David Goldman, Professor Mundell shows how his gold plan would prevent excess money manipulation in the Euromarkets from draining U.S. gold reserves, but acknowledges that speculative capital inflows from the Eurodollar market might turn into a squeeze on American banking resources.

In addition, he warns of a possible credit crack and argues for a gold price high enough to generate international liquidity sufficient to prevent this.

Goldman: Professor Mundell, in 1971 you warned that "we have moved into a system where what is ordinary

money in the United States—bank money, low-powered money so to speak—becomes essentially high-powered money in Europe, so that ordinary deposits in Chase Manhattan or First National City Bank in the United States form not only part of the money supply in that country, but also the base of a potentially explosive money supply in Europe." Could your gold proposal work under these circumstances? Wouldn't explosive money growth in Eurodollars drain away American gold?

Mundell: It's possible for it to operate, yes. The problem is that all U.S. liabilities aren't liabilities of the Fed.

The Federal Reserve cannot be liable for Eurodollars, only for base money in the United States. To get gold from the United States you wouldn't be able to take a check from a foreign bank and present it at the Treasury.

Goldman: Let's say that U.S. Steel borrows \$1 billion abroad to buy Marathon Oil, and Marathon stockholders get that \$1 billion in the form of checking accounts at U.S. banks. Could they use these dollars to buy gold from the Treasury?

Mundell: No, they would have to pay for gold in base money, in cash.

That way the dollars coming into the Treasury would cut the reserve base of the U.S. monetary system, and would eventually create a squeeze on the Eurobanks. If the Fed doesn't replace those dollars, total reserves will be lower in New York, and this will have an effect throughout the financial markets.

Any reduction in the monetary base will create a multiple contraction in the volume of quasi-dollars in the Euromarket. The Fed would only give gold in return for real dollars, forcing a withdrawal of cash from the banking system.

Eurodollars are not real dollars, but bank debts. To buy gold people would have to take vault cash out of the banking system [which forms part of banks' reserves—D.G.], and that tightens the system.

Goldman: With the introduction of International Banking Facilities, Federal Reserve officials are pointing to the factor of country risk—that IBFs are safer for depositors than bank foreign subsidiaries that might be abandoned in case of a series of defaults on the international market, after which dollar liabilities would be frozen. How does your proposal address this problem?

Mundell: This is a danger. That is why gold must be remonetized at a comfortable price.

It would be a great mistake to set the gold price at a low level. There would be serious risks in putting the price of gold too low in a completely convertible gold standard system. For example, a level of \$200 to \$300 would be too low, but a level of \$400 to \$500 would be comfortable.

De Chambrun seeks gold-reserve system

The following slightly abridged contribution to the debate over international gold remonetization was drafted by the Comte de Chambrun, who was State Secretary for Foreign Trade under President de Gaulle in 1966-67, Vice-President of the National Assembly's Foreign Affairs Commission in 1968-71, and is now active in business and financial circles. During this year's French presidential race, he made a tour of the United States along with Gaullist leader Michel Debré. Emphasis is in the original.

This is a first draft paper for the purpose of explaining, on one hand, the principle of the gold standard theory, and on the other hand, the political advantage that the Arab producing states could obtain if they decided to make a world proposal based on that theory. One could summarize the situation of the oil producing states of the Arab peninsula in the following manner:

They are accused of being hoarders, of putting in peril the world economy, of risking to precipitate the world into general conflict, and as for themselves, they are faced with the knowledge that unless they find some global re-investment solution, they face the risk of holding in their hands, over the next few years, a great deal of accumulated assets having only paper value.

Nevertheless, I am struck by the fact that today they are probably the only political force in the world able to straighten out the disorders that world economy has faced since 1950, disorders for which they are not responsible.

First, I would like to describe very briefly what the gold standard theory is as expressed by Mr. Jacques Rueff, world authority on the subject since 1922, Chancellor of the Institute of France, and whose predictions, even though condemned by most American economists, have unfortunately proven themselves to be true over the last decade.

What does the gold standard mean? It simply means that all major currencies are instantly convertible into gold at a set reference value. To the bearer of a bank note, his note is worth x quantity of gold.

What does it imply? Central banks must keep a reserve of gold sufficient within reason to meet any demand from creditors. This also means that monies

convertible into gold have a fixed exchange ratio between themselves referring to their counterpart value in gold.

What broke the gold standard? The financial necessities of World War I obliged the participating states involved in the conflict to run into deficit in order to finance the military needs. The United States, who was the main industrial supplier of the Allies because of the power of its industry, had themselves extended large credits mainly to France and England, breaking away themselves in the form of credit from the gold standard. Due to these particular factors of excess dollars being supplied to the allied nations and coming back to the United States in the form of industrial orders, inflation had struck the United States, prices had gone up 50 percent, and even though at the time ever that it would be possible for the Occidental nations to bring things back to normal, in 1922, a major phenomenon intervened and the fact was that all the prices had gone up except the price of gold. This meant that there wasn't enough gold available in all the central banks to allow the Occidental nations to re-establish the metallic convertibility.

The temptation to draw the world out of this embarrassment appeared in the form of a document called "Document No. 9" at the International Monetary Conference recommending to member states to save the use of gold by the use of drawing rights upon one another. This meant that in fact the member states could not only create money as before against gold or credits labeled in their own money, but also, and this is an important factor, against any type of credits in foreign monies provided that these foreign monies were themselves convertible into gold. For reasons which have no importance in this demonstration and with the exception of the English point up until 1931, only one money could offer itself the luxury and that was the dollar. At that time, nobody among the experts that had invented this medicine foresaw that they had introduced a shock in a school of butterflyfish. The shock was the dollar in regard to all the Occidental monies.

The principal consequence of this system was that whenever the United States had to buy outside merchandise or wanted to make loans or make any type of substantial expenditure—military, for instance—they did not have to put forth any gold. They could pay in dollars, but these dollars in Paris, London or Berlin were of no particular use, so the same day they were sent back on the American money market. This boomerang system gave to the United States this unique privilege denounced for so long by General de Gaulle and *financed their foreign deficit in their own money.*

One could argue that this was not the cause of having a deficit in their balance of payments . . . in theory, but in fact, it is only human, and when one has the right or the facility to run up a deficit, he uses it and this is what

happened to the United States. Their balance of payments was in profound and permanent deficit, and the creditor states which had bought enormous quantities of dollars started to print national money against these dollars which had been sent back to American banks under the label of dollar balances.

So, in comparison to the gold standard, the gold exchange standard created a diabolical situation where the United States had no immediate disagreeable consequences of this position as debtors because the very day they supplied dollars to someone, they recuperated them under a different label. This allowed them the next day to buy again something else with money that they owed. This has been called the privilege of deficit without tears. For American businessmen, it was indeed a golden age.

For the creditor, there are three inconveniences. First of all, world economy being tied together in one form or another, the permanent increase of the American deficit one day has to turn against the creditor. At the limit, the debtor becomes incapable of paying his debts. Secondly, the countries that held these dollar balances created as a counterpart in their own country, national money which generated inflation. Finally, even though in theory it was the gold-exchange standard, there were accumulated paper holdings on a country whose reserves in gold and foreign exchange didn't increase in proportion. There is no need to be a great prophet to predict that this should inevitably lead to a dramatic end. This is what happened in October 1929. Unfortunately, human memory is short and since 1959, everybody started acting as if everything was forgotten.

Time and time again since 1960, American Secretaries of the Treasury have openly said that the American deficit and its balance of payments would be stopped and time and time again, the gold standard experts, Mr. Rueff particularly, have specified that with this system, it would not do so, and that on the contrary the deficit would increase, which it has constantly done.

During this period, *theoretically*, all the creditor countries could ask to be reimbursed for their dollar balance with gold. Then the United States started to apply pressure so that the creditor countries would not do so. Furthermore, they offered interest, sometimes at a very high rate, to induce the creditor countries not to require the exchange in gold. They are doing something similar toward the oil producing countries at the moment. But, finally on Aug. 15, 1971, the President of the United States had to announce to the world the end of the dollar convertibility into gold. This marks the date of the beginning of the monetary crisis.

The second important date was the 13th of March, 1973, when the European States and Japan stopped the machine in the sense that they decided that day against the terms of the Treaty of Bretton Woods and that they would not intervene to sustain the dollar by massive

buyings on the international market. These two dates are very important. They will prove to be important dates in the history of humanity since in the meantime, a new factor had appeared which seemed insignificant in the beginning and was originally provoked by the Soviet Union in 1952. At the time, we were in a Cold War and the U.S.S.R. feared that its dollar holdings would be blocked or seized, and they gave instructions to the two banks that represented them in the Occident to sell these dollars on the European market. The Eurodollar was born—a money without attachment of any kind discovered a hole in the wall, and became a suppletive money and has today more than the total monetary circulation in the European countries. Under the principle announced by the English economist Hartley Whithers, that “loans make deposits,” all the private banks have become, through the Eurodollar, monetary institutes. If one looks at it this way, there is no final discounter of the money. This is a tremendous danger to the world economy.

What is the remedy to that situation?

1) One remedy would be to say that national banks do not open credits in any other money other than the money of their own country.

2) To revalue the gold reserves to a price more compatible to provoke the gradual reabsorption of these liquidities which are flowing from one financial place to the other.

3) The third would be to create a Marshall Plan in reverse, which would be in the form of non-American states disposing of dollar balances in the form of a long-term loan at low interest. The loan amount should be at least equal to the added value resulting from the setting of the price of gold, in order to allow the Americans to re-establish the convertibility of the dollar into gold. Then, providing that rule number 1 be kept and convertibility maintained against any outstanding credit balance, the economic system would return to normal.

It seems evident to me that the Arab nations are today in a position to take the lead in such a move. Needless to say it is the preoccupation of their leaders to maintain the purchase value of their surplus monetary balance. If the world goes into the economic chaos threatening today, the credit balance of the Arab states will become worthless. Furthermore, they will be accused, wrongly, of course, of having created world depression.

From a political point of view, I think that it is indispensable that they soon make a major proposal, which would be in their own interest, obviously. If brought to success, it could present them as the savior of the Occidental economy. Psychologically the moment is right. Everybody is talking of the recirculation of Arab dollars, but nobody is giving a satisfactory solution. I think that it is along the lines expressed in this note that we have the elements that could upturn the situation.

Along the trading routes

Of Turks, Iranians, Italians, Viennese, and some remarkable East bloc operatives.

Impeccable sources in the Paris gold-trading community report some startling features of the past few years' international gold flows, which reveal as much about the actual controlling forces of the international economy as about the gold trade itself. Private citizens in Turkey are now dumping on the world market the up to 90 tons of gold acquired in a short period until three or four years ago. In the context of the Organization of Economic Cooperation and Development-led destructive austerity policies for the Turkish economy last year, the International Monetary Fund was able to insist that, as a precondition for any loan, banks should not scrutinize any cash deposits likely to come from the so-called "black economy" too closely. The more recent military coup d'état has put financial control of Turkey in the hands of brutal monetarist henchmen like Turgut Ozal, Deputy Prime Minister. The age-old tradition of the ruling Greek Phanariot princelings and the Ladino bankers is back in force in Stamboul.

Private Iranian citizens are also liquidating the vast private gold hoards accumulated under the Shah. It would be enlightening to know the names of the families presently controlling usury at state level in Teheran, and it would not be surprising to find that some are as old as the hidden Imam himself.

What makes these situations a

profound comment on the state of the world is that my Paris source added that the gold is retailed to the world market *by way of Bulgaria*—upwards of 100 tons of gold has this year alone been officially or unofficially shipped through the old Slavic kingdom. Byzantine Bulgaria, later Ottoman Bulgaria, was subject to the rule of both the Phanariot and the Ladino financiers, who ran the Sultan's finances as well as his administration and foreign service.

The famous French investment bank Paribas, the Banque de Paris et des Pays-Bas, was established in 1872 at the initiative of a Ladino family of "Royal Sephardic" Portuguese Jews, the De Camondos. They were among the Portuguese kings' premier financiers before the Inquisition in 1492. After a half century in Venice, the family was dispatched to Stamboul. There the De Camondos were for more than three centuries prime financiers of the Sultans. In the middle of the 19th century, a young De Camondo inherited from his father a fabulous (1840 equivalent) \$30 million, which explains the family nickname "The Rothschilds of the East."

More of the picture can be put together from the gold routes. Libya, the same Paris source indicates, has bought up to 90 tons of gold this year, part in the form of ingots for central banks' use, part in the form of jewelry. Wrought gold is very easy to smuggle, and is often

used as means of purchasing illegal drugs and weapons, in particular in the Near and Middle East. Much of this jewelry is wrought in Florentine workshops, under the aegis of the Monte dei Paschi bank, which then has it shipped especially to Syria and Dubai. These seem to be the major transshipment points for the sale, resale and smuggling operations, in particular into the Soviet Union, where gold jewelry is a much more convenient source of value than, say, Exxon or IBM preferred stock.

Libya, an old Italian colony, is today a main ground for collaboration between secret entities of East and West, both of which obviously see fit to accumulate as much gold as possible. As far as the East is concerned, I refer to the recent 24-hour decision taken by the Budapest authorities to join the IMF. Hungary's central bank figurehead Janos Fekete, also a fixture of Basel BIS meetings, has not given one major speech in the last five years without stressing the urgency of returning to some form of a gold standard. Now, the forint will gradually be made convertible. At the Hungarian national bank before 1945 Fekete wore the livery of the local subsidiary of the Rothschild bank.

Fekete is a prominent member of the Siena Group, along with Robert Triffin, who sees our monetary future in gold-mediated "regional currency blocs," and Art Laffer's mentor Robert Mundell, whose gold proposals, directly inspired by BIS ex-head Jelle Zijlstra, are currently being discussed by an unsuspecting President's special Gold Commission. Old, old geopolitics, gold-plated, shine through the modernized liveries.

Soil and water conservation

The administration fails to see it's an economic and not an environmental problem.

At a press conference before Thanksgiving, Agriculture Secretary Block told reporters that once the farm bill is finally out of the way, soil and water conservation will head the U.S. Department of Agriculture's list of legislative priorities. A month earlier the Secretary appeared before the Senate Agriculture Committee to present the outlines of the department's proposed program, a sharp departure from current policy.

USDA estimates that America is losing about 5 billion tons of topsoil every year to water and wind erosion. The erosion affects both cropland and rangeland, estimated to be producing forage presently at about 50 percent of capacity. Approximately one in four acres of cropland is affected, and USDA estimates that failure to halt the resulting productivity loss will mean giving up 75 million metric tons of grain production every year—equivalent to half last year's exports.

The problem is real. But the remedies advanced so far, whether from the environmentalist camp or the USDA, are unlikely to do anything but make matters decidedly worse. environmental lobby's pet issues. They have harped on it to bolster their assertion that there are "limits" to growth. The National Resources Defense Council and Council on Environmental Quality identify "overproduction" as the

cause of the problem, and attack the federal farm programs for encouraging "high-cost cultivation methods."

In line with this, NRDC has mounted a campaign to hinge eligibility for participation in the farm programs by an individual producer on his implementation of a specified set of conservation measures. Since producers don't have the capital to invest in conservation measures to begin with, this proposal is a prescription for squeezing farmers out of business at an even faster pace than recent years.

Instead of building soil fertility the environmentalists would cut back production to conform to growing infertility.

But Secretary Block's program will create the same result by a different path. The program outline he presented has two main features. First, it will establish specific national priorities for the conservation effort starting with soil erosion. (Proponents contrast this with the first-come-first-served "cafeteria" approach of existing programs.) Second, and further-reaching, the program will shift responsibility for funding and direction to the states, transforming current federal program funds into matching block grants to states already undergoing a fiscal crisis. The plan, which will require legislation and cannot in any case be implemented before 1983, has caused a fracas within USDA. Knowledgeable individuals both in and outside of the

soil conservation service are hard-pressed to find any merit or logic beyond crude budget-cutting.

Technically the proposal was made in response to requirements of the Resource Conservation Act. But what RCA specifies, one source pointed out, is that such proposals be based among other things on a thorough review and evaluation of existing programs. This, they insist, was not done. Indeed, the program evaluations cited in USDA's 1981 Program Report are either outdated or have not yet been completed. The claim that the proposed program will be more effective than existing programs is questionable.

It is likely that the plan did not in fact originate in USDA at all. It is widely rumored that the plan was a surprise to Block himself, who is reported to have been handed the program and ordered to go with it by David Stockman's OMB. The plan is frankly based on the assumption that its aim cannot be achieved—that any program that would actually reduce soil degradation to tolerable limits would be "prohibitively expensive."

Nowhere is the real cause and solution of soil erosion in the U.S. addressed. The simple fact is that producers have been forced at an accelerating rate to forego capital investments in the maintenance of their soil—just as they've been forced to forego capital investment in machinery—under circumstances of a cash flow squeeze.

Soil erosion is the hidden price of operating at below the cost of production for more than 30 years. Only a parity price for American farm products, based on the profit necessary to assure reinvestment for future production, will solve the problem.

Fiscal crunch for states and localities

The recession, tax revisions, and federal cutbacks are having a dramatic, destructive effect.

Information reported in two recent bank newsletters confirms that state and local-level government finances are heading sharply into the red, with major negative consequences for financing urban infrastructure, for the capital markets, and for efforts to limit the effects of the current recession.

According to the *Morgan Guaranty Survey* for November, the operating balance of states and municipalities as a whole is headed for a \$5 billion deficit in 1982, the first deficit since the 1975 recession. This follows five years of declining surpluses, which have shrunk from \$10.1 billion in 1977, more than \$9 billion in 1978, \$3 billion in 1979, just over \$2 billion in 1980 and almost \$4 billion estimated for this year. Next year's shortfall results from the cutbacks in federal grants to cities, an adverse impact on state finances from the Economic Recovery Tax Act of 1981, and the shortfall in tax revenues.

The *Manufacturers Hanover Financial Digest* for Nov. 23 reported that, adding in revenues derived from retirement and disability contributions, states and localities reaped a cumulative surplus between 1977 and 1980 of \$110 billion, of which \$24 billion was in the operating balance account. This surplus has been cited to indicate that the cutbacks in federal aid will not create a crisis. But beginning with California's Proposition 13 in 1978, many states have seen tax and

spending limitations reduce their available funds. Coupled with general economic stagnation, these factors would have reduced the surplus to nearly zero even without federal cutbacks.

According to the Morgan Guaranty letter, the congressional reconciliation bill is expected to reduce federal grants by \$7 billion from the \$94 billion recommended by President Carter. In real terms, this is a 14 percent fall (8 percent in current-dollar terms) during 1982. This contrasts with an annual 6 percent real rise during the past decade. Moreover, several provisions of the Economic Recovery Tax Act of 1981 may reduce state and local tax collections by \$2.5 billion, because of the close linkage of state tax bases to federal income-tax returns. Many of the federal personal and corporate tax reductions will automatically lower state levies, unless tax rates and schedules are changed which is often impossible.

As the recession deepens, sales tax revenues fall with softening sales; income-tax levies decline with lowered incomes and ballooning unemployment rolls; and welfare and unemployment payments rise. Morgan estimates that even with new revenue-raising actions of some 30 states this year, state and local tax collections will grow at only 9 percent next year, down from 11 percent this year. But even this assumes a mild and short-lived recession.

This crisis is likely to affect the credit markets in several ways. According to Manufacturers Hanover, \$50 billion of the \$110 total surplus in the four years ending in 1980 went to purchase U.S. government securities. Some of these were purchased directly with the operating surpluses, which will certainly be sold when the deficit materializes next year. With cuts (or ceilings on increases) in various federally subsidized entitlement programs, social insurance funds will also be likely to sell U.S. government securities.

This means not only that the state and local contribution to net national savings (15 percent last year) will shrink, but that federal borrowing will now need to soak up even more funds from the private markets, including whatever the state and local governments sell plus what they would have normally bought, but will not be able to, this year. As Manufacturers Hanover points out, "astonishingly, in fiscal 1981, total federal and federally related borrowings were already just about equal to net private savings." So the added strain will simply "displace further private sector credit demands."

Note that even while running the nominal surpluses in recent years, most municipalities, especially the medium-sized and larger cities, have vastly underinvested in renewing their infrastructure, from bridges and roads to sewers, water supplies and mass transit. With historically sky-high borrowing rates for city bonds likely to continue indefinitely, combined with the expected deficits, infrastructure investment will be cut still further, portending a virtual collapse of many urban services.

The spring strategy for breaking labor

by Leif Johnson

University-based organized labor controllers have revealed the outlines of a spring offensive against labor in the United States. On the basis of a highly specific union-by-union map, labor's remaining political and organizational power is to be undercut without destroying the outward institutions themselves. The unions will be allowed to remain as enforcers of new levels of austerity against the workers in their own industries—particularly in auto and rubber.

This is the outlook at MIT and other adherents of the Tavistock Institute approach to psychological warfare on behalf of de-industrialization, originally developed through Britain's World War II Special Operations Executive.

Traditional bargaining in every third year, such as 1982, would begin with construction. The results influence the Teamsters talks, which in turn affect the outcome of the September auto bargaining. This year the line-up will be broken, and the premise will be that scared workers will accept large cuts in their standard of living.

Building Trades: Talks begin in April. Homebuilding has collapsed. A 30 percent decline in state and municipal road and public works construction and a drop in office construction are expected. This comes on top of a decade-long open-shop and ostensible Affirmative Action attack on the unionized industry, and a tradition of grudging union acceptance of wage cuts and "double-breasted shops"—union firms that also run a non-union side.

Teamsters: The "double-breasted" pattern, as well as wage reductions, have spread in the trucking industry, which has been thrown into increasing chaos by the 1980 deregulation measures and the industrial effects of Reserve usury.

The main effort against the Teamsters is to wreck the Master Freight Agreement, i.e., nationwide work rules and pay schedules for over-the-road drivers. Once the Master Freight Agreement is shredded, an event that would grant final success to the Kennedy family vendetta against ex-Teamster president Jimmy Hoffa, the union locals will have to deal on a company-by-company basis with the truckers.

One top Tavistockian operative at MIT predicted that as soon as Master Freight is dead, the 70-hour weekly driving limit can be eliminated, and distinctions between over-the-road, short-haul, and city drivers, as

well as regulars and extra drivers, can be pushed aside alongside with other work rules. Harold Gibbons, the social-democratic chief of the Teamsters St. Louis-based region, has already publicly announced that the union will allow a bargaining away of the distinction between short-haul and over-the-road drivers.

Rail operating unions: Last month, the railroads allowed a relatively generous 32 percent wage settlement over 39 months to the rail clerks and other non-operating crafts as a ploy to win major work-rule abolitions from the operating employees, who have yet to settle.

Auto: The target here is quite different, focusing on direct wage cuts. General Motors wants to reduce the present average \$12 hourly wage to something close to \$8 and scrap as many of the health, pension, and other benefits (including vacation and sick leave) as possible, although American auto production would not be competitive with the more intensively capitalized Japanese industry even if wages were equal (see *EIR*, Nov. 10).

Blaming the auto production worker for the productivity gap with Japan and other foreign manufacturers is currently the goal of a formidable propaganda barrage in the U.S. press. Typical was an article in the Dec. 3 *Wall Street Journal* by John Schnapp of the Boston-based consulting firm Harbridge House.

Schnapp deems the 1982 auto negotiations the "last hurrah" for the stability of the UAW, which has concluded three-year pacts with the automakers since 1948. Schnapp's explanation is that UAW President Doug Fraser, the last of the 1930s-generation of UAW leaders, has ignored the fact that "U.S. auto workers are not conscientious about productivity, uncaring about quality, and have no sense of commitment to the interests of their employers."

According to a Midwestern academic who worked with the United Auto Workers leadership under UAW presidents Walter Reuther and Leonard Woodcock, GM will convince the workers to accept the wage medicine by passing up its fourth-quarter dividend—the first such omission since the Great Depression.

The UAW, which claims to have a close reading of the pulse of its more activist members, will emphasize a "small-is-beautiful" campaign, arguing that it is not wages that count but a spirit of union-management collaboration, to save the industry so the industry can save jobs. Former UAW Vice-President Irving Bluestone, now a labor controller at Wayne State University in Detroit, is a leading force in the Quality of Working Life movement designed to convince workers that (as Hitler claimed vis-à-vis Western Europe) workers and corporations together are really proletarians in common struggle against aggressive Japanese capitalists.

Once auto wages have been pushed down to the blue-collar average, steel can be picked off next year, according to the Tavistockian labor academics' plans.



C. Fred Bergsten sees continuity between Carter and Reagan

A Brookings Institute fellow who was Jimmy Carter's Assistant Treasury Secretary for International Affairs, C. Fred Bergsten was recently selected by the German Marshall Fund as executive director of their new U.S. venture, the Institute for International Economics. As described in a Nov. 9 statement by the Fund, the institute is intended to influence U.S. foreign economic policy, because the Fund concludes that "there is no existing U.S. institution which addresses international economic issues on a sufficiently sustained and policy-relevant basis."

The German Marshall Fund was established in 1972 under the chancellorship of Socialist International Chairman Willy Brandt to promote "post-industrial" and "alternate life-style" policies of zero-growth. It is financed out of West German tax revenues. Its board of directors and honorary committee include Mr. Brandt; C. Douglas Dillon; John J. McCloy; John B. Conant; David Rockefeller; Milton Katz of the Ford Foundation and Carnegie Endowment; Gabriel Hauge of Manufacturers Hanover; Russell Train, U.S. President of the World Wildlife Fund; Paul G. Hoffman, former Marshall Plan administrator, now at New York Life Insurance Company; Guido Goldman of the Aspen Institute; and B. R. Gifford, director of the Russell Sage Foundation. As described in a Nov. 9 statement by the Fund, the institute and pilot projects in both the United States and West Germany; funded the "Eurosociology" conference in Washington on Dec. 5-7, 1980; and helped to launch the World Bank's Brandt Commission on North-South issues. Mr. Bergsten himself is known as a spokesman for abolishing industrial and export-financing subsidies in

the Third World, and phasing out the dollar's world reserve role. *EIR's* Stanley Ezrol interviewed him on Nov. 23; excerpts follow.

Ezrol: Is there a particular ideological bent that the Institute has?

Bergsten: No, no. I think everybody was very clear from the outset there would be no ideological bias, no political bias; it would be an objective research institution. . . . The only [project] that we've launched definitively is on the question of conditionality of IMF lending programs. . . . John Williamson, a senior member of the staff here, will be directing that study. We will be sponsoring a major conference March 24 through 26 to discuss the issues with about a dozen papers presented by top economists and others from around the world on the subject. . . .

Ezrol: In looking at your Board and your Advisory Committee, I find people who have been intimately involved in formulating policy—people like Dr. Mahbub ul-Haq of the World Bank; Lester Brown, who certainly represents a particular point of view, and Alan Greenspan, who may represent a different view. How do you see this diverse group as being able to affect policy-making in a coherent way?

Bergsten: Well, the diverse group was chosen because of its diversity. . . . We're not trying to forge any consensus in either our board or our advisory committee as to the substance of our research. I think it probably will be possible to forge some kind of consensus—not a unanimous view, but a majority view—on what are the most important issues. . . but the research will be carried by the staff of the Institute itself, and that's not going to be affected by any particular policy views on the part of the board members or advisory committee members or anybody else.

Ezrol: Doesn't the inclusion of someone like Lester Brown, who is generally considered to be somewhere out on the environmentalist fringe, tend to detract from the credibility of whatever the Institute does overall?

Bergsten: I would have thought it was the other way around, frankly—I wouldn't characterize Lester as being on the fringe, incidentally, he certainly is deeply concerned with environmental issues and things of that type; but no, I think it's important for us in formulating our work program and our product to make sure that we take account of the whole range of considerations. . . . I regard it as a strength to have a guy with that particular expertise and point of departure involved in our program.

