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EIR

From the Editor

Our Special Report this week inaugurates the serialization of *EIR* founder Lyndon H. LaRouche's article on systems analysis, a dogma whose assumptions are at the root of both the deployment against economic growth worldwide, and the step-by-step "common-sense" acceptance of U.S. industrial devolution on a scale that, seen from the vantage-point of 20 years ago, would outrage any executive.

Systems analysis, as we document, was disseminated by the Club of Rome and its parent, NATO's civilian policy-making body, the OECD. Not only was Aurelio Peccei a very high-ranking official in NATO at the time he co-founded the Club of Rome, but in 1969, NATO itself set up its own environmentalist branch, known as the Committee for the Challenges of Modern Society. The CCMS is still active today, and NATO Secretary-General Luns makes periodic statements about the environment as a major NATO concern.

In May 1974, the Agnelli family sponsored a week-long exposition called "Environment '74" in Turin, home base of the Agnellis' Fiat, of which Peccei is a former executive. The high point there was a CCMS plenary, presided over by Luns himself, featuring Russell Train, now the U.S. head of the World Wildlife Fund.

NATO sources report that Alexander Haig received his own tutoring in environmentalism through the CCSM in Europe, when as Commander-in-Chief he was frequently photographed in the company of Fiat chief and arch-environmentalist Gianni Agnelli. Both Gianni and his brother Umberto are married into the aristocratic Carraciolo family, which presides over Italy's largest pro-Socialist press empire. Brother-in-law Prince Filippo is a chronic sight at anti-nuclear and "peace" demonstrations, cutting a bizarre figure as a middle-aged individual in Indian war-paint with a hammer and sickle painted on his forehead. Such are the ties that bind the Malthusians.



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To Our Subscribers

Many of you are continuing to receive telephone solicitation from an unsavory group operating out of Detroit which were formerly distributors of *EIR*. These people are seeking subscriptions to a newsletter called Producers & Investors, and in some cases they are soliciting business investments of a questionable nature. In many cases these people are representing themselves as *EIR*, or are telling you that they have purchased *EIR*'s subscription list. This is a lie. These people have no affiliation whatsoever with *EIR* or with *EIR*'s founder, Lyndon LaRouche. They have in fact abandoned the principles

for which Lyndon LaRouche and this publication stand, and have thrown in their lot with the evil forces of Dope, Inc. and the Global 2000 genocide lobby.

The Detroit group operates under the name of Inform America, Inc. If you are contacted by this group and are asked to subscribe to Producers and Investors, Parity Newsletter, American Labor Beacon, or to invest money in businesses such as Renaissance Printing or Computype, please advise us immediately. And do not allow any charges for *EIR* to be made payable to Inform America or any Detroit-based entity.

Special Report



Ervin Laszlo of Unitar (far left), a systems-analysis specialist, and Aurelio Peccei, Club of Rome co-founder (second from right).

Courtesy of the United Nations

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A new monetary system for a depression decade?

by Renée Sigerson

Reports arriving from Western Europe indicate that during the week of Dec. 6-10, in a series of non-stop meetings in Basel, Switzerland, the Bank for International Settlements (BIS) has launched a serious effort to set up some kind of "new international monetary system." As the news of this private central bankers' conspiracy sinks in among influentials in such capitals as Washington and Bonn, one hopes there will be some outcries against the presumption of the BIS in undertaking a new world monetary arrangement without even bothering to consult with the sovereign governments concerned. For those protests to have some meaning, however, it is necessary to take account of the urgent economic questions which are the backdrop to the BIS affront.

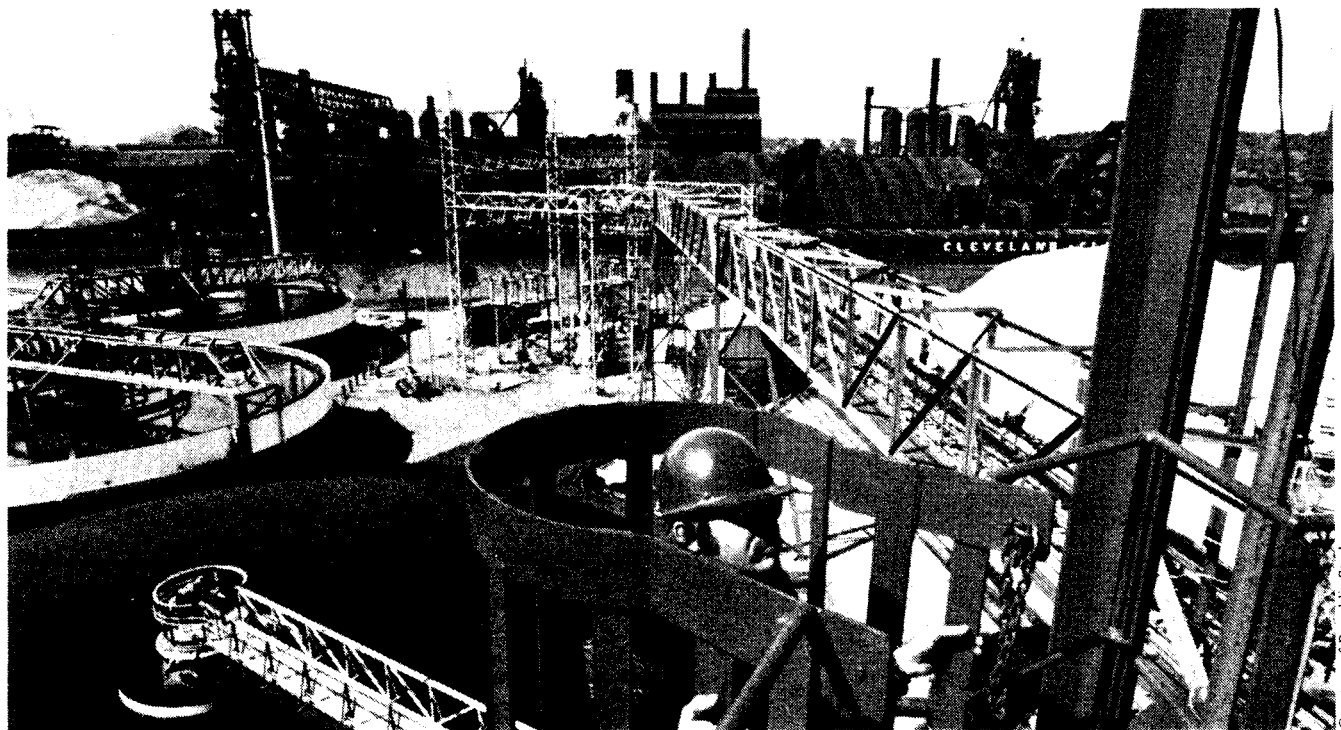
European press accounts and *EIR* interviews document that the major item on the agenda during those BIS deliberations was the precipitous collapse of the U.S. economy into "deep recession" (i.e., depression), and the way that the U.S. economic downfall is driving Europe into a similar economic collapse. "The length and severity of the U.S. recession . . . has become a key issue for the policy of central banks in general," Germany's *Süd-deutsche Zeitung* noted Dec. 10 about the BIS event.

Keeping in mind that the BIS was founded in 1931 on the recommendation of an elite grouping of European financial-oligarchical interests to "crisis-manage" the Great Depression, it is no surprise to discover that the content of the BIS's scheme amounts to nothing more than using the economic tailspin of the U.S. economy to

lock the rest of the world, irretrievably, into a 1980s Second Great Depression.

What the central bankers have agreed to do is to "coordinate" interest-rate, foreign-exchange, and credit-tightening policies in such a way that at each point that the U.S. economy ratchets downward toward economic standstill, increasing margins of austerity can be imposed on European industry and labor. Commenting on this "coordination" scheme in the Dec. 10 *Financial Times*, correspondent Samuel Brittan pronounced that "a new world monetary system is coming into being" as a result of these agreements. Emphasizing that U.S. Federal Reserve chief Paul Volcker—whose interest rate strangulation of U.S. credit since October 1979 has been the primary trigger for the current onset of global depression—is completely in agreement with the BIS plan, Brittan adds that the character of this new system is that it entails "returning, by a very different route, to a dollar-based system."

In other locations, the new central bank plan has been described as a scheme to link the dollar with the European Monetary System (EMS), the eight-member currency-stabilization bloc which has existed since March 1979. According to the London *Economist*, last week the Belgian government began circulating a proposal to member governments of the European Community, suggesting that pressure be exerted on Washington to hand control of the U.S. dollar exchange rate over to EMS authorities. The Belgian proposal, originally



Courtesy of Republic Steel

The BIS plan: to derail the dollar and submit U.S. industry to '30s-style contraction.

drawn up by Louvain University Professor Robert Triffin, would entail the U.S. Fed exchanging approximately \$15 billion in foreign exchange lines of credit (called swaps) for European Currency Units, the accounting unit used within the EMS. Should the Fed want to intervene on international foreign exchange markets to protect the U.S. dollar, the ECU-denominated swaps would require the Fed to inquire from the EMS authorities on which European currency it would be permitted to use to perform the intervention. Normally, the currency used for U.S. protection of the dollar is the German mark. If the BIS clique, which at this point largely controls the EMS, could order the Fed to, let's say, instead intervene in Dutch guilders, the BIS would by default have gained control over setting the dollar's exchange rate in relation to every currency in the world.

The BIS manipulations to assert control over the dollar are receiving support from some circles in Washington worth naming. In the last month, a new financial think tank has been created in Washington called the Institute for International Economics, with funding from the zero-growth foundation, the German Marshall Fund (see *EIR*, Dec. 15). The chairman of the IIE is former U.S. Treasury Undersecretary C. Fred Bergsten, who IIE economists report has been working on a global program for a "multi-currency reserve system" for some years, and has brought this whole project now into IIE. The IIE profiles itself as the operation which is striving now to "fill the vacuum" in U.S. foreign economic policy

deliberations, and the core of its recommendations center on making the International Monetary Fund (IMF), the old Bretton Woods emergency lending institution which effectively is an instrument now of the BIS, the central coordinating instrument for global crisis-management of the world economy over the next decade.

Is Washington sleeping?

To what extent are U.S. government officials aware that Europe's Venetian-British oligarchic axis, which runs the BIS, thinks the time has come for them to take control of the U.S. dollar?

Inquiries into U.S. government offices this week revealed that there has been much more alarmed discussion over the Triffin proposal, the Belgian efforts, and talk of linking the dollar to the EMS than most observers would expect.

One official source reports that it is the unstated but official policy of the Reagan administration to reject any proposal for linking the dollar to the EMS. The problem is that Washington has done this on the basis of proposing, as an alternative, that governments simply leave currencies to "free-market forces" and do nothing to rectify the world monetary system.

It has been a pathetic indication of the crisis in the Reagan administration that since April, the United States has had an official policy called "non-intervention" on foreign-exchange markets. The chief spokesman for this policy has been Treasury Undersecretary

Beryl Sprinkel, a Friedmanite economist. Sprinkel and his do-nothing policy have become objects of ridicule throughout European financial circles, helping to convince even such serious pro-American European leaders as West German Chancellor Helmut Schmidt that because of the gravity of the world economic crisis, they have no choice but to at least make concessions to the BIS as a form of "crisis management."

The effect of Sprinkel's ideological stance on European policy-making was shown in a benchmark speech given in Paris at the end of last month by German central bank head Karl-Otto Poehl. It is known that Poehl personally acts as a mouthpiece for the BIS; and his name appears on the Board of Directors of the IIE set up to manipulate Washington by the German Marshall Fund.

Nevertheless, Poehl's remarks, cited here, signal that Schmidt—who periodically clamps down on Poehl's public statements—sees his options for reaching out to Washington on economic policy narrowing with every passing week. Poehl stated:

As the year draws to a close, perhaps the only good thing we can say about it is that "the crash of '79" has not occurred. . . . 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.

After documenting the economic ills hitting Western economies, Poehl then attacks Western governments for refusing to engage in enough crisis-management. "Government policies have often made problems more intractable rather than helping to solve them," he continued. "They have often encouraged resistance to change because they nourish illusions about government ability to deal with difficulties where that ability simply does not exist." Poehl concludes with a first-time-ever endorsement by a high-ranking German spokesman of the Belgian plan to make the ECU "the forerunner of a common European currency," the companion idea to linking the dollar to the EMS under BIS control.

Since that speech on Nov. 27, although Poehl's remarks still do not represent official German policy, a series of informal deals have been carried out among European central banks which amount to a stepping-stone to formally using the ECU as a currency bloc to fix the dollar.

Last week, within days of each other, the German, Swiss, and Dutch central banks lowered market-setting discount rates in a coordinated action aimed at putting emergency liquidity into their banking systems. It was following these moves that on Friday, Dec. 4, the U.S.

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Fed funds rate, for the first time in months, broke the psychological barrier of 12 percent.

As an informed German banker emphasized in the wake of this test case for crisis-management, "the main point is *not* to pass lower interest rates on to the economy" in these countries, "but rather just to plug the holes which would rip open in the financial system if rates stayed too high."