Ezrol: It seems like there may be some difficulty there in making your influence felt. The previous administration

seems to be very heavily represented.

Bergsten: Well, I don't know. You've got George Schulz, Alan Greenspan, and Pete Petersen, and Dennis Weatherstone and people like that. You've got a number of people there that clearly are not related to the previous administration, and, in fact, many of them have pretty good ties to this administration. Be that as it may, I think there's an important point here, in relation to the question of influence. When we talk about influence, we're talking not only about trying to get specific recommendations accepted, but providing a better analysis, a better understanding of what the issues are and what their implications are. . . . The whole area of international economic policy has tended over the years to be pretty non-partisan. You can think of a few issues where that breaks down, but on balance, there has been pretty bipartisan and even non-partisan continuity of U.S. policy in the international economic area, really through the whole post-war period. . . .

Ezrol: Peter Petersen, the Chairman of the Board of the Institute, served on the Brandt Commission; would you characterize that as falling into what you call the "pragmatic mainstream"?

Bergsten: Well, ah, the first point, of course, is to say that Petersen's been involved in other things as well. He's been heavily involved in U.S. trade matters, investment matters, in monetary matters as well. . . . I don't know that every commissioner of the Brandt Commission agreed with every proposal in the whole report. . . . In the international economic area, I would come back to the fact that all administrations, whether liberal or conservative, including the current administration, support most of the tenets that have underlain policy throughout the post-war period.

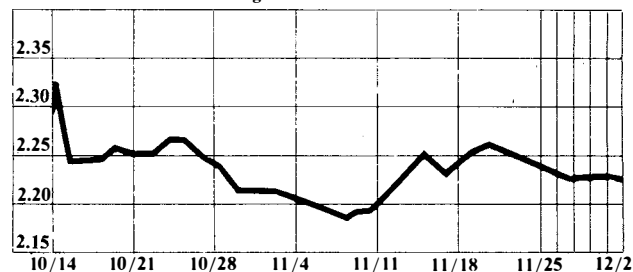
The current administration is certainly supportive of the open trading system. They've been taking initiatives to reduce trade barriers further. They've been taking important initiatives to try to start on a process of reducing international barriers to investment flows. So I think in that major area, they're very much continuing the policy stream of the past 30 to 40 years.

In the monetary area, they've certainly supported the system of flexible exchange rates; they've certainly supported the central role of the International Monetary Fund. There have been a couple of areas in which they've made some changes at what I would call second orders of magnitude. Things like intervention in the exchange markets, comments on some of the terms of IMF lending, for example. They have raised some questions about the proper role of the World Bank, and the multilateral development banks as a channel for assistance to the developing countries, vis-à-vis bilateral channels or private market channels. But even there, they've supported all of the commitments of the previous administration.

Currency Rates

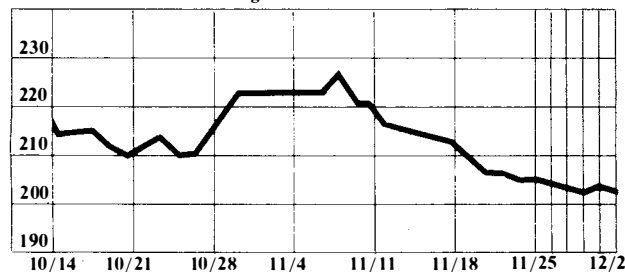
The dollar in deutschemarks

New York late afternoon fixing



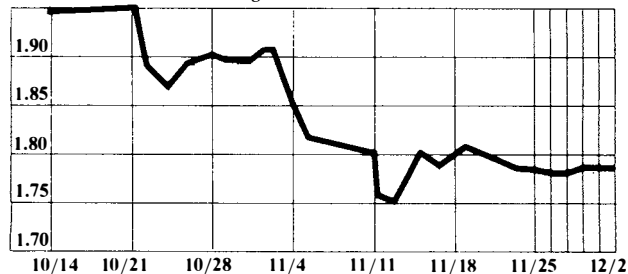
The dollar in yen

New York late afternoon fixing



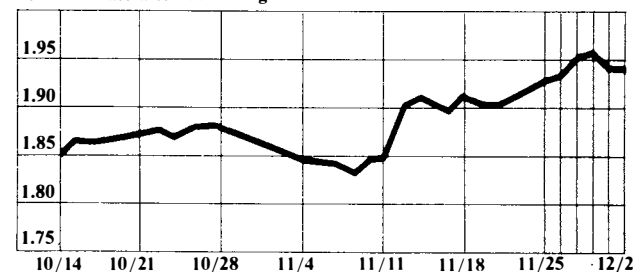
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



World Trade

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
UPDATE			
\$42 mn.	Iran/New Zealand	New Zealand studying Iranian request that it accept barter payment in oil for more than 20,000 tons lamb sold to Iran. Iran is suffering severe cash-flow problems at the central bank, which have delayed payments on current imports and led New Zealand to embargo further shipments, including some lamb already loaded on ships.	Iran joins Algeria, another high-price oil producer run by fundamentalists, in pressing for barter system.
\$100 mn.	Brazil from Japan	Port expansion loan committed over a year ago expected to be signed in December. Goes toward Tubarao port for Brazilian-Japanese export-oriented steel plant, to be completed in 1983; also for new port at mouth of Amazon which will service new alumina-aluminum complex, and possibly Amazon basin grain barges and ores from fabulous Carajas mines project.	Funds provided by Japan's Overseas Economic Cooperation Fund may be spent in Japan, Brazil or other developing countries; 5.75% on yens for 17 yrs. Japanese funding for the Carajas mines have been delayed; watch effects of new cabinet shift.
NEW DEALS			
\$1.6 bn.	Venezuela from Italy	Italian state IRI signed agreement with the Venezuelan Investment Fund as framework for contracts during coming year. Projects include steel rolling mill, development of Zulia coalfields, and a number of hydroelectric, shipbuilding, and bauxite projects for which IRI is competing.	
\$333 mn.	Norway from W. Germany/Japan	Norwegian state oil company gave contract for 850 km. of steel pipes for gas-gathering systems to Mannesmann, Bergrohr, Nippon Kokan, Nippon Steel, Sumitomo Metal, and Kawasaki Steel.	Pipes are uncoated 36-inch to 30-inch.
\$290 mn.	Brazil from U.K./Italy	Petrobras has contracted Worley Engineering, Micoperi, and the Brazilian Montreal Engenharia for installation of gas- and oil-gathering systems on offshore platforms in Campos Basin.	
\$72 mn.	Greece from W. Germany	Krupp and Siemens, plus Biex of Greece, will make 2 rotary shovels for open-pit coal mine. Shovels weigh 5,400 MT each and have 105,000 cubic meters daily capacity.	Greek companies will get 40% contract.
\$26 mn.	Colombia from Japan	Fujitsu will deliver a telephone exchange for Medellín starting in 1983. Fujitsu won bidding for 5,600-circuit electronic digital system.	Turnkey basis.
\$50 mn.	Nigeria from Italy	100,000 tpy steel lamination plant is being designed and supervised by Danieli di Butterio of Rome.	One of many light industrial steel plants near Ekket.
\$58 mn.	Abu Dhabi from U.K.	Make and install 100 megawatt electrical plant using its gas turbine generators.	Turnkey basis.
\$50 mn.	Algeria from Yugoslavia	Rudic had received order for two shoe factories each producing 1,350,000 pairs per year.	Contract includes training Algerian workers.

Business Briefs

U.S. Economy

Machine-tool orders one-third below last year's

For the first 10 months of 1981, machine-tool orders have averaged more than a third below the net orders of the first 20 months of 1980.

Net orders for 1980 (which subtract cancellations from total new orders), averaged \$388 million per month for a yearly total of \$4,662 million.

The first 10 months of 1981 produced net orders of \$253 million per month, or 34.7 percent below the 1980 levels.

The industry's order backlog stood at \$5,027 million in January 1981. The figure for October 1981 was only \$3,360 million.

The dramatic plunge of net machine-tool orders indicates that the auto industry, the largest purchaser of machine tools, is carrying out its threat to scale down investment while seeking productivity increases by trimming the workforce.

The figures also indicate that the increased defense budget has yet to be translated into demand for machine tools.

Industrial Strategy

OECD declares war on Hamiltonian economics

The political-economic division of NATO, the Organization for Economic Cooperation and Development (OECD), has declared total war against the economic principles of Alexander Hamilton and his Japanese adherents. The OECD produced a report following a Nov. 16-17 meeting in Paris which called for an end to governmental subsidies to the high-technology industries. The OECD charged that such subsidies not only "distort" free trade, but could lead to what it called "overinvestment" and "overcapacity." According to the Dec. 1 *Ni-*

hon Keizai Shimbun, Japan, though not named, was the report's major target. In particular, government support for a revolutionary fifth-generation computer that could challenge IBM's technological supremacy was seen as a target.

Japan, backed by France, attacked the OECD proposal, but Germany and the U.S. pushed through the majority view. Ironically, it was American founding father Alexander Hamilton who provided Japan with the model of government-aided industrial progress.

Peking's Program

Chinese continue decapitalization plans

The National People's Congress, the Chinese rubber-stamp parliament, was addressed by Premier Zhao Ziyang at the opening of its meeting in Peking Nov. 29, and told that China would have to suffer at least five more years of austerity, which Premier Zhao calls "adjustment." Zhao made it clear that the policy of virtually zero capital investment in industry and agriculture over the past three years would continue.

The principal economic policy of the Chinese rulers remains "zero population growth," for which it has been hailed by the World Bank and others as a global model. The content of Chinese population policy is forced abortion and infanticide, which the Peking government hopes will achieve a significantly reduced population by the middle of the next century.

The *Wall Street Journal* Nov. 30 reported new horrors carried out under government aegis in Canton. These involved the termination of pregnancies in the seventh, eighth, and ninth months, and the use of injections when a woman is in labor to obtain the birth of a still-born child or an infant so sick that it dies within a few days.

The *Journal* quotes a Chinese source: "Every day hundreds of fetuses arrive at the morgue." According to the *Journal*,

"There are even reports of infanticide in city hospitals, with doctors killing babies immediately after birth if they are third children."

'Risk Analysis'

IRIS to be a unique operation

The International Reporting and Information Services or IRIS, formed at the end of November, claims to be the largest private intelligence agency in history. It boasts of computer facilities, based in Crystal City, Maryland, larger than the CIA's computer in Langley, Virginia and the capabilities to monitor all international publications and radio and television broadcasts. Incorporated in the Netherlands, IRIS is run out of Washington, D.C. from offices of the Government Research Corporation, the publisher of the *National Journal*. According to press accounts, it employs more than 120 former CIA agents and scores of other former intelligence agents and analysts from other nations. IRIS has a four-member advisory board, headed by Brandt Commission member and former Tory Prime Minister of Britain Edward Heath, comprising former World Bank President Robert McNamara, a Club of Rome member, as well as former Colombian Finance Minister Rodrigo Botero and former Giscard cabinet minister J. F. Deniau, who many people say was responsible for Giscard's election defeat this year through his mismanagement of the former French President's campaign.

A Heritage Foundation source close to British intelligence stated Dec. 2 that IRIS is a project of the circles in London who run the London School of Economics and their policy networks. The intelligence gathering, he stated, is a ruse. IRIS's plan is to take over all functions of so-called "risk analysis" in the private sector and use this to implement the policy positions of the Brandt Commission and Heath. IRIS will function in part as a dirty-tricks capacity against targeted

enemies of the Club of Rome networks and their deployable Socialist International allies. "They [IRIS] are not interested in money," said the source. "They are interested in power." Aside from monies from GRC, a suspicious outfit headed by the London School of Economics-trained Andrew Stout, IRIS receives funding from six British and continental merchant banks.

Gold

'Supply-side' gold option at the BIS?

"Supply-side" publicist Jude Wanniski, who left the *Wall Street Journal* to run a political-economic consulting firm, put the version of the gold standard currently associated with Arthur Laffer, Rep. Jack Kemp, and Lewis Lehrman into a *Business Week* "Ideas and Trends" column Dec. 7. Although Wanniski describes the proposal as a growth option, he cites as identical a plan offered by Bank for International Settlements President Jelle Zjilstra—who wants to use gold to reduce growth.

"The entire world, Communist as well as capitalist, has been led into recession and the path of a gathering financial storm by obsolete U.S. monetary policy. Only the careful use of gold through a particular kind of gold standard can now prevent a U.S.-led world depression," Wanniski wrote. He adds, "In that spirit, we discard the various gold 'cover' standards that rely on quantities of gold as a way of forcing discipline on the monetary authorities."

He concludes by urging "a telephone call from President Reagan to Treasury Secretary Regan to initiate the Mundell-Zjilstra proposal."

However, in a Paris speech Nov. 23, Zjilstra's chief assistant Alexandre de Lamfalussy called on governments to "defuse inflationary expectations by sending out more signals about interest rates and credit shortages"—the opposite of what the supply-siders say they want.

Banking

Free banking to bring hot money flood

Free banking zones, also known as International Banking Facilities, went into effect in major U.S. cities Dec. 3, and are already threatening to flood the U.S. with billions in hot money and other speculative Eurodollars, Federal Reserve sources said.

Federal Reserve economists estimated this week that the Fed's new IBF plan will bring as much as \$125 billion in Eurodollars into the U.S. banking system "within weeks." The new free zones "will return a substantial portion of the \$1.6 trillion Eurodollar business to the United States shores," New York State Superintendent of Banks Muriel Siebert said in a congratulatory letter sent to each of the dozens of banks which opened International Banking Facilities in New York this week.

IBFs were first proposed in 1978 by the New York Clearing House Association of the top 12 New York commercial banks, led by David Rockefeller's Chase Manhattan and Walter Wriston's Citibank. The plan was approved by the Federal Reserve Board after the personal endorsements of Fed Chairman Volcker and New York Fed President Anthony Solomon earlier this year.

IBFs are designed, as a Chase Manhattan spokesman told *EIR*, to "bring the Eurodollar markets back home," that is, to bring into the U.S. the sort of unregulated and speculative banking practices which foreigners and Americans have heretofore had to go abroad to conduct—outside the authority of U.S. regulators. As in the Euromarkets, the free zones here will be so scantily regulated by U.S. authorities that they will provide ample room for drug and other money laundering.

Free zones are free of: reserve requirements—banks need hold no reserves against loan losses; federal regulation; interest rate-ceilings; and federal, state, and city taxes.

Briefly

● **MEXICAN** officials charged the first week in December that the World Bank is attempting to put a credit squeeze on Mexico. The bank is demanding that all its new lending to Mexico—a significant part of Mexico's foreign credit—be in the form of co-financing with commercial banks. This would close Mexico off from the Bank's subsidized fixed rates and long-term maturities, and force Mexico even more onto Volckerized world rates and short-term maturities. The World Bank move comes as Mexico faces a gigantic leap in its net foreign borrowing needs, from some \$4 billion last year to \$11 billion this year. The largest portion of the increase corresponds directly to financing higher interest rates on the world markets.

● **JAMES McCLURE**, Republican of Idaho, told members of the American Nuclear Society and Atomic Industrial Forum that nuclear power is a "moral issue." "The moral issue is international. Nations go to war when their survival is threatened." He cited the 1978 NAACP statement supporting nuclear energy as "the hallmark" statement for the joint conference.

● **LESTER THUROW**, MIT professor and author of Committee on the Present Danger policy documents, has called for a "national corporate investment committee" consisting of labor, management and government officials to direct credit into "sunrise" post-industrial sectors of the economy.

● **AN EXIMBANK** official confirmed to the Fusion Energy Foundation Dec. 2 that the bank will not be involved in financing American nuclear exports to Egypt as a result of "a decision reached at the highest levels of the Bank." The official said that since Exim is "like a regular commercial bank," projects that receive financing from it must bring in their own foreign exchange to pay off the debt to Exim.

Green fascism is on the rise again in Germany

by Susan Welsh

A fascist movement has emerged once again on German soil, under the banner of the "green" environmentalists and the self-styled peace movement.

As in the 1930s, today's fascists aim to destroy the nation-state based on expanding industrial technology and replace it with a feudalist zero-growth society, a new Dark Age. The Nazi movement was fostered by British oligarchical circles who hoped to destroy the threat Germany and Russia represented to their geopolitical designs. So today the green fascist movement is nurtured and manipulated by those anti-progress Anglo-American factions best known as the supporters of Global 2000 and the Club of Rome. As we document, Die Grünen (the Green Ones), as the environmentalist/disarmament political party is called, are joining forces directly with such openly neo-Nazi forces in West Germany as the Nationaldemokratische Partei Deutschlands (NPD).

What does the new face of German fascism look like?

- Increasingly during the past year, West Berlin and the cities of West Germany have been hit with rioting by tens of thousands of disaffected youth organized into paramilitary squads. The riots often begin as purportedly "peaceful demonstrations" but the young punks carrying plastic bags filled with bottles, stones, and clubs wait until nightfall to begin wanton destruction.
- The Frankfurt International Airport, West Germany's largest, was forced to close down Nov. 15 by a bloody demonstration of 150,000 people. Flaming barricades were set on highways for miles around, and a hard core of several hundred battled police at the "village" constructed on the projected site of a new runway for the airport. The demonstrators are demanding an end to the expansion of the airport—a project which the government of the State of Hesse defends as economically essential and ecologically acceptable. Molotov cocktails, stones, and clubs were hurled at police, and an elderly woman died when her car was trapped in a mob of rioters.
- Frankfurt mayor Walter Wallmann, a Christian Democrat, said in an interview with the *Frankfurter Allgemeine Zeitung* Nov. 20 that developments



Violent demonstrations on Sept. 13, 1981, during the U.S. Secretary of State's visit to West Berlin.

in his city reminded him of the disintegration of democratic rule in the Weimar Republic, before Hitler took over.

- Hesse Governor Holger Börner, a Social Democrat, in a Nov. 15 interview with the *Frankfurter Allgemeine Zeitung* described the greenies' legalistic arguments as "Nazi jargon" which reminded him of Josef Goebbels. The green fascists, including a wing of his own Social Democratic Party (SPD), have targetted Börner for ouster in the upcoming fall 1982 state elections. Börner is the most important ally of Chancellor Helmut Schmidt within the SPD, and Schmidt's only remaining ally among the states governed by the SPD; the other SPD governors are from the leftist Willy Brandt wing of the party. The fight in Hesse assumes unusual strategic significance, since if Börner is ousted or neutralized, it will be virtually impossible for the embattled Schmidt government to survive.

- As in Weimar Germany, the leading constituency-based political parties are disintegrating. The Social Democratic Party, which at its best has represented the interests of productive workers in a labor-industry alliance for the good of the nation, is on the verge of a split. The trade-union-based wing, Schmidt's support, is being assaulted by the left wing, which was gradually assimilated into the party by chairman Willy Brandt and deputy chairman Herbert Wehner. In the Christian Democratic Union (CDU) party, the traditional base among businessmen and conservatives is disenfranchised; the party's industrial and banking mentors have allowed its leadership to become dominated by the twin ideologies of

Friedmanism and the Club of Rome. The CDU's pro-growth base tended to support Schmidt during the 1980 federal election—an option that becomes more and more difficult for them as the leftist takeover of the SPD advances.

Die Grünen was established in the European Parliamentary elections of 1979. Headed by Petra Kelley, a former member of the World Federalists, and Carl Amery, it works closely with Aurelio Peccei through an institution called Ecoropa, the coordinating body for green parties in France, Italy, West Germany and other countries.

- Public meetings by pro-nuclear, pro-growth parties or groups are systematically subjected to harassment and violence by the green fascists, often in alliance with the German Communist Party (see below).

- World-renowned physicist Dr. Krafft Ehrlicke, during a tour of West Germany this month sponsored by the Fusion Energie Forum, in collaboration with the U.S. Fusion Energy Foundation, was repeatedly confronted by greenies who attempted to prevent him from speaking. Dr. Ehrlicke, a German-born scientist now living in California, reported to a New York audience Nov. 28 how deeply he had been saddened and angered to see the same madness he had witnessed as a youth in Berlin during the rise of the Nazi movement in 1929-31.

The instigators

The rise of green fascism is now apparent in various forms throughout Western Europe and the United States. Violent demonstrations like those in Frankfurt

and West Berlin have occurred in Amsterdam, Zürich, and other cities. In France, the government of President François Mitterrand itself is committed to the same ideology as the street-thug Grünen.

The mass European "peace movement" which has surfaced is systematically organized at the top by the Socialist International and the Club of Rome, the two major institutions which provide the ideological and political framework for the neo-fascist anti-technology movement.

From terror to fascism

It was after March 1981, when a series of leading U.S. radicals, including Richard Barnet of the Institute for Policy Studies and members of the Washington, D.C.-based Center for Defense Information toured Europe to set the stage for an "anti-Reagan" and "anti-NATO" turn in the green movement, that the environmentalists have become increasingly violent. In September, underground leaders of the RAF masterminded the attempt to assassinate Gen. Frederick J. Kroesen, Commander of the U.S. Army in Europe, Central Army Group. At the same time, military personnel and bases throughout West Germany were the targets of bombing and arson attacks.

In Frankfurt, reports of intimidation have been made to police by store owners who were warned by environmentalist groups that they would be vandalized unless they displayed signs opposing the expansion of the Frankfurt Airport.

Functioning as media spokesmen and funding conduits for green fascism are the Campaign for Nuclear Disarmament, based in London and headed by environmentalist E. P. Thompson; Pax Christi, also London-based, composed of Catholic and Protestant "liberation theologians" and a sponsor of forums and demonstrations against nuclear power and nuclear weapons; the Evangelische Kirche Deutschland (Lutheran Church of Germany), a center for SPD left environmentalists, including Erhard Eppler, and for support of the West Berlin squatters; and the Dutch Inter-Church Peace Council (IKV), headquartered in Amsterdam, which serves as international coordinator for both peace demonstrators and house occupations. Several thousand Dutch "squatters" have functioned as organizers for establishing the violence-prone, counter-cultural squatters' movements continentally.

According to law-enforcement sources in West Germany, the policy of Interior Minister Gerhard Baum in dealing with the protest groups and their allies in the house occupier "scene" has contributed to spreading anarchy and terror. Baum, who is member of the Free Democratic Party, coalition partners with Schmidt's SPD, has maintained a policy of a "long leash," i.e. not

arresting demonstrators and forbidding police to use force against demonstrators, even if protestors are armed.

From December to June 1981, the result of Baum's policy was a massive increase in areas directly controlled by "squatters"—anarchists who seize apartment buildings and declare free zones, which police are not permitted to enter. Attempts by state and city governments to clear occupied areas have resulted in riots.

By June 1981, the house occupier "scene" had expanded from an initial 100 apartment houses in West Berlin to "free zones" in more than 20 West German cities. Law enforcement experts outside the Interior Ministry have asserted that, contrary to Baum's own statements, the occupation zones are major centers for terrorist protection and recruitment.

Why West Germany?

It should be clear that in West Germany the green fascism phenomenon has a particular intensity and a special strategic importance. If West Germany succumbs to Die Grünen, if Chancellor Schmidt is defeated, then there will be no economic or political force in Western Europe that could successfully oppose the spread of green fascism.

Since the electoral defeat in May 1981 of Schmidt's ally, French President Valéry Giscard d'Estaing, the situation has deteriorated sharply. Now Schmidt, alone among European heads of government, consistently represents a policy of war-avoidance and economic progress, rational versions of East-West détente, and high-technology development for both North and South. Should Schmidt's effort to draw Washington and Moscow toward an effective war-avoidance policy advance, the world may stand a chance of escaping nuclear holocaust. If Schmidt's mediation between the superpowers does not soon show results, however, the political fabric of his own country will be ripped apart and Schmidt himself will not survive.

The fall of Giscard did more than deprive Schmidt of an ally in foreign policy. One of the first moves of the Mitterrand government was to scrap Giscard's policy of restricting the movement of "green" punks and terrorists across French borders. Now the green fascists are able to travel freely from a demonstration against a nuclear power plant in France to a riot in Frankfurt or Hamburg.

While the green fascists are deployed by Schmidt's highly placed international political enemies, there are also reasons why some layers of the German youth population provide a fertile ground for such movements. Take the case of individuals drawn to the "peace movement" through opposition to NATO's decision to install U.S. medium-range missiles in West Germany.



Of course not all these people are fascists! Many are justifiably afraid that the deployment of those missiles will be the trip-wire for nuclear war, since the Soviet Union will be no more likely to tolerate U.S. nuclear missiles within a five-minute flight time of Moscow than the United States was ready to accept Soviet missiles in Cuba in 1962. Many Germans drawn to the peace movement reject that NATO decision as a violation of German national sovereignty, since the Federal Republic could be destroyed in a thermonuclear war initiated from its territory without so much as a by-your-leave from Washington.

An historical point of view

These justified concerns can be compared to the rage felt by the German population against the 1918 Treaty of Versailles. The brutal peace imposed by Great Britain upon Germany deprived the defeated nation of its army and its industry, forcing payment of enormous reparations. Only the 1922 Rapallo Treaty with Soviet Russia allowed Germany to survive economically. But the anger against Britain and its Versailles Treaty was manipulated by the Nazis, who used it to recruit bitter and disaffected youth to their ranks.

After the Second World War, Germany was once again humiliated and ravaged by the victorious powers—the British and their factional supporters in the other allied countries. The nation was occupied, divided, deprived of sovereignty, its industry smashed and its citizens told again and again that each one of them was personally responsible for the crimes of Hitler. Under Chancellor Konrad Adenauer after the war, the new Federal Republic was able to slowly regain some of its dignity and sovereignty as it rebuilt its industry. Under Chancellor Schmidt, the country has begun to find a sense of nationhood, a pride in the Federal Republic's role as a force for world peace and prosperity.

But the youth of today, born in the 1960s and 1970s, don't understand the pride their parents feel at having built a nation out of a rubblefield. These are the youth educated by the "reformed" school system introduced under Chancellor Willy Brandt (1969-74), which abolished the humanist classical tradition in German education. Instead of learning the excitement of scientific discovery and the inspiration of German classical literature and music, today's youth are taught about "limits to growth" and an existentialist literature of despair. Add to this a growing consumption of drugs in the Federal Republic and an economic crisis worldwide, and it is easy to see how a new fascist movement can arise again in Germany—seemingly overnight.

At a Sept. 1, 1981 anti-war demonstration of 20,000 in West Berlin: Weimar revisited.

European Labor Party calls for defense of constitutional rights

The following declaration was released by the European Labor Party in West Germany on Nov. 22. This version is slightly abridged.

For some time, members of the European Labor Party [Europäische Arbeiterpartei—EAP] have been subjected both to numerous press slanders and to physical assaults by opponents from the ranks of the militant Grünen. The reason is the EAP's public support for economic growth, technological progress, and peaceful application of nuclear energy. In the past week in particular, these attacks have assumed a dimension which now represents a direct threat to the democratic order of the Federal Republic of Germany: EAP representatives, as well as other citizens, have been subjected to a wave of massive threats, including bomb threats and physical attacks, which have injured the basic rights of freedom of expression of opinion and assembly in an intolerable way.

The primary occasion of this escalation was an EAP forum in Neckarwestheim bei Heilbronn, called to give political support for the construction of a second nuclear power plant unit, as well as for the necessity of technological progress. The speakers included Mayor Armbrust of Neckarwestheim, a Free Democrat, his counterpart Alphonse Bohler from Cattenom, France (where a similar fight is occurring over nuclear power), space researcher Dr. Krafft Ehrlicke from California, and Mrs. Helga Zepp-LaRouche, federal chairwoman of the European Labor Party.