A French government official commented on the whole exercise by describing the intentions in this deal of Finance Minister Delors, a figure whose role in the BIS gameplan can best be described as that of a Jacobin who hopes to use the BIS's controlled depression to drive France back into a pastoral condition. The French official stated that "what Delors would like is a kind of interest rate 'snake', a coordinated policy on interest rates. But he thinks this will be difficult because setting interest rates has been one of the main means of action by national governments. He thinks governments will not want to abandon" this power.

Washington's maneuvering room

There is little encouragement to be had from the meeting being held the week of Dec. 7-11 between members of the U.S. cabinet and the top bureaucracy of the European Community. Through a series of manipulations arranged by State Department zero-growth spokesman Meyer Rashish in late November, on Dec. 11, Secretaries Haig, Baldrige, Block and Special Trade Representative Brock converge in Brussels for consultations with EC Commission head Gaston Thorn and EC Industrial Commissioner Count Davignon.

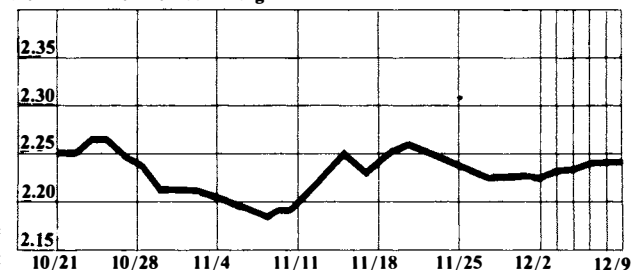
The meeting, unfortunately, is expected to do nothing more than launch a condition of near trade war between the United States and its European allies. The U.S. representatives are expected to go into the meeting with a long list of grievances about European producers' dumping of steel and agricultural goods on the U.S. market. Davignon has already prepared a "crisis-management" solution to these problems, which would entail cartelizing world production on these markets, a type of European-U.S. parcelling out of a shrinking world economy which fits perfectly into the BIS's emergency currency-management scheme.

If Washington is to extricate the West from this catastrophe, it will first have to recognize the gravity of the *global* crisis underway and then take the necessary steps to build bridges to those Europeans like Schmidt who genuinely want an economic recovery. One German banker who disagrees with the BIS gameplan told *EIR* Dec. 9, "About the only thing you can hope for is that things in the United States develop such that Reagan can finally point at Paul Volcker, and make him responsible for social turmoil and mass unemployment, and force a change of policy."

Currency Rates

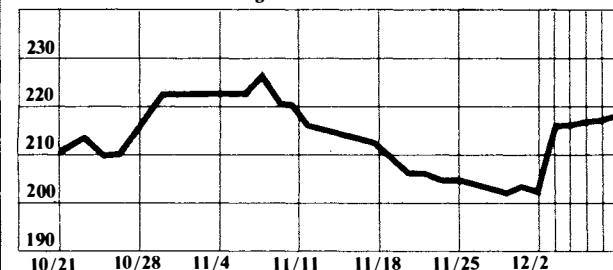
The dollar in deutschemarks

New York late afternoon fixing



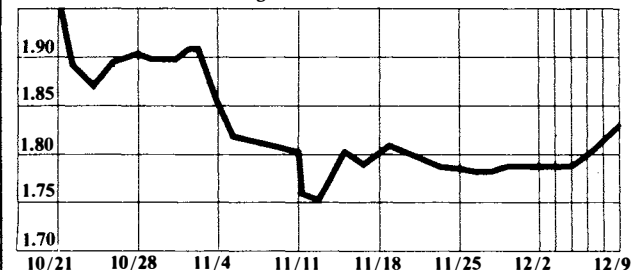
The dollar in yen

New York late afternoon fixing



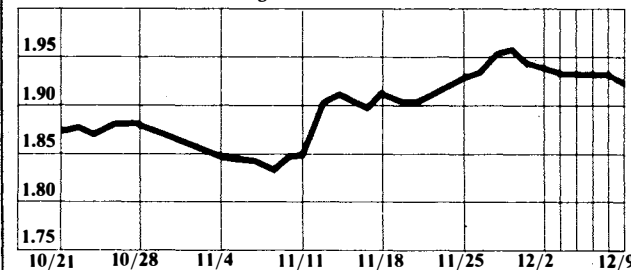
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Volcker's interest-rate pressure throws Mexico into a debt squeeze

by Timothy Rush

Mexico is now close to surpassing Brazil as the Third World's most indebted nation. Finance Minister David Ibarra, in his annual presentation to congress at the end of November, announced that the 1981 current account deficit is now officially estimated at \$11.0 billion, up over 65 percent from last year's already surging \$6.5 billion. That \$11 billion is being covered by new public sector foreign borrowing. When some additional longer-term capital account borrowing and flight capital losses are figured in, the total *net* public sector borrowing in 1981, according to World Bank estimates, will be on the order of \$14 billion—something like double the previous record.

Total public and private foreign debt, long and short term, is being pegged at \$64 billion—up from perhaps \$47 billion a year ago.

This explosion of debt, at a moment when Mexico's oil-export revenues have hit a "ceiling" unlikely to vary for at least a year, has greatly increased Mexico's vulnerability to political pressures from international financial entities. In fact, for the first time since the 1976-77 recession, these layers have begun to talk openly about putting "conditionalities" on further Mexican borrowing, with an eye to shaping Mexico's domestic economic policies away from the country's current commitment to ambitious industrial growth. An important straw in the wind was the Nov. 29, 1981 report in the Mexican daily *El Sol* that the International Monetary Fund (IMF) is now preparing a confidential report on the Mexican economy, designed to shape domestic Mexican policy in 1982. Their hope is to significantly dictate the policies that will be adopted by Miguel de la Madrid, who will become the next President of Mexico on Dec. 1, 1982.

Mexico went to the IMF for a \$3 billion bail-out in the dark days of October 1976, but made it a point of pride to end the agreement at the earliest possible moment—and in fact pre-paid its final repayments in 1979. There is no desire in Mexico to have a repeat of those days.

How did it happen?

A pincers action—the Volckerization of international interest rates on one side, and the weakening of Mexican oil exports on the other—accounts for the debt

run-up almost in its entirety.

One of the quickest ways to see the direct effects of the Volcker operation is to separate out interest payments from the rest of Mexico's foreign obligations. As can be seen in Figure 1, interest payments on the public sector foreign debt took off after 1979. The leap from 1980 to 1981 is \$2.3 billion, over 60 percent in one year. On top of this \$6.2 billion on the public side (which, in the Mexican case, covers both government borrowing and a large portion of private sector borrowing, backed by the government through agencies such as Nafinsa), there is the direct private sector foreign borrowing of \$2.4 billion. *The charges for interest alone in Mexico's 1981 current account are \$8.6 billion.* In 1979, before the Volcker run-up, they totaled \$3.5 billion.

A breakdown of the current accounts shows that the interest run-up accounts for almost the entirety of the increase in the current account deficit from 1979 to 1980—the first full year of the Volcker regime—and the largest part of the increase from 1980 to 1981.

Mexico's current account deficit in 1979 was \$4.9 billion; it rose to \$6.6 billion in 1980, an increase of \$1.7 billion. The deficit on trade account hardly changed in the two years—\$3.2 billion in 1979, \$3.3 billion in 1980. Likewise, items on the service account either stayed the same or cancelled each other out—except that of "net financial services," which is primarily the debt category. Here the net outflow leaped \$1.5 billion—almost exactly matching the \$1.7 billion increase in the current account as a whole.

The 1981 figures tell much the same story, with the \$3.4 billion run-up in interest accounting for the bulk of the estimated \$4.4 billion increase in the current account deficit.

The interest-rate bulge has forced two changes in the Mexican debt profile. The first is a trend toward channeling all repayment resources into meeting interest alone, while amortization is rolled over. Figure 1 shows that amortization made a sudden leap in 1979, when Mexico prepaid its IMF accounts in order to free itself from even token IMF control. After that, amortization drops back to levels lower than 1978—while interest payments surge ahead.

Figures released by Planning and Budget Minister

Ramon Aguirre in his late November companion presentation to Ibarra's to the congress (Figure 2), indicate this trend continues into projections for 1982. Amortization costs are slated to increase only 12 percent; interest, 49 percent. Aguirre's figures include domestic debt, which has risen to even higher interest rates than foreign debt in order to keep capital within the country.

At the same time, there is a trend back toward short-term borrowing, after a successful refinancing effort toward longer maturities in the early part of the López Portillo administration. In 1979, Mexico's net short-term indebtedness on capital account was in fact negative. Then in 1980 it leaped to \$3.3 billion, and some analysts believe it could well top \$5.0 billion in 1981.

The other side of the "pincers" began to squeeze in May and June 1981, when a number of Mexico's foreign oil purchasers coordinated tactics to drive down Mexico's prices and deliver a "reverse oil shock" to the Mexican development efforts. Exports fell by a full 50 percent for several months and only regained the target 1.4-1.5 million barrels per day level in late October.

Most estimates place Mexico's lost oil revenues for this period in the \$4-5 billion range. Finance Minister Ibarra reported a \$7 billion loss in his November speech, a figure dismissed by IMF sources as "politically motivated," but an additional confirmation of the magnitude of the shortfall.

One of the places where the shortfall immediately shows up is in the balance of trade figures. As of now, analysts at the World Bank calculate that 1981 exports will come in at \$19.8 billion, three quarters of this from oil. If there had been no interruption of contracts last summer, this figure would have moved close to the \$25 billion range.

Imports are now projected for the year at \$23.2 billion. Thus without the shortfall, the trade balance would have been positive, or perhaps, with somewhat higher imports, only slightly negative.

It is indicative of Mexico's basic economic health that even with the shortfalls, the projected trade deficit of \$3.5 billion is approximately the same as that of 1979

Figure 1

Debt service on public sector foreign debt, 1978-81

(in billions of U.S. dollars)

	1978	1979	1980	1981
Interest	2.0	2.8	3.9	6.2*
Amortization	4.2	7.3	3.7	n.a.
Total debt service	6.2	10.1	7.6	n.a.

Source: Bank of Mexico; World Bank

* Estimate

Figure 2

Total Mexican government debt service

(in billions of U.S. dollars: 25 pesos = \$1)

	1981 (estimated)	1982 (projected)	Percent increase
Interest and other costs . .	11.5	17.1	49%
Amortization	10.5	11.8	12
Total debt service	22.0	28.9	31%

Source: Ministry of Planning and Budget (SPP).

Note: Total includes both domestic and foreign debt service.

and 1980. In real value terms and in percentage terms of total trade, the deficit is declining.

The headache for Mexico's planners—complicated by the fact that 1982 is a presidential election year—is that the extraordinary 1981 borrowing needs are not likely to abate in 1982. Major debt service costs are already built in, even if the current trend in international rates continues slowly down. And there is almost no chance of boosting oil income above 1981 levels: intensifying depression conditions spreading worldwide from the U.S. disaster will see to that.

The "alternative" being posed by the IMF-World Bank apparatus and major New York and London international banks is for Mexico to pay increasingly onerous charges on the skyrocketing debt, thus stealing resources from imports needed for key development projects; or cut back on its domestic subsidy structure, especially in food and energy.

Already the World Bank is reportedly demanding that all future Mexican borrowing from the Bank be on the basis of more expensive co-financing from commercial lenders.

And the hatchets are out for Mexico's most important high-technology growth programs. The *Financial Times*, mouthpiece of London's monetarist banking elite, attempted to ridicule Mexico's nuclear plans, among the largest anywhere in the Third World, in a Dec. 2 feature. "The cost of the ambitious program has raised eyebrows in some quarters, since Mexico's external financial position is deteriorating in spite of its oil riches," wrote William Chislett.

The Mexican government is fighting tenaciously to maintain economic growth despite the constraints imposed from outside. The growth target announced by Ibarra and Aguirre for 1982 is a relatively high 6.5-7.0 percent—less than the remarkable 8.0 percent of the past three years but still substantially more than the 4.5 percent being demanded by the Wall Street press.

The policy questions posed to Mexico by the debt

squeeze are primarily the following:

1) What to do about internal subsidies? The stated government policy is to gradually bring Mexican domestic energy costs up closer to world costs. But an attempt to do this a year ago was abandoned at the last minute for fear that it would unleash an inflationary explosion. Talk is abroad once again that such a hike is imminent—but again the inflation problem weighs heavily. The projection is that inflation for 1981 will come in close to 28 percent—a shade less than last year's 30 percent. A reduction of subsidies in 1982 would push the inflation rate to new highs, and put more heat on the peso devaluation issue.

2) Slow down capital goods imports? As can be seen in Figure 3, Mexico slowed down the rate of growth of its imports over the first 8 months of 1981. For the year as a whole, exports should exceed the \$18.6 billion of 1980 by \$3.6 billion, only half the \$6 billion increase registered the year before. However within the import slow-down, at least through August, the categories hardest hit were consumer and intermediate goods. Capital goods, the backbone of Mexico's industrialization programs, stayed at a healthy 50 percent increase level over the figures of a year ago.

The renewed import licensing controls slapped on by Mexico in late June will be "reinforced" and continued for at least another year, Aguirre announced. Analysts at the World Bank are insisting they will have to be aimed at capital goods now if they are going to mean anything.

3) How to limit foreign exchange outflows? There is a strong determination on the government's part not to be held hostage to the threat of flight capital and a forced "maxi" devaluation (the current float is taking the peso down at roughly 12 percent a year). Two

approaches are being studied at the highest levels of the government. The first is a "foreign exchange budget," in which limited foreign exchange will be parceled out by the government according to strict priorities—private transfer of capital out of the country not being one of them.

The second is full-scale exchange controls, in which outflows would be totally controlled—as would inflows. Though this second option is more drastic and involves more cumbersome administration, it has the substantial advantage of insulating the country against the effects of the international interest rate warfare. Mexico could set domestic rates at the level it wants to stimulate real investment and production, probably keeping high rates only on speculative uses of credit.

EIR believes some kind of economic package involving these three policy areas is likely to be announced in early 1982. The contents are now the subject of intense discussion, and cannot be predicted at this time. One key factor that will be carefully weighed by Mexico is whether the emerging clout of Japan and anti-monetarist factions in other advanced sector nations successfully move in as an alternative credit source to that of the IMF.

Japan took some important strides toward assuming this role at Cancún in late October. Now it has just agreed to increase its purchases of Mexican oil to 160,000 bpd by the end of 1982—current purchases are 100,000 bpd. Though not an enormous increase in absolute terms, it is of the utmost political significance. Japan is "delivering" on its promises to upgrade its relations with Mexico on an oil-for-technology basis. If this trend continues at its current pace, Mexico may not be prey to the IMF-led bankers to the extent that Wall Street and London desire.

Figure 3

Monthly variation in Mexican imports, 1981

(in percent above or below year-previous levels)

	Total	Consumer goods	Intermediate goods	Capital goods
January	+70.6%	+174.0%	+44.2%	+100.7%
February	+47.7	+24.1	+50.2	+49.9
March	+62.7	+53.4	+63.1	+64.6%
April	+40.9	+31.5	+33.5	+63.0
May	+24.7	+28.5	+12.8	+57.8
June	+32.6	-3.2	+26.6	+62.9
July	+17.3	-8.1	+8.8	+53.1
August	+7.4	+16.4	-0.2	+19.3

Source: Bank of Mexico

Note: Absolute levels of imports in 1980 were \$2.42 billion in consumer goods, \$11.03 billion in intermediate goods, and

\$5.12 billion in capital goods, for a total import level of \$18.57 billion.

Who's blackmailing whom over debt?

by Renée Sigerson

According to an agreement worked out early this month, on Dec. 28, the government of Poland is scheduled to hand over a \$500 million payment to 260 Western bank creditors, as payment due for interest on Poland's \$2.3 billion 1981 debt backlog. As things currently stand, it is completely up in the air whether Poland will have the funds on that date to meet the payment due.

This \$500 million interest fee is supposed to mark Poland's part in the signing of an overall rescheduling of its 1981 debt. Originally, the \$500 million was due to be paid between Dec. 9 and 15. When it became clear during the month of November that Poland would never be able to assemble these funds in time, the Western creditors' consortium, headed by West Germany's Dresdner Bank, agreed to extend the limit to the end of the year.

It has frequently been said that if Poland were to simply go bankrupt, it might, with \$26 billion in outstanding debt to Western agencies, rip Western banking apart, and bring a number of leading banks down with it. Interestingly, on Dec. 6, New York's *Wall Street Journal* furiously denied this argument, asserting that clever Soviet leaders were wielding the threat of a Western banking panic arising from the Polish crisis as a means of forcing Western governments to finance an economic stabilization of Poland to the U.S.S.R.'s strategic benefit.

From the best assessments of the situation which *EIR* has uncovered to date, it is unlikely that Poland will trigger a world banking panic on Dec. 28, even if it doesn't make the \$500 million payment due. Informed insiders have told us that several of the banks involved are prepared to quietly help Poland bypass the deadline—either by forwarding credits themselves, or just by issuing another postponement, to allow the whole affair to be taken up again in 1982 if necessary.

What reinforces this speculation is the fact that it is known that several West German banks—who together form the largest creditor group in terms of the volume of debts due—are already writing off their loans to Poland.

If the worst case does occur, that Poland does not meet the deadline and some bank declares the nation in default, which would activate the cross-default clause and immediately interrupt all of Poland's international payments to banks, it will be clear at least who was responsible for such an action. Enough information has leaked out to the public in recent months on the Polish financial case to document that it has been the New York banks in particular which have been threatening that kind of tough move.

Whether or not the Reagan administration has in any way expressed a private viewpoint on this matter to the New York financial community is at this time unknown.

Geopolitical banking

The Polish debt crisis demonstrates that the primary circumstances confronting the international financial system at this time is that no aspect of international finance is any longer independent in any way from international strategic-political considerations. All the political forces which have had their fingers in the Polish affair since the beginning—from Britain's Secret Intelligence Services, to the Soviet KGB, to the Brezhnev faction in the Soviet Union, and so on—have, in recent weeks, attempted to manipulate Poland's financial crisis to the benefit of their political aims in the situation. Certain ideologues may howl, but the lesson of the Polish crisis is that it demonstrates that in periods of economic depression, there exists no such thing as "free-market forces" in international banking.

Politically, Poland has just entered a new crisis phase, which will make this strategic "politicization" of banking even more obvious.

On Dec. 7, it was revealed that the Polish government had secret tapes of a top-level meeting of the dissident Solidarity movement, documenting that some of Solidarity's leaders were pushing for a coup d'état. Lech Walesa, head of Solidarity, has confirmed the tapes are authentic. The release of the tapes followed issuance of an edict by the Polish government one week before that the gravity of the economic crisis in the country had forced them to postpone a major economic "reform" package. Designed by Solidarity, the reforms would have begun the process of industrial "decentralization" along proto-"free market" lines. Although the Solidarity movement is angry and bitter about the postponement, many of its leaders are openly conceding that the government is correct in its assertion that carrying out the reforms at this time would drive Poland into even greater economic chaos, thus condemning the reforms to failure.

These latest developments are further complicated by the fact that the Western bank debt rescheduling under negotiation for the past 10 months was itself supposed to be linked to introduction of the Solidarity economic reforms.

Gold and the KGB

In which it is revealed how Moscow and Washington are being pushed by the fondi toward an ill-advised policy.

Doctor Giovanni Leone, chief of the international division of one of the world's oldest banks, the Monte dei Paschi of Siena in Italy, confessed to this writer in 1976—while in a state of inebriation—that his \$20 billion institution was a conduit for “unofficial” gold sales from the Soviet black market into the West. He estimated that market at 20 billion Soviet rubles, perhaps a quarter of it in gold. Such gold often finds its way, via Florence, into the accounts of major Mideastern and North African investors.

It would be hard not to suspect a relationship between this fact, and a recent visit to the Federal Reserve by a senior Soviet Embassy official—to determine, as reported by astonished Fed sources, the identity of *EIR*'s “Montresor.” The embassy's concern was over my previous report of covert relations between the Soviet Union and leading South African gold producing entities.

There are only a few places where the covert hand of major powers show up in lofty business deliberations, and gold is one of them. That the Soviet secret service, the KGB, should employ a 400-year-old Italian bank as a channel for gold to Libya is not a great surprise.

However, the fact that the same illicit operators are writing the gold policy of the Reagan administration is more interesting. Not to say that the KGB has infiltrated the President's Gold Commission or

any such silliness: simply, the promoters of a gold policy *acceptable to the KGB* trace their loyalty back to the KGB's collaborators at the Monte dei Paschi. This is the circle represented on the Gold Commission by New York banker Lewis Lehrman, who was trained by economist Robert Mundell.

Doctor Leone, who talks when he drinks, literally bought Robert Mundell 10 years ago, setting up the burnt-out Columbia University professor in a villa close by the yearly Siena Group meetings. The last of these, in September, was organized by Mundell as a strategy session for bringing the world back to a gold standard, of sorts.

Mundell's Siena Group includes men like Robert Triffin of Jesuit Louvain University, lately notorious for predicting a European monetary split from the United States; the leadership of the Italian central bank; and Muslim fundamentalist sympathizer and Swiss moneyman Nichola Krul.

Mundell also invented Prof. Arthur Laffer, his prize graduate student at the University of Chicago, who then invented “supply-side economics.” Linking up with Lehrman, Laffer became the most outspoken voice around Reagan on behalf of the Siena gold standard.

Now, consider the clothesline upon which all this dirty laundry hangs: the world is entering a monetary crisis, as the Bank for International Settlements (BIS) has been saying since June. As a BIS econo-

mist, Peter Kenen, told the Gold Commission, “I could imagine circumstances where gold might become the only acceptable means of international payment.”

The French government, now supported by the German central bank (whose first loyalty is to the Swiss-based BIS), wants Europe to split from the United States on economic matters and create its own currency zone (see article, page 4).

Someone in the KGB is now arguing in Moscow: “Forget Brezhnev's economic development talks with Chancellor Schmidt. The West is entering a final crisis of capitalism. If Europe breaks away from America in the monetary sphere, our enormous gold reserves will permit us closer relations with Western Europe, and eventually the power to absorb it.”

Strangely, the same geopolitical arguments show up in Washington as in Moscow: using gold to stop the creation of credit after the existing rickety system has collapsed. In effect, it means a dictatorship by the BIS and its creators—the Venice-Geneva-Amsterdam and London group of old family funds, or *fondi*, who dominate the world gold market.

That the *fondi* have a line into the Soviet KGB not much different than their influence in the United States can hardly be doubted. The U.S.S.R. does not benefit from world depression, but only from economic growth in the West, which could help solve its own substantial economic problems.

How simple, how diabolical that the *fondi* should wish to prevent gold remonetarization from repairing the damaged world credit system, and strengthening the governments they wish to dominate!

Who's destroying American banking?

Part I: a profile of Rollin D. Barnard, past President of the U.S. League of Savings and Loans.

Volcker's monetary policy is exactly right . . . I will not attack Mr. Volcker or the Fed." Are these the words of OMB Director David Stockman, the strongest supporter in the administration of Fed Chairman Paul Volcker's tight money, or Donald Regan, the man who said of the S&Ls, "Let them die"?

No. As I reported Dec. 2, the speaker is Rolland D. Barnard, who has just stepped down as President of the powerful 5,000 member U.S. League of Savings Associations, which controls over \$600 billion in mortgage assets in this country and which has tremendous political clout in Washington. Why would Mr. Barnard, who knows well that Volcker's high rates have cost the savings and loans losses over \$10 billion this year, support the Fed? Why would Mr. Barnard, who is also president of the Midland Federal Savings and Loan in Denver, Colorado, support Volcker, who says that hundreds if not thousands of S&Ls must be closed down altogether?

The answer is that Mr. Barnard is one of thousands of American business leaders who have been *brainwashed* by the Club of Rome, which holds that there are "limits to growth." The Club's purpose, as they state, is to limit world population growth.

With this article, I am beginning a series of exposé portraits of business leaders who, by supporting Fed Chairman Volcker within their organizations, have destroyed

the potential for those organizations to stop America's current fall into a second Great Depression. In every case, the individual is either a paid agent for Volcker, or has been brainwashed into the zero-growth ideology. The results are identical.

In the case of Rolland Barnard, investigation has shown that the Colorado banker is working closely with top Club of Rome supporters in his home state to implement the first state-level zero growth economic plan in America, modeled on the Carter Administration's *Global 2000 Report*. The *Global 2000 Report*, commissioned in 1978 by Carter Secretary of State Cyrus Vance, uses the Club of Rome's *Limits to Growth* model to predict economic chaos by the year 2000 due to limited energy, water, food, and other resources. On this premise, *Global 2000* proposes severely limiting all new industry and reducing of world population by 2 billion people.

Rolland Barnard and S&L Midland Federal in Denver are prime supporters of the Front Range Project study set up by Fabian Democratic Governor Richard Lamm in 1978, in coordination with the Vance State Department, to design a *Global 2000* plan for Colorado. "The Front Range project will be the model for *Global 2000* studies all over America," David Barhizer, executive director of the Committee for the Year 2000, the public support group for *Global 2000*, said in an interview.

"It will study ways to keep pop-

ulation from moving into the state and from growing in the state, which would harm the beautiful environment of the 'Front Range,'" Barnhizer told me. "It will identify all the problems of the state between now and the year 2000 and say what can, and can't, be built."

The Front Range Project is funded by the Aspen Institute, headed by Colorado oil man Robert O. Anderson. Anderson worked closely with Lamm to build Republican business leader support of the Front Range. Among those recruited was Coors Beer Chairman Joseph Coors, head of the Front Range business council, and Rolland Barnard. Too busy with the U.S. League to come himself, Barnard delegated Midland S&L Executive Vice-President Marvin Buckles to the Front Range project Housing Workgroup.