Mayor Armbrust was heavily pressured through telephone calls, letters, and a bomb threat, to distance himself from this event, and not to appear. Through rumors and press slanders, an effort was made to intimidate people in the area from attending. And, at the door, a group of masked youths moved to physically prevent citizens from entering. When about 40 of them began to storm the meeting hall, the police had to intervene.

What was the content of this meeting, which despite

the harassment was attended by about 100 citizens, 50 from the heavily targeted Neckarwestheim region? What were the political views expressed there, which at this point cannot be publicly represented in this country without great personal risk?

Mayors Armbrust and Bohler emphasized how nuclear energy is economically necessary; Dr. Ehrlicke discussed its role in the development of outer space, which among other things would facilitate the disposal of nuclear waste. Mrs. Zepp-LaRouche emphasized that nuclear power is indispensable not merely for maintaining living standards in West Germany; sabotaging nuclear energy there would have the effect of condemning some hundreds of millions of human beings in the Third World to death. Halting nuclear development would thus make us responsible for a holocaust a hundred times greater than the one that occurred under Adolf Hitler. It is unacceptable, she stressed, to condemn the Third World to make the transition to development on the basis of its own internal resources; and she condemned the Club of Rome as racist Malthusians who, in concert with certain NATO officials, openly encouraged American soldiers during the Vietnam War "to slaughter as many women and children as possible, so that at least if the war could not be won, the Vietnamese population would be drastically reduced." As an alternative, the EAP chairwoman endorsed the creation of a new world economic order which would enable genuine economic development in the southern hemisphere through application of science and technology. For an export-dependent nation like West Germany, she said, this is the only practicable way out of the current world economic crisis. She concluded with an appeal against the enemies of science typified by Robespierre, who used the slogan "the Revolution needs no scientists" to murder the greatest thinkers in France.

Nationwide attacks

We now document the wave of slanders, threats, and physical assaults which have occurred, noting that the

press has apparently performed a considerable and evil role in this affair. We also note that these attacks are being investigated in the context of a vehicular homicide attack against Mrs. Zepp-LaRouche in West Germany on Sept. 22, 1981.

Heilbronn/Neckarwestheim: Nov. 14: About 15 men attack an EAP literature table in Heilbronn on which are lying invitations to the above event, among other things. The books and newspapers are destroyed. A few days later, Mayor Armbrust receives an anonymous threatening letter which calls the EAP a "fascist organization," encloses a clipping from an old slander against the EAP in *Der Spiegel* magazine, and demands that he not attend the event. Numerous threatening phone calls are also received. The local SPD organization in Heilbronn, a bastion of Grünen ally Erhard Eppler, spreads the slander that the EAP is "a right-wing organization financed by the CIA."

On Nov. 20, the day of the event, the *Heilbronner Stimme* publishes an article headed "Disquiet Before the EAP Event Today—Right-Wing Radical Group or Labor Party?" Physical attack against the event, and in particular against Mrs. Zepp-LaRouche, is virtually advocated. The CDU [Christian Democratic Union] city councilor of Neckarwestheim, Mrs. Widemann, receives threats that if she attends, her windows will be smashed.

On Nov. 20, at 6:45 p.m., a threat is phoned into the *Heilbronner Stimme* that a bomb will explode during the event.

As police are searching for the bomb, 40 militant masked Grünen attempt to storm the meeting hall under paramilitary command. They curse the police as "pigs," "fascists," and "Nazis," and shout "They should have gassed you" and "Pour on the gas," as well as "We want to see Helga."

A half-dozen journalists and photographers on the scene, as a group, take up the cause of the disrupters, with a volunteer at the *Heilbronner Stimme* maintaining contact between the Grünen inside and outside the hall.

Aachen: A Nov. 19 forum held by the Fusion Energy Foundation was presented to an audience of 200 by Dr. Krafft Ehrlicke on the industrialization of space. About 40 disrupters attempted to break into the room, armed with bottles and other objects; the police report that they are "professional demonstrators" from outside the area. Had the police not intervened, the event would have had to be canceled under the threat of injuries.

Hamburg: On Nov. 21, a wall poster was hung in the mathematics division of the university, calling for the break-up of a forum scheduled there two days later by Dr. Ehrlicke.

Wiesbaden: During the demonstration against the nearby Frankfurt airport expansion, a contingent of

demonstrators surveyed the former office of the EAP, whose national headquarters are in Wiesbaden. On Nov. 17, a "spontaneous demonstration" suddenly passed this office again, and had to be disbanded by the police. On Nov. 19, the EAP is informed that the "Runway Opponents Scene" is collecting addresses of EAP members to carry out "a kind of nationwide *Kristallnacht*" against the EAP. (*Kristallnacht* was the 1938 rampage against Jews by Hitler's SA). During the night of Nov. 20-21, the new EAP office is painted over with defamatory slogans.

These brutal methods are being employed in order to achieve several different goals. A climate of heated slanders is being created, endangering the security of the EAP's national chairwoman, who only eight weeks ago escaped a professional assassination hit, as well as that of other EAP members.

Secondly, through intimidation and outright terror, the population itself is to be kept in check. . . . Fifty citizens of Neckarwestheim demonstrated considerable courage, despite threats, and the fact that they had to push their way through a crowd of masked figures. One said, "What happened in Frankfurt and what happened here—these are SA methods." Mayor Armbrust stated that he absolutely refused to be dictated to as to which events he could and could not attend. The CDU councilwoman who had been threatened said that it is perilous for democracy if someone can be stopped from doing and saying what one considers to be right in public.

Call to all democratic parties

The Federal Executive Committee of the EAP hereby calls upon all politicians and democratic parties in the Federal Republic to take the events described here as a warning signal, and act so that the great majority of the population is not brought to silence by a small but violent minority. Each has the right to express his views, to freedom of speech and assembly, even if that person is mistaken or incorrect. However, no one has the right to rob his fellow citizens, through the use of physical violence, duress, and blanket terror, of the basic rights of freedom of speech and assembly. If journalists participate in such actions, they are abusing the freedom of the press.

Unfortunately, we are already well past the point when we could have said, "Halt this at its inception!" In no other [democratic] nation in the world has the terror against political opponents described here already taken on such forms as—now for the second time—in Germany. In a democratic republic, other laws are valid than those of the Hobbesian struggle of each against all. Democratic political leaders must not tolerate such abuses against our constitution for one more day.

German Protestants tied to the new fascists

by Lyndon H. LaRouche

Normal Protestant church-members in the Federal Republic of Germany are increasingly frustrated and angered by the visible connection of prominent Protestant officials to the fascist stormtroopers currently unleashing terror on the streets of the nation. Bitter, old memories are stirred, as older citizens remember the dabbling with Adolf Hitler by such Protestant churchmen as Pastor Martin Niemöller.

In Germany, where a significant portion of the population is old enough to remember firsthand the storm-trooper tactics of Hitler's fascist bullies, the current tactics of the "greenies" ("environmentalists") bring from the mouths of many shocked older citizens, "Just like the Nazis." The increasing visibility of figures linked to the neo-Nazi NPD (Nationaldemokratische Partei Deutschlands) within leading ranks of the "greenies" helps to remove any remaining doubt that the hard core of Germany's "environmentalists" are the neo-Nazi mass-based forces of the 1980s.

In the eyes of these same citizens, liberal Protestant priests and figures such as the Protestant Church's [Evangelische Kirche Deutschland—EKD] Erhard Epler, also a prominent SPD figure, continue to play a prominent and crucial role in placing this growing fascist terrorism on the streets of the nation. Perhaps, like Pastor Niemöller, the liberal Protestant churchmen will turn away from the fascist beast they have again helped so much to create—after the present Republic of Germany may have been destroyed through tolerating the fascist stormtroopers of "environmentalism" for too long, as liberals of Weimar destroyed that republic through soft tactics toward the Nazis then.

Intelligence services in Europe have known since 1969-70, that the controlling force behind ostensibly left wing "environmentalist" hooliganism and international

terrorism were in fact sinister circles of the "extreme right." This is massively documented in the public domain in Italy, where it is a matter of public record that the ostensibly "right wing" and "left wing" terrorists are closely interlinked under a common direction by circles closely linked to would-be mass-murderer Aurelio Peccei of the Club of Rome. The fascist circles backing Bettino Craxi of the Socialist Party of Italy have believed that destroying the credibility of constitutional order with "left wing" terrorism is the appropriate way to bring fascist forces into dictatorial power again in Europe.

The surfacing of underground networks of the old neo-Nazi NPD as leading forces within the "environmentalist" ferment reflects the fact that the same is true of "left wing" terrorism and environmentalist hooliganism in Germany. It is true that the Boris Ponomarev faction of the Soviet leadership is massively supporting the green fascist element—linked to the neo-Nazi NPD's underground networks—within the West German peace movement. Ponomarev doubtless knows the fascist connections behind these left wing forces, but is cynically using the fascist forces for the purpose of attempting to undermine the West from within.

This is also true inside the United States. Ideologically, Tom Hayden's faction of Students for a Democratic Society was already philosophically fascist during the late 1960s, as the Chicago Democratic Convention riot of 1968 accurately reflects this. There is no difference between fascist elements such as the drugged Yippies or the Yippie backers in the Anti-Defamation League Fact-Finding Division and the green fascist stormtroopers of West Germany today. Scratch a liberal from the Trilateral Commission circle and one draws fascist blood, the same variety of Malthusian world-federalist fascism oozing from the unwholesomely large pores of Aurelio

Peccei.

On the surface, most citizens of the United States might imagine wrongly that there are major differences between Hitler's Nazis and the green-fascist stormtroopers of Germany today. Popular opinion associates Hitler with "big industry"—which is largely mythical. Public opinion forgets that the Nazis of the 1920s were recruited largely from the Weimar "back to nature" counterculture, and were passionately committed to "population policies" against "non-Anglo-Saxons," "small is beautiful" utopias, and anti-industrial-capitalist ideology identical as a philosophical world-outlook with the ideology of the modern environmentalists. The only difference between today's environmentalists and yesterday's Nazis is that the doped environmentalists are crazier and smell much worse.

There is nothing accidental in the parallel between liberal-Protestant dabbling with Nazism earlier and liberal-Protestant sponsoring of the emergence of the green fascist movement now. "Liberal Protestants," like Eastern Orthodox or Anglican priests, are not Christians, but agents of gnostic cultism, closely allied in theology to overtly Lucifer-worshipping cults such as theosophy and spin-offs of theosophy such as the anthroposophic cult of Germany.

The key to understanding the twisted, pro-fascist mentality of liberal varieties of Protestant priests was outlined by Dr. Helmut Böttiger to a session of the recent, Mainz conference of the International Caucus of Labor Committees.

Roots of German fascism

To understand the development of German fascism over the last half of the 19th century into the present century, one must begin with two key sets of facts. One must trace the transplantation of Venetian aristocratic families into such regions of Germany as today's Baden-Württemberg, and trace out the evolution of the mass-based fascist movements from the German and Swiss branches of Giuseppe Mazzini's "Young Europe" radicals of the 1840s. Within this setting of Venetian subversion of the ranks of Germany's elites and populist radicalism, there are two more specific developments leading directly into Hitler: the romantic cultism of the Richard Wagner circle around Hitler's sponsor, Houston Chamberlain, and the ideology of the founder of modern sociology, Max Weber.

Dr. Böttiger emphasized the distinction between Weber's sociology dogmas and the more simplistic notion of a value-free culture. Weber's sociological doctrine is the direct basis for all modern fascist movements.

Using the Jesuit's hoax-argument, that the world is so "interconnected" that no mind could know truth, Weber asserted that each group within society must

adopt its own arbitrary set of goals and values upon society generally. That is Sorel's doctrine of the "fascist mythos," and the fascist doctrine of the Mussolini-supporter and Weber student, Robert Michels.

The means to bring such a fascist order into being, Weber argued, was to replace mass political parties based on a coherent philosophical world-outlook (*Weltanschauungspartei*) with what are called "populist" (*Volkspartei*) forms of pluralist aggregations. Out of this pluralist stew, particular groups organized around a fascist variety of mythos—such as the Hayden faction within the present-day Democratic Party of the U.S.A.—can exploit a crisis to create a fascist form of dictatorship.

In other words, the kind of liberalism associated with Max Weber's sociological dogmas, or the "pluralism" of William James, is designed to serve as an efficient conveyor belt for creating fascist dictatorships through crisis. One group, with its own irrationalist choice of special goals and arbitrary beliefs, imposes its "triumphant will" (Nuremberg-rally sort of "will") upon a society wrought with chaos.

Dr. Böttiger compared Max Weber's views with the doctrine of the "super-elite" advanced by Pareto, the same fascist doctrine explicitly proposed for Latin American alternating "left wing" and "right wing" coups by Carter's National Security adviser Zbigniew Brzezinski, the latter a person of fascist credentials acquired at birth. (The Polish fascist regime which Brzezinski's father served was fully as evil as Hitler's regime in all but one historically-relevant respect: it was materially far weaker than Hitler's regime.)

Pareto's doctrine is historically more accurate than Weber's sociology. There are powerful "super-elites," typified by the Byzantine "black nobility" of Venice-centered Europe, which simultaneously create and sponsor both "left wing" and "right wing" elites. Exactly as Pareto outlines, the "super-elite" alternately builds up, or cuts down the power of its squabbling children, the "right wing" and "left wing" sub-elites. So Venice simultaneously financed the propaganda-campaign to build up Martin Luther out of obscurity, and followed that by organizing the counter-reformation after the Hapsburg sack of Rome in 1527 (the sack of Rome ordered by the Venetians who owned the Hapsburgs).

This "super-elite" function is typified by the hierarchy of the Greek Orthodox Church and its Russian Orthodox and other autocephalic offshoots. Ordinarily, the Church hierarchy appears to be occupied entirely with liturgical matters, avoiding obvious engagement with secular affairs. The Church hierarchy thus creates an apparent distance between itself and those various political movements it manipulates into and out of power, as the Greek hierarchy recently brought the Papandreou government to power.

In the Hitler case, although liberal Protestants and anthroposophs performed a decisive role in bringing Hitler to power, the anthroposophs followed the policy of attempting to function as a "super-elite," a small liberal swing force which brought fascism to power, without itself assuming direct responsibilities of participation in the Nazi Party.

Some liberal Protestants did become somewhat more directly involved in promoting Nazism, to the point that without this Protestant liberals' help, the degree of support gained by the Nazis would not have been possible. However, like the circle of Benedetto Croce in Italy (who played a key role in bringing Mussolini to power), once the fascist regime was entrenched numbers of the liberal Protestant priests who had earlier helped create the environment for Hitler's rise to power, disengaged themselves to form part of a liberal opposition to Hitler, thus attempting to play the ostensibly detached role of what Pareto described as the "super-elite."

This repeats itself in many nations with the rise of "green fascism" world-wide. The anthroposophs, the original "nature freaks" of Germany, together with liberal Protestant priests and figures, such as Eppler, have played a key leading role in creating the green-fascist development around the fascist Malthusian doctrine of genocide of Aurelio Peccei and of the Venice- and Netherlands-based cultural associations from which the environmentalist movement and the Bilderbergers were spawned. The Geneva-based offices of the World Council of Churches and networks run through the International Red Cross play a key, coordinating role internationally.

The key to the minds of the fascist-leaning variety of liberal priests is gnosticism, a pseudo-Christian disguise for the wicked pagan cults of Apollo (Lucifer) and other spawn of the Magi and Taoists, which centers its opposition to the Judeo-Christian doctrine of "man's dominion over nature" in "mother earth" cults, or Manichean cults. For this reason, the recent Papal Encyclical, *Laborem Exercens*, provides a conclusive sort of "litmus test" of who is really a Jew or Christian, as opposed to liberal pseudo-Jews and pseudo-Christians.

Therefore, let no one say that the ICLC is attacking either Christianity or Judaism. The ICLC is defending both against liberal cultists and the fascist stormtrooper spawn of the work of those liberals. These cultists, these liberal freaks, some in priests' clothing, are filled with a gnostic hatred against civilization, and would unleash any hellish force upon earth in service of their cultists' determination to return society to a depopulated condition of pre-civilized barbarism.

Either this "green fascist" horde of environmentalist genocidalists is crushed quickly now, or there will be no civilization.

Avowed neo-Nazis in the midst of the environmentalist political leadership

by Charlotte Vollrads in Wiesbaden

On November 15, 1981, Holger Börner, Governor of the West German state of Hessen, warned in an interview in the *Frankfurter Allgemeine Zeitung* that the "environmentalist" movement was taking a direct fascist form in West Germany.

Commenting on the violent demonstration taking place that day against the expansion of the Frankfurt International Airport (a demonstration where one elderly woman, trapped in a mob of demonstrators, was killed), Börner denounced the environmentalists' use of rhetoric about the "will of the people" as reminiscent of "Nazi jargon." Börner, whose Energy Minister, Heinz Karry, was killed by terrorists linked to the Rote Armee Fraktion (RAF) last May, declared, "Goebbels began by talking about the Reichstag (Parliament) as a 'chamber for empty chatter' and the final result was the *Reichskristallnacht*." The Kristallnacht was the Nazi confiscation and destruction of Jewish property in 1938 which revealed to the world the true nature of Hitler's National Socialists.

The fascist hooligan tactics already being used by Die Grünen and its allies in the environmentalist movement against any supporters of nuclear power and technological growth, bear more than a sociological resemblance to the Hitlerites of the 1930s. From its very beginning, Die Grünen, the environmentalist party of West Germany founded in 1979, has been directly connected to right-wing extremist organizations, and has been guided by fascist ideologies.

The following information, which was compiled by the *Executive Intelligence Review's* German-language counterintelligence newsletter, *Spuren und Motiv*, is more than sufficient grounds to apply to Die Grünen the same constitutional criteria which ban neo-Nazi parties in West Germany.

The founders of Die Grünen

In 1979, the executive board of Die Grünen was created to launch an environmentalist slate in the elections for the European Parliament. Along with Petra

Kelley, the current Chairwoman of Die Grünen, a member of the party's executive was August Haussleiter, who had also been a founding member of the right-wing Christian Social Union. This last organization is the Bavarian-based Christian Democratic affiliate of Franz-Josef Strauss.

Haussleiter's major credential in 1979 was that he controlled the first and oldest environmentalist party in West Germany, the Aktionsgemeinschaft Unabhängiger Deutscher (AUD), which launched the first environmentalist program in 1976. (The name translates "Action Group of Independent Germans.") Haussleiter, who resigned from Die Grünen last year in a faction fight with the party's left wing, has a penchant for founding parties, including neo-fascist groupings. Shortly after resigning from Strauss's CSU in the 1950s, Haussleiter created the Deutsche Gemeinschaft, (German Society) predecessor to the AUD. In the mid-1950s, in a celebrated court case, the West German Constitutional Court banned sections of the Deutsche Gemeinschaft because of their connection the overtly Nazi-oriented Sozialistische Reichspartei.

What is most striking to researchers is the way in which Die Grünen shares the same ideologues as the right extremist Nationaldemokratische Partei Deutschlands (NPD) a party often accused of being an electoral front for the constitutionally forbidden neo-Nazi parties. One of the joint NPD/Die Grünen ideologues is Herbert Gruhl, controller of the Grüne Aktion Zukunft (Green Future Action), a grouping which essentially dissolved into Die Grünen in 1979, when Gruhl himself became a spokesman for Die Grünen.

Gruhl's program for a fascist future, made famous in his book *A Planet is Looted (Ein Planet Wirt Geplündert)* was adopted as the national party program of the NPD. In this book Gruhl warns that Earth is being depleted of its natural resources, and that this can only be solved by adopting a "spaceship economy," in turn requiring totalitarian world government. "This dictatorship," Gruhl writes, "eventually has to be tougher than Stalin's. . . . In the future only those peoples will gain an advantage who succeed in maximizing their armament, while at the same time, keeping the standard of living at the absolute minimum."

The case of the NPD

From 1965 to 1969, the Nationaldemokratische Partei Deutschlands, created in 1964 as the merger of three smaller right-wing parties, including Haussleiter's Deutsche Gemeinschaft, caused great alarm as it succeeded in placing elected officials in several state Parliaments in Germany. In 1969, the NPD reached its electoral zenith, missing by only 0.7 percent having a deputy elected to the Bundestag (lower house of Parliament). For almost the next 10 years, the NPD was little

more than a paper organization.

In 1978, the NPD created a new electoral front in Rheinland-Pfalz, one of the 10 West German states. Called the Grüne List-Rheinland Pfalz, the party adopted Gruhl's book as its national program. The chairman of the Grüne List was Dr. M. O. Bruker, the head of the World Association for the Protection of Life—a group which adhered to the "race-science" theories of the Ludendorff Movement.

Gruhl took a more active role in the politics of the Grüne Aktion Zukunft (GAZ) around this same time. Along with Christian Meves, a reporter for the prestigious conservative daily *Die Welt*, Gruhl wrote the political program for the group, making it one of the strongest environmentalist blocs in the Federal Republic.

While Meves put into print the social policy program for the GAZ, he was also writing for *Courage*, the newspaper of the Young National Democrats, youth group of the NPD. Meves has appeared as a speaker at conferences sponsored by the Gesellschaft für Biologische Anthropologie, Eugenik und Verhaltensforschung (Institute for Biological Anthropology, Eugenics and Behavioral Research) headed by Hamburg lawyer Jürgen Rieger. The Gesellschaft is notorious for ascribing to the race-science theories associated with the Nazi Party. Both Gruhl and Meves have repeatedly written for *Integral*, the newspaper of the Reverend Moon Unification Church in West Germany.

Right-wing terrorism

In 1978, in the state of Hessen, the environmentalist slate received the active support of the Volkssozialistische Deutsche Partei (VSDP), a right-wing extremist group. The VSDP is closely connected to the Volkssozialistische Bewegung Deutschlands-Partei der Arbeit (VSB-DPA), an openly terrorist group some of whose members were killed in a shootout with police in Munich in September 1981.

That same month, Udo Reinhardt, a candidate for the Die Grünen-backed electoral slate in Hannover, the Grüne-Alternative-Bürger Liste, (GABL) was exposed as being a member of another right-extremist sect linked to the VSB-DPA. After some deliberation, the governing board of GABL decided that Reinhardt would remain their candidate in the election.

The merging of the old fascists and the new is a deliberate operation. Daniel Cohn-Bendit, the anarchist student leader of the 1960s, today continues to play a leading role in the green movement in Frankfurt, where he publishes an alternative magazine, *Pflasterstrand*. Cohn-Bendit has openly said that while the environmentalist movement must "criticize" the neo-Nazis' admiration for the Hitler period, the movement cannot reject their "revolutionary potential."

The 'green' origins of Hitler's SA

by Michele Steinberg and Wiesbaden staff

Whether in a meeting-hall or in the street, the right to self-assertion always knows only one way: against great violation to marshal greater violence. Terror can only be broken by terror, never by bashful, tame protests.

—*Ehrenbuch der SA, (Indoctrination Book of Hitler's Stormtroopers), 1934*

Experience shows that nothing is moved peacefully. . . . "The masses" is a fiction! What is not fiction is violence, which at least we can say is noticed. . . . Things have been peaceful for much too long.

—*Tageszeitung* (West Germany's leading counterculture newspaper), September, 1981

Hitler's brownshirts, the *Sturmabteilung* (SA), have more in common with today's Greens than mere dedication to violence and terror.

The youth gangs of Weimar Germany of the 1920s and 1930s which became the SA had a "green" program, an anti-capitalist ideology, and hostility to "trade union big-wigs" against whom they waged their campaign of terror.

The Gregor Strasser wing of the Nazi party worked out a strict anti-capitalist program for the SA starting in 1926. Although later amended by Hitler, its essential features remained, and are equivalent in many respects to the Greens' program for an "alternative economy" today.

The goal was a return to an artisan, pre-capitalist economic form, to primitive exchange of agricultural goods and handicrafts.

Most SA-members knew the details of their program no better than today's Greens understand the workings of a nuclear power plant. Then as now, what was essential was the ideology of "comradeship." The National Socialists called theirs a "socialist-idealist world-view," against the "individual-liberal world-view" of the average citizen and the materialism of the Marxists. *I as an individual being am nothing; my Volk is everything!*—

Goebbels's pounding refrain—was the ideology of the SA, the streetfighters, the thugs. For Hitler, Goebbels and the narrow circle of cultists around them, there was the theory of the supermen (*Herrenmenschen*), among which of course they included themselves. Goebbels had the SA in mind when he said: "The essential thing for this revolutionary development is that individualism be smashed and that the *Volk* take the place of the individual man and his idolatry."

The SA shocktroops operated through small gangs of five to ten people that could coalesce into "storms" of 100 or more. The same organization exists among the Greens today, as small squads organized along paramilitary lines battle police.

Although the SA fought bloody battles with the communists, the two groups converged through their radical anti-capitalist ideology, just as the Greens in West Germany today bring together Communists and neo-Nazis. According to an SA document: "The SA-man can, if necessary, understand the militant Red; he recognizes in him the readiness to give his life for an idea; he stands by him since he too comes from the *Volk*; he has sympathy for him because many [SA] comrades originally came from the Commune and had first to be won over to the Führer. Never does the SA-man have the slightest sympathy for anything reactionary."

It is therefore no surprise that the SA and the Communists found themselves *jointly* supporting a strike by Berlin streetcar drivers in November 1932, and carrying out joint "direct actions" (sabotage).

During Hitler's "Night of the Long Knives" on June 30, 1934, the left wing of the Nazi party, including SA leaders Röhm and Strasser, was murdered. The SA decreased in importance after that, giving way to the even more horrible SS and Gestapo. But the years of street terror of the SA had so destroyed the capability of the German people to resist Hitler, that many citizens felt relief when the *Sturmabteilung* passed from the scene.



Bookburning on May 10, 1933.

Christiania: fascist enclave in Denmark

by Marilyn James

West Germany is not the only target of Weimar-style, deliberately created fascism among youth. In Denmark there exists a laboratory for that purpose which has affected all of Europe.

Christiania was formed in October 1971 when drug addicts, anarchists, environmentalists, criminals, and hippies led by a hard core of "squatters"—not unlike those who formed the first generation of Baader-Meinhof terrorists—stormed the abandoned Baadsmadsstraede Garrison. Since then, Christiania has existed under total government sanction and dubbed "an alternative life-style social experiment."

In reality, Christiania is a center for the distribution of dangerous drugs, such as heroin and hashish (7 tons sold annually), LSD, mescaline and various amphetamines. It also serves as a large safehouse for terrorist units striking throughout Europe. Finally, it is a breeding ground for "greenies," homosexuals, pederasts, sodomists, prostitutes, and other hardened criminal elements seeking refuge from the law.

When law enforcement closed in on Baader-Meinhof terrorists Knut Folkerts and Christian Klar, the two were in possession of Danish passports believed to have come from Christiania.

Christiania was created as a pilot project of the British-based Tavistock Institute. The Tavistock Institute is a specialty house for the British Secret Intelligence Service which coordinates psychological warfare, social control, and behavior modification operations throughout the world. Operation Phoenix, one such Tavistock Institute project, was the operational name given to the dissemination of deviancy in a fashion designed to "normalize deviancy" among broad layers of populations. This project was, in part, funded by the U.S. Ford and Rockefeller Foundations.

The corresponding project initiated in the U.S., dubbed MK-Ultra, specifically coordinated the spread of the drug counterculture and was responsible for the creation of, for example, the Haight-Ashbury experiment. The British-created European Group for the Study

of Deviance and Social Control presently operates as a primary vehicle through which "radical criminologists" effect the normalization of deviancy.