There, Barnard and Buckles presented the zero-growth idea that there is only "limited credit available" in the United States, and that "we will have to accept Volcker's tight-money policy." With Buckle's help, Front Range came up with a plan to seek "alternative mortgage financing."

The plan involved a pet project of the Club of Rome—to loot labor-union pension funds for the cash, and get them to invest in mortgages that the big banks won't buy and S&Ls can't afford. Midland S&L, Columbia S&L, and others are forming a new Front Range consortium to sell mortgages to the Colorado Public Employees Retirement Fund, but they will provide nothing like the volume of funds required. Meanwhile Volcker goes unchecked. The result will be definite limits to Colorado home building—and population.

Independent oilmen honor Anderson

Arco's chairman, one of the world's most vicious anti-growth strategists, has received the yearly IPAA award.

For some reason, the 6,000 member Independent Petroleum Association of America (IPAA) has just presented its highest annual award to Robert O. Anderson. This is analogous to presenting John Dillinger with a Businessman of the Year award.

The IPAA is an organization of producer-oriented non-multinational oilmen, many of whom consider themselves dedicated defenders of the American economic system and ardent opponents of Malthusian zero growth and related "environmentalist" policies.

Strictly on the basis of his track record on issues affecting the development of their own industry, these independents should have killed the Anderson nomination.

Robert O. Anderson among other evils sits as chairman of Atlantic Richfield (Arco). This struggling little "independent" operation is a \$16-billion multinational energy conglomerate. That's neither here nor there, as such. It's only that the strange Mr. Anderson rose like a meteor after the war through some fortunate friendships; it appears that "friends" within the notorious Kennedy Department of Justice facilitated circumstances which allowed the head of the tiny Hondo Oil Company to acquire the assets of Richfield Oil in the 1960s. Two years later, in 1968, Anderson's new Richfield leases were the site of what became the largest single oil find in U.S.

history: the 10-billion-barrel Prudhoe Bay field in Alaska.

There is also Anderson's public track record in turning the knife against possible independent competitors by backing repeal of the controversial domestic Oil Depletion Allowance in the early 1970s. The duplicitous Anderson and his Arco crony Thornton Bradshaw are also on public record supporting Jimmy Carter's notorious \$227 billion Windfall Profits Tax on domestic crude oil production. Of course, Anderson and his friends at Exxon and British Petroleum had first secured an amendment largely exempting their Alaskan wealth from the tax!

But were this all, we could simply dismiss Robert O. Anderson as one of recent history's more successful crooks. When we peel away the "business" facade, we find that Robert O. Anderson prides himself on being one of the world's leading architects of the genocidal zero growth attack on industrial and scientific development, euphemistically called "environmentalism".

If any reader thinks I exaggerate, I challenge him to look up the public records of funding by Anderson's own Aspen Institute for Humanistic (sic) Studies. What the inquiry will reveal is the fact that Anderson personally bankrolled every major anti-growth environment policy since the launching of the Club of Rome project in 1969. While his Aspen Institute was busy

holding policy seminars in Colorado which shaped what became the 1970 National Environmental Policy Act, Anderson gave \$200,000 of his own money to set up the so-called Friends of the Earth. This group played an instrumental role in keeping millions of acres of potential oil and mineral lands in Alaska and the West undeveloped.

The Aspen Institute energy strategy was produced by John Sawhill, who also coordinated energy control policy for Henry Kissinger's Trilateral Commission and architected for the Carter administration the 1980 passage of the Crude Oil Windfall Profits Tax.

As an activist in the Republican Party, Anderson is linked to the attempt to subvert the pro-growth inclinations of many in the Reagan administration into a catastrophic anti-energy high-cost alternative, including the Arco-owned coal slurry pipeline project in Wyoming, the vast Arco oil acreage in the Rockies, their major share in the absurd synfuels boondoggle, and their share in the \$40 billion Alaska natural gas pipeline operation.

But the ultimate tip-off is his complicity in what can only be termed genocidal population-reduction policies. Robert O. Anderson personally chairs the Carter-Cyrus Vance Global 2000 "Committee for the Year 2000." This is the group that is known to be trying to sucker Interior Secretary Watt into becoming a member, in order to transform the Reagan administration into something far more hideous than Carter's insane backers ever dreamed of. Sound implausible? Ask "Republican" Russel Train of the World Wildlife Fund. He is working on this with Robert O. Anderson.

World Trade by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$714 mn.	Senegal from France	Fertilizer plant to yield 680 tpd of diammonium phosphate and 900 tpd of trisodium phosphate awarded to Heurtey Industries of Paris by ICS, owned by govts. of Senegal, Ivory Coast, Islamic Development Bank, and Indian fertilizer companies which will buy much of product. Contract on complete turnkey basis.	Every significant Arab, African, and European development fund expected to help finance the most important fertilizer project in Africa.
\$800 mn.	Argentina from Italy/U.K./U.S.A./others	A plant to turn 1.35 bn. cu. meters/yr. natural gas into methanol and synthetic gasoline, for domestic use and LPG for export. Will be largest plant using Mobil Oil Corp. technology. Italimpianti is project manager. Davy McKee provided plant engineering.	Argentina's abundant natural gas will be turned into M-gasoline equal to about 10% of gasoline consumption, and making country nearly fuel self-sufficient. Financing sources of private owners not revealed.
\$182 mn.	East Germany from Japan	Toyo Engineering and Mitsui and Co. received order from East Germany's state-run IAI for a heavy oil cracking facility. Plant will turn 1.6 mn. tpy of heavy oil residues at Schwedt refinery into 240,000 tpy of fuel oil and gasoline.	Japanese beat competition through May visit by E. German chmn. Honecker and promised Eximbank financing.
\$54 mn.	Indonesia from West Germany	Siemens has sold Indonesia a 25-megawatt nuclear research reactor for the first stage in nuclear energy program. Construction of first commercial plant will begin around 1987.	NIRA of Italy, which uses Candu system, has inside track on the big plant.
\$6 mn.	Venezuela from U.S.A.	Caracas will soon be using 128 Leach garbage trucks, manufactured by E.L. Industries, Oshkosh, Wisc., and mounted on International Harvester chassis. One of largest foreign orders for garbage trucks.	
\$18 mn.	France/Holland From U.S.A.	Xerox is building plants in France and Holland to produce electric typewriters and word processors now exported from U.S.A. to Europe.	Bad news, Rochester.
\$11 mn.	U.S.A. from Japan	U.S. Interior Dept. gave contract for 800 meter water tunnel in Utah to Ohbayashi-Gumi, which beat 11 American competitors.	They use Japanese earth-pressure balance tunneling system.
UPDATE			
	Taiwan from France?	<i>International Construction Week</i> reports French Framatome has underbid Westinghouse, GE, Combustion Engineering, and German KWU by \$193 mn. on reactors, steam system, and fuel core for Taiwan's twin 950-mw nuclear plants. Victory will depend on financing, which <i>ICW</i> believes will be offered on soft terms by French.	U.S. govt., including William Draper's Eximbank, has no clear commitment to support nuclear exports, making likely the loss of this traditional market.
\$100 mn.	Brazil from U.K.	Açominas steel complex, reported as nearly canceled in <i>EIR</i> two months ago, is suffering from Britain's determination to impose the D'Avignon Plan for triaging world steel output in the Americas. Seeking the \$1 bn. needed to finish the near-complete, \$4.5 bn. British-built plant, Brazil's Trade Min. said he was offered "less than \$100 mn." from London's Morgan Grenfell.	Morgan Grenfell insultingly said it would finance only equipment <i>leased</i> , but not purchased by Brazil, and that further financing depended on pre-selling steel output.

Business Briefs

Auto Sector

Permanent shrinkage seen in U.S. auto

A permanent reduction from peak 1978 sales and workforce levels is the fate of the U.S. auto industry, says a Dec. 1 Commerce-Transport Department report, even if the U.S. economy recovers and foreign imports are limited. The report projects a permanent loss of 600,000 jobs in auto firms and their suppliers.

According to the report (which shocked observers by its similarity to a Carter-era report and by its complete whitewashing of Paul Volcker's high interest rates), U.S. automakers' working capital has shrunk from \$13 billion in 1978 to a negligible \$300 million now. Therefore the industry cannot complete its much-vaunted \$65 billion downsizing and modernization program. Already, the sector's orders for machine tools have sunk to only half the 1978 level.

The report denies the role of high interest rates in destroying sales despite a 76 percent rise in the interest portion of total car payments since 1976.

Instead, the report says foreign imports, shrinking demand caused by demographic factors, and "overhigh" U.S. wages (equal to German auto wages but higher than Japanese) are to blame.

Trade

German banker says Volcker killing markets

An official of the West German Trade Union Federation Bank, the BFG, told *EIR* Dec. 8 that because of U.S. Federal Reserve chief Paul Volcker's high interest rate policy, "the only thing keeping us going is the increase in exports, but how long is that going to last if the world goes into depression?"

At this point, "about the only thing you can hope for," the official continued, "is that things in the U.S. develop such that President Reagan can finally

point at Paul Volcker and make him responsible for social turmoil and mass unemployment, and force a change of policy."

The West German banking official's remarks were confirmed by latest reports on international trade levels, which show that Paul Volcker's high interest rate policy will have precipitated the first fall in international trade levels this year since 1958.

World imports in 1981 will fall 3 percent from the 1980 level in terms of volume, and 5 percent in dollar value, according to an analysis of the ACLI international commodities firm. World imports were pegged at \$1.921 trillion in 1980, and will fall to \$1.825 trillion by the end of this year.

Agriculture

Farm bill may still be rejected

On Dec. 8, after more than a month of fighting and at least four months behind schedule, a House-Senate Conference Committee released a four-year omnibus farm bill that may yet be rejected by the Congress. The bill conforms in every crucial point to the austerity demands made by OMB director Stockman and backed up by President Reagan and Agriculture Secretary Block.

House Agriculture Committee Chairman Kika de la Garza (D-Tex.) warned publicly that the bill would be difficult to pass in the House. More dramatic, House Democratic whip and former Agriculture Committee chairman Tom Foley (D-Wash.), the powerful head of the Agriculture subcommittee on grains and historically a Trojan horse for austerity, refused to sign the conference report and stated that he could not advise any House member to vote for it.

The bill is projected to cost \$11 billion over four years—a relatively paltry expenditure of just over \$2 billion a year for an industry that accounts for one out of every five jobs in the nation's economy. Senate Republicans managed to enforce the Senate version of the bill over the

slightly more realistic House version at virtually every point—in particular in crippling the dairy program and in setting loan rates at less than half the cost of production.

Meanwhile, a dangerous crisis continues to build in the farm sector. The Volcker interest rate strangulation has put a premium on cash flow at a time when export grain sale prices keep dropping.

Banking

Thrifts' spokesmen push austerity

Past President Rolland Barnard of the U.S. Savings League and other homebuilding industry leaders have endorsed a plan for the home finance industry which guarantees low rates of homebuilding and zero growth.

At a meeting of the President's Commission on Housing the second week in December, Barnard and other leaders issued a two-part plan for home finance. First, the Commission urged that savings and loans be fully deregulated, to allow them to move out of home lending altogether and into real estate speculation, consumer loans, corporate bonds, and other non-housing activities.

This plan, formulated by U.S. League economist Norman Strunk, is known as "Life After Death." It presupposes that high interest rates will kill many S&Ls, and states that to survive, others must move at least partially out of home finance and into commercial banking. The "Life After Death" plan will mean greatly reduced U.S. mortgage levels.

The President's Housing Commission, also under advice from Mr. Barnard, proposed revision of the Federal pension laws to permit American trade unions to buy billions in worthless mortgages.

The Commission recommended removal of current provisions of the Employee Retirement Income Security Act (ERISA) which prohibit such speculative union pension investments. The change

will allow construction industry pension funds with assets totalling \$20 billion to buy old mortgages and bail out the S&Ls at workers' expense. Once again, this allows the Federal Reserve to continue contracting overall credit.

U.S. Industry

Steel companies joining Davignon cartel

Large U.S. steel producers, with Commerce Secretary Baldrige's approval, expect to integrate U.S. production into the planned-shrinkage program being imposed on European steel by the European Community (EC) Industrial Commissioner, Viscount Etienne Davignon. The *Financial Times* of London reports that on Dec. 11, Baldrige, Special Trade Representative Brock, and Agriculture Secretary Block will meet with Davignon and Wilhelm Haverkamp, the EC's External Relations Commissioner, to map out the following three-point program:

- To reduce European exports to the United States by 1.5 million tons annually;
- To knock out the estimated \$50-per-ton government subsidies on European exports; and
- To conclude an orderly marketing arrangement between the United States and the EC, which the *Financial Times* points out may require changes in U.S. antitrust law. The upshot is that U.S. producers would agree to production limitations or reductions under the umbrella of the Davignon Plan—cartel arrangements that clearly violate U.S. law.

The stage was set for including the United States in this meeting when major U.S. corporations, particularly auto producers, began buying large additional amounts of European steel earlier this year.

Imports of European specialty steel went from 29,000 tons in January to 51,000 tons in October. This prompted the steel companies to bypass the Commerce Department's trigger-price mechanism and file a dozen lawsuits directly

against the European steel companies. The automakers have denied their role in this set-up.