At the Oct. 31 meeting of the Nordic Council, Justice Ministers from Finland, Sweden, Norway, and Iceland demanded that "Christiania," a 47-acre "free town" in the heart of Copenhagen, Denmark be shut down. The ministers condemned Christiania as a center of the Scandinavian drug trade and reported that it was a main topic at the Council's meeting. Swedish Justice Minister Carl Axel Petri, in a nationally televised statement, reported that Christiania was responsible for at least 80 percent of the hashish available in southern Sweden.

Before this statement and exposés by the European Anti-Drug Coalitions, Christiania was hailed throughout Europe as a model "social experiment" in which every individual participating has the freedom to "do his own thing." That experiment was expected to spin off dozens of "Christianias" across the globe, including the United States.

Previous attempts to shut down Christiania, including a Danish Supreme Court ruling ordering Parliament to do so, were blocked by its political protectors in the Danish royal family and the Socialist International-controlled wing of the ruling Social Democrats.

In a 1973 Danish Parliamentary debate over the fate of Christiania, leading Social Democrats acted to protect it. Social Democratic Defense Minister (currently Foreign Minister) Kjeld Olesen attempted to refute statistics demonstrating that Christiania's existence corresponded to a dramatic rise in violent crimes. Olesen then defended Christiania as cost-effective: "Without the existence of Christiania, a great part of the squatters would be under treatment in state mental hospitals, special schools and homes, or in one of our detoxification clinics. . . ."

Through this governmental support mobilization, Christiania has become a semi-official city with a resident hard-core population of 900 to 1,500 (in the summer months). Immediately prior to the recent meeting of the Nordic Council, the Danish Parliament was proposing to make Christiania a separate municipality, complete with a city hall and postal zip code.

Christiania already has its own "police force" called the Rainbow Army. The "Army" has an auxiliary force, called the "resistant networks," that numbers 40-50,000 youths from the Copenhagen metropolitan area, mobilized through a telephone-chain structure. A special unit of Christiania's Rainbow Army, the Black Detail, is an assortment of criminal goon squads which since May 1 has put 16 plainclothes detectives into the hospital. The European Anti-Drug Coalitions, which have launched an international campaign to close down Christiania, have been targeted with threats and physical assaults from Christiania "residents."

The Fahd plan depends on a superpower thaw

by Robert Dreyfuss, Middle East Editor

The failure of the Nov. 25 Arab summit in Fez, Morocco, is a serious setback to the prospect of a peace agreement in the Middle East, and it leaves the Reagan administration facing a dangerous and complex situation between now and the scheduled April 1982 final Israeli withdrawal from the occupied Sinai peninsula. The expected endorsement by the Arab bloc of Saudi Crown Prince Fahd's eight-point peace plan, the principal agenda item at Fez, never materialized—thus eliminating what might have been a powerful diplomatic asset in the administration's otherwise aimless Middle East policy.

But the major conclusion to be drawn from the Arab summit is still a hopeful one. The reality of the Fez meeting is that Fahd plan came far closer to actual success than seemed possible earlier this year. In the coming months, careful diplomacy might yet succeed in bringing the Fahd plan to its intended result: a general Arab willingness to make peace with Israel in exchange for a Palestinian state on the occupied West Bank and Gaza territories.

What the summit postponement signifies, however—especially by the boycott of the Fez meeting by Syrian President Hafez Assad—is that a final decision on the Fahd plan will probably have to await an improved environment of U.S.-Soviet rapprochement. Judging from the outcome of the Nov. 22-25 meeting between Soviet President L.I. Brezhnev and Chancellor Helmut Schmidt of West Germany, it is now possible that Brezhnev and President Reagan may begin to grope toward an accord that would subsume the Middle East crisis. Chancellor Schmidt already has committed himself to try to mediate relations between Washington and Moscow.

Thus, Prince Fahd's peace plan has not been defeated,

merely shelved for a period of time. Whether it is acted upon will be determined by the diplomacy of the next two months, and the extent to which Washington and Moscow can move toward a strategic accord on the Middle East. If Reagan, emulating the Eisenhower of 1956, can get tough with and force reality on the Israelis and if the U.S.S.R. agrees to end its opportunistic support for Libya's terrorist Col. Muammar Qaddafi, then it is possible that the two big powers can replicate something like the October 1977 Joint Statement on the Middle East.

Danger of polarization

The immediate danger, however, is that with the postponement of the Arab summit the enemies of the Fahd plan will join together to escalate tensions in the region and polarize the Middle East between the United States and Soviet Union. Those enemies include the British Secret Intelligence Service (SIS); the Soviet KGB and the ideologues in Moscow around Boris Ponomarev and Mikhail Suslov; and, finally, Israel's Mossad.

It was these forces which combined to cause the assassination of Egypt's Anwar Sadat on Oct. 6, and which are committed to joint efforts to undermine the influence of the United States in the Middle East. It is the combination of British, Soviet, and Israeli secret services who control the Muslim Brotherhood and other extremist elements in the Arab world.

Quick visits to the United States by Israel's Foreign Minister Yitzhak Shamir and then Defense Minister Ariel Sharon last week have reportedly set the stage for Israel to increase military pressure along the Lebanese, Jordanian, and Syrian frontiers. In turn, according to

reliable sources, such actions by Israel are intended to provoke increased Soviet involvement in Syria and the Arab world, meanwhile drawing America into support for Israel's position (see page 44).

Britain's Lord Carrington, who lobbied mightily in a vain effort to block the sale of AWACS radar planes to Saudi Arabia, has redoubled his efforts to destroy the Fahd plan. The British gameplan, sources report, is to lock the United States into a narrow position in support of the Camp David powers, Egypt and Israel, while manipulating the Soviet Union into a similarly narrow alliance with the Steadfastness Front of radical Arab states, led by Syria and Libya. London would then have a relatively free hand with the majority of Arab moderate states, led by Saudi Arabia, Iraq, and Jordan. And Carrington will put London in the position of brokering Soviet-American relations in the Middle East.

The crucial importance of the Fahd plan is that it carries with it the possibility of uniting Syria and Egypt—not to mention the leadership of the Palestine Liberation Organization (PLO)—behind a unified approach to the region's problems. On the eve of the summit, there were hints and signals that both Reagan and Brezhnev might both consider Fahd's eight points as a starting place for real Middle East talks. But American ambivalence about the Fahd plan and high-level divisions in the Soviet leadership combined to neutralize the potential represented by the Saudi initiative. In the end, the still dominant U.S.-Soviet rivalry caused Syria's Assad to stay away from Fez altogether, thus effectively destroying any chance that the Fahd plan might succeed.

Assad's balancing act

From the beginning, it was known that the success of the Fahd plan would rise or fall on the question of whether Syria would support Saudi Arabia. Intensive diplomacy by Saudi leaders and up to \$15 billion in offers of financial aid finally failed to convince the Syrian president—adept at the game of political survival in the Middle East's most coup-prone nation—to gamble on attending the summit.

Instead, Assad flew to Tripoli, Libya, to powwow with Qaddafi rather than fly to Morocco. To equate Assad with the insane Libyan, however, would be an error. Qaddafi is completely a creation of the Anglo-Venetian banking interests and the old Mussolini-era Italian families who controlled Libya during the early part of this century, and who today mediate their relationship to Qaddafi—and to the Soviet KGB—via such figures as Occidental Petroleum's Armand Hammer. But the mortgage on Hafez Assad is held by a number of conflicting interests.

According to Arab sources, on the eve of the Fez summit Assad was very close to supporting the Fahd

plan. Pragmatically, it would be of great benefit to Syria; and politically Assad—having already accepted U.N. Resolution 242 of 1967—was on record as having accepted every point of the Saudi plan.

Yet Assad refused: for Syria to have joined the Saudis in Fez would have meant an open break with Moscow, chief military supplier to Syria, and it is very likely that the Soviet leadership warned Assad not to attend the Fez meeting. In addition, British and Israeli pressures—overt and covert—would have been brought to bear on Assad to avoid Morocco. Ultimately, because of the results of these pressures on Syria's delicate internal balance, Assad decided not to attend.

But there are extremely dangerous signs that, in the wake of the Fez breakdown, Syria is about to explode. Only two days after the abrupt end to the Morocco summit, a huge bomb exploded in a Damascus residential district, killing upwards of 150 people. The underground terrorist Muslim Brotherhood claimed responsibility for the blast in a statement issued in Bonn, West Germany. According to Arab sources, the British SIS is actively supporting the Muslim Brotherhood against Assad—and a Dec. 1 article in the London *Times* on the Syrian Ikhwan would support that view. The article, by Robert Fisk, cites the activities of the Muslim Brotherhood and even goes so far as to print the bank account number in London where sympathizers can send funds to support the terrorist organization!

Equally significantly, Arab intelligence sources report, the Soviet KGB has begun to withdraw some of its security screen around Assad, possibly in reaction to Assad's flirting with the Saudi plan. Among some Arab circles, it is considered possible that the SIS and KGB may cooperate to destabilize Syria—even to the point of turning it into another Lebanon or Iran. "A Khomeini-style Muslim Brotherhood regime in Syria is not at all impossible," said one source.

A public signal of tensions between Syria and the KGB was the feud between Assad and the Communist party of Syria, led by Khaled Bagdash. Three weeks ago, Assad expelled the Communists from the regime by rigging a parliamentary election against them, and since then sharp tensions have erupted into open conflict.

Despite evident Soviet-Syrian strains, however, it is very unlikely that Assad could risk a complete break with Moscow under any circumstances. For that reason, the eventual success of the Fahd plan will depend on Assad getting a green light from Brezhnev to pursue the Saudi initiative. Should relations between Washington and Moscow improve significantly, then Brezhnev would be amenable to supporting Syria in the direction of the Fahd plan—even if it means that Brezhnev would have to override factions in the Soviet leadership ideologically opposed to such a policy.

U.S. and Soviets begin disarmament negotiations: the questions at stake

by Criton Zoakos, Editor-in-Chief

The Geneva arms-control negotiations between the United States and the Soviet Union which began at the end of November are taking place in very fragile circumstances, and represent perhaps the world's proverbial last chance before an uncontrollable plunge into a period of military conflicts, strategic showdowns and unbridled arms competition.

That these talks are taking place at all is a tribute to the sense of responsibility and peaceful commitments of primarily three individuals: Chancellor Schmidt of the Federal Republic of Germany, President Reagan of the United States, and President Brezhnev of the Soviet Union. To a large extent, these heads of government have worked over many months toward the purpose of getting the Geneva talks off the ground, over the objections of powerful opposition raised by both political factions and bureaucratic cliques within their respective nations.

Contrary to widespread lies published in the major American newspapers, the Geneva negotiations which started Nov. 29 were made possible by many months of secret personal diplomacy conducted between Presidents Reagan and Brezhnev with the mediation of Chancellor Schmidt. This "secret diplomacy" apparently started very early in the Reagan administration, perhaps after the President's first meeting with the Chancellor during the transition period. During the months which followed that initial meeting, Secretary of State Alexander Haig maintained an obsessive effort to impose exclusive personal control over all U.S.-U.S.S.R. contacts, official and unofficial, diplomatic and otherwise.

The President's own personal channel of communication with Mr. Brezhnev, mediated through Chancellor Schmidt, apparently was the most important U.S.-Soviet liaison which eluded the watchful secretary's vigil.

Although Secretary Haig himself was also formally committed to starting the Geneva negotiations, he jealously insisted on controlling the negotiating process, because he desires to obtain from them a different set of policy results than the President does. The secretary's objectives have been in jeopardy ever since the Senate voted in favor of selling AWACS planes to Saudi Arabia.

Within days after that historic vote, President Reagan, in a remarkable press conference, announced his proposal to cancel the scheduled deployment of intermediate-range nuclear missiles in Europe if the Soviet Union agrees to withdraw its own, already-deployed SS-20s.

A few days later, on Nov. 22, President Brezhnev paid a three-day visit to Bonn, West Germany, and subsequently, the U.S.-U.S.S.R. talks in Geneva started promptly at the pre-scheduled date. They are expected to be exceptionally protracted, and their ultimate outcome is viewed generally as doubtful.

That outcome will depend on the political fortunes of the three protagonists who made the talks possible. Reagan, Schmidt, and Brezhnev are all facing enormous political problems at home. If the political fortunes of any one of the three suffers a serious reversal, the fragile peace process will disintegrate.

This delicate situation was best portrayed by a speech Chancellor Schmidt gave before the German Federal Parliament on Dec. 2. There are three distinct "philosophies of military security," Schmidt emphasized in referring to the various factions involved in the strategic debate, both East and West: first there is the tendency which argues that peace can be secured only if one's own side attains military superiority; second, there are those who argue that only unilateral disarmament of one's own side will secure peace; third, there is the view that the maintenance of military equilibrium between the two sides is a necessary precondition for establishing the political trust required for the maintenance of world peace.

Schmidt, who identifies his efforts with this third "philosophy of military security," proposed the establishment of a "*politische Sicherheitspartnerschaft*," a political security partnership, between East and West for the purpose of maintaining world peace. He thus came very close to proposing a political *factional* alliance across the East-West boundary.

Chancellor Schmidt is continuously confronted with the threat of being toppled by fanatics from the so-called peace-movement within his own party and within his coalition government. The controllers of that peace

movement are primarily interested not in "peace" per se, but rather in toppling Schmidt in order to destroy the tenuous Reagan-Schmidt-Brezhnev connection. Once this connection is broken, then the disarmament negotiations will fall in the hands of the one-worldist systems-analysis crowd associated with the British Secret Intelligence Service and Lord Carrington's diplomatic deployments. Under the control of this faction, the disarmament negotiations would either collapse and open the way for an unbridled arms competition involving a protracted massive waste of economic resources, or in the SALT III type of technology-control agreement designed to foster a "post-industrial society" political faction in the Soviet Union.

Soviet President Brezhnev is facing a domestic political situation equally as uncertain as that threatening Helmut Schmidt. Brezhnev's most formidable opponents are in the Suslov-Ponomarev configuration of the Politburo, i.e., the "one-worldist" Marxist-Leninist ideological priesthood whose historical pedigree goes back to an era in Soviet history dominated by such British-Venetian intelligence assets as Karl Radek, Trotsky, and Bukharin. This faction, through its "systems analysis" cult institutions, is in close contact with both British intelligence and certain NATO intelligence centers through which the old European "black" nobility is working out its "one-worldist" scenarios (e.g., the Club of Rome, International Institute of Applied Systems Analysis, and the "Libyan" connection).

A second faction within the Soviet Politburo challenging President Brezhnev's efforts is that which is associated with the military establishment. Their attitude basically is: we are willing to give a pro forma chance to the peace negotiations but a) the United States government is too unstable and too war-provocative to be trusted and b) we shall be watching the world map to see what happens in the hot spots, the Middle East, Caribbean, Angola, Southwest Africa, and so forth, more than we watch the speeches at Geneva.

Both these Soviet factions tend to collaborate in pouring all sorts of resources into the West European and especially the West German "peace movement," along with Lord Carrington's and Willy Brandt's Socialist International and, ironically, along with Israeli intelligence. If that "peace movement" succeeds in toppling Helmut Schmidt the "fears" and "preconditions" of both the Suslov-Ponomarev and the military factions will have turned into self-fulfilling prophecies. If so, the Brezhnev faction's chances of dominating the leadership succession process in Moscow will be reduced to virtually nil. This leaves the leaders of the Soviet military "hawks" with a serious problem on their hands: if the leadership succession issues are reduced to a simple confrontation between the military and the Suslovian/systems analysis

crowd, the military are going to be at a severe disadvantage. Without an alliance between themselves and the political forces represented in the "Brezhnev-Grishin" configuration, it will be difficult to prevent the Soviet allies of the Club of Rome from imposing a SALT III-like limitation on technological growth.

A similar problematic factional lineup existed in the Soviet Union when Nikolai Bukharin tried to impose his anti-industrial "agrarian socialism" model. The Bukharin case is linked with issues very much alive today in Soviet politics. Bukharin anti-technology wrecking-operations were defeated by means of Stalin's purges. The issue of those purges was critical in Khrushchev's rise to power and it thus touches on the arrangements which brought into existence the post-Cuban Missile Crisis arrangement among factions which has ruled the U.S.S.R. from 1963-64 to date. That arrangement is apparently about to be replaced in a way that will be closely associated with the Geneva disarmament negotiations.

From the official Bonn communiqué

... Helmut Schmidt and Leonid Ilyich Brezhnev stressed the great importance of political dialogue between states, influencing relations between them, especially in the present international situation. They believe such a dialogue must fulfill the task incumbent on all states of overcoming the pressing problems of the present day. They consider it important that both states contribute, in accordance with their responsibility, to a positive and stable development of the international situation and to securing a lasting peace.

Mindful that such a policy plays an important role in the concrete shaping of bilateral relations in various fields, both sides will continue efforts to develop economic relations of mutual interest consistently on the basis of existing treaties, especially the long-term treaty of May 6, 1978, and the long-term program of July 1, 1980.

They thereby assume that a good development of economic relations, in accordance with mutual interests, has positive effects on their overall relations and can make a contribution to international stability and the reinforcement of peace.

They welcome the agreements reached by companies, banks and organizations on both sides about the delivery of Soviet natural gas to the Federal Republic of Germany and other West European countries and of pipe and pipeline equipment to the Soviet Union. . . .

In the course of the talks, Helmut Schmidt and Leonid Ilyich Brezhnev paid particular attention to the questions of security, arms control and disarmament. They believe it necessary to contribute through concrete negotiations to a stable parity of power at the lowest possible level.

They expressed their satisfaction that the negotiations agreed on Sept. 23, 1981 between the United States of America and the Soviet Union are to start in Geneva on Nov. 30. Both sides set out their respective views of the related problems, on which differences of opinion between them exist. They take the view that the creation of balance at the lowest possible level, in the field of weapons which will be the subject of the talks, is of great importance for consolidating stability and international security, and that all efforts must be made to reach a corresponding agreement. . . .

Helmut Schmidt and Leonid Ilyich Brezhnev stressed that crisis and conflict in various parts of the world not

only concern the affected states, but can also have negative effects on the whole international situation.

They consider it particularly important in the present situation that all states, taking into account their responsibility for the maintenance of peace and for proper restraint in their mutual relations, concentrate their efforts on the removal of existing sources of tension and the prevention of new situations of conflict. The only reliable and sensible means for this is the achievement of necessary political solutions.

They set out frankly their respective views of the situation in Asia, Africa and Latin America, where development has considerable significance from the view point of international security. They came out in support of a solution of the existing problems by peaceful means that would enable the people of these regions to concentrate their efforts on realizing the task of their economic and social development.

They are convinced that in the present world situation contacts between the leading statesmen in West and East are particularly important. They called for a continuation of the dialogue and of the contacts between the Federal Republic of Germany and the Soviet Union at the highest and other levels. . . .

What Schmidt and Brezhnev said

The official West German press spokesman, Kurt Becker, told the press on Nov. 23 that Chancellor Helmut Schmidt, in his meetings with Soviet President Leonid Brezhnev, had stressed that because Germany has had to live with the threat of Soviet missiles for years, it also has understanding for the Soviet concern over the new missiles scheduled to be deployed in Western Europe. "If you really want to prevent the stationing of new weapons on our side," Schmidt reportedly told Brezhnev, "you should reduce armaments on your side in order to make stationing of new weapons in the West unnecessary." Schmidt, according to Becker, stressed too that the issue of medium range missiles should have been discussed "long ago at the SALT level," and that at the upcoming Geneva negotiations the French and British missiles should be included in the negotiations. Becker also reported that Schmidt told the Soviet President that: "I never believed you, Mr. Brezhnev, would ever try to push the nuclear button, but the existence of your missiles is a means of exerting possible pressure. . . . You must withdraw all those missiles which are targeted against Europe."

Schmidt continued: "I want to stress that our two nations should consider themselves to be in a kind of peace partnership. . . . Our two nations were hit most by the last war. . . . Therefore our commitment is never to let it happen again. . . . We know from three personal meetings with you, Mr. Brezhnev, since 1978 that you are as much committed to peace as I am, or as Mr. Reagan, the President of the United States, is. You know me and know, therefore, that I have always told you the truth. I know that Mr. Reagan wants talks, and wants substantial disarmament on the missiles problem. I have personally never had any doubt that you are no war-monger. But Mr. Reagan is not a war-monger either. . . ."

Leonid Brezhnev was reported by spokesman Zamyatin to have responded in the following way: ". . . We know the American position quite well. The new weapons are a significant shift in strategic terms, they can reach Soviet territory from Western Europe while our SS-20s cannot reach U.S. territory. . . . Be aware that only some minutes might decide, if the new weapons are stationed, on the fate of the European continent. . . . We do not want war, we want peace. We approve the U.S. commitment to enter negotiations with us because this has been a longstanding proposal of the U.S.S.R."

Can Central America be rescued?

by Dennis Small, Latin America Editor

Henry Kissinger last week got personally involved in the ongoing Jesuit and British intelligence plot to unleash worldwide warfare in Central America and the Caribbean. Kissinger travelled to four South American countries—Brazil, Argentina, Chile, and Peru—to convince them to support a possible “Inter-American” military intervention in Central America. From Buenos Aires, the former Secretary of State provided special counsel to the less-experienced Alexander Haig, telling him that an immediate, direct military intervention by the U.S. in Central America “would be too giant a step.” Besides, he pontificated, there are “more efficient intermediate steps” that can be taken.

Kissinger was taking into account the resistance to entering a shooting war in Central America on the part of both the Reagan administration and American allies like Mexico. The Kissinger/Haig counter-strategy is to build up such tensions and confrontations in the area that Mexico’s voice is drowned out in the din, and President Reagan and his more realistic Pentagon advisers can shortly be swept into the military momentum.

The key to the success of this strategy of escalating provocations, is the cooperation of Fidel Castro and his Nicaraguan allies. To every threat emanating from the State Department to his regime, both Castro and the Sandinista Junta have answered with counter-threats and war preparations.

This “Fidel and Al” game, as it has come to be known among Washington insiders, is made possible by the fact that *all* parties involved are essentially run by the Society of Jesus (Jesuits). Kissinger, of course, is based at the Jesuit Georgetown University in Washington, the deployment center for all of Central America’s “leftist” Jesuits. Haig is Jesuit-trained, and his brother is a member of that schismatic order. The Sandinistas were put in power by the Jesuits and are totally controlled by them down to the present. And the bearded enfant terrible of the Caribbean, Fidel Castro himself, was hand-picked, educated, groomed (so to speak), and put in power by the Society of Jesus—as we document in the exclusive exposé below.

This “right-versus-left” Jesuit game was visible in the responses this week to Mexican President José López

Portillo’s call for a “truce of silence” in Central America from both the U.S. State Department and from the Nicaraguan and Cuban governments—lest tensions in Central America get totally out of control.

Nicaraguan Interior Minister Tomás Borge flouted the Mexican request: “It is the aggressors who should moderate their language, not the victims of aggression.” And a few days later, Nicaraguan Foreign Minister Miguel D’Escoto, a priest from the Jesuit-controlled Maryknoll order, announced that he would visit Moscow from Dec. 10-17, and told the press: “It’s logical to suppose that in the talks between Nicaraguan and Soviet leaders, we will speak of the support that the Soviet Union could give in case the U.S. threats against Nicaragua are carried out.”

D’Escoto’s attempt to embroil the Soviet Union in the Central America crisis was preceded by a similar move to involve Mexico. After meeting with the Mexican president and listening politely to his request that Nicaragua cool down its rhetoric, Father D’Escoto confided in private to friends that the Sandinistas’ real contingency plans center around what they view as a “certain” American invasion of Nicaragua. Under such circumstances the Sandinistas plan to retaliate with takeovers of foreign embassies in Managua, a possible invasion of neighboring Honduras, and activating guerrilla allies in the rest of Central America. The only real question, D’Escoto noted privately, is whether Mexico will militarily defend Nicaragua under such circumstances.

The idea that President López Portillo might deploy the Mexican military to fight a land war in Central America against U.S. troops, is ludicrous—but it is clearly the direction in which the Jesuits would like to push developments.

Haig, for his part, responded similarly to Mexico’s request for reduced rhetoric. The Secretary of State leaked to the press that the State Department had prepared a new secret White Paper “documenting” Cuban military presence in Central America. Haig also let it be known that he will launch a “ferocious attack” against Cuba in a speech he will deliver later this week at the annual meeting of the Organization of American States.

Haig has for weeks also been publicly threatening to blockade Cuba and Nicaragua, and on Dec. 1 pushed through a reorganization of the U.S. Caribbean Command designed to facilitate such a move were it adopted. Pentagon sources, however, have told *EIR* that the Haig blockade plan is, “off the record, total horse manure.” The Pentagon spokesman explained that it would require at least one-third of all American naval forces and would therefore totally undermine America’s presence in the Middle East; it would raise monumental strategic considerations should a Soviet ship try to run the blockade; and its efficiency in cutting off arms shipments is highly questionable.



Fidel Castro: how a Jesuit asset is manufactured

by Gretchen Small

American conservatives and Latin American leftists share the common delusion that Fidel Castro is a “Soviet agent,” that he is a Russian puppet carrying out the bidding of “international communism” in Latin America and the rest of the Third World. U.S. Secretary of State Alexander Haig is fond of promoting that myth by denouncing Castro as a “Russian proxy” at every turn. And Castro himself likes to contribute to the delusion.

But the fact of the matter, as Haig knows perfectly well, is that Fidel Castro is a long-term cultivated asset of the Society of Jesus, the Jesuits, whom they have successfully thrust deep into the Soviet camp.

Castro was educated by the Jesuits. He was selected by them to continue his career in politics. His 1959 revolution was financed and supported by the Jesuits and their allies. In the mid 1960s, his Cuban regime followed the Jesuit policy of promoting “wars of National Liberation” in the Third World. In the early 1970s Castro established a strategic alliance with the Jesuits by joining the Allende government in Chile in calling for a “Christian-Marxist dialogue.” And he re-affirmed that alliance most recently in a December 1980 Cuban Communist Party meeting which helped trigger the current Jesuit-led destabilization of Central America.

Castro has on occasion—chiefly under the wholesome influence of Mexican nationalists and of pro-development factions inside the Soviet Union—adopted policies hostile to the Jesuits’ zero-growth perspective. This was the case with his speech at the August 1979 Havana Non-Aligned Conference, in which he supported a negotiated solution between North and South to the economic devastation of the Third World. And it has generally been the case with domestic economic policies which have favored Cuba’s industrial growth. But on balance, and emphatically today, Castro remains the

Jesuit-controlled instrument he was molded to be.

United Fruit Company

“You could see this. . . . That he was to do great things. . . . That he is for great things, not for ordinary things,” wrote Father Amando Llorente, S.J. in his evaluation of Fidel Castro upon the latter’s graduation from Cuba’s exclusive Jesuit-run Colegio Belén in Havana in 1946. Castro had in fact gone to Jesuit-run schools throughout childhood, sent there by his middle-class father, who had made his first money working for the United Fruit Company’s vast sugar plantation in Cuba—the same United Fruit (UFCO) that is extensively involved in the international drug trade, and which has worked closely with the Jesuits for the past decades in training left *and* right terrorists across Central America (see *EIR*, Dec. 8). Castro Sr. eventually made enough money working for UFCO to establish his own sugar plantation, on land bordering UFCO’s estates in the Cuban province of Mayari.

United Fruit, then based out of New Orleans, and now called United Brands, is central to the real story of Castro’s 1959 Cuban Revolution, since its apparatus typically ran *both* sides of that operation. For example, the bloody dictator whom Castro eventually overthrew, Fulgencio Batista, was, like Castro, the son of a United Fruit employee. Batista came to power in 1952 through a military coup, and established a government internationally recognized as nothing but a front for the gambling, prostitution, and drug-running apparatus of Meyer Lansky, whose Caribbean mob networks heavily overlap UFCO’s New Orleans mob.

Yet the entire opposition movement to Batista, including Fidel Castro, was also financed by UFCO and the dope lobby, principally through the person of

one Carlos Prío Socarras. Prío, a social democrat, had been President of Cuba from 1948 until Batista overthrew him in 1952. It was precisely during the Prío years that Lansky's boys moved their operations into Cuba lock, stock, and barrel. Prío in fact, until his death in 1970, was a long-time board member of Permindex, the corporate shell used by the highest levels of the international drug lobby to carry out political assassinations. Permindex has been identified by French intelligence, for example, as responsible for over 30 assassination attempts on the life of Charles de Gaulle and was investigated by New Orleans District Attorney James Garrison in connection with the John Kennedy murder as well.

It is conservatively estimated that Permindex's Prío personally pumped in over \$5 million to finance every one of the terrorist "action groups" opposing Batista during the 1950s—including somewhere near a quarter million dollars to Castro's guerrilla movement. It was Prío who financed Castro's famed Granma boat expedition from Mexico to Cuba in 1956, to the tune of \$72,000, following a meeting between Castro and Prío in McAllen, Texas in August 1956.

Guerrilla baptism

Prío was the leading Cuban in the so-called "Democratic Left" in Latin America in the post-war period—the allies of the Socialist International which included such personalities as Venezuela's Rómulo Betancourt, Costa Rica's Pepe Figueres (a wholly owned individual subsidiary to this day of United Fruit), and Peru's Mussolini-loving Haya de la Torre. Put together by a combination of Jesuit and Italian oligarchical interests, and financed by United Fruit and the Rockefellers, the Democratic Left created an armed, leftist mercenary force known as the Caribbean Legion whose nominal mission was to overthrow various right-wing dictatorships then established in Latin America.

As a university student, Castro received his first political and insurrectionary training from precisely these networks. Castro's baptism as a guerrilla occurred in the Caribbean Legion's own first operation in 1947—a planned expedition to overthrow the Dominican Republic dictator Rafael Trujillo, launched from the Cuban island of Cayo Confites.

The principal military adviser and trainer of the Caribbean Legion throughout this period was the Spanish Civil War veteran "General" Alberto Bayo, who then went on to train Castro's Granma expedition team in Mexico. Bayo also trained Castro's Latin American guerrilla operatives in later years, and once referred to Che Guevara as his best pupil.

Alongside Bayo's military backing, the Caribbean Legion supported Castro's insurrection with financial

aid from Figueres, Betancourt, Prío, and others. Figueres, incidentally, did exactly the same thing 20 years later when he financed the entire Southern Front of the Sandinista revolution.

Christians and Marxists

Prío Socarras and many of his immediate associates broke with Fidel Castro during the 1960-61 radicalization of the Cuban revolution. Many of them left Cuba—to take up new positions dominating the drug-running networks in the Cuban exile community. The ideology they left behind, however, was not terribly different from their own jesuitical outlook.

In fact, there is strong reason to believe that the Jesuit/Dope, Inc. networks, including those esconced in the U.S. government at the time, deliberately drove Cuba "communist" in the early 1960s, in order to deliver it to the Soviet bloc as an "offer that couldn't be refused." Cuba thus became a kind of "tar baby" for the Soviet Union in the Caribbean, a tar baby which has been used since by these Jesuit networks and their allies in the Soviet KGB to strengthen their interests and factional position within the Soviet Union.

Cuba has been critical to pushing the Soviet Union to endorse the suicidal policy of "wars of National Liberation" for the developing sector; and it has repeatedly served as a *casus belli* between the two superpowers, in 1962 helping to bring the world to the brink of nuclear war.

Explicit Cuban-Jesuit cooperation—dubbed the "Christian-Marxist dialogue" at the time—began on a practical level in 1972. During his visit to Allende's Chile that year, Fidel Castro held a six-hour meeting in the Cuban embassy in Santiago with the leadership of the Jesuits' newly formed "Christians for Socialism" group. Liberation Theologists present stated afterward that Castro there acknowledged for the first time that the alliance between "revolutionary Christians" and Marxists could be "strategic," and not merely tactical. The Cuban-backed, but Jesuit-run, Sandinista Revolution in Nicaragua in 1979, sealed the practical importance of this "Christian-Marxist dialogue."

Cuba's present total adoption of the Jesuit policy line was most emphatically reaffirmed during the December 1980 Congress of the Cuban Communist Party. At this meeting, Castro characterized both the "revolutionary Christian elements" in the Church and the Socialist International forces, as critical allies for all the "national liberation movements" Cuba endorses in Latin America and worldwide.

Cuba's short step to its current posture of increasing political and logistical backing for the "left" side of the genocide sweeping Central America has brought Fidel Castro full circle to his original Jesuit roots.

Mitterrand's first government crisis

by Philip Golub

In announcing late last month that the French national assembly will be asked to grant the Mauroy government exceptional powers, François Mitterrand's Socialists made one further large step toward the alienation of democratic republican civil rights in France.

The week of Dec. 7-11, the Socialist-controlled parliament will abdicate its legislative powers to the government, which henceforth will rule by decree on all matters concerning social, labor, and economic policy. Even though the use of Article 38 of the Constitution of the Fifth Republic is formally legal, previous governments of the Fifth Republic have invoked the act only under exceptional conditions of parliamentary paralysis, such as in 1967 under de Gaulle.

Given that François Mitterrand's Socialists possess an overwhelming majority in the Parliament, it is all the more astonishing that the government should invoke measures originally designed to correct continuous confrontations between the parliament and the executive. The Socialists may deviously argue that the measure is designed to quicken the pace of change and veto the upper house's opposition, but the measure is unquestionably an assault on the very principles of parliamentary democracy so long touted by the author of *Le Coup d'Etat Permanent*.

Why dissolve a parliament or emasculate it when it is little more than a rubber-stamping institution of the presidency? Where is the crisis which has provoked this disproportionate, frantic reaction?

Is the aim to impose silence on the opposition in parliament? Yes, in part. It is a first step in an attempt to destroy the Senate? Yes, of course, yet much more is at stake. A mere six months after assuming power, the Mitterrand regime is in a crisis.

The crisis is not so much the doing of the opposition, although striking results have been obtained in the Senate, which is still dominated by the UDF (Union pour la Démocratie Française)—RPR (Rassemblement pour la République) coalition, such as the Senate's successful

resistance to the nationalization plan of the government.

At bottom lies an astonishing level of incompetence on economic policy. Mitterrand himself knew nothing about economics before assuming power. According to insiders in Paris, he has become increasingly detached from fundamental economic and strategic problems, able to concentrate only on day-to-day power struggles. In short, he has become increasingly mystical, believing himself to have been given some historic cleansing task, though having no coherent economic or strategic policy. The policy he does have is simple: destroy the people, institutions, parties, and realities of the Gaullist era. Beyond that all is haze.

The Prime Minister, Pierre Mauroy, has shown himself recently to be moving in the same direction: his awkward, halting, and mediocre presentation of the Nationalizations Bill in front of the Senate revealed a more than superficial incompetence on fundamental questions.

Who then rules economic affairs in France? In part, Jean Riboud, Chairman of the Schlumberger corporate empire; Bilderberg Society member Jacques Attali, in part. Minister of Economics Jacques Delors; and 10 or 15 equally trusted advisers all "contribute to the debate." The result: incoherence and incompetence. One need but look at the government to understand how this works: Jean-Pierre Chevenement is a radical Marxist, who is pro-nuclear and who hates Michel Rocard; Michel Rocard, Minister of State for Planning, is an anglophile technocrat and violent anti-communist who, however, hates Mitterrand and is hated in return; four Communists whose allegiance is exclusively to their party, but who have their word on policy; and two or three radical socialist utopians such as Minister of Culture Jack Lang, Minister of Solidarity Nicole Questiaux, and Elysée aides such as Club of Rome policy advocate Paul Quiles.

The cacaphony of voices merely reflects the reality that Mitterrand cannot fulfill the fantastic promises he made to the French population before the vote: a real 3 percent growth rate, major new investments, major employment programs, and reduction of inflation. In the context of worsening international economic crisis, an incompetent mixture of Keynesian reflation and selective austerity has antagonized whole layers of small businessmen who helped put Mitterrand in power.

He promised the unions many more jobs. He promised small and middle industry tax relief and the ability to compete. He now asks both to face the crisis and is attempting to impose both policies by will alone. He has alternatively imperiously commanded and coaxed the middle-sized industries to employ more workers and cut down work hours.

Yet only the very large, high-technology state enterprises, such as the aeronautics industry, can afford to employ more under conditions of world recession—and

then, according to calculations, only if productivity increases at least 3 percent.

The SNPMI, the association of small and medium-sized industries which backed Mitterrand's candidacy, now stands in opposition to everything the government does. The continuous turbulent interruptions of Budget Minister Laurent Fabius at the recent Socialist Party convention in Valence testified to the change in mood.

As the crisis intensifies domestically and internationally, the unions will be forced to oppose the government as the latter forces austerity and slashes living standards. The major gains made by the generally oppositional union, Force Ouvrière, in La Hague over the CFDT (the left-wing trade union confederation) are eloquent testimony of things to come.

Mitterrand is in a hurry. He must smash institutions, reduce the opposition, divide the enemy, get control of the nation before the crisis gets out of control.

Mitterrand's race for power has been slowed by the Senate, which has adopted a strategy of constitutional resistance. The Senate and Constitutional Court remain the constitutional power bases left to the opposition. When overruled by the National Assembly, the opposition-dominated Senate will have the Court as a final recourse. Were Mitterrand to attempt to override both Senate and Court, he would plunge into unconstitutional illegality.

The opposition is greater than he imagined. Whole modern nations cannot be reshaped in six months; Gaullism is not so easily reversible. Heady with power, Mitterrand launched in early fall a scorched-earth policy. The police were purged, and were put under systematic permanent attack by Mitterrand's Interior Minister Defferre. The minister accused the police of racialism, bias, and in some cases, criminality. In six months the government completely alienated the national police force of France, one of the best of the world. Even pro-Socialist parts of the police had reason to wonder at government policy when youth gangs were permitted to riot in the Lyons area by the government, which forbade the police to vigorously intervene.

At the same time, implicit support for Armenian, Latin American, and other varieties of terrorism has made the security forces furious: the plotters jailed for attempting to destroy the state are free today to roam the streets seeking revenge. Only after 5,000 policemen demonstrated against Defferre in Lyons three weeks ago has the government realized the full extent of the malaise. And the abolition of military security and military police has led to similar insecurity within the army.

The programs of the zero-growth utopians around Mitterrand can only be implemented in full under a dictatorship. The Socialists are moving in that direction, but clumsily. The government is stimulating opposition, creating new resistance.

JAPAN

Cabinet reshuffle strengthens Suzuki

by Richard Katz

Japanese Prime Minister Zenko Suzuki—who has condemned Federal Reserve Chairman Paul Volcker's high interest rates more than any other head of state—reshuffled his cabinet Nov. 30 in a fashion that strengthens his administration's ability to continue opposing Volcker.

In particular, the reshuffle increases the power of the faction of former Prime Minister Takeo Fukuda within the cabinet, which is a carefully balance coalition of the five major factions within the ruling Liberal Democratic Party (LDP). Fukuda is widely believed to be the "elder statesman behind the throne" who advised Suzuki on many of the foreign policy initiatives taken since this spring: e.g. the alliance with West German Chancellor Helmut Schmidt in opposing Volcker; heavy financial support for industrialization programs in the developing countries, and opposition to Alexander Haig's China Card and provocative posture toward the U.S.S.R.

The success of the reshuffle means that Suzuki is very likely to be re-elected as LDP President and thus Prime Minister this coming fall, unless some intervening event destabilizes his regime.

The most important single shift in the regularly scheduled midterm reshuffle was the replacement of Foreign Minister Sunao Sonoda by Yoshio Sakarauchi. Sonoda's style was an unusual bluntness in criticizing what Tokyo regarded as mistakes by Washington. He had been suddenly appointed last May when Suzuki dismissed Foreign Minister Ito and reversed Ito's policy of bowing to Washington even on mistaken policies. At the time of Sonoda's appointment, one Japanese banker told *EIR*, "Sonoda was appointed because he talks big and will 'tell off' Washington. Then he will be replaced by a negotiator."

The person is Sakarauchi. A 69-year-old party politician who previously served as Minister of International Trade and Industry (MITI) and in the powerhouse post of LDP Secretary-General, he is known as a "fixer", much like Suzuki himself. He is expected to apply his talents to trying to "patch things up" with Washington,

while still holding onto policies that Tokyo believes are in its national interest and the interest of long-term U.S.-Japan partnership.

One mark of the reshuffle's success, at least from Suzuki's point of view, is that U.S. press supporters of Haig and Volcker, led by the *Washington Post* and the Morgan-owned New York *Journal of Commerce (JOC)* immediately raised alarms at both the reshuffle and Suzuki personally. The *JOC* reserved its most venomous criticisms for the reasonable statement of Economic Planning Agency Director Toshio Komoto that the precondition for resolving trade disputes is economic expansion. Komoto, a faction leader who was retained during the reshuffle, is Japan's foremost public opponent of both Volcker and the low-growth Club of Rome ideas favored by Volcker, Haig and Treasury Secretary Donald Regan. Komoto had served as Suzuki's chief adviser at the October North-South summit in Cancún, Mexico.

Prior to the reshuffle, the Haig-Volcker-Regan faction tried to destabilize Suzuki. Beginning with Haig's advice to Reagan to refuse Suzuki's request for a personal meeting at Cancún, this faction used defense and trade issues to try to create the impression that U.S.-Japan relations would be damaged unless the reshuffle produced a cabinet which supported their own policies.

Haig's deputy Walter Stoessel warned in Tokyo that Congress would link the defense and trade issues. Heritage Foundation-linked Sen. Jesse Helms (R-N.C.) circulated a memo which personally defamed Suzuki and Sonoda as "leftists" and proposed threatening Japan with "trade reprisals" unless Japan did "more" on defense.

Donald Regan next went to Tokyo to warn of trade reprisals unless Japan lowered its trade surplus with the United States, which could hit \$15-\$17 billion this year. Suzuki and Komoto repeatedly pointed out that, while Japan restrained its exports in particular fields such as a 10 percent absolute drop in auto shipments to the United States, the major cause of the overall trade imbalance is the disruptive currency, trade, and investment effects of Volcker's high interest rates. The administrations's escalated rhetoric on the trade issue, according to a Senate Finance Committee source, led to an unleashing of protectionist sentiment on Capitol Hill. This in turn produced a sense of a U.S.-Japan trade crisis right before the reshuffle.

A balanced coalition

The Haig-Suzuki-Volcker faction hoped their tough tactics would lead either to a knock-down, drag-out fight that would destabilize Suzuki, or at least result in greatly increasing the power of the Kissinger-associated Japanese politician Susumu Nikaido. Nikaido did in

fact get the powerful job of LDP Secretary General. However, Nikaido obtained this post as part of a carefully designed all-faction cabinet. His power is being kept within bounds.

The overall character of the cabinet is a balance in the fashion of what the Japanese regard as "national-interest consensus." The 21 posts are divided as follows: four each for the most important factions of Suzuki, former Prime Minister Kakuei Tanaka and former Prime Minister Takeo Fukuda (an increase of one for Fukuda); three each for prime ministerial contenders Yasuhiro Nakasone and Toshio Komoto; and three nonfaction ministers. Fukuda increased his power (and thus policy influence) not only by obtaining the powerful MITI minister's post for his "crown prince," Shintaro Abe, but also by taking away the powerful patronage-loaded Construction Ministry from the Tanaka faction, and obtaining one of the three LDP executive posts for his faction.

The cabinet is also heavily loaded with men known as party politicians rather than former Ministry bureaucrats. These constituency and business-tied politicians tend more than Foreign Ministry bureaucrats (for example), to balance what they regard as national interest with the ever-present need to maintain good ties with Washington whenever the two goals conflict.

Haig's trade-war response

The Haig-Volcker-Regan faction's response to the reshuffle was seen immediately at the Dec. 1 Senate International Trade Subcommittee hearings on trade and the auto industry. Unprecedentedly harsh attacks on Japan's successful economic system were made by the three administration witnesses: Assistant Secretary of State Robert Hormats (a Carter holdover), Commerce Undersecretary Lionel Olmer (a Kissinger holdover), and Deputy Special Trade Representative David Macdonald. Hormatz and Olmer in particular tried to promote the impression that U.S. exporters' inability to get equal market access in Japan on some items was the major cause of America's trade deficit with that country, a ludicrous proposition never before advanced. Hormatz and Olmer, echoing a notorious Carter-era speech by the former, demanded that Japan virtually restructure its entire domestic economic and business system, i.e., the system Suzuki represents. Ironically, this system was created by Japan in the 1870s and 1880s on the model of the economics of Alexander Hamilton and Abraham Lincoln.

Fired up by weeks of administration-led crisis-mongering, Sens. Robert Dole (R-Kans.) and John Danforth (R-Mo.) then threatened to legislate measures including a special tax on Japanese products sold here, unless Japan "opened its markets." Under the guise of trade frictions, a political assault has been launched.

Balkan crisis over 'Greater Albania'

by Edith Hassman in Wiesbaden

The Balkan peninsula, which gave its name to the strategy of fragmenting nation-states for the benefit of imperial strategic goals, is primed to explode once again. The footsoldiers of British and Soviet intelligence services are on the march there, as are the overlapping freemasonic and religious fundamentalist networks of the ancient European oligarchy whose historical headquarters is Venice.

An old piece of Venetian turf, the Albanian ethnic province of Kosovo inside Yugoslavia, is the point of leverage. The Albanians of Kosovo, which is a part of the Serbian Republic, have demanded from Belgrade recognition as an independent republic and thereby the right to secede from the Yugoslav federation and seek merger with the "motherland," Albania.

Riots swept Kosovo last spring, in the wake of which the communist party there has suffered one purge after another. Local police were reinforced with special units for combatting the underground nationalist movement, providing at least the appearance of calm. But in October, the London *Economist*, which reflects the priorities of British intelligence circles, advised the Yugoslav government to grant the Kosovars their republic now in order to avoid "a bigger explosion later." The Kosovo story is by no means over.

Abroad, the anti-Yugoslavia activities of Kosovo Albanians have reached the point of terrorism. In July, a "Croatian-Albanian" underground organization, founded in Sweden not long before, claimed responsibility for an attack on two Yugoslav diplomats in Brussels. According to the West German Press Agency (DPA), this group announced that there would be further acts of terror unless its demands for an independent Croatia and "the return of Albanian regions to Albania" were satisfied. The Kosovo Albanians are demanding that their future "republic" encompass Albanians who live in Macedonia and Montenegro, two more of Yugoslavia's six constituent republics. At demonstrations held this past summer in Washington, Stockholm, Geneva, and Frankfurt, Kosovo emigrées distributed a map depicting "Greater Albania." It provoked heated debates in the Greek parliament, because the map not only covered areas within Yugoslavia, but also claimed a part of northern Greece. "Great Albanian" chauvinism revived

in Kosovo could set in motion all the other nationality questions in the Balkans which remain "unsolved" since World War II. While Greek commentators and politicians now charge that Greeks living in Albania are oppressed, the Yugoslav Republic of Macedonia reproaches the Tirana (Albania) regime for repressions against Albania's Macedonian minority.

When unrest broke out among the Albanian population in Kosovo last March, it was difficult for some outside observers to understand why the people of this province in southern Yugoslavia, who, thanks to geographical proximity, common language and kinship relations, are better informed than anyone else about the wretched conditions within Albania, could nevertheless take to the streets under such slogans as "Long Live Enver Hoxha" or "We Want a United Albania." One example suffices to illustrate the difference in living standard. In Kosovo, there is one car to a family in the cities and one to every three families in the countryside; in Albania, there are not even bicycles.

To discover why British intelligence finds Albanian chauvinism the best lever for shaking the entire nationalities structure in the Balkans with the aim of destabilizing Yugoslavia, one must examine the historical connections, networks, and traditions which the British have already mobilized many times in history for political power purposes. The catchword is Balkan War.

Secret societies of Dervishes

A comparison may be drawn with the destabilization of Iran by Khomeini's hordes. Ninety percent of the Albanians in Yugoslavia are Muslims, and only 10 percent are Christians. As one observer stated recently, the Catholic population in Kosovo—most likely on instructions from the Vatican, mediated through local priests—has maintained strict distance from the unrest, which was *exclusively* carried out by Albanian Muslims. In his recently published book *Sonderfall Albanien (The Case of Albania)*, Albanian affairs expert Bernhard Tönnies writes that these Muslims are influenced to no small extent by a numerically small group of orders of Dervishes. These Dervish orders are organized as secret societies, so that very little is known about them.

Even if the uprisings in Kosovo were carried out by Muslims, the reader may object, this does not explain the "Great Albanian" character of the movement. How can a Muslim consider as his homeland atheistic Albania, where all religions are banned and the mosques (and churches) locked?

At this point, an error must be cleared up: the communist leadership of Albania has always waged a bitter struggle against the *Catholic* religion, as a representative of Western culture, while the historically "positive" role of Islam and the Orthodox Church is dignified even in the writings of Albanian communist chief

Enver Hoxha. One effect of the Kosovo unrest, an ironic but perhaps an intended one, was to thrust the *Serbian Orthodox Church* into prominence in “a spectacular rapprochement with the central authorities” in Belgrade, as one French report put it. To combat Albanian nationalism, the government employs Serbian nationalism, which has given Serbian Orthodoxy new opportunities.

In its own right and as catalyst of such processes in neighboring territories, Albania, which first came under Venetian control in the 12 century and then lived 500 years under Turkish rule, has remained, from the acquisition of official independence in 1912 up to the present day, a bulwark of *orientalism* on the European continent.

The Bektashi

This historical continuity stems above all from the fact that Albania for centuries has been the homeland of the Bektashi Dervishes, who today still control approximately 15 to 20 percent of the Albanian population, and most probably have installed several of their members in the Central Committee, if not the Politburo, of the Communist Party. Despite Turkish republican Kemal Atatürk's having banned the order in 1925, there are probably 7.5 million Bektashis in Asia Minor.

The Bektashi Order, whose founder Haxhi Bektash Veli came from Persia, expanded into the Balkans during the period of Turkish rule. Tönnes describes it as “a pantheistic Shi'ite sect with pronounced Manichean influences.” It unites “pagan, Christian, and Islamic” elements in its philosophy and its members are the only ones, besides the Sufi mystics, to accept the so-called “Hurufi” number theory, a “revelation” which holds that divine creation repeats itself in a recurring cycle, and that each cycle lasts 1,360 years.

Since the order is organized as a secret society and its members are sworn to protect the secrets from outsiders, few details of Bektashi mysticism are known. Bektashi holy men are distinguished, however, by their view that they, unlike normal mortals, are able to achieve unity with God—who not only dwells in every man, but also peeps out from behind every plant, every leaf and every musical note—in one moment of “passionate love.” Their opponents in the orthodox Islamic camp reproach them for holding orgiastic cult ceremonies, in which at night, behind locked doors, they enjoy unveiled women and alcoholic means of intoxication. The Bektashis also believe in transmigration of souls; it has been reported that their monks used to wear bells on their shoes to scare away insects, for they feared they might otherwise trample an ancestor to death. Like that of the freemasons, the Bektashi organization has different degrees of initiation into the secret knowledge—from the lower degrees of downright silly hocus-pocus

up to the highest degree of “enlightened pantheism.”

Politically, the Bektashis over the centuries were always enemies of the Ottoman Empire, a fact which proved useful for their rapid expansion under the Albanian tribal chiefs and feudal lords. Their Shi'ite beliefs reject any worldly governmental power. This sect possessed enormous influence in the Ottoman Empire: until the Sultan's infantry, the Janissaries, was disbanded in 1826, it was the military arm of the Bektashis rather than that of the empire. In the areas of Bektashi influence in the Balkans and Asia Minor, the monasteries of the order never lay more than six hours journey apart, so that any traveler in the Ottoman Empire was compelled to make use of their “hotel service.” The Bektashi Grand Vizier Ali Pasha employed the brothers of the order as spies and diplomats. In the 19th century, they were the main movers of the so-called Young Turk movement, which, as the British Empire wished to expedite the disintegration of the Ottoman Empire, was assigned appropriate subversive tasks by the English and Italian freemasons.

It might seem a paradox that the Bektashis, throughout their long political career, always supported the fundamentalist, anti-Western and anti-progress lines in the Islamic world, while their leaders, right up until today, cultivated personal contacts with the “intellectual elite of Western Europe.” In the last century, for example, the blending of Bektashis and freemasons went so far in Albania that the two cults founded joint lodges. Regardless of any East-West coloration of the issue, the commonality of world views between the Bektashis and the freemasons resides in the fact that both are *pagan* cults, which, although rightly banned by the great religions as heresies, nevertheless enjoy great support among certain circles, as instruments for establishing a *neo-feudalist*, oligarchical world order. We need only refer to the examples of Club of Rome co-founder Alexander King, who is a Sufi mystic, and the recently killed Ayatollah Beheshti, who belonged to a freemasonic lodge in Hamburg. In Albania, these pagan, pantheistic ideologies have survived in unadulterated form.

'The religion of Albanians is Albanianism'

This key phrase from the vocabulary of Enver Hoxha brings us back to the circumstances under which “Albanian nationalism” was formulated in the second half of the last century. The Albanian national myth must somehow deal with the fact that the tribal chiefs and feudal lords occupied a privileged position under the Turkish occupation and that the “Beys” looked down with great contempt on the neighboring Slavic populations, who were employed as guest workers on their estates. Albania was “Bektashiland.”

The two leaders of the so-called national rebirth of

Albania, Naim Frashëri (1846-1900) and his brother Sami (1850-1904) were just right for the task. Naim, a Bektashi theologian and Sufi mystic, made no secret of his hope that Bektashi mysticism would one day become "the religion of all Albania" and be the connecting tissue binding together the various Albanian tribes and religions. He is the creator of a racist national ideology, still alive today, which is mixed together with the pantheistic Bektashi outlook and Nietzschean superman philosophy. Here is a morsel from Naim's poetry:

Men are based all in certain races,
Each one has its different type,
The white race is the best of them,
As in everything, so also in its face.
The others all have different colors,
Yellow, black, red, brown;
However many men there are in these races,
They are all, so to speak, barbarians. . . .
The white race is divided into nations,
And is split into branches. . . .
Of that race which came into Europe,
And then divided into many pieces,
The foremost obviously are the Pelagians
And their sons, we Albanians.

—*Science*, 1888

Since Albania became independent in 1912, the Bektashi have played an important role in running the government apparatus. Many ministers came from this group and dominated cultural life. When the Albanian Fascist Party was founded in 1939, under the Italian occupation, its party newspaper bore the name of the greatest Bektashi shrine in Albania, the Tomori mountain. During World War II, the Bektashi leader Martaneshi fought in the communist resistance movement led by Enver Hoxha. Martaneshi, who made Hoxha a Bektashi chief, was killed in 1947 by other Dervishes because, following Hoxha's policy of isolation, he wanted to sever the order's ties to its brothers in Asia Minor and other countries.

The latest accomplishment of the order may be the ideological, if not—despite the official ban—the personal preparation of rapprochement between Albania and Khomeini's Iran, which found its preliminary culmination in the visit of Iranian Deputy Prime Minister Yasbi to Tirana (etymologically, "little Teheran") in February.

Splitting the Soviet Union

At the turn of the century, the British empire, working through freemasonic networks, steered Albanian nationalism and that of other Balkan nations first against the Turks and then against the Austro-Hungarian Empire. A slight strategic miscalculation occurred in these efforts, which led to World War I. Britain's

goal in the region for this century is to fragment the Soviet Union.