Labor

UAW opens door to dismantle union contracts

The efforts of unions to hold the line against wage cuts and "give-backs" suffered a major setback on Dec. 9 when the 18-member executive council of the United Auto Workers (UAW) voted to rescind its previously mandatory ban on individual local-level contract negotiating. The decision permits case-by-case decisions by the rank and file.

In surrendering a part of the industry-wide negotiating procedure, the UAW has exposed its members to a situation where each local can be whipsawed by employers citing other locals which have accepted deep cuts in pay and fringe benefits as the basis for demanding the same. And it opens the door for companies that would otherwise have to live with a national contract, and who could afford it, coming to union locals pleading that only deep reductions can permit the company to survive.

Immediately, International Harvester and American Motors, which have already requested massive pay cuts, totaling \$100 million and \$150 million per year, respectively, are likely to benefit. Waiting in the wings, however, is the Chrysler Corporation, which is as close to bankruptcy as ever, and could use the new decision to demand up to 50 percent pay cuts to "save" the company.

In what many observers suspect is the last preliminary step before a bankruptcy declaration, Chrysler is in the process of deciding whether to sell its main profitable subsidiary, Chrysler Defense, Inc., which makes tanks and has the contract for the Army's new X-1 tank. While the necessity to raise cash is being cited, it is common knowledge that the real reason is that the subsidiary must be protected from the effects of a Chrysler bankruptcy for national-security reasons.

Briefly

● **JACK KEMP** and his supply-sidekick economist Art Laffer briefed the President's Economics Advisory Board at the White House on their latest pro-austerity plan for gold remonetization. Kemp is now openly pushing the plan by the Bank for International Settlements and the Bank of England for a central bankers' gold scheme. Under the plan, central banks would remonetize gold and use it to enforce credit and wage-price controls.

● **PAUL VOLCKER** "is now in emergency control over bank failures in the U.S.," a Treasury source told *EIR*. Senate Banking Committee Chairman Jake Garn announced Dec. 9 that Congress will pass no banking legislation this year, which "leaves all regulatory powers under Fed emergency control," the source said.

● **SENIOR SCIENTISTS** interviewed in the *New York Times* Dec. 8 confirm that 12 percent of national laboratory personnel have already been laid off, due to the \$344 million budget cut passed in March. If the additional \$663 million cut proposed by the OMB takes effect, the total will rise to about 25 percent. Hardest hit are reportedly the Argonne National Lab and Fermi National Lab in Illinois, the Brookhaven National Lab on Long Island, and Lawrence Livermore Lab in California. The Oak Ridge, Tennessee uranium enrichment plant is laying off, but some of the slack has been taken up by the weapons plants.

● **THE WHARTON** school Busch Center for Management believes that the U.S. auto industry "is going to die as a result of the current recession," one Busch economist told *EIR* this week. The Center believes that "it is too late to do anything about auto and there is really no sense in setting up extensive labor or management programs. They will just never be able to sell those cars."

Systems analysis is white-collar genocide

by Lyndon H. LaRouche, Jr.

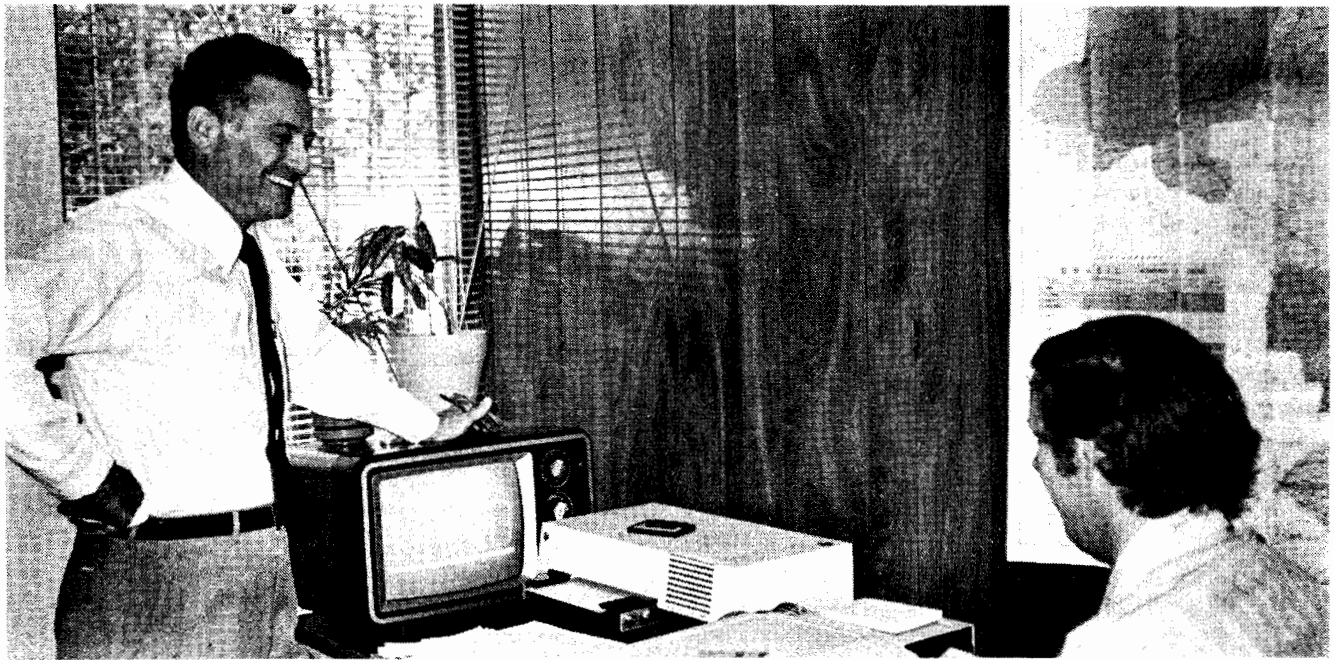
If you ask me which of the Nazi leaders was the most depraved, I tell you it was Hjalmar Schacht. You object? Then, let me ask you a question. Which has the more evil motives: an epidemic of pneumonic plague, or the chemist who deliberately unleashed that infection upon a major city?

It is an ugly, painful, but completely true fact: Each and every recipient of the Nobel Prize for economics has achieved academic fame for advocating policies which mean global genocide in today's practice. The case of the abysmally immoral drug-lobbyist, Professor Milton Friedman, is almost too obvious. In only one of his academic claims is Friedman correct; he is absolutely correct when he asserts that his monetarist doctrines are modeled upon those of the Nazi regime.¹ Are the other Nobel economics award recipients less evil than Friedman? To the helpless victims of the Auschwitz gas-chambers, all SS uniforms looked the same.

This brown stain on the Nobel Prize is no mere academic controversy. Consider such cases as the economics departments of Yale and Cambridge (England) universities, or of the Wharton School at the University of Pennsylvania. Whence come the policies of intentional genocide of such supranational agencies as the International Monetary Fund and World Bank? The economics departments cited are not the only sources of such genocidal policies of practice as "IMF conditionalities," but they are among the leading such sources, and very, very witting sources as well.

To locate the extent of this evil, there is no better reference-case than that of the Vienna-based International Institute for Applied Systems Analysis (IIASA). It is IIASA which bridges the pro-global-genocide forces of the NATO countries to the pro-genocidal faction in Moscow. No greater concentration of evil can be found outside the genocide-capital of the world today: Peking.

Like Aurelio Peccei's genocidalist Club of Rome, IIASA is a 1960s



Hal Becker (left), Treasurer of the Connecticut-based Futures Group, which specializes in using systems analysis to convince Third World governments that they need population-reduction programs.

creation of the NATO political-intelligence bureaucracy (e.g., the OECD). Since the late 1960s, IIASA has served as the broadest avenue of direct, two-way collaboration between the NATO command and officials of the Soviet KGB. Only the British Secret-Intelligence-Service (SIS) link into the hierarchy of the Russian Orthodox Church has approximately comparable importance to this same general effect.

IIASA is headed by a Soviet national, Dzhermen Gvishiani, son-in-law of the late Prime Minister A. Kosygin. According to Scandinavian and Austrian intelligence-sources, Gvishiani is one of the highest-ranking recruiters of Soviet spies currently in place in Western Europe. Through his massive penetration of leading nuclear-industry and other scientific circles, Soviet access to the most sensitive areas of military secrecy is assured. Nor is it irrelevant that Gvishiani cooperates closely with those outwardly pro-nuclear-energy circles within Western nuclear industry which are in fact working actively to neutralize pro-nuclear-energy efforts in the West.

Important as that espionage aspect of IIASA may be, Gvishiani's role as a Soviet KGB asset is the least interesting feature of his activities. In any case, NATO intelligence is well-informed of Gvishiani's Soviet rank and his activities on behalf of the KGB. Such matters have even been advertised in published news releases! NATO has not lessened, but has increased its collaboration with Gvishiani. For the NATO political-intelligence command, there are higher than cosmic considerations motivating NATO's intimate collaboration with Gvishiani.

Look behind Gvishiani: in Moscow. Look into leading circles of the Soviet command. Within and proximate

to the Soviet Communist Party's foreign-intelligence organization, IMEMO, there exists a task-force, a constellation of influential figures associated with a project known as "global systems analysis." This project is currently reported as intending to release during 1982 a pro-global-genocide proposal. These Soviet circles brag that that Moscow report will be more radical than the Club of Rome's *Limits to Growth* and President Jimmy Carter's proposals for global genocide (*Global 2000, Global Futures*).

Recently, the pro-genocide ("systems analysis") faction in Moscow has surfaced as a considerable factional force in the ongoing Soviet leadership-succession contest.

Look from IIASA westward. As we examine the pedigrees of the forces linked to IIASA through NATO channels, we encounter immediately all of the leading pro-genocide institutions and networks of the "West."

IIASA's special importance, by comparison with which the matter of spying becomes almost trivial, is that it is the principal official link between the pro-genocidal factions in both the East and the West.

The emphasis on "systems analysis" in IIASA's official title is highly significant. This brand of "systems analysis" originates, by that name, in the Cambridge University (England) Apostles. The Apostles, based on Cambridge's Trinity and King's Colleges, is the Cambridge arm of the command of British SIS. It is principally at King's College, among a circle including the neo-Keynesian Mrs. Joan Robinson, that this genocidal concoction called "systems analysis" was brewed.

In the United States, Cambridge "systems analysis"

is dominant not only in the economics departments of Yale, Princeton, and so forth. Some of the most important centers which combine systems analysis with planning of global genocide include the RAND Corporation and the Operations Research network based historically on Johns Hopkins University campus. Both these latter institutions were creations of British SIS's psychological-warfare division (PWD), the London Tavistock Institute (Sussex). The dominant think-tanks at Palo Alto, California are a significant part of this complex.

The academically influenced reader will pose a question to us at this point. "Is it not true," such a reader might ask, "that systems analysis is morally neutral, and that it is merely a coincidence that some people are misusing systems analysis to further their own genocidal purposes?"

The answer to that question is that the methods and procedures associated with "global systems analysis" are intrinsically genocidal. To promote and to employ such forms of systems-analysis techniques for policy-making is in and of itself an act of global genocide. In other words, *the promotion of such systems analysis is a prima facie capital offense under terms of the Nuremberg Code.*

Unless the influence of systems analysis is eradicated from policy-making of governments and supranational institutions, the resulting number of genocidal deaths will exceed by up to a hundred-fold the genocide perpetrated by the Adolf Hitler regime.

Now, we clear up possible confusion concerning interpretation of the term, "systems analysis." Once that is settled, we proceed to prove conclusively that the practice of systems analysis in the sense of IIASA's practice is in itself an act of genocide.

Three alternative meanings of 'systems analysis'

In the most generous view of the term itself, "systems analysis" might be employed by this or that person to signify one of three things. First, it might signify a kind of systems analysis practiced outside the realm of economic policy-making. Second, it might signify a form of economic systems analysis such as the application of linear-programming techniques to scheduling problems of a retail chain, an industrial corporation, or some other smaller-scale application to relatively short-term projections ("micro-economics"). Finally, it may signify what we have singled out for attention here: the application of economic systems analysis to whole economies or supranational complexes of economies ("macro-economics") over a period as long as a decade, a generation, or more.

Critics will no doubt argue that the principles of "micro-economic" systems analysis are almost identical to those of "macro-economic" applications, to whole national or supranational economies. There is a signifi-

cant degree of truth to that argument. Nonetheless, "micro-economic" systems analysis is often either morally neutral or sometimes useful; whereas, "global systems analysis" is invariably evil.

See that delicious peach. It contains cyanide! No, you may eat it quite safely. However, if I extract the cyanide from a very large number of peach-pits, the result is not marzipan, but an instrument of homicide. Something relatively harmless, or even beneficial on a small scale, may be deadly on a large scale. We explain, briefly, how and why this analogy applies in the working-point at hand.

First, systems analysis in general.