During World War II, the British were already cultivating the Bektashi Albanians as a future Trojan Horse in the Soviet bloc. Churchill's "generous" concession to Stalin, that Albania would belong to the communist sphere of influence while the Soviets withdrew from Greece as a return favor, must be interpreted against this background. Sir Julian Amery, the British liaison officer in Albania, had strict instructions to promote, as best he could, only the communist part of the resistance movement, which was also supported by the Bektashi and a great number of the Albanian feudal lords. The chief of the "Special Operations Executive" (SOE) bureau in Cairo, responsible for the entire Middle East including Albania, was James Klugman, the very same Klugman who in the 1930s had built a communist cell at Cambridge University together with Guy Burgess and Harold "Kim" Philby, the "master spy" of later years. In the 1950s, Klugman attained the post of Politburo member in the Communist Party of Great Britain, while his comrade Philby defected to the Soviet Union. All this was preceded by an SOE operation in Albania, intended to heighten Philby's worth in Soviet eyes. In 1947, Albanian monarchists planned a landing operation by sea and by land, to free their homeland from "the communists"—with promised British and American assistance, naturally. Philby, at that time on duty at a high-ranking post in British intelligence, "betrayed" this ridiculous undertaking to the Soviet Union. Since his flight east, Philby has enjoyed a meteoric career, reaching the rank of KGB general. From this position, he promoted Khomeini's seizure of power in Iran and is generally known to spur the Soviet leadership toward support of Islamic fundamentalism.

British intelligence counts on his influence in its present-day Albanian operation. There are indications that London is speculating on the possibility of inducing, by means of the current manifestations of Great Albanian nationalism, the appropriate KGB networks in the Balkans to support the rebellion of Kosovo Albanians against Yugoslavia. London hopes that, while this policy could be sold to the Soviet Union as a possible power gain in the Balkans, the various nationalities in the Soviet Union would follow the example of the Kosovo Albanians and push the Moscow leadership to grant the right of self-determination to nationalities in the Soviet Union itself.

Ironic as it may sound, the Albanian party chief Enver Hoxha, maintaining his obstinant anti-Soviet ideology, has opposed so far the construction of this strategic sand-castle, which would destabilize not only the Balkans, but the entire international situation. "When Hoxha is gone, all the dams will break," recently commented one expert on Albania.

The U.S.-Israeli strategic accord

Sharon's aim is straightforward: to ensnare the Reagan administration and wreck U.S. influence among the Arabs.

The memorandum of understanding on military-strategic cooperation signed between Israel and the United States Nov. 30 could undermine altogether the chances of the Reagan administration's pursuing an even-handed peace initiative in the Middle East.

Although the memorandum falls far short of the all-emcompassing war pact that Israeli Defense Minister Ariel Sharon was gunning for, it constitutes Israel's first successful effort to counter its defeat on the U.S. sale of AWACS radar planes to Saudi Arabia, and to re-emerge as Washington's principal ally in the Middle East.

According to intelligence sources, the U.S.-Israeli accord is the first step in a larger operation to draw the Reagan administration, weakened as it is by the Reagagate scandals being thrown at it, into an ever-closer embrace with the extremist troika now running Israel—Prime Minister Menachem Begin, Foreign Minister Yitzhak Shamir, and Defense Minister Sharon—and to set the stage for a rupture in U.S.-Arab relations.

The Begin government is known to be covertly cooperating with the Soviet KGB and the British Secret Intelligence Service (SIS), as I have stressed. All three favor the growth of Muslim Brotherhood fundamentalism in the interest of building up Israel's image as the only stable friend of the United States in the region while wrecking

American influence among Arabs.

Specifically, the Begin government intends to build on its alliance with the United States by provoking a conflict with Syria. By attacking Syria, Israel will draw the Soviet Union deeper into the area—exactly what the KGB wants—and thereby win stronger American backing. The memorandum signed by Israel and the United States commits both to jointly take on Soviet-backed threats to the region.

To create the pretext for such an operation, the KGB and the British are cooperating to foment a Lebanon-style civil war in Syria aimed at promoting the emergence of a Muslim Brotherhood revolution against the Assad regime.

Israel is hardly hiding its intentions to use the strategic accord to draw in the United States around such an operation. After meeting with a sympathetic Alexander Haig Dec. 1 in Washington, Sharon emerged to tell a group of Israeli reporters that there "will be" secret clauses in the U.S.-Israeli memorandum of understanding. Then, turning to some American reporters, Sharon added (in English) that there "might be" secret clauses.

Sharon's extremely provocative statements led to the immediate issuance of an official Defense Department statement that it is "totally erroneous" that there is anything at all to the memo of understanding beyond the publicly announced terms of the agreement.

Nevertheless, rumors abound of an unpublished section of the accord involving the sharing of secret satellite intelligence data and other such information.

The Reagan administration is reluctant to play along with the full Israeli gameplan, as evidenced by Defense Secretary Caspar Weinberger's refusal to accept all Sharon's demands around the accord. However, the administration has yet to come up with a competent and effective policy to counter the Israeli thrust.

"Israel would like to make the memo seem much larger and more effective than it really is," said one Washington intelligence source. "And they would like to drag us in. The problem in the administration is that there is no clear policy direction for the region, and without Dick Allen there to pull the pieces together there is an even less likely chance that anything coherent could emerge. Therefore, it is very possible that some sort of Israeli provocation could succeed in forcing an American move in support of Israel."

The Israel-American strategic accord has already had one effect. When U.S. special envoy Philip Habib arrived in Syria Dec. 1 as part of a Reagan-sponsored effort to maintain the fragile ceasefire in Lebanon, he was greeted with a barrage of charges that Washington had eliminated itself as a serious and impartial mediator of the Lebanon crisis as a result of the accord with the Israelis. The Soviet press agency TASS called the agreement a "new aggressive military-strategic alliance" against the Arab world, and the PLO charged that it represented a "declaration of American-Israeli war against the Arabs."

Pol Pot-style experiment in Oaxaca

Eyewitness accounts tell of a reign of terror that is taking place in Juchitán.

Some of my readers will recall our report last spring on the surprise victory of the Mexican Communist Party-allied terrorist grouping, COCEI, in the Juchitán, Oaxaca, municipal elections. We pointed out then the danger of giving political power to the ultra-left. What has gone on there not only confirms the validity of our warning, but obliges us to predict that the experiment being carried out in Juchitán is a wedge for the genocidal policies of Cambodia's Pol Pot regime.

Recent visitors and other reliable sources state that Juchitán has suffered a radical change since the alleged electoral victory of the group, called the Worker, Peasant, and Student Coordinating Group of the Isthmus (COCEI).

Juchitán is located on the border of the strategic state of Chiapas, at the crossroads of major highways—the Panamerican running southeast to Guatemala and the Trans-Isthmus highway running across the Isthmus of Tehuantepec to the oil-refining center of Coatzacoalcos. The COCEI and its municipal president have set up such a reign of terror that the place is known as “the town without law.” People flee to the neighboring towns simply because they fear for their survival under COCEI policies. The small merchants who remain do so under threat that they will lose businesses built up over years if they try to flee the “new distribution of wealth,” the slogan

under which COCEI threatens to make indiscriminate expropriations from supposedly “rich” farmers and store-owners.

Schools are practically paralyzed; the technical school which played a major role is almost closed. The high school slated for construction will now be located elsewhere, since the COCEI rejects “bourgeois education.” Anything smelling of growth, development, or production orientations is rejected by the municipal president.

Prostitution and drug trafficking enjoy such freedom that they are carried out even inside the town hall, my direct informants tell me. It is not hard to believe rumors that arms smuggling goes hand in hand with the drug traffic.

The chief of COCEI created his own “people's militia,” separate from the usual state police, and recruited from his own base of thugs.

The direct terrorist side of the operation has moved ahead apace. Busloads of deployable zombies from the COCEI group have been repeatedly sent up to Mexico City by their controllers to serve as cannon fodder in violent takeovers of foreign embassies.

In the latest development, the municipal president, one Leopoldo de Gyves, is openly threatening sabotage of the new Trans-Isthmus container “land bridge” set to go into operation early 1982.

“In the face of this industrial project and imperialist penetration,

the solidarity of all the anti-imperialist organizations of Mexico is necessary,” he proclaimed in the pages of the pro-terrorist *Por Esto!* magazine on Oct. 29.

The reader is doubtless asking how it is possible that neither the state nor federal government has taken any action against this enclave.

EIR is in possession of document showing that a faction inside the ruling PRI party in the region, exploiting latitude opened by Mexico's political reform program, actually arranged the electoral irregularities and related operations which helped defeat their own party. I am not sure whether the then-President of the PRI, Gustavo Carrvajal, who lost his job partly as a result of the PRI defeat in Juchitán, knew what was being pulled off.

When the COCEI lost elections the first time last March, the Electoral Action arm of the local PRI apparatus granted the COCEI, formally affiliated with the Communist Party, a shot in new elections. In the second elections, the PRI inexplicably printed ballots with the same colors as the COCEI party, and did not send enough PRI ballots for the voting. Voter registration cards were well in excess of the number of qualified voters.

Most important, throughout the entire period, the local PRI failed to carry out any political education and mobilization drives of its own—particularly significant in a town which has a long history of political fractiousness, going back to the period of Benito Juárez.

It looks like cleaning up the COCEI also involves cleaning up those who protect it in the PRI and in contaminated government layers, up to the national level.

International Intelligence

Say Kissinger, Haig behind Allen scandal

A source close to the White House has told *EIR* that he is convinced that Alexander Haig and Henry Kissinger, the key operators in the Watergate scandal against ex-President Nixon, are behind recent scandal-mongering against President Reagan's National Security Adviser Richard Allen. Although the Justice Department has announced it will not appoint a special prosecutor in the instance of Allen's receipt of \$1,000 from a Japanese journalist, the case is far from over.

The Japanese networks which have been fingering Allen on various matters are associated with Henry Kissinger. It is noted that while press and other media are attacking Allen, they are simultaneously promoting Kissinger and his associates as men who could give the administration a strong foreign policy. It is noted that Miles Costick, head of the Institute for Strategic Trade, which was created by Fritz Kraemer, a Defense Department official who boasts of having "created Henry Kissinger," told a reporter that he has been actively organizing against Richard Allen among administration officials.

Exemplary of the press role is the Dec. 1 *Christian Science Monitor*, whose editorial suggested that Reagan needs "an efficient, knowledgeable administrator of the caliber of Brent Scowcroft," Henry Kissinger's former aide, who will be a featured speaker at next week's American Enterprise Institute "Policy Week."

Investigation of the "Japanese connection" reveals individuals closely tied to Kissinger circles in the United States. Richard Allen was asked to set up the now notorious Nancy Reagan interview by Tamotsu Takase, whom Allen met at the Hoover Institution in the 1960s, and who had various business dealings with Allen's Potomac Associates consulting firm. Takase is a supporter of Henry Kissinger's Asian policy, including a defense buildup by Japan. He is known as an operator who made himself the contact man between influential Japanese

circles from the right-wing of the ruling Liberal Democratic Party, and "influential people" in Washington, including circles at the Stanford Research Institute, the Hudson Institute, and others associated with Kissinger.

Takase was reportedly heavily involved in promoting the "Lockheed scandals" in Japan that Kissinger used to topple the government of Takeo Tanaka.

Colombian candidates anti-drug, pro-nuclear

Andean Labor Party (PLAN) Secretary-General Maximiliano Londoño, and anti-drug leader Fausto Charris Romero have announced their candidacies for seats in the Bogotá, Colombia municipal council and in the Colombian Congress in the March 1982 elections.

In their dual campaigns for the city and federal offices—a common practice in Colombian politics—Londoño and Charris will stress three key planks: anti-drug measures, the reversal of Global 2000 depopulation, and nuclear energy development.

The PLAN is demanding that the Colombian government immediately introduce a drug eradication program based on the use of the herbicide paraquat. In numerous radio and television interviews, PLAN activist Charris, internationally known as the President of the Colombian Anti-Drug Coalition, has warned that the spraying program must be carried out before the April 1982 presidential elections, given the likelihood that the next President will favor legalizing the drug trade.

The PLAN platform also calls on the Reagan administration to guarantee repeal of the Percy Amendment, which currently prohibits use of foreign aid for paraquat drug eradication programs. It requests U.S. technical and financial assistance for Colombia to permit eradication of marijuana crops and the creation of gainful employment for farmers and peasants now engaged in marijuana cultivation.

The Andean Labor Party has already launched a campaign to expose the way in which the Malthusian backers of the *Global 2000* report in the United States and their Colombian allies have depopulated the nation over a 15-year period through application of the zero-growth programs designed by the World Bank.

"The basic problem in thinking about our energy future," Londoño emphasized, "is that the World Bank and related agencies have imposed their 'small is beautiful' outlook on virtually every planning and development agency in the nation. Thus, the Institute for Nuclear Affairs is the most anti-nuclear agency in the country. . . . Young scientists trained abroad who return to Colombia with a pro-industry perspective are immediately forced to submit to the degraded World Bank view.

"Our population has been brainwashed into believing that a developing country like ours can't have advanced technology," Londoño told the Bogotá press. "We will expose this for the lie that it is. . . . Our people must understand that unless we have nuclear energy and free ourselves from the dictates of the World Bank, ours will never be a sovereign nation."

Pakistan bans EIR drug exposé

The Pakistani military dictatorship moved this week to seize copies of a Peoples Party newsletter which has been widely circulating underground in the country. The newsletter, which was officially banned by the provincial governments of Baluchistan, the Northwest Frontier, and the Punjab, contained a highly charged exposé of the involvement of senior army officials, including both Gen. Ziaul Haq, the head of the Pakistani junta, and the military governor of the Northwest Frontier Province, in running drugs out of Pakistan.

The banned Pakistan Peoples Party newsletter is published in the United States by the U.S. branch of the Pakistan

Briefly

Peoples Party (PPP), the party founded by murdered Pakistani Premier Z. A. Bhutto. In its September issue the newsletter carried an exposé of the drug-running activities of the junta, tied into illegal arms deals as well. The official announcement of the Pakistani regime claimed the newsletter contained "malicious material aimed at fomenting disaffection towards the present government."

The drug exposé in the newsletter was based in part on information published in the Oct. 6 *EIR*. According to Pakistani sources, hundreds and thousands of photocopies of the *EIR* story have been circulating both inside Pakistan and throughout Pakistani exile communities from the Persian Gulf to London and the United States. Figures named in the article, such as drug-money banker Agha Hasan Abedi, a top financier of the Zia regime who heads the London- and Dubai-based Bank for Credit and Commerce International, are reported to be greatly exercised about the impact of this exposé on their activities.

A 'white man's trade deficit'?

Is a subliminal resurrection of "Yellow peril" racism behind the strange emotional intensity that seems to pervade trade disagreements with Japan?

One Japanese businessman commented to *EIR*, "Whenever there is a trade dispute between a European and American company, the injured party attacks the company they think is at fault. But when a Japanese company is involved, they blame the whole nation of Japan."

Japanese officials also express dismay at the degree of heat directed at Japan by both Europeans and Americans over an expected \$15 billion trade surplus Japan is anticipated to have with each this year. They note that Europe's deficit with America, which is twice as large as that with Japan, has not generated anything like the same emotional outbursts. According to *Far Eastern Economic Review*

of Nov. 13, some Japanese explain that the European-U.S. imbalance, unlike Japan's, is viewed by the Europeans and Americans as "a white man's deficit."

Kissinger network moves in on Mideast policy

A group of individuals tied into the networks around former Secretary of State Henry Kissinger have put out a Middle East policy report recommending that the Reagan administration broaden and intensify its role as an impartial peacemaker.

The report, based on a trip to Saudi Arabia, Syria, Jordan, Egypt, and Israel, was authored by former Assistant Secretary of State Harold Saunders, now of the American Enterprise Institute; Philip Klutznick, president emeritus of the World Jewish Congress and honorary president of B'nai B'rith International; Merle Thorpe, Jr., a Washington-based lawyer and Director of the Foundation for Middle East Peace; and Joseph Greene, an ex-Foreign Service officer who heads up the Seven Springs Center in Mt. Kisco, New York. Saunders's AEI will feature Henry Kissinger as its main attraction at a week-long conference starting Dec. 7.

The report by Saunders et al. calls for Palestine Liberation Organization involvement in the peace process and recommends that the United States not rule out the possible establishment of a Palestinian state on the West Bank as part of a settlement that includes Arab recognition of Israel.

The report is part of a larger effort to place Kissinger and his circle in the center of Middle East policy-making. It is in this spirit that columnist Joseph Kraft has suggested the appointment of Sol Linowitz as special Middle East negotiator. Similarly, William Safire of the *New York Times* recommends, "Now we need a high-powered American at the autonomy talks, leading to Camp David II and a new concentration on Egypt as our central Arab ally."

● **SWEDISH** authorities have charged leading activists in the newly formed Swedish Environmentalist Party (Miljöpartiet) with the smuggling and sale of millions of kroner worth of amphetamines and cocaine. Rustan Saend and Eva Sydhoff, with 40 accomplices, were arrested and indicted Aug. 27 in what was then publicized as one of the largest drug busts ever to occur in Sweden. It was not until late November that Swedish press reports revealed that Saend and Sydhoff were prominent members of the Environmentalist Party.

● **THE WORLD CENTER** for the Development of Social Uses of Microcomputer Technology was officially established in Paris on Nov. 27 at the instigation of President Mitterrand. Run by the Club of Rome-linked Jean-Jacques Servan-Schreiber, the center will draw specialists from around the world on such subjects as artificial intelligence, on behalf of promoting "the wired society."

● **THE LONDON TIMES** on Dec. 1 published the account number and address through which readers may contribute to front groups for the Muslim Brotherhood organization in Syria that was responsible for the bombing in Damascus that killed 150 people on Nov. 29.

● **COSMO 82**, a Japanese science magazine with a circulation of 100,000, features in its Dec. 5 issue a translation of "The World Needs Ten Billion People: A Scientific Refutation of Global 2000," by *EIR* Military Editor Steven Bardwell. Portions of the article by Dr. Bardwell, who is Editor-in-Chief of *Fusion* magazine, appeared in the June 9, 1981 issue of *EIR*.

Williams postponement: victory against Abscam

by Warren Hamerman and Anita Gallagher

The Senate officially announced Dec. 1 that expulsion proceedings against Abscam frame-up victim Sen. Harrison Williams (D-N.J.) would be indefinitely postponed from Dec. 3. The Senate leadership's decision came after Williams established with increasing success that Justice Department misconduct and perjury pervaded the DOJ's investigation and prosecution of him, and Sen. Daniel Inouye (D-Hawaii) urged that the Senate abjure a "rush to judgment."

The decision of the Senate leadership, in fact, is the outcome of one of the most stunning political counterattacks of the recent period. Labor and constituency groupings had been mobilized, with coordination from the National Democratic Policy Committee (NDPC) of *EIR* founder Lyndon LaRouche, into an effective national force. Their efforts delivered a tactical defeat to the Watergate apparatus of tainted elements in the Justice Department associated with former Attorney General Benjamin Civiletti and with the FBI. It is also a major tactical setback for the Eastern Establishment press.

A brief review

Williams was a target of a special police-state operation run by the Carter Justice Department in which DOJ operatives, including convicted felons, attempted to bribe political officials. Although he refused every bribe, Williams was convicted last spring at the urging of Judge George Pratt, who withheld critical evidence from the jury.

On Nov. 17, Senator Williams requested of his Senate peers the right to conduct an extraordinary full

trial before the Senate itself, with the complete right to cross-examine Civiletti, current FBI Director William Webster, and 23 other witnesses, including the federal prosecutor in his case, Thomas Puccio, and other senior Justice Department officials. Senate leaders of both parties, spearheaded by Minority Leader Robert C. Byrd (D-W. Va.), rejected outright the demand. On Nov. 23, Senator Williams took the unprecedented action of going to federal court in Washington against that decision, demanding that the court enforce his request for a full trial before his peers because prosecution witnesses had perjured themselves.

Two days later, Katharine Graham's *Washington Post* ran a front-page box and long feature article attacking Senator Williams and Mr. LaRouche for forcing to the surface the Nazi corruption in the Carter Justice Department. LaRouche and his associates in the 9,000-member NDPC—one of the largest political action committee memberships in American politics—with Senator Williams could blow the lid off more than Abscam. Williams himself has publicly charged that among Jimmy Carter's and Benjamin Civiletti's primary motivations for "getting" Williams was that in 1976, and again in 1980, the Senator was in the midst of national efforts to prevent Carter from winning the Democratic Party's presidential nomination.

The *Washington Post* article obliquely expressed the reason for Katharine Graham's hysteria. Graham, the publisher of the *Post*, is one of the longest-standing political opponents of LaRouche on international and domestic policy issues, centering around the questions

of depopulation and de-industrialization. The Nov. 25 *Post* article states: "Senator Williams, who said the NDPC represents his most active grass-roots support, described LaRouche and his supporters as 'very thoughtful people' and said their research into the constitutional questions raised by the Abscam case have been 'very accurate.' . . . In literature discussing what he describes as the 'frameup' of Williams, LaRouche . . . 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. 'There are members of Congress on both sides of the aisle so degenerate or so swayed by political opportunism that they variously promote or condone policies more hideous than those perpetrated by Albert Speer and others under Adolf Hitler,' he writes. . . ."

In over 30 states, LaRouche's political forces have secured signatures from prominent officials on the following urgent telegram to members of the U.S. Senate:

We the undersigned, condemn the entrapment and harassment methods of Abscam. If a constitutional democracy is to continue to function in this country, these sorts of operations must be rooted out. In that light, we call on the U.S. Senate to conduct a real investigation of this sordid affair and to put off any railroad vote on Sen. Harrison Williams until such an investigation is concluded.

Signers include numerous Democratic Party county chairmen, heads of labor unions, and leaders of state and regional central labor councils.

'Rush to judgment' delayed

The postponement occurred when Senator Inouye asked the Senate leadership for time to prepare Williams's defense. Inouye said that if he were to do only that, it would take more than a month. The request by the widely respected Senator was the culmination of a process of counterattacks against the prosecution which mark a turning point in the entire Abscam war on constituency-based politics. Inouye made the point to the Senate leadership that "We would look like a bunch of self-righteous people trying to preserve our image in a rush to judgment," if the Senate voted to expel Williams and then his conviction was overturned. William's motions charging violation of due process are still pending before Judge Pratt.

Inouye also impressed upon the Senate leadership that all 15 expulsions in the history of the Senate had been for treason, and all occurred after the appellate process was complete.

That reading of history contradicts the construction that the Ethics Committee and other Senators are attempting to put on the Williams case: that the issue is

not whether Williams committed a crime, but whether he is guilty of "ethically repugnant" behavior—i.e., whether the news media had succeeded in making him "look bad," no matter what the facts.

Williams meets the press

In a Dec. 1 press conference following the announcement of the postponement of the expulsion vote until at least Jan. 25, 1982, when the Senate reconvenes, Williams said that "The Senate action this morning will now give me the opportunity I need to fully develop all the evidence and present a winning defense against charges of unethical conduct. . . . This is the first time in history that the executive branch has moved in and tried to set up someone, has tried to manufacture and create what they hoped would be criminal conduct."

Under questioning, Williams criticized the Senate Ethics Committee, saying that it had made "a mistake in restricting its investigation. . . . I question whether the Ethics Committee was getting a comprehensive picture. . . . The Ethics Committee has continued to deny me the minutes of executive meetings."

One of the difficulties involved in the Ethics Committee revealing its deliberations is that the committee's chief investigator, Donald Sanders, has functioned throughout as virtually part of Abscam Prosecutor Tom Puccio's team.

To repeated questions of whether he would resign in January if he did not have 34 votes needed to defeat expulsion, Williams said, "I intend to fight all the way. It is not for myself, but for the principles." He added that if he were able to raise what he called "the right kind of fight," he would not lose his seat. Questioned as to whether the Senate was victimizing him to make the Ethics Committee look clean, Williams said, "I think the Senate is being victimized by the FBI and Justice Department, and I am the center of that. This kind of conduct is wrong in this country. It is loaded with the opportunity for the worst kind of intimidation and fear-mongering of the legislative branch.

Two of the questions directed to Williams concerned the role of the NDPC in his defense. Williams replied, "Anyone who feels as I do that basic constitutional provisions have been massively violated in this matter and feels that they must speak out, then I am glad that they are fighting this fight." The press conference was blacked out in the major Eastern press; but on Dec. 2-4, the *Baltimore Sun*, *New York Times*, and *Washington Post* each carried editorials attacking Williams.

Late in November, Williams's office announced that the Senator had assembled substantial new evidence of Justice Department misconduct and perjury on the part of witnesses, including FBI agents. The postponement of the Senate vote will enable Williams to make use of that evidence.

New budgetary traps set for the White House: is Chief of Staff James Baker III a mole?

by Richard Cohen, Washington Bureau Chief

While national attention has been riveted on the daily escalating scandals surrounding the case of now suspended National Security Adviser Richard Allen and the emerging press-generated smell of illegality directed at some of the President's most trusted advisers, close observers of the White House are warning that President Reagan has been under extreme pressure over the past two weeks to make fatal blunders on economic policy. The public signals point to an all-out effort to force the President to capitulate to the dictates of Federal Reserve Board Chairman Paul Volcker, by endorsing a 1983 economic program which is reported to include the most massive assault yet on the already whittled-down U.S. federal government domestic budget, plus a frontal attack on critical entitlement programs including the Social Security system.

White House observers note that presidential Chief of Staff and former George Bush campaign manager James Baker III has played a role that could most charitably be described as "puzzling," in locking the President into a politically suicidal economic approach that happens to be diametrically opposed to Reagan's pro-growth inclinations. The result of such a policy, by the time of the January State of the Union message, would be to ensure that current and planned Watergate-style attacks on Reagan's loyal followers in his administration—possibly including the President himself—find a ready market in an outraged population. These observers believe that the heightened campaign to force presidential acceptance of this disastrous "deep-cuts" policy coincided with the resuscitation of Office of Management and Budget Director David Stockman.

The saving of Stockman's skin

Of increasing interest is the fact that Stockman's "skin was saved" following his open attack on Reagan's tax cut in the pages of the *Atlantic Monthly* at a Nov. 17 White House meeting at which Reagan loyalists Presidential Counselor Edwin Meese, Assistant to the President Michael Deaver and Presidential political adviser Lyn Nofziger pressed for Stockman's firing. Only James Baker III defended Stockman, asserting

that the OMB chief was the most capable domestic-policy official in the administration, and that Stockman would be crucial in the final weeks for the 1983 budget.

Importantly Stockman was revived even though one of Reagan's advisers, Michael Deaver, went so far as to question Stockman's loyalty, in a clear reference to Stockman's open adoption of the "deep-cuts" approach which has been promoted since Day One of the Reagan administration by former Ford Treasury Secretary Alan Greenspan, by the current U.S. Ambassador to West Germany Arthur Burns, and by Volcker. In fact, Greenspan, the chief negotiator during the 1980 Republican Convention for the attempts by the unsavory Max Fisher and former Secretary of State Henry Kissinger to seize control of key Reagan cabinet appointments, has repeatedly organized open rebellions on Wall Street against the early budgetary and tax-cut political victories by the Reagan administration on Capitol Hill.

The Greenspan-inspired downturns in the "markets," in conjunction with Volcker directed up-ticks in interest rates, represented the muscle behind Greenspan's demands for a fiscal-austerity policy which would eliminate the tax cut while slashing into the remains of the domestic budget, entitlements, and defense.

On Nov. 27, after a weekend in which Stockman was rehabilitated on Capitol Hill, presidential press spokesman Larry Speakes put out the line that the President accepts most elements of the Greenspan "deep-cuts" policy. Speakes reported that President Reagan would spend most of his time in mid-December hearing "final appeals" from cabinet secretaries on OMB-outlined cuts in departmental budgets. He then warned that the President expected a huge number of appeals from cabinet officials because the cuts would be "very deep."