It is sometimes useful to misrepresent a process by interpreting (misinterpreting) that process as if it were a network of interconnected chains of causes and effects. If such a fictitious network can be simplified, reduced to a matrix of the sort agreeable to present-day computer technology, a process which appears to defy mathematical analysis in its true form may be analyzed with a reasonable minimum of error of calculation by the methods of approximation we have indicated.

That will serve as a fair summary of the general meaning of systems analysis. Now, we shift attention to the application of such methods to economic analysis.

The application of systems analysis to economic and related cases developed during and out of World War II "operations research" practice. Economic-network problems (scheduling problems) were simplified in the descriptive form of sets of linear algebraic expressions, and calculations performed on the matrices so constructed. "Linear programming" is the most commonplace of the buzz-words put into circulation through such approaches. There were other aspects to the practice, but our illustration is quite adequate for the point at hand.

An industrial corporation (for example) wishes to optimize its paid-in profits from sales. It wishes to compare such profits with the production and distribution costs they incur, and also the capital expenses incurred by increasing sales by some amount, and consequently, the total cost of the realized profit-contribution from sales. Such a firm would begin the analysis required by projecting its share-of-market potential by delivery-weeks ahead (for example). To effect such deliveries, clearly the finished goods must be available for shipment at some predictable point in time in advance of the customer's receipt of such goods. To have goods available for shipment, the goods must be produced, and in finished-goods inventory on the shipping-date required.

If there were only one product in question, the calculation might be relatively simple. If numerous kinds of products are included in the mixture of goods included in an economical shipping-quantity to a cus-

toomer, the calculation becomes more cumbersome. Goods are produced in batches or streams. Batches must be in economic lot-quantities. Different products use different ratios of varying combinations of production and other capacities. Materials and semi-finished goods must be on hand to start the production-cycle for each unit of production scheduled. Purchase-orders must be placed in advance for such materials and semi-finished components. Inventory risks shrinkage and incurs the costs of financing capital committed to inventory . . . and so forth and so on.

The calculation of proper day-to-day increments to each aspect of the overall schedule can be performed by use of standard ratios of costs and so forth. Despite the several kinds of fallacious fictions included in the method and statistics employed, the benefits of making such an approximate calculation are very large, over the short-term, relative to the actual amount of aggregate error prompted by the fallacious assumptions.

We have outlined such an illustrative case to this relevant purpose. As long as these indicated and related forms of systems analysis are restricted in application to relatively smaller-scale ("micro-economic") cases over short-term spans, and with a carefully selected, limited number of considerations taken directly into account, such "micro-economic" applications are often beneficial—assuming that both the analysts and the management possess and exercise reasonable competence. The benefits vastly outweigh the errors caused by fallacious assumptions of the method employed.

The moment we shift the use of similar methods to whole national economies, especially over periods in the range of five years to a generation or longer, the benefits become relatively infinitesimal in respect to the gross errors arising from fallacious assumptions.

However, global systems analysis is not evil simply because it is intrinsically incompetent: There is something nastier than mere incompetence afoot.

As a final preparatory step, we provide the reader with a bird's-eye view of the rigorous proof we are about to summarize.

First, we shall give the proof that all healthy forms of human culture have economic processes which are characteristically *negentropic*. We shall explain what this term, *negentropic*, signifies, in respect to technological progress and growth in scale.

Second, if a society's economy can be fairly described, over successive periods, by means of linear economic models, that society is very sick, and will die unless radical changes are introduced to its policies of economic practice.

Third, if policies adduced from linear models are superimposed upon the budgets, investment-policies, and related decision-making processes of a society, such an imitation of the policies of Nazi Finance Minister

Hjalmar Schacht leads consistently toward the use of both labor-intensive forms of forced labor, toward the expedient elimination of "useless eaters" which Albert Speer implemented on Hitler's behalf at such locations as Auschwitz, and toward colonialist looting-practices such as those the Nazis imposed upon occupied territories and populations of Eastern Europe.

We thus provide the rigorous proof for a fact which is obvious enough on other grounds to any sane and moral adult. Any influential person or persons who propose to insert Malthusian population-policies into the policies of practice of either governments or supranational institutions is a mass-murderer in the same sense as Hjalmar Schacht, Adolf Hitler, and Auschwitz's Albert Speer. Anyone who supports Malthusian policies, even as a simple, probably hashish-stinking "environmentalist," is an accomplice in mass-murder in the same sense as the SS guards at Auschwitz.

What we are accomplishing, in exposing IIASA as in violation of the Nuremberg Code respecting "crimes against humanity," is to show that Malthusianism criminality is not merely something superimposed upon economic policy-making. The axiomatic features of the doctrines of political-economy taught at most universities, and accepted by most of the economics profession today, is intrinsically a Malthusian doctrine, and thus intrinsically a cult-dogma of genocidal mass-murder of peoples.

The proof we summarize here is rigorous, but elementary. We require as included evidence for this proof nothing which is not properly within the intellectual reach of adults whose education has included a proper secondary-school education. With a reasonable amount of concentration, every intelligent adult with such an educational background can assimilate the proof we now develop.

A proof based on economic science

The prevailing reason our proof is not already common knowledge of literate persons is, as we noted, that all known university economics departments and most of the members of the economics profession today are incompetents, teaching and using a Malthusian cult-doctrine based chiefly on British political-economic teachings, or on the neo-positivist, radically-fascist versions of British political-economy associated historically with the Vienna school.

The first point to resolve in outlining the proof is therefore the question: What is a competent variety of economic science?

The most effective way in which to make the matter clear to the intelligent layman is to stress the fact that British political-economy first appeared a hundred years after the science of modern industrial economy had been developed in all essentials on the continent of

Europe. A century after the publication of the founding work of modern economic science, Gottfried Leibniz's *Society and Economy*, a lying operative of the Edinburgh division of the British Secret Intelligence Service (SIS), Adam Smith, published, on the eve of the American Revolution, a lying propaganda-tract whose popularized short title is *The Wealth of Nations*. Prior to this pro-colonialist tract, aimed chiefly against the Americans, the British produced not a single attempt at coherent apologetics in political-economy.

Adam Smith was immediately subordinate to the chief of Edinburgh SIS, David Hume. The point to be stressed in this connection is that the 18th and 19th centuries' SIS was interchangeable with the direction and bureaucracy of the British (and Dutch) East India Company.

This British East India Company, the principal financier and political-intelligence arm of the ruling families of Britain, was in fact under the financial (and political) control of interlocking financier interests dominated by the immensely wealthy and powerful family funds of Venice and Genoa, the financier interests of the Italy-centered "Black Guelph" families of Europe and the Middle East, the so-called "black nobility" of Czarist Russia, Austro-Hungary, Byzantium, and so forth.

These Venice-Genoa-centered financier interests, which financed and directed the establishment of the 1603 and 1660 British monarchy, have always controlled, since those dates, the financial center known as the City of London. The British East India Company, like the Dutch East India Company which owned the House of Orange, was a spin-off from the Venetian Levant Company. Most of the major insurance cartels of the world today are spin-offs and subsidiaries of Venetian-family rentier-interests based today in Venice, in Venice's colony known as Switzerland, and in the "unregulated, offshore" financial complex based on the British Commonwealth.

The British East India Company, including Venetian inside-control over that Company, is key to understanding all British monarchical policies from 1603 to the present date—although the swastika-bearing East India Company itself has almost vanished into the ranks of its numerous financial and political progeny. The British SIS today is the hard-core residue of the British East India Company.

The first academic chair in political-economy in Britain was created and financed by the British East India Company on behalf of that Company's agent, the Reverend Thomas Malthus. David Ricardo, a close collaborator of Malthus's (contrary to Karl Marx's frantic effort to deny this fact), was an official of the Company. So was Jeremy Bentham, the author of modern Jacobinism, and the inventor of the "hedonistic

calculus" used as the basis for modern British political-economy by company official John Stuart Mill—and by William Jevons and Alfred Marshall. J. M. Keynes, Hjalmar Schacht, Milton Friedman, the fascist Fabian Society relic known as Friedrich von Hayek, and the Vienna neo-positivist lunacy of John von Neumann and Oskar Morgenstern,² are all direct offshoots of Bentham's and Mill's version of the Hobbesian "hedonistic calculus."³

Among all leading industrial economies today, all of the successful industrial economies developed during the course of the 19th century were developed under direction of a body of economic science directly opposite to every principle of British political-economy. These cases include the United States (1789-1866), France (into 1814), Germany (1809-1914), northern Italy under Cavour, and Japan (1868 to the present).

In each of these cases, including pre-Napoleon III France, the industrial development was predominantly a *self-sustained* progress in technology, education, and industrial and agricultural development. Only Britain, among those nations, based its industrial development at home on colonialist looting of regions and populations abroad. After the enactment of the treasonous Specie Resumption Act of 1876-79 in the United States, Britain's City of London had world-domination over financing of world trade and of debt of nations, a continued domination, much-revived since August 1971, which is the principal source of support of price of the pound sterling (through looting of other nations) today.

Modern economic science began more than three centuries before Adam Smith's *Wealth of Nations*, in the policies of economic development and military strategy formulated for early 15th-century Italy by the great Byzantine scholar and statesman, George Gemisthos Plethon. The 15th-century Golden Renaissance's development of statecraft was mediated through such principal channels as the School of Raphael. This School of Raphael produced the great Neapolitan culture which was the internationally admired jewel of southern Italy until the destruction of Naples by Horatio Nelson and such creatures as the Acton family of Britain. At the beginning of the 17th century, when formal modern economic science began, the world-leadership in the science of statecraft was Naples, especially the circle identified with Tommaso Campanella.

From these outgrowths of the Golden Renaissance two essentially identical schools of economic science emerged in 17th-century Europe. In France, where this science was fostered by a group known as *les politiques*, the name of economic science was *mercantilism*. (Through, chiefly, the connections provided by Benjamin Franklin, French mercantilism provided the foun-

dations for the *American System of political-economy*.) From Italy itself came *cameralism*, which was the name chiefly used to define economic science in Germany into the 1840s.

During the 1670s, during the same period Leibniz completed the discovery of the calculus reported in his 1676 paper,⁴ Leibniz also published his *Society and Economy*, the founding work for all economic science since. Later, in 1952, this writer effected a major discovery in economic science, representing a further advance in the power of mercantilist-cameralist knowledge, but that discovery is merely an elaboration of conceptions already developed (chiefly) by Leibniz during the 1670s.

To define economic science as a category of specialized knowledge for the literate layman today, it is sufficient to compare the contributions of Campanella's circle and of Leibniz, and to trace the effects of Leibniz's revolution in economic science into the emergence of the American System of political-economy. Once we have accomplished that definition, that outline, we can then concentrate on the ABCs of economic science, free of the cult-nonsense spilling over into disinformed popular opinion from the university economics departments.

Cameralism and mercantilism were most essentially republican adversaries to the feudalistic doctrines of the 14th century and the Venice-directed Counter-reformation of the 1527-1653 period.

The feudalists, like the British today, were axiomatically *physiocrats*, who argued that all wealth of nations was derived ultimately from geographical accidents such as natural resources. The feudalists argued that the only source of profit to society is some form of rent, ultimately as "ground-rent" charges imposed upon the extraction of wealth from natural resources. Beginning with Adam Smith's *Wealth of Nations*, British (and, Viennese) political-economy expanded the physiocratic definition of natural resources to include human labor, defining human labor in the same analytical terms of axiomatic assumption appropriate to cattle.

"No," shouted the circle around Tommaso Campanella. They echoed their republican (city-builder) predecessors, including Plethon, Leonardo da Vinci, et al., on this crucial issue. "The wealth of nations can not be sustained on the basis of geographical accidents such as natural resources. The sole, continuing source of wealth is the development of the productive powers of the population of the nation." Campanella's circle emphasized what we today would term public education, technology, and state action to foster public works and private enterprise based on advancement of technology. Campanella's circle also stressed the role of the machine and kindred development of tools of agricultural and industrial production. Such families of technologically advancing series of tools, they termed—as did Alex-

ander Hamilton later⁵—"artificial labor."

The crucial thing lacking in Neapolitan and related forms of pre-1670 mercantilism and cameralism was Leibniz's contributions. The center of Leibniz's fundamental contributions to economic science was his elaboration of the principle of the heat-powered machine, "by which one man might accomplish the work of a hundred others."

Concretely, Leibniz went beyond the notions of machines powered by explosions (Christian Huyghens) and beyond the development of the first successful steam-engine in collaboration with Papin.⁶ Leibniz generalized the notion of development of an indefinite series of improved sources of heat to power machines, and then examined the comparative features of machines in terms of the efficiency of their use of heat to multiply the productive power of labor. From these considerations, Leibniz invented three fundamental notions of all modern science, economic science included: *work*, *power*, and *technology*. (*Technology* was otherwise known among Leibniz's French followers as *polytechnique*.)

All of Leibniz's and associated contributions to economic science were embodied in the statecraft of Benjamin Franklin's factional allies among the leaders of the American Revolution. From 1783 through 1876, American policy was divided between two factions: the Federalist-Whig faction (Washington, Adams, Monroe, John Quincy Adams, Henry Clay, Henry C. Carey, Abraham Lincoln, et al.), who deployed the American System of political-economy, and the Jacobin opponents of the Whigs, including Presidents who substantially ruined the U.S. economy during their terms of office (Jefferson, Madison, Jackson, van Buren, Pierce, Buchanan). It was chiefly the influence of the American System which effected the previously-cited 19th-century economic development of the United States, Germany, northern Italy, and Japan.

The case of France's economic development (prior to 1814) was chiefly parallel to the American System, but based on the same mercantilist principles (e.g., Claude Chaptal, Charles A. Dupin). In the United States, Germany, northern Italy, and Japan—as in the Russian policies of Czar Alexander II and Count Sergei Witte—it was the influence of the American System, directly and by that name, which created all of the institutions responsible for those nation's economic progress during the recent two centuries.

The name, "American System," was coined by U.S. Treasury Secretary Alexander Hamilton in his 1791 Report to the Congress, *On The Subject of Manufactures*. This was the policy which brought the United States out of 1789 bankruptcy and crises into the prosperity which Jefferson and Madison nearly ruined. The influence of the British East India Company and its agent Gallatin over U.S. policies under Jefferson and Madison, was

stressed by a close collaborator of both Franklin's and Hamilton's, Mathew Carey, in the course of the depression caused by Jefferson's and Madison's pro-free-trade policies. Carey's influential writings and organizing contributed greatly to the revival of the (dirigist, protectionist) American System under Monroe and John Quincy Adams, as well as the revival of the U.S. military, which Jefferson and Madison had virtually ruined. It was the Whig Party which continued the American System policies, with aid of the German agent (and American citizen) of the American System, Friedrich List.

After the death of his father, Mathew Carey, and Friedrich List, Henry C. Carey, Lincoln's economic adviser, took the lead in international spokespersonship for the American System against the enemy, the British monarchy and the British system of "free trade."

In 1868, Japan's Meiji Restoration launched the industrial miracle of that nation (to date) on the basis of adoption of the American System of Hamilton, List, and Carey.

Although the sovereignty of the United States, respecting its principal components of national debt, national credit, and national currency, was treasonously subverted to Britain's advantage by the 1876-79 Specie Resumption Act, the institutions of public education and industrial and agricultural development were so deeply embedded in the popular consciousness and practice, that the impulses of such institutions could be eroded, but not destroyed, over the period from 1871-76 into the launching of the treasonous, Malthusian "post-industrial society" cult's policies during the 1960s.

In brief, then, mercantilism, cameralism, and the American System of political-economy represent different brand-labels for the only economic science, the only science of statecraft which has succeeded in producing *self-sustained* economic development of a capitalist economy. It should be added that the relatively successful features of the Soviet economy have always been adaptations of the principles of the American System to a non-capitalist form of economic development—ever since V. I. Lenin revived Count Sergei Witte's and Czar Alexander II's demand that Russians learn to think in economics like Americans.

The ABCs of mathematical economics

The fundamental expression for all mathematical analysis of economic processes is some expression equivalent to:

$$P = F[(n + m)/n]$$

in which *P* signifies *potential relative population-density*; *F* signifies some function, to be discussed here; and; *n* and *m* are *degrees of freedom in economic phase-space*. By degrees of freedom, we signify the *complexity* of the

economy, as typified by its division of labor and by the complexity embodied in machine-tools and analogous forms of capital equipment of both production of goods and physical distribution of newly-produced goods.

The function is determined in the following manner.

In any level of technological development of society, only a certain range of man-altered conditions, typified by "natural resources," can be exploited at acceptable costs. As such man-altered conditions are necessarily depleted *by any unchanging mode of production*, the costs of exploitation of those conditions rises. Therefore, all forms of society based on the equivalent of "zero-technological growth" are intrinsically dying societies, societies wanting elementary qualities of moral fitness to survive.

Therefore, societies approximating "zero technological growth" policies of practice are societies self-condemned to die of "entropy," as we shall develop that point rigorously here.

It is only through technological progress that society increases its per-capita productivity, thus combatting rising costs of selected resources, and also increases the available range of varieties of usable resources. This technological progress necessarily increases the complexity of the division of labor, and also increases the complexity of the machines and analogous investments employed for production and for physical distribution of newly-produced goods.

Therefore, the successful continued existence of societies depends upon advances in technology in terms of increases (*n + m*) in complexity of production relative to a previous level of complexity at a lower level of technological development (*n*). The mathematical function which corresponds to such an analytical requirement— $F[(n + m)/n]$ —is best termed a "negentropic" function, or, alternately, a *Riemannian function*, the latter emphasizing the greatest 19th-century physicist, Bernhard Riemann (1826-66) of Germany's Göttingen University.

The proof that "systems analysis" is intrinsically genocidal is supplied within the limits of the most elementary features of such a negentropic, or Riemannian function. That proof, although elementary, is rigorous and conclusive, and would not be improved in any essential respect by introduction of more complicated mathematical-physical considerations.

The elaboration of the notion of potential relative population-density provides the uniquely appropriate basis for situating the proper interpretation of notions of work, power, energy, and technology. That two-phase elaboration suffices to prove conclusively why "systems analysis" is inherently the practice of genocide.

Potential relative population-density signifies the number of persons which can be sustained on an

average square-mile of habitable territory by means solely of the productive efforts of that population's own labor-force. This must be measured *relative* to both the variable quality of man-altered habitable territory and the level of technological development by which "ecological" characteristics are properly defined. It is clearly, the *potential* relative population-density we must measure, rather than the present census of population.

If one accepted the Club of Rome's adopted method, as in the fraudulent *Limits to Growth* of MIT specialists Meadows and Forrester, then this planet of ours was already grossly overpopulated when the level of several millions individuals was exceeded. If Meadows's and Forrester's arguments had been valid, neither Meadows nor Forrester could ever have been born to offer such fraudulent arguments.

Examining the historical (plus archeological) evidence retrospectively from the vantage-point of Leibniz's *Society and Economy*, the perpetuation of human existence over thousands of years to date has depended entirely on the emergence of new forms of society more advanced technologically than their predecessors. This advance correlates, in terms of an exponential function of some ostensible complexity, with increase of mankind's potential relative population-density. It also correlates, in a similar fashion and degree, with a geometric growth of the required average level of per-capita energy-throughput to society, relative to increases in potential relative population-density.

If we examine such historical evidence from the vantage-point of systems analysis, a most interesting feature of this progress of humanity comes to light, although systems analysis can discern this only negatively.

As society advances, the variety expressed in elaboration of tools and of the division of labor in production of goods increases. This alteration in the input-output characteristics of the economy limits the application of any adopted set of linear algebraic descriptions of the economy to a narrow range in span and in time. The number and designation of input-output "lines" increases, with some lines dropping-out. The coefficients, as well as the array of terms within each "line," undergo alteration.

As Bardwell and Parpart emphasized, in explaining the total breakdown of all published "econometric studies" of effects of the October 1979 Volcker-Carter monetarist measures, when economic processes are radically altered in some determining feature, the transformations in the behavior of the economy are roughly analogous to what occurs when ice melts to form water, or water boils to form vapor.⁷ (Or, the reverse process.) The changes, in short, are comparable to *changes in physical state* in a physical process. Another term is "phase-change."

In the simplest illustrative case, an economy undergoing concurrent growth in scale and productivity (technology), the systems analyst would be able to approximate the behavior of the economic process over relatively short terms, but would be obliged to develop a different model for a succeeding period than for the preceding period. If we can assume, as this illustration rightly admits the assuming of such a case, that technological progress is being ordered by a policy of practice prevailing in that society, then the different models developed by the systems analysts could be listed as a series:

$$a_1, a_2, a_3, \dots, a_n,$$

to which we apply the conventional practice of identifying any arbitrarily selected one term, in the interval from a_1 through a_n , as a_i .

In this series of "systems-analysis models," to attempt to use model a_i to project the state of the economy under terms of model $a_{(i+1)}$, leads to highly inaccurate results. This is the key to the abysmal failure of the Chase, Wharton School, and all other standard "econometric" institutions over the period October 1979 to the present. It is conversely the key to the reason that the LaRouche-Riemann analysis has been highly accurate, and the only analysis which even approximates the reality of developments.⁸ The LaRouche-Riemann model de-emphasizes the short-term, linear connections, and focuses upon the non-linear characteristics of phase-change in the economic process; that is why the LaRouche-Riemann analysis emerged under conditions following November 1979 as the only competent approach to analysis of the current process of global economic devolution (e.g., depression).

The series, a_1 , signifies that within the span of approximate applicability of each "model," a_i , there are occurring "non-linear," hidden developments which are transforming the economy into the state represented by "model" $a_{(i+1)}$. In other words, it is those considerations which linear systems-analysis axiomatically ignores, those cumulative "non-linear" effects, which produce the ordered succession of transformations, a_i .

This is a more rigorous manner of stating a point we outlined earlier in this report. As long as linear economic analysis is limited to a short time-span, and is twofoldly limited in scale of application to limited, gross features of a "micro-economic" process, the intrinsic fallacies of linear analysis can be relatively ignored for purposes of calculation of estimated values. As we enter into the broader range of policy-decisions affecting the transformation of a_i into some successor state describable by $a_{(i+1)}$, it is the intrinsic fallacies of the linear method which predominate in the comparison of calculated and actual effects.

What we have outlined for the illustrative case, of successive phase-changes under conditions of growth, is true for the case of economic decline, the case for the step-wise collapse of the economy under continuation of the Carter-Volcker policy of October 1979.

There is no middle ground between growth and devolution. There is no possible condition under which a linear policy-model of an economic process can sustain equilibrium over a period of even several years in the modern world.

All linear models are intrinsically zero-technological-growth models. All societies governed by zero-technological-growth in policy-making are economies undergoing entropic collapse, being directed into a devolutionary series of phase-changes.

Thus, in any circumstance in which linear thinking respecting economic processes shapes the policies of governments, banking, and so forth, that society is being directed into a devolutionary spiral, which, if continued, means convergence upon genocide. Lowering of the effective productivity of the economy (e.g., through unemployment of goods-producing labor, cannibalization of existing productive capacities, etc.) has the ecological effect of lowering the potential relative population-density. When the potential relative population-density is pushed down, as by Friedman and Volcker types of monetarism, below the level of the existing population, genocide emerges.

Part Two of this article will appear next week.

1. LaRouche, Lyndon H., Jr., & Goldman, David, *The Ugly Truth About Milton Friedman*, New York, 1981.
2. *The Theory of Games and Economic Behavior*, Princeton, 1944.
3. LaRouche, Goldman, *op. cit.*
4. Leibniz's published report on the discovery of the differential calculus was sent to the Paris printer in 1676, as Leibniz was leaving France, to return to Germany. For unexplained reasons, publication of this paper, which exists and whose authenticity is determined by datable elements of the Leibniz archives, was suppressed. This date, 1676, is eleven years prior to Newton's publication of an unusable concoction on which his reputation as inventor of the calculus was alleged to depend.
5. Alexander Hamilton, Report to the U.S. Congress, *On The Subject of Manufactures*, 1791.
6. Valenti, Philip, "Leibniz, Papin, and the Steam Engine," *Fusion*, December 1979.
7. On "phase-change" analogy for economies, see Bardwell, Steven & Parpart, Uwe, "Economics: the Thermohydrodynamic View," *Executive Intelligence Review*, May 6, 1981.
8. Goldman, David P., "Why the EIR Model Beat Wall Street's 1980 Projections," *Executive Intelligence Review*, Vol. 7, No. 34, Sept. 1, 1980.

Profile

Club of Rome moles in the Soviet Union

by Rachel Douglas, Soviet Sector Editor

In April 1979, the popular Russian weekly *Literaturnaya Gazeta* introduced its readers to the International Institute for Applied Systems Analysis (IIASA) in Laxenburg near Vienna, Austria. "People At A Globe," was its title for an article that concluded with the reporter's vision of people peering over a globe of the Earth—"a live, huge, eternal, small, defenseless, slightly flattened ball."

The image is familiar enough from the tracts of environmentalists who would like to rid the globe chiefly of people. But who are these Soviet globalists?

Dzhermen Gvishiani, the Deputy Chairman of the U.S.S.R. State Committee on Science and Technology and the son-in-law of the late Soviet Prime Minister Alexei Kosygin, is the Soviet systems analysis promoter best known in the West, for he and McGeorge Bundy are co-chairmen of the board at IIASA. Most recently, Gvishiani was welcomed to the board of the Club of Rome.

A look at Gvishiani and three other leading proponents of systems analysis in the Soviet Union takes us deep into Soviet policy-making circles, for foreign as well as domestic affairs. The systems analysts, it emerges, are intimately bound up with Soviet support networks for environmentalist mobs in the West, including those who parade under the hypocritical banner of "peace," while their targets for destruction are nation-states and political factions that have some policies for economic growth and avoiding war.