The staggering scope of the OMB-proposed cuts was signaled early last week when Ed Kintner, the Department of Energy's Associate Director for the Office of Fusion Research, quit on the basis of still-unrevealed cuts in the 1983 fusion budget. On Nov. 27, Ann Gorsuch, the chairman of the Environmental Protection Agency, and a close associate of Interior Secretary James Watt, complained loudly to the press about

an OMB-proposed 36 percent cut in the EPA budget. On the same day Commerce Secretary Malcolm Baldrige howled over the fact that Stockman proposed cutting three entire divisions of his department; these included the Office of Export Development, the primary channel for U.S. aircraft and nuclear exports which rank second and third respectively next to U.S. food exports. In addition, Baldrige learned that the Bureau of Industrial Economics and the Foreign Commercial Service, which employs 600 economists in U.S. embassies and is responsible for virtually the entirety of U.S. economic intelligence, would be eliminated.

The scope of the cuts was further revealed when Presidential Science Adviser George Keyworth told staff members of the *Washington Post* on Dec. 1 that he has recommended halting all new planetary space missions for at least the next decade, an idea he said the White House is buying.

By the morning of Dec. 2, the next cabinet Secretary to holler was Samuel Pierce, Secretary of Housing and Urban Development. Stockman has recommended that federally subsidized housing for an annual increment of 150,000 people under Section 8 and other programs be phased out and eliminated altogether by FY 84. In addition, OMB wants to cut a total of \$3.6 billion in community and urban-development grants.

While sources on Capitol Hill report that these cuts represent samples for what is to come, Treasury Secretary Donald Regan, appearing on national television Nov. 29, predicted that if there is a recovery in mid-1982 (an absurd assumption) and all the drastic cuts were accepted by Congress, there would still be a \$60 to \$70 billion deficit for fiscal '83. Thus, he warned, "We are going to have to get into entitlements sooner or later." Regan's prediction was immediately turned into an ugly operational effort. At the White House Conference on Aging held here in Washington on Nov. 30-Dec. 3, the administration stacked the key "Economic Well-Being Committee" in order to pass a resolution opposing support for Social Security from general revenue funds, and supporting Social Security benefit cuts for workers now paying into the system. While ultimately rejected, the proposal clearly identified administration intentions. The most sinister aspect of the affair is revealed by the fact that President Reagan himself has been pressured to make several recent public appearances in order to get the "deep-cuts" campaign off the ground, even though he had previously canceled several appearances due to the escalation of assassination threats against him.

The "deep-cuts" campaign has already put the President at odds with some of his closest supporters on Capitol Hill. In remarks to reporters after speaking to the annual meeting of the National League of Cities in Detroit on Nov. 30, Reagan confidant Sen. Paul Laxalt of Nevada warned that too much money had already

been cut from federal social programs under the fiscal 1982 budget. Following the Dec. 2 HUD budget-cut revelation, Senate Banking Committee Chairman Jake Garn (R-Utah) called some of the Stockman proposals "just plain crazy." Sources on Capitol Hill report that even austerity advocate Pete Domenici (R-N.M.), the Senate Budget Committee Chairman, was "shaken" by some of the figures he saw in the Stockman proposal.

Baker and the Allen affair

The revival of David Stockman at the insistence of James Baker was immediately followed on Nov. 18 by another meeting of Reagan White House advisers. At this meeting, Baker strongly promoted the early dismissal of Allen in the face of objections from Ed Meese. This has led to an emerging belief that Baker is the key "inside man" operating on behalf of Max Fisher-Kissinger elements. Recent information suggests that Kissinger was behind critical information leaked to the *Washington Post* and the *New York Times* implicating Allen in unethical relationships with former clients of Potomac International. This information, according to sources close to the White House, "will clinch Allen's final dismissal." Reports are that either Gerry Ford's National Security Adviser Brent Scowcroft, a Kissinger protégé, or Kissinger surrogate David Abshire of Georgetown University, is slated to replace Allen.

Interestingly, Deaver had backed Baker's early insistence on Allen's dismissal. On Nov. 30, the day following Allen's suspension, nationally syndicated columnists Evans and Novak (who have close relationships with the administration) reported that subsequent investigations of Allen's relationship to former Deaver business partner Peter Hannaford will turn up an unethical relationship between Deaver and Hannaford similar to the one alleged between Allen and Hannaford.

If Deaver should follow in the path of Allen, Reagan would be left with only one trusted adviser, Meese. Nofziger has already handed in his resignation, effective in January.

Nofziger has blamed James Baker for an excess of "Bush appointments." My sources further report that Nofziger, a strong believer in candidate and party loyalty, also opposed an "olive-branch" approach to the AFL-CIO leadership, once it was clear that AFL-CIO President Lane Kirkland had broken with the tradition of George Meany and openly attacked the President. Nofziger was opposed by Baker.

Baker has now convinced the President to delegate himself, along with Stockman and Dick Darman, Baker's close assistant and a former aide to GOP Fabian Elliot Richardson, to work out budget problems on Capitol Hill with respect to the Dec. 15 deadline for FY '82. He and Stockman will also join Meese in dealing with departmental objections to Stockman's FY '83 budget.

The anti-nuclear coup against the Reagan administration

by Paul Gallagher

In a series of clear and public moves coming in rapid succession over a two-week period of time, a Malthusian network among officials of the Department of Energy, Nuclear Regulatory Commission, and the White House, has cut the heads off both the fusion and fission energy programs of the United States. The provoked resignation of Edwin Kintner, head of the DOE Fusion Office and acknowledged leader of the nation's past five years' progress in fusion development, and the shocking public collapse into Naderism of Nuclear Regulatory Commission Chairman Nunzio Palladino leaves the NRC, the White House Science Advisor's Office, and the DOE bureaucracy lined up with David Stockman's OMB *against* the President's own commitment to nuclear energy.

In its zeal to close down the Department of Energy, a creation of RAND Corporation's fanatic Malthusian James Schlesinger, the Reagan White House has been sucked directly into a scenario repeatedly scripted in British scientific journals and by Carter administration officials like Dr. Frank Press since mid-summer. These "science authorities," represented directly among administration figures by the Heritage Foundation think tank, have begun to use the chaos of the forced second round of budget cuts and the DOE phase-out to inaugurate a sustained period of "re-assessment of basic science directions and priorities." Their increasingly obvious intent has been stated more and more boldly: to eliminate American advanced engineering capabilities, particularly those directly related to large-scale energy technology development, while preserving increasingly classified, and increasingly stagnant, "basic science" programs in the midst of general economic depression.

Future *EIR* reports will expose in detail the ongoing efforts by Club of Rome/Global 2000 networks in scientific research fields to use funding cutbacks to shift American science toward Malthusian directions. Of most immediate importance for America's future is the year-long campaign of the Heritage Foundation to nullify the Magnetic Fusion Energy Engineering Act of 1980, the crucial 20-year enabling legislation for the one area of science and engineering in which the United States indisputably has led the Soviet Union and all other national and multinational efforts over the past five years.

With the resignation of Mr. Kintner, an engineer from Admiral Rickover's nuclear navy, the Heritage Foundation campaign has nearly succeeded. Kintner's Deputy Director, Dr. John Clarke, one of the few remaining strong supporters of the 1980 Fusion Energy Act within the DOE, was passed over, and the acting head of the DOE Office of Fusion Energy became Dr. James Kane, a high-energy physicist who admittedly knows very little about fusion energy!

While a new permanent director will be announced, this is not likely to occur before the fiscal-1983 budget battles begin in January. For that budget process, the OMB has already leaked its intention to reduce the magnetic fusion program back to pre-1980 budget levels *in absolute dollars*. Both OMB and energy advisers in the office of White House Science Advisor Dr. George Keyworth, state their intention to dismantle a number of large engineering-design projects in the fusion program, and send the program "back to the basic research stage" with commercialization seen after the middle of the next century—in effect, never.

Policy for the program is now apparently being set by Keyworth, a fusion theoretician from Los Alamos National Laboratory, a devotee of Sir Isaac Newton and Sir John Clerk Maxwell, and a strong opponent of the 1980 Fusion Engineering Act, and the OMB.

In fact, Keyworth's energy group is advised on fusion policy by Dr. Douglas Pewitt, a Carter administration figure hounded out of his former DOE responsibilities by congressional backers of the Fusion Engineering Act, who charged angrily that Pewitt was openly attacking the mandate of the legislation to begin a large-scale fusion *engineering* program.

Both Keyworth and Pewitt are following to the letter the Heritage Foundation's original report on energy policy given to the Reagan administration a year ago. Pewitt calls the Fusion Engineering Act "permissive legislation," and recommends that it be scrapped as an excrescence of "big government." The same British Fabian Society-run Heritage Foundation wrote "95 percent," in their phrase, of Keyworth's official administration policy statement on nuclear energy. Its effects so far have assisted the Federal Reserve in collapsing the nuclear industry financially, and have cut it off from exports and

government reprocessing, despite the pro-nuclear and anti-regulatory rhetoric involved.

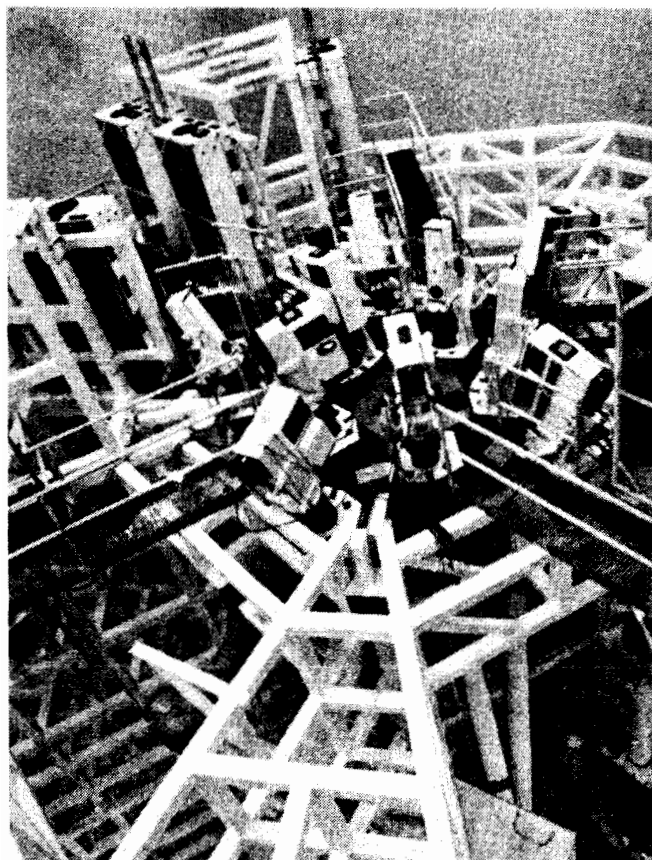
It is no accident that the commitment to fusion engineering development and commercialization of the 1980 act, known before its passage as the McCormack Bill, has been the prime target of attack in the field of energy policy by the free-trade followers of Milton Friedman and British monetarism in and around the Reagan administration—despite their lip-service to nuclear energy “in general.” Much of the so-called nuclear lobby in the United States consists of individuals who have worked in the industry but oppose the method of large-scale government intervention into the economy which brought it into being. Today they oppose the same effort for fusion. As the rare nuclear veterans like Kintner know, the future of all progress in nuclear energy today hangs on the commitment to go as rapidly as possible to fission-fusion hybrid forms of nuclear fuel breeding for conventional reactors, and to full commercialization of fusion power.

In the way the early American infrastructure-building projects created the Army Corps of civil and construction engineers, the Atomic Energy Act and nuclear navy program created nuclear engineers, and the NASA program created aeronautical engineers on a broad scale, so the McCormack Fusion Energy Engineering Act was to have begun the creation of the first large cadres of government and industry specialists in fusion-reactor design, materials development for high-energy plasmas, and fusion-power engineering. As Charles B. Stevens demonstrates in his latest annual review of fusion research and development, written for the February 1980 issue of *Fusion* magazine, the U.S. fusion program is more than ripe for such engineering development.

Stevens, an engineer with the Fusion Energy Foundation who has since 1975 become the world's most widely read journalist on the progress of fusion development, makes the following basic points in his review:

- “Despite budget and program curtailments, steady progress in all aspects of the mainline magnetic fusion tokamak effort has been maintained, in basic physics and engineering technology, and simultaneously major breakthroughs have been achieved in alternative (non-Tokamak) magnetic approaches. These latter breakthroughs enhance the rate at which the tokamak itself is developed by providing scientific and technological shortcuts to the development of reliable power reactors.”

- “Alternative approaches are now making even more rapid progress than the tokamak. The ZT-40, a Los Alamos reversed field pinch, or “zeta-pinch” toroidal experiment, has achieved several startling breakthroughs during 1981; and with this ZT-40 success, virtually every approach to magnetic fusion developed in the 1950s—the tokamak, the stellarator, the “mirror” confinement design, and the toroidal zeta-pinch—have been demon-



Courtesy of Lawrence Livermore Laboratory

Laser fusion research: the Shiva-Nova system.

strated as a viable route to fusion.”

- “The Tandem Mirror design for magnetic confinement of the hot plasma gas, merely a theoretical concept in 1975, now has gone through demonstration phases and a large-scale Tandem Mirror Fusion Test Facility is being constructed at Lawrence Livermore Laboratory in California, expected to equal or surpass the Princeton Tokamak Fusion Test Reactor by 1985. Furthermore, Lawrence Livermore has designed a Fusion Engineering Device based on the tandem mirror, which could be built for one-third the cost projected for a tokamak engineering device, and within only four years. The building of fusion engineering devices is the core of the next “engineering phase” of the fusion effort mandated in the McCormack bill. However, the OMB and Keyworth task force do not even envision building the mirror test facility already started.”

- “The tokamak has demonstrated the first steps toward self-organized confinement, the ideal situation in magnetic confinement of a hot plasma gas, where currents in the gas itself—not external generators—create the complex toroidal magnetic geometry needed to confine the plasma. The ZT-40 device has taken this a step further, having almost the entire confining magnetic field generated internally to the plasma.”

• “Non-implementation of the funding levels and engineering efforts of the 1980 Fusion Engineering Act will cause the rapidly advancing program to “go over the cliff.” The Princeton Test Facility will come on line in 1982 and almost certainly demonstrate that the mainline tokamak approach can be developed into a breakeven reactor; but none of the other steps needed to realize this is currently being pursued. The Mirror Fusion Test Facility disappears entirely in the OMB’s fiscal-1983 proposal. Britain has unilaterally abandoned the joint U.S.-British follow-up to the ZT-40 experiment, and the only other toroidal confinement system being designed has been cut out of OMB’s 1983 budget.”

If Reagan administration policy is being turned, at the orders of the British science establishment and the Heritage Foundation, away from government-sponsored fusion engineering development, and from government-led *export* of nuclear energy to waiting nations, then the domestic nuclear industry cannot remain a “private enterprise pet project” of an administration contemplating the British-dominated “free market.”

In fact, the past weeks’ sudden turn of the NRC against the nuclear industry was engineered by part of precisely the same Malthusian network—most particularly, by NRC Commissioner Victor Gilinsky. On Nov. 30, when NRC Chairman Palladino, a Reagan appointee and a nuclear design engineer, suddenly attacked the system of international safeguards on nuclear exports in a letter to Congress, virtually implying the United States should stop all nuclear exports, Palladino was repeating the conclusions of a report prepared on Galinsky’s specifications.

Gilinsky is a member of the London International Institute for Strategic Studies, and was Schlesinger’s protégé at the RAND Corporation. Speaking to the Atomic Industrial Forum in San Francisco Dec. 1, Palladino attacked the quality control standards of the domestic nuclear industry. Recently, Galinsky had stated that 20 plants nearing licensing in the United States would be denied licenses due to “poor quality control.”

Only three weeks earlier, Palladino had publicly committed the NRC, based on a report from its staff, to *expedite* the licensing of 33 nuclear plants by 1983. Within ten days, Palladino was announcing the revocation of the license of one of those plants, Pacific Gas & Electric’s Diablo Canyon nuclear unit 1. In between, Galinsky and Peter Bradford, the other anti-nuclear NRC Commissioner, ran a high-profile series of media attacks on Palladino’s expedited-licensing policy.

Meanwhile, the congressional hearings on the Reagan administration’s plans for “public perceptions of nuclear energy,” scheduled for Dec. 1, were postponed with no new date announced—a part of their own script which the Heritage Foundation now wants dropped altogether.

Energy Insider

Financial warfare against the utilities

by William Engdahl

The nation’s electric power utilities are undergoing the most severe crisis since at least the period of the 1930s Great Depression.

This worsening situation is the result of more than 12 years of systematic local and national environmental and other “constituency” obstructionism, combined with almost two years of unprecedented interest rates which have all but killed the long term bond market as a viable capital source for financing construction of new capacity. Perhaps most alarming is the widespread conviction among industry and Wall Street analysts that the Reagan administration’s widely-touted Tax Act of 1981 will make little or no contribution to ameliorating this crisis over the next several years, and could have a slightly negative overall impact.

Current industry utility construction commitments over the decade to the end of 1990 today total some 190,000 megawatts. To put this in perspective, this is an increment equivalent to some one third of total U.S. electric installed generating capacity at the first of this year, and 45 percent of 1980s record peak load of 438,000 megawatts. Even this construction commitment has shrunk dramatically, especially over the last years since Jimmy Carter’s 1977 inauguration. In 1980 alone, various utilities postponed 60 planned generating plants totalling 59,000 megawatts for at least one year because of financial and regulatory problems.

This forward commitment for 190,000 additional megawatts of capacity is a drastic and already dangerous decline from the record high level of such forward commitment of 312,000 MW. That peak was planned by the industry in the 1974 wake of the OPEC oil embargo and ensuing 400 percent oil price rise. Clearly, nuclear power generation of electricity was overwhelmingly the most rational and economical option for the future. In every respect it still is. The problem is we will not see it realized

at the present pace.

A recent and little-publicized study by the U.S. Department of Energy predicts that if the trend of delays and cancellations of plants continues, the United States will undergo electricity shortages beginning in the last half of the 1980s, even assuming absurdly low GNP growth rates in the overall economy. This DOE study is being followed with one, as yet unpublished, titled, "Financial Deterioration of Electric Utilities." According to another study by the North American Electric Reliability Council, over 50 percent of planned electric power capacity has already been delayed on average almost two years.

Projections by the utility industry's research arm, Edison Electric Institute, show that this dramatic forced contraction of forward construction commitment will have devastating impact on the very parameters of "demand" or overall growth of the economy. The very financial requirements of even the cited inadequate growth and replacement commitments, according to the EEI's latest analysis, call for spending of between \$455 and \$485 billion over this next decade. The capital expenditures of the electric utility industry would account for between 10-15 percent of all non-residential fixed investments of the total U.S. economy during the decade.

There is a criminal fraud that has been promoted by Robert O. Anderson's zero growth think tank the Aspen Institute, the Club of Rome, and their ilk. The argument is that reduced "demand" is our top priority. They applaud the rapid collapse of the utility industry at the same time that they funnel millions of dollars into the so-called consumerist movement to insure an actual economic depression. They well understand the central relation of energy as the generator of economic growth. Robert Anderson wants to destroy the generator itself.

The depth of the impending disaster becomes clearer if we extend our view another decade to the year 2000. To maintain a state of even *zero growth* in total primary energy use, which is EEI's so-called "low growth" scenario for the period until the end of the century, our electric utilities would need to order more than 400,000 megawatts of generating capacity over the next two decades. This is more than twice the figure of 190,000 MW now on order. The basic reason for the larger figure is the fact that at least 100,000 megawatts of capacity will need to be retired and replaced, as it will be 40 years of age. In addition, 50,000 MW of present oil burning capacity will have to be replaced. Not surprisingly, the Edison evaluation concludes that "without a marked improvement in its ability to raise capital it is questionable whether the industry can maintain its present forward commitment, let alone fund any new capacity additions."

The administration's Economic Recovery program projections for the beleaguered U.S. economy are premised on an assumed real annual growth of gross national

product (GNP) of 4-5 percent through 1980s. All revenue projections and investment projections are contingent on achieving this growth.

Historically, it is clear there is a vital "leading" relationship between growth in electricity demand and growth in GNP. From 1953 to 1973, electricity use grew roughly twice as fast as GNP. Even with the sustained industrial stagnation in the U.S. economy following the 1973 OPEC price escalation, electricity growth has led GNP by 150 percent. This would mean that to achieve real growth in GNP of 4-5 percent, we must attain electric capacity growth over the next decade of at least 6-7 percent. At present trend, we are adding less than 2 percent annually. The situation is getting worse, not better, every day that prime interest rates stand in the double digits.

"States' rights" and the PUC problem

Vastly complicating this dangerous situation is the fact that historically, regulation of the vast majority of public utility rates has been left to the states. This fact has not been overlooked by the top-level strategists of the cited zero growth think tanks. Traditionally, in times of low interest and inflation rates, utility financing and rate rises were a relatively routine function of providing for future industrial expansion in a region. With the onset of sustained chronic structural inflation over the past years, a systematic targeting took place. Because many were popularly elected, this opened the door for many Naderite "crusaders" to get elected or placed on such regulatory bodies on the basis of their stated commitment to "stop big greedy utilities" from robbing the "poor little homeowner." Perhaps the most aggravated example of such an operation is the California PUC. Since 1973, it has deliberately shifted the burden of rate rises away from residential onto industry consumers. As a result, industrial rates have risen 343 percent in eight years. This has in turn forced industry to leave the state to seek cheaper rates.

One authority on the crisis of the utility industry, Mr. Perry Seiffert, helped organize a seminar on the subject recently to focus the attention of the utility industry, bond houses, government and large industrial users. The most worrisome conclusion, according to Seiffert, a member of the Washington law firm of Doub and Muntzing, is the fact that there is as yet so little awareness of the gravity of the problem. "Nobody on Capitol Hill is on top of the seriousness of this problem yet," he emphasized in an interview with *EIR*. The problem, Seiffert feels, is further complicated by a susceptibility in the present administration to cater to forms of "states' rights" for ideological reasons, making decisive federal action to reverse the degeneration on the state regulatory level highly unlikely.

As a group, in recent years, state regulatory bodies

have dealt with inflation and interest rates by simply denying adequate rate increases or forbidding utilities from including an offsetting of new construction work in progress for new nuclear or coal capacity (termed CWIP) into the current rate base. This CWIP figure at year-end 1980 totalled almost \$65 billion, $\frac{2}{3}$ of it nuclear. Because of the deliberate effort to prohibit CWIP inclusion, no cash can be earned on CWIP funds. With delays due to environmentalist intervention dragging licensing on for up to 14 years, this has resulted in escalating capacity cancellation by utilities as a short-term survival mechanism.

One estimate of the add-on cost of delaying a nuclear plant begun today for a 12 year period, according to Baltimore Gas and Electric, an experienced utility, compared with a more normal 8 year construction schedule, is a cost addition of fully \$1 billion. That is the difference between a \$2.7 and a \$3.7 billion bill to ratepayers, due solely to current interest and inflation charges!

Instead of allowing a construction cost return on investment to be derived from CWIP addition to current rates as the new plants are being built, utilities are generally forced to compensate for cost outlays for construction until the new facility generates electricity by capitalizing the interest and carrying costs and adding this to the *final* cost of the operational plant 14 years from today. This ballooning is termed "allowance for funds used during construction" or AFUDC. Since this is the only remedy generally allowed by state utility commissions, with the exponential increase of interest and inflation rates in the last several years, it is a simple calculation to discover the source of the astronomical "cost overruns" of nuclear projects. Washington State's WPPSS, the largest single bond borrower, is now estimated at a figure of \$23.9 billion for 5 plant units because of AFUDC. At 12-15 percent add-on per annum, this figure is easily reached. While a proposed rule allowing construction work in progress to be included in the rate base is before the Federal Energy Regulatory Commission in Washington, FERC jurisdiction covers only the 10-12 percent of utilities in wholesale or interstate. The rest, almost 90 percent, are state regulated.

The situation is severe enough to lead some to predict necessary "nationalization" bailout to preserve the nation's electric power grid. Whether argued on national defense or other grounds, this is hardly a welcome prospect. But, so long as Paul A. Volcker's policies are tolerated it will soon become academic. The utilities will have closed their doors long since. The prospects for effective change are not bright if Energy Secretary Edwards' assessment is indicative. He recently told the utilities bluntly: "Bailing out the electric utility industry is not on our schedule."

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10. I certify that the statements made by me above are correct and complete. *Marjorie Mazel* editor.



Part II: Stephen Mumford on the American Church

Below is the second and final part of an interview with Stephen Mumford of the International Fertility Research Program in North Carolina, conducted on Nov. 6 by *EIR*'s European Editor, Vivian Freyre Zoakos.

Mumford, the author of an article in the January-February issue of the *Humanist* magazine castigating the Vatican's opposition to population-reduction policies, was identified by *EIR* founder Lyndon H. LaRouche, Jr., in a Nov. 17, 1981 *EIR* article titled "The Jesuits Charge that LaRouche Is 'An Agent of the Vatican,'" as a spokesman for both the schismatics within the Roman Catholic Church who seek to destroy the Augustinian commitment to science and progress, and for their secular counterparts who drafted the *Global 2000 Report/Global Future Report* under the Carter administration, advocating reduction of the world population by some 2 billion people by the turn of the century.

Those circles, including Mumford, wrote LaRouche, sincerely but wrongly view him as an agent of the Vatican, out of wishful thinking that such a characterization would weaken LaRouche's credibility.

In the first part of the interview, Mumford stressed his belief 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 don't think there's any other activity coming under way that is leading more to schism than the Church's opposition to this *Global 2000 Report*." He defends the *Global 2000 Report* as a scientifically based document, and cites his own book, *Population Growth Control: The Next Move is America's*, as an elaboration of his view that world population growth is a national-security threat to the United States.

Zoakos: Returning to the Church for a moment: one comment I wanted to make is that I would like to commend you on the fact that you were able to zero in on the Augustinian tradition as representing the kind of thinking which is the stumbling block to the success of

the population-control proposals. That is the kind of historical depth of thinking that we find very seldom, except among people who are elites in one form or another. Would you comment on how you zeroed in on the Augustinian tradition and the implications of that?

Mumford: Well, I looked for what was inhibiting the birth-control efforts. I looked at many, many different factors over several years, and ultimately I zeroed in on this. I see nothing else having anything like the same impact that this tradition of the Church is having on population-growth issues.

Zoakos: Do you see that tradition as being alive—and if so where—within the American Church?

Mumford: I think that certainly it is alive within the conservative leadership of the American Church, very much so. I think this fanaticism on the part of the ultra-conservative leadership threatens U.S. and global security. Religious fanaticism drives the entire anti-abortion movement. The energy and organization and direction of this movement is derived from religious fanaticism. Notice I said movement. Not all people who are anti-abortion are religious fanatics, but most people who are anti-abortion gain considerable reinforcement from the religious fanatics who lead the movement. Last week I received a memo from another population organization which indicated that population organizations were being infiltrated by the Church for certain purposes. This is religious fanaticism. There is no difference between these fanatics and religious fanatics in Iran, and Egypt, and Saudi Arabia.

Zoakos: I have seen you mention Father Andrew Greeley, I believe in the same *Humanist* piece where you discuss Father Murphy. I have been reading some of Father Greeley's writings lately. First, let me ask if you agree with the views of Father Greeley? I know you share similar concerns.

Mumford: Yes.

Zoakos: Well, I think there are some very shocking moral questions that he raises. I know in one of his books, he talks about the need for priests to be the erotic symbol of the community, and takes off from there. Also, he discusses the Virgin Mary as a sex symbol. I bring this up, because you were talking about religious fanaticism from the conservative side, but, looking at the liberal side, tell me what you think of this type of component morally? Let me add that—as you must know better than I, since you have cited him—I am not putting words into Father Greeley's mouth when I say this. He is quite explicit on all this.

Mumford: I tell you, I haven't read all of Father Greeley's work. He has published 80 books and I've only read a couple of them. I've read other articles that he's written, but I would not want to make any generalizations on his work, because I'm certainly not familiar enough with it to do so.

Zoakos: What about your own work, Mr. Mumford? What do you do to realize your concerns in these matters? What kind of work is the *Humanist* itself involved in, as well as yourself as an individual?

Mumford: Let me first tell you that I was invited by the *Humanist* magazine to publish this report there when Georgetown University elected not to publish it. I do not claim to be a humanist. I'm a rather inactive Methodist and have been for years.

Zoakos: What, then, properly do you consider your work to be?

Mumford: I work in an organization that evaluates new and improved contraceptive technologies.

Zoakos: Which is something very much related to the types of things you are talking about in your writings, it seems to me. Correct?

Mumford: It's related, but rather distantly.

Zoakos: Do you, for example, maintain connections either by attending public forums or seminars, or through private correspondence, or whatever, with Catholic circles in the United States?

Mumford: Yes, but on a very limited basis.

Zoakos: Presumably these being circles which share your point of view?

Mumford: That's right.

Zoakos: Then let me ask you something as an insider in this. How do you see the schism developing in the Church, and how do you gauge the chances of such a thing occurring?

Mumford: I think there is virtually a 100 percent chance it will occur. It's still unclear to me what the mechanics will be, but I'm convinced—from studying this issue for

a number of years—that American Catholics are divided into two groups. In one group you have about 50 million intellectually honest Catholics who think very much like I do. Then, in the other group, you have a couple of million who tend to believe in infallibility and/or are intellectually dishonest, and unfortunately, at this point, the conservative leadership of the Church finds itself very much in this latter group. I have seen signs already that this schismatic movement is taking hold.

Zoakos: What kinds of signs are these?

Mumford: Articles, primarily, and discussions with Catholics. I think it's a matter of time, I think it will move very fast, and—as I said earlier—nothing has assisted in promoting the schismatic movement more than the conservative leadership's attack on the *Global 2000 Report*. I hope that you will read this Volume II. You are obviously very bright and I think that it would be difficult not to come to the same conclusions as the writers of that report. It is not just that there is a thin thread throughout that report. There are so many different projections that make it obvious that times are going to get very difficult, and we're going to pay a deep price in the number of lives of children as the disparity between food supply and numbers continues to grow.

Zoakos: Continuing on the subject of the Church, you cited repeatedly the conservative leadership within the American Church. It seems to me that it would be difficult to have a schism unless the issue of a conservative leadership were dealt with in some way. How do you see that being dealt with? Or are you thinking in terms of 30 to 40 years hence, when we would have, through whatever means, cardinals and bishops in the United States who are not conservative? But you seem to be talking about much sooner than that.

Mumford: Yes, I am talking about something certainly for this decade. I think there is developing a movement within the Church to break away from the existing leadership, and whether or not the group or groups who lead the breakaway will include any of the current cardinals and bishops, I'm not certain. I believe that this movement will include at least some bishops.

Zoakos: Which ones in particular do you have in mind?

Mumford: I wouldn't care to say at this point.

Zoakos: So you are talking about a movement à la Luther? That is, a grassroots groundswell from more local leadership?

Mumford: That's right.

Zoakos: But for such a thing to succeed you would have to have in place some fairly impressive communication networks.

Mumford: I think this communication system already exists.

Zoakos: Do you mean through the publications that already exist?

Mumford: That's right. I think there already exist the groups, both Catholic and non-Catholic, leading the breakaway in communicating with the grassroots. There is a growing awareness that the Church is being very effective in thwarting population-control efforts, and there are tens of millions of American Catholics who recognize that this is suicidal, and are looking for leadership—even breakaway leadership that they can support—and see through this schism the only hope of saving the American Catholic Church—the American Catholic Church and the world Church, which is obviously very threatened by this insistence that population-growth control not be undertaken. At some point I think this movement will move very fast once it starts, because Americans have been educated in large part—not nearly as much as they should be—but there is an awareness on the street that the conservative leadership of the Church is leading the Church to doom. You are aware of the fact that, since 1965, the number of men going into the priesthood has dropped catastrophically. It is now one-fourth of what it was in 1965, a mere 16 years ago, and this is just one symptom of this growing awareness in the United States, that we cannot continue as we are now in supporting this conservative leadership of the Church.

Zoakos: Our thinking on this is that various Catholic educational institutions, including many of the seminaries, are very much a part of the kind of schismatic movement you are talking about. Do you agree with that, and if so, which institutions?

Mumford: Well, I wouldn't want to name any particular institutions.

Zoakos: You cited Georgetown University, for example, as having been the people who commissioned this article of yours for the *Humanist*. Would you consider Georgetown to be a part of this?

Mumford: Well, I think that is pretty obvious.

Zoakos: Yes, we think so also. What about places like Notre Dame University, of Father Hesburgh, who is so very close to Father Greeley and those same networks?

Mumford: I think it's wrong to try to identify a few institutions. I think this movement is coming from certain groups from within all of these institutions, the higher-education institutions.

Zoakos: Are there other, non-Catholic institutions which you see as playing a part in this, institutions such as the Heritage Foundation, which are not Catholic as

such, but which would be involved in this? After all, if we're talking about the Church's stance on population control as being a national-security problem, then you would expect to see institutions in the United States, whether Catholic or not, being involved in trying to deal with the obstruction represented by the Church.

Mumford: I think that certainly there is going to be a growing number of institutions that are not Catholic that will be promoting this schism, due to the fact that the Church is, in its opposition to birth control and abortion, threatening the security of all nations, including the United States. At this point abortion has become a national-security issue. That point is no longer debatable. It is going to be spoken of much more in the near future. It is becoming increasingly apparent that some members of Congress and some members of the administration are recognizing this fact. After all, it takes only simple calculations to show that, in the absence of the 40 to 50 million abortions that take place every year worldwide, the world growth rate would be 50 percent greater than it is today, or about 120 million per year. And if overpopulation threatens the security of all nations—which is rapidly being recognized by more and more people in and out of government—then it follows that those who oppose abortions for those who wish to use it threaten the security of all nations, including the United States.

Zoakos: We in our work have seen some of the institutional connections as being particularly interesting. For example, Georgetown University's diplomatic training school provides something like 50 percent of key personnel for the State Department. It is a well-known fact that it is the State Department from which these population-control policies have originated at the level of government institutions. This is one fact which is especially compelling. Also we have noted, and have been told, of Alexander Haig's connections with liberal Church networks, which we generically term Jesuit. His policy orientation is also very much the one that you are talking about. Would you agree that these kinds of connections are not just accidental?

Mumford: I question whether training at an institution is necessary to arrive at the conclusion that overpopulation is threatening security. I have no such training myself. It is also obvious that abortion has become a national-security issue, and you really don't need to be trained in this. You use a little common sense, and put a few numbers together, and it becomes very obvious. So I think it is more a matter of common sense than any institutional training. Certainly if Stephen Mumford could have arrived at these things without any training, I'm sure a lot of other people could have too. I don't know whether there is any connection between these two or not.

Deregulators gear up attack on ICC

Back-to-back hearings on Capitol Hill in mid-November began to set the climate for further attacks on the trucking industry, the International Brotherhood of Teamsters, and the Reagan administration itself, if it resists further deregulation and destruction of the nation's trucking industry.

Former Carter administration "anti-inflation" czar Alfred Kahn delivered scathing testimony against ICC Chairman Reese Taylor and the Reagan administration at hearings of the Joint Economic Committee on Nov. 17. The hearings were in fact called at Kahn's urging, and may be the opening shot of attempts to "Watergate" the administration around its so-called ties to the Teamsters and organized crime. Kahn charged, "The public—and Congress—have even more reasons to be upset that President Reagan chose to replace Dr. Gaskins [former pro-deregulation ICC Chairman] with a Chairman who enjoyed the active support of the American Trucking Association and the Teamsters—both of them opponents of genuine regulatory reform—and that the newly constituted Commission proceeded in a series of decisions to interpret its mandate under the amended act in a more protectionist, anti-competitive manner than its predecessors. . . . Make no mistake about it: these people are regulators and cartelizers, with a capital R and a capital C."

Kahn's broadside was followed the next day by a meeting of the congressional advisory commis-

sion set up to propose changes in rate-making rules for the trucking industry by January 1983. Chaired by Commerce Committee Chairman and deregulator Sen. Bob Packwood (R-Ore.), whose last service to the administration was to lead opposition to the AWACS sale, the commission includes the author of trucking deregulation, Edward Kennedy. The commission heard the Federal Trade Commission chairman propose the virtual abolition of the rate-making bureaus which allow for the minimal maintenance of an economically viable national trucking system.

Kemp presses Reagan to back E-zones

Aides to Rep. Jack Kemp (R-N.Y.) report that he has stepped up pressure on the White House to back his legislation to create urban free-enterprise zones modeled on the low-wage Hong Kong economy.

A special administration task force on enterprise zones finally met with the President to deliver its recommendations on Dec. 2. Capitol Hill sources report that the task force couldn't agree on a single proposal and instead presented two versions, one developed by the Treasury crew and a second by Housing and Urban Development people. Both proposals differ on points with the bill introduced by Kemp and Rep. Robert Garcia (D-N.Y.). The Treasury proposal reportedly cuts out tax incentives to encourage the hiring of workers within the zone from CETA or welfare rolls. The HUD proposal

includes this tax incentive but at a lower level than in the Kemp bill. Significantly, the task force backed a key Kemp proposal to allow areas designated as enterprise zones to become free-trade zones as well. Under this plan, low-wage light-assembly plants could be set up to produce items whose components could be made in foreign countries or whose product would be exported without tariffs.

But Kemp's aides worry aloud that the White House task force wants to limit the number of zones, running the risk that the proposal will be termed token or experimental.

While Kemp has issued a public warning that the administration should not water down his proposals, he fully expects to work out a jointly approved plan with the White House. The problem, these aides say, is that the White House has "dragged its feet for too many months on this." They worry that by the time something is finally worked out, it will wind up right in the middle of next year's fight over the budget. "We want something passed this year," said a frustrated Kemp aide. "We put together a bipartisan coalition and now the White House might fumble everything away."

Kemp, who has received his prompting on the bill from the Fabian Society networks who control the nominally right-wing Heritage Foundation, is said to think that if a general bill were passed through Congress, radical plans for privatization of services within areas designated as zones could be carried out on a local level. Some individuals involved with the

White House task force, such as Undersecretary for Policy Emmanuel Savas, wanted this and other things spelled out. Kemp's aides say that internal bickering and lack of focus delayed the task force. Now there must be yet another meeting of the task force next month to see if it can agree on a single proposal.

Senator calls for nuclear export moratorium

Barely a week after budget-cutter David Stockman's proposal to shut down the nuclear export section of the Commerce Department became public, leading Senate liberals launched an attack on nuclear exports from a different angle. In testimony before a sympathetic Senate Foreign Relations Committee on Dec. 2, Sen. Gary Hart (D-Colo.) called on the Nuclear Regulatory Commission (NRC) to "suspend all exports until it is confident of the adequacy of International Atomic Energy Agency (IAEA) safeguards." Hart, who is the ranking Democrat on the Environment and Public Works Nuclear Regulations Subcommittee, was testifying at a hearing called at the urging of Sen. Alan Cranston (D-Calif.), an ardent supporter of the Malthusian Global 2000 perspective, in the wake of an NRC announcement that it was considering revising its own export-licensing standards because of determined inadequacies in IAEA safeguards. Hart called the IAEA safeguards a "façade" which are used to "legitimize U.S. international trade" in nuclear technologies.

The NRC announcement that had precipitated the hearings came in a Nov. 27 letter from Commission Chairman Nunzio J. Palladino to the chairmen of several congressional committees which oversee nuclear regulation and export. The letter charged that IAEA safeguards "would not detect a diversion [of weapons-grade materials] in at least some types of facilities."

The Senators' anti-nuclear export drive was given open backing by Richard T. Kennedy, Undersecretary of State for Management and Alexander Haig's ambassador to the IAEA. Testifying before Percy's committee, Kennedy said that, in his opinion, the ability to detect diversion of nuclear fuels to military use "is not generally attainable" by the IAEA.

Major science hearings upcoming

The House Science and Technology Committee, chaired by Don Fuqua (D-Fla.), will hold what one aide called the "most important hearings we will hold in the next decade" on Dec. 10. The hearing is intended to be a major discussion of U.S. science and technology policy and what it must be. This hearing will be the kickoff to follow-up sessions planned for Feb. 2 and 3.

Lead-off witness will be George Keyworth, the President's science adviser. He will be followed by the two previous science advisers, Frank Press and Guy Stever.

"This is perhaps our most important hearing—it will deal with

the grand cosmic scope of things," declared an aide on the committee. "We will be asking searching questions. The first ones will be on the role of the federal government in science and technology. The second will be the fact that the budget document is a major statement of policy, given the major changes the document indicates, we want to know the impact it will have on science programs in the United States and on our technology, which has given the world its high standard of living."

The legislators intend to grill Keyworth about how the administration will determine which high-energy physics programs it will back, whether the administration is concerned about the lack of science-education programs in the country, and whether Keyworth really wants to eliminate all planetary exploration programs for the next decade.

In what committee staffers believe was an effort to set the stage for these hearings, Keyworth had a luncheon meeting with the *Washington Post* Dec. 2 and went into a major attack on NASA planetary exploration programs and general science-education programs. Keyworth announced that he has recommended halting all new planetary space missions for the next decade and using any available funds in the space program only for the experimental payloads on the Space Shuttle.

Keyworth criticized the administration's cuts in the social science budget while calling the science-education programs "ineffective" and announcing that they will be ended by 1982.

Libertarian politicians proliferate in Texas

The Libertarian Party is out to launch an electoral force in Texas comparable to radical environmentalist Tom Hayden's Coalition for Economic Democracy in California, with a free-market twist for Texas. The Libertarian movement is backed by Robert O. Anderson, the Atlantic Richfield chairman who runs the Aspen Institute.

Their most blatant success thus far has been the November mayoral election in Houston, where a coalition of liberals, homosexuals, and libertarians elected Kathy Whitmire. At the same time, the "cowboy" version of British liberalism ran sufficiently rampant to defeat the Clayton water development bill and the Austin nuclear energy project.

In Houston, three card-carrying Libertarian Party members were elected to the Harris County School Board, running on a slick free-market pledge to trim bureaucracy, which is in fact a foot in the door for their program of dismantling public education.

In a post-election interview, one of the three, Bill Fraser, indicated that the party intends to establish a precinct-level machine in Texas and work actively through the state legislature to pass their programs if they are stymied locally.

National mobilization to stop euthanasia

Mel Klenetsky, former New York City Democratic mayoral candidate and a spokesman for the National Democratic Policy Committee (NDPC), announced this week that he will lead a national effort to ensure Congress vetoes the District of Columbia's Natural Death Act.

Congress must pass a "resolution of disapproval" against the act by the end of January to prevent it from becoming law.

Pennsylvania, New Jersey, and Delaware also have euthanasia bills pending.

Said Klenetsky, "At the Nuremberg trials after World War II a prominent U.S. physician, Dr. Leo Alexander, testified that widespread genocide started with small beginnings by Nazi doctors in the euthanasia movement. The concept of "a life not worthy to be lived" was applied first to the "severely and chronically sick." This led to the mass murder of the mentally ill under "Action T-4" until 1942 when the "lives not worthy to be lived became Jews, Poles and any opponent of the Nazi leaders," Klenetsky charged.

Spokesmen for the NDPC scheduled a press conference on Dec. 3 outside the offices of Sen. Charles Mathias (R-Md.) to announce the committee's national campaign against the Natural Death Act, D.C. Act 4115. Mathias chairs the Senate subcommittee on the District of Columbia, and will be put on the spot to introduce a resolution of disapproval in Congress. Mathias is a supporter of the Global 2000 depopulation doctrine.

Murdoch's *New York Post* upset about LaRouche

The tabloid daily *New York Post*, owned by Anglo-Australian press baron Rupert Murdoch, on Dec. 1 carried a banner page-three article titled "Neo-Nazis Smearing Lawe's Rivals in TWU." The background to the article is that the *Post's* British intelligence controllers have been disconcerted by the National Democratic Policy Committee's counter-attack against the *Post's* scandalmongering attempts to wreck the Transit Workers' Union (TWU), whose current chief, austerity opponent John Lawe, is up for re-election against a crew of "dissidents."

Post author Guy Hawtin charges that "neo-Nazi party workers have mounted a massive propaganda campaign aimed at smearing Lawe's opponents . . . claiming union reformers are backed by 'big business interests' who want to destroy

New York. . . there are thousands of leaflets in every [subway workers'] depot. . . ." This refers to a leaflet issued by the TWU leadership using NDPC documentation of connivance between Hawtin and New York's Global 2000 de-urbanization networks to dump Lawe. Hawtin has been in charge of scripting *Post* attacks on Lawe and the union.

Moldea outlines war against Reagan

Dan Moldea, the Walter Sheridan protégé connected to the Institute for Policy Studies, has outlined in an interview provided to *EIR* his scenario for the destruction of the Reagan administration through the current wave of scandals aimed at top Reagan administration officials.

Earlier this year Moldea had read a two-hour presentation at a forum sponsored by the Institute for Policy Studies, on the "organized-crime connections" of the Reagan administration.

In the interview Moldea stated that Reagan's National Security Adviser Richard Allen was dead politically; that Labor Secretary Raymond Donovan would not last more than 60 days because of his involvement with indicted Long Island Teamster official Harry Gross; and that CIA Director William Casey was next on the hit list for links to organized crime.

While proclaiming with relish the impending destruction of the Reagan administration, Moldea sang the praises of FBI Director William Webster for promoting the Abscam-style "sting" entrapment operations against politicians and the labor movement, and bemoaned the "raw deal" Webster was getting in the news media because of his conversation with Richard Allen.

Moldea said that the Reagan administration was handling organized crime with "kid gloves" and that Webster was the only person in the administration who was interested in investigating the "mob."

Briefly

Moldea also said that he was to be the "spokesperson" for the independent truckers' movement connected with Bill Hill in an upcoming truckers' strike supposedly timed for around Christmastime. Moldea's mentor, Kennedy Justice Department operative Walter Sheridan, said that it would take something like the truckers' strike to really rev up the scandal against Reagan because of his likely support of the Teamsters' Union against the independents, which could be played by Reagan's enemies as a "political conflict of interest."

Watt undercutting resource development push?

Interior Secretary James Watt astonished the press corps in Houston on Nov. 24 by mouthing the argument of the environmentalists he allegedly opposes in defense of a stand against a plan to bring water from Alaska.

"The environmental impact would be horrendous. That, combined with the astronomical cost involved, means that I will not allow a single penny to be spent out of my department to even study the idea of transferring water from Alaska to Canada," Watt stridently asserted to the shocked press.

Watt's emphatic stand against the NAWAPA concept—revealed publicly for the first time at the Houston press conference—contradicts interest expressed by others close to President Reagan in reviving a study of the Alaskan water option.

It also coheres with other views expressed by the Interior Secretary which are causing many pro-growth observers to begin to have second thoughts about Mr. Watt.

For example, in his speech to the Houston Forum, Watt insisted that everything he stood for was ultimately aimed at preventing the federal government from unleashing a "Manhattan Project-style" program to develop the nation's energy and natural resources.

Watt related his views on this in the

following way: "If we don't act now to turn some federally held lands over to private hands for exploitation of natural resources, then within 10 to 20 years we will be faced with a national energy shortage crisis, such that will force the federal government to come in and destroy the environment of the West in order to force the development of needed energy resources.

"I saw it when I was on the Federal Power Commission during the severe winters of 1976 and 1977, when a million jobs were lost and real energy shortages threatened the Great Lakes and Northeastern states. Then, the government would have done anything to get the energy it needed."

Speaking like an environmentalist at that point, Watt then declared, "If that happened, then my homeland [Wyoming] would be raped by the government.

While Watt's promise to release federally held lands for private exploitation is appealing to pro-growth interests, it also thwarts the ability for real economic growth, especially in the West. This view opposes the "dirigist" role which everyone who has been involved in the real history of how the West was developed knows the government must play.

Without water resource development, there is no real economic development, as the development of the West proves. Such development always requires strong government support.

Yet, Watt shrugged his shoulders and grinned when asked what words of comfort he had for farmers in the High Plains who are faced with ruin if no new water is provided.

"Nothing will be done at least until the end of the decade," he said. "But that's all right. It will take that long for a real crisis to provoke something getting done."

Even then, he noted, water development would come only as a partnership of state and private interests as a condition for government involvement.

Water from Alaska? "It is the furthest thing from my mind. I won't spend a penny on it. It will ruin the ecology," he says.

● **JIMMY CARTER** has formed a new political action committee which will raise money for Democratic candidates and for causes such as human rights and Mideast peace. The former president said in a letter released Dec. 2 that the PAC "in no way is for my own political career," but instead will focus on supporting environmental quality, arms control and "a humane approach to fiscal responsibility." Unconfirmed reports indicate that Carter's PAC will be named "Peanut PAC," or PEAPAC for short.

● **EDWIN L. DALE, Jr.**, the Director for Public Affairs of the Stockman OMB, co-authored a pamphlet on economic and budgetary policy in 1976 with Donald Lesh, the Executive Director of the U.S. Club of Rome, *EIR* investigators learned recently. Dale is a former *New York Times* columnist who in 1971 confessed in print that he had no idea what to do about economic policy.

● **PROF. MEL BRADFORD** of the University of Dallas has been endorsed by 16 Senators to head the U.S. National Endowment for the Humanities, although he praises "moral indifference" toward slavery and, according to columnist George Will, he likened Abraham Lincoln to Adolf Hitler. Lincoln, claims Professor Bradford, "undermined our inherited constitutional system" by replacing "positive pluralism" with a "uniformitarian" doctrine.

● **CORRECTION:** In our Dec. 8 issue, two names were misspelled in the article on the U.S. Club of Rome conference in Washington, D.C. The Club of Rome member in the Defense Department referred to as Donald Dewitt is Dr. Darnell M. Whitt II. George Burris is in fact George Bird of the Fusion Power Company in New Jersey.

Editorial

U.S. mission to stop fascism

"It is a little bit disconcerting that the same shock-troop kind of tactics stand at the end of one's life as I have seen as a very young person in Berlin in '29, '30, '31," space scientist Krafft A. Ehrlicke remarked at the opening of a talk on the future of space development given in New York City Nov. 28. Dr. Ehrlicke, who played a key role in the U.S. space program, was referring to the mindless environmentalists, enraged against his advocacy of nuclear energy and space industrialization, who had kicked in the doors at several of his forums during a just-concluded tour of Western Europe.

These are the "green fascist" shock troops whose rise in Germany is reported in our Special Report this week. Like the original Hitler Youth, they are deployed in the service of an oligarchical conspiracy, directly involving Europe's royal families, to trigger a new Holocaust that will make the Nazis' pale by comparison. Dr. Ehrlicke reported that he had challenged those of his "green" opponents who had enough brains left to verbalize their objections with two simple questions. First, do you agree that there is a problem? Second, what is *your* solution?

The problem, as Dr. Ehrlicke put it eloquently, is that 12 million infants die every year in the Third World because of lack of food, energy, health care, and social services. There is no solution except nuclear energy and the rapid development of fusion energy.

The "alternative" is a conscious commitment to genocide. The scale of the murder envisioned by the green-fascist movement is at least 2 billion people—the figure for reduction of population projected in the *Global 2000 Report* prepared by the Carter administration and backed by the Haig State Department.

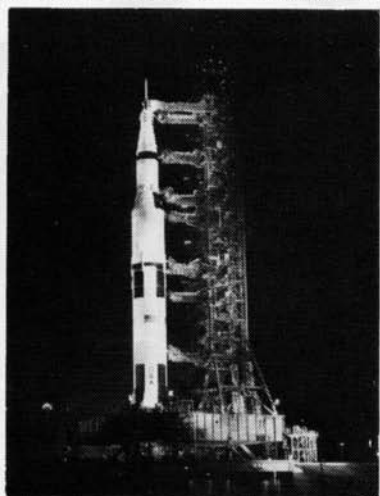
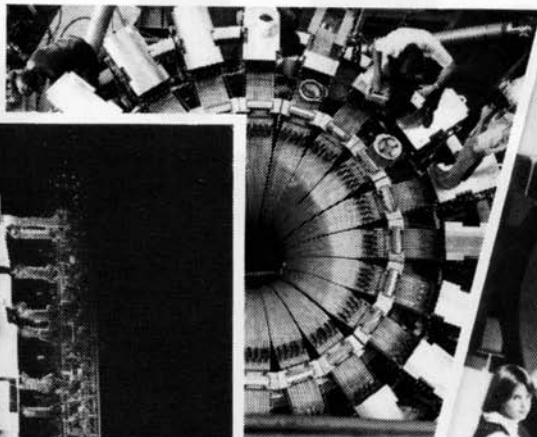
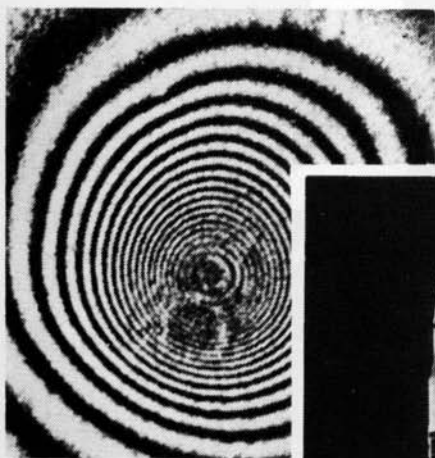
Four leaders of the violent green movement in Europe have recently been brought to the United States sponsored by Citizens for a Sane Nuclear Policy, for a week-long speaking tour to promote the

creation of a parallel fascist movement here. Featured in the group is Karl-Heinz Hansen, a leftist West German parliament member named last year by *Der Spiegel* magazine as a former member of Adolf Hitler's elite Werewolf organization, established at the end of World War II to carry forward the will of the Führer after the collapse of the Third Reich. Flanking Hansen were Petra Kelley, a former aide to Sen. Edward Kennedy who moved to Europe and became head of the West German Green Party; Kurt Bastian, a retired European commander; and Josephine Richardson, a member of the British Labor Party.

Hansen began his U.S. appearances at the Unitarian Church in Princeton, New Jersey on Nov. 30. "The Green Party is against nuclear power because it does not improve the quality of life, but raises the standard of living," Hansen said. He laid out a scenario for "complete transformation of the political system in Germany by the 1984 elections." The current riots are designed to "pressure the major political parties" until they "change their outlook"—renounce technological progress and growth. Hansen and his three associates presented an all-day forum sponsored by the same Edward Kennedy on Capital Hill on Capitol Hill on Dec. 2.

The United States, which welcomed German-born scientists like Dr. Ehrlicke after World War II, has a special obligation to defeat the new Nazi movement. The return of this country to a policy based on the principles of what Alexander Hamilton called "the American System" is the best hope that our still-immense industrial resources can be applied to turning back the Dark Age. As Dr. Ehrlicke emphasizes, there are no limits to growth provided mankind utilizes nuclear energy and conquers outer space. With this national mission, we can nip the green fascist movement in the bud here—and strengthen the resistance to the new fascism in Europe.

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