The trail leads into a nest of Soviet think tanks whose mother is the Institute for World Economy and International Relations (IMEMO), a major source of the Soviet doctrine that technology under capitalism exploits workers, strengthens the West, and is therefore undesirable. IMEMO, founded in 1957 and expanded by networks of the old Communist International or Comintern organization, is a channel of Soviet liaison with the Club of Rome and the Socialist International. Together with the International Department of the Soviet Communist Party Central Committee and the foreign policy sections of the Committee for State Security (KGB), IMEMO-centered forces account for the Soviet contribution to international environmentalism and terrorism.

It is equally evident, however, that a substantial part of the Russian globalist cabal intends to enforce the anti-

progress Malthusian doctrine in the U.S.S.R. as well. Like American systems economists whose schemes are so destructive to the prosperity of the United States that the conclusion "KGB agent" readily springs to mind, these Russians are agents of a supranational Malthusian conspiracy against both the great industrial powers, America and Russia, and the nations in between.

This network has its hooks sunk deep into Soviet scientific, state and communist party institutions, advancing on the strength of its contention that global systems analysis merely does a better, computerized, job of the comprehensive "objective" analysis of economic and social processes that Marxism-Leninism professes.

The Malthusians run up against the defense perimeter drawn by the Soviet military and other conservative factions in the leadership, who demand a perspective of industrial progress as vital to the survival of the U.S.S.R. But they anticipate multiple opportunities to gain ground, during the struggle to succeed Brezhnev's generation in the leadership.

Dzhermen Gvishiani

A familiar face on the East-West trade circuit, Gvishiani earned the reputation of a sophisticated Soviet businessman who broke the stereotype of the bureaucrat in a rumpled suit. He was born in Soviet Georgia, reportedly the son of an officer in the predecessor organization to the KGB in that Transcaucasus republic, and married the daughter of Kosygin.

Although Gvishiani's acceptance of an invitation to appear on the Club of Rome masthead, a step confidently predicted by Club of Rome chief Aurelio Peccei last summer, is a milestone in overt Soviet support for the Club of Rome, Gvishiani was in on it from the beginning. Club of Rome co-founder Alexander King of the OECD revealed that it was Gvishiani who catalyzed the club's formation, by picking up on a 1968 speech by Peccei, and working behind the scenes to find sponsors for giving institutional flesh to Peccei's ideas (*EIR*, June 23, 1981).

The foundation of IIASA dates from the same period; discussions begun with Bundy during the 1967 Glassboro summit between Kosygin and President Lyndon Johnson culminated in IIASA's door-opening in 1972.

Gvishiani also is Director of the All-Union Systems Research Institute attached to his State Committee for Science and Technology.

Ivan Frolov

Gvishiani's Deputy Director at the Systems Research Institute, Frolov also controls *Voprosy Filosofii* (Questions of Philosophy), one of the foremost theoretical journals of the Soviet Union. His article in the September issue of that magazine, "Man and Mankind

Under the Conditions of Global Problems," constituted a naked call to indoctrinate Soviet citizens with what he terms "globalist thinking," necessary to address "the real situation in which man and mankind find themselves as a result of an unwise interaction with the mighty forces of nature which represent the 'body' of man and the human race."

According to Frolov in an Oct. 14 interview to *Literaturnaya Gazeta*, an interview in which he welcomed the *Global 2000* report by the Carter administration State Department, the Soviet Union will *surpass* the Club of Rome in dealing with global problems. In the quarterly *Social Sciences*, #1, 1981, Frolov explained in a flourish of revolutionary rhetoric:

"The Club of Rome . . . does not directly take up the question of whether capitalism has a future, but . . . the answer is often negative, both for the whole of the system and for some of its essential traits. . . . The very suggestion [in Peccei's book *The Human Quality*] that a *new* humanism is necessary is expressive of a certain dissatisfaction with the existing, *bourgeois* species, and this, doubtlessly, is a step forward. . . . International cooperation . . . is exerting a deep positive influence on the entire course of world development, stimulating the process of internationalization, which in the future will become the very basis of the new civilization. Global problems are today the most powerful *stimulating factor* in the development of the world's material and spiritual life towards communism."

Vadim Zagladin

Zagladin is Frolov's frequent co-author of articles on "global problems" and the systems approach, and appeared in the Oct. 14 interview. But Zagladin's primary job is Chief of the International Department of the Central Committee, the ruling body of the Soviet Communist Party. Presided over by Central Committee Secretary Boris Ponomarev, the International Department carries forward the work and the networks of the old Comintern organization dissolved in World War II.

Yevgenii Fyodorov

The other Soviet to join the Club of Rome board, according to Peccei, Academician Fyodorov is a Deputy Chairman of the World Peace Council, which serves as umbrella over the Ponomarev-linked communist party networks and the peace movement in the West. In his capacity as head of the Soviet Committee for the Defense of Peace, Fyodorov toured the United States in January 1981 under sponsorship of the American Friends Service Committee.

Fyodorov's Feb. 16, 1981 article in *Pravda*, "Protecting Nature for People," gave the highest-level qualified endorsement of *Global 2000* to issue from the U.S.S.R. up to that time.

The U.S. systems analysis network

by Lonnie Wolfe

Not one policy decision of major consequence made by governments or corporate and financial circles in the West is not currently influenced by the cult practice known as systems analysis. The influence of this cult has proliferated especially during the past 20 years, spread by an army of thousands of analysts deployed through various think tanks in the United States and in Western Europe.

Overseeing this network is the London-based Tavistock Institute of Human Relations and its offshoot the Social Policy Research Unit at Sussex. Tavistock is the psychological warfare division of the British oligarchy and allied intelligence networks. It was Tavistock and their Central European allies who invented system theory as an appropriate brainwashing and conditioning mode for decision makers.

Tavistock provides the methodological framework and/or personnel for some of the key European centers of systems work. One of these, the Vienna-based International Institute for Applied Systems Analysis (IIASA), the coordinating point for systems theorists in both the East and the West, is a creation of the NATO-OECD networks that created the Club of Rome in 1969. Individuals such as Aurelio Peccei, Alexander King, and Eduard Pestel are members of both the international executive of the Club of Rome and the executive of IIASA, along with their Soviet counterparts, headed by Academician Dzhermen Gvishiani. Both IIASA and the Club of Rome control the work of the most important United Nations organizations such as the United Nations Institute for Training and Research (Unitar) through Club of Rome/IIASA member Ervin Laszlo.

The Club of Rome has produced two key global models over the last decade, both aimed at introducing "limits" or "scarcity" planning into the decision-making process. The first model produced in 1972, was the notorious Meadows-Forrester *Limits to Growth* model, which came under attack for being too arbitrary. In

fact, the model was deliberately extreme in its conclusions, so that a softer version of the same argument could be put out in another form, with greater public acceptability. The revision was initiated by Tavistock's Social Policy Research Unit (SPRU) and culminated in the mid-1970s Messerovic-Pestel model and subsequent revisions.

In the United States, the Tavistock networks (such as the Tavistock-trained Kurt Lewin) created the RAND Institute in Palo Alto, California as their core systems theory think tank and deployment center. RAND, spun out of the wartime Strategic Bombing Survey networks who later ran the Marshall Plan, moved personnel into every level of U.S. corporate and governmental circles during the 1950s and 1960s. For example, RAND systems analysis people virtually took over the U.S. Department of Defense during the tenure of Robert S. McNamara; RAND policy analysts remain ensconced there and in such agencies as the CIA, where former head of RAND Henry Rowan heads the policy analysis division.

The work of RAND is buttressed by other key systems analysis oriented think tanks, including SRI International (formerly Stanford Research Institute); the Battelle Memorial Institute (based in both Cleveland and Geneva, Switzerland, where its operations are directed by Club of Rome member Hugo Thiemann); the Wharton School of the University of Pennsylvania, whose econometrics model is run by Club of Rome member Lawrence Klein; and the Sloan School of the Massachusetts Institute of Technology (MIT), which employs Jay Forrester.

The invariant linking all these disparate operations is their common Tavistock-RAND parentage. For example, Eric Trist, the chairman of the editorial board of Tavistock's *Human Relations* magazine, formerly directed the Institute's North American operations from his base at Wharton, carefully interfacing the Wharton operation with Club of Rome networks. Personnel from RAND populate the systems analysis sections of these think tanks.

As is consistent with Tavistock methodology, an outsider examining this network might look at the various reports produced by these organizations and see an apparent conflict on certain levels between the groups. This competition is itself part of the brainwashing process; it masks the fact that all systems analysis applied on a large scale leads to limited variants of the same genocidal theme.

The think tanks have spinoffs within the private and government sectors themselves, such as the Chase Econometrics or the Defense Department Policy Analysis staff. Perhaps the most significant privately-based capacity is the futures forecasting groups of Shell Oil Company and the American Institute of Life Insurance.

These groups are in turn buttressed by a host of small

think tanks which perform specialized client work on futures studies. Among the most prominent of these is the Connecticut-based Futures Group, which specializes in forecasting and consensus brainwashing techniques based on the "Delphi method" developed by RAND. The Futures Group is formed from refugees from the Institute for the Future, which was set up by the European futures networks of such people as Alexander King and Eduard Pestel as well as RAND personnel from this country. The Futures Group, for example, designed the systems analysis model for long range planning used by the U.S. Joint Chiefs of Staff.

Occasionally these networks are pulled together under a single project to build a global model. This was precisely how the *Global 2000 Report* was produced, under the auspices of the Carter State Department from 1977 to 1980, under the direction of IIASA/Club of Rome member Gerald O. Barney, and the White House Council on Environmental Quality.

The next step

The policy networks behind the *Global 2000 Report* are now moving all policy channels into a single systems-analysis-based network.

The Committee for the Year 2000, the elite group of prominent individuals and former government officials who back global depopulation policies, are plotting a de facto coup against U.S. constitutional government, to force all policy decision to be made from the same global systems analysis framework that produced the *Global 2000 Report*.

According to a spokesman, the Committee whose membership includes Club of Rome members Robert O. Anderson of Arco, Russell Train of the World Wildlife Fund, and Lester Brown of Worldwatch as well as former Secretary of State Cyrus Vance, has "decided to change the way that government functions and makes decisions. This means we will have to ignore certain constitutional considerations and look the other way to get things done."

Following a secret meeting in Washington last month, Anderson informed the staff of the Committee that they had decided to skip over particular issues . . . and go for what we think is more crucial. We need to create an institutional capability based on global systems analysis within the U.S. government to produce and implement future policy forecasts. We want all decisions based on this. In this way we control the process of decision making."

The committee has yet to elaborate a precise proposal. This will come after another secret session in January. The committee spokesman described the problem of formulating a workable proposal as "extremely sensitive, especially when you get to areas of congressional and executive responsibility for implementing policy

based on such a model. The critical function is oversight, making sure that the policy proceeds from here. . . ."

"The concept of the global model carries with it a language all its own," said a Committee source about the brainwashing mode behind their plan and all systems analysis. "It is easier to convey a positive image around otherwise harsh ideas with systems analysis. The *Global 2000 Report* failed to communicate this properly—it lacked positive language. It was a good try, an important effort, but it couldn't produce a good report because the government wasn't organized properly to produce a good job. There was nothing wrong with the systems model as such."

The Committee thinks that it can trap sections of the Reagan administration into going along with the project by asserting that systems analysis has no bias. They openly admit that this is a trap—that, no matter how the information is assembled or who does it, the results will lead toward the conclusion that population reduction at some level is necessary. They are willing, for example, to work with Herman Kahn of the Hudson Institute, another systems think tank with a "pro-growth" cover—if that pleases the White House. They know that Kahn's modelling is *essentially* the same as the Club of Rome's.

"We want to produce a new and better *Global 2000*," said a Committee spokesman. "It will make the same conclusions, use the same methods, but be unassailable. We will use the systems language better."

IRIS

A second, perhaps further-reaching consolidation of this network is taking place around the formation of a new private intelligence agency, International Reporting Information Systems or as it is more commonly known, IRIS. This new organization will use a computer data base larger than the CIA's, and boast of an extensive network of intelligence-gathers and former CIA agents.

IRIS will place a computer video terminal in the offices of each client, who will then be plugged into the central computer and will receive daily intelligence reports, futures forecasts, and risk analyses tailored to their requests. In that way IRIS will draw the policy makers of the leading corporations, banking institutions and government agencies around the world into a single systems-analysis data base. In that way IRIS's "impartial" risk analysis of various countries becomes the basis for investment decisions.

IRIS, which boasts former British Prime Minister and Brandt Commission member Ted Heath as chairman of its advisory board and Robert McNamara as a board member, believes that it can feed every policy assumption that counts into the system.

Behind the 'greening' of the NATO alliance

by Lonnie Wolfe

British-dominated European policy circles, working closely with U.S. Secretary of State Alexander Haig, are using the rabidly anti-nuclear Green "peace" movement in Europe to create a nuclear-armed Europe, under their control.

The plan calls for the expansion of environmentalist-sponsored violence and anarchy across the continent. The West German government of Chancellor Helmut Schmidt is targeted to be toppled. Once that happens, these NATO circles plan to create a British-dominated European Defense Community (EDC) as the core of a restructured NATO sometime before 1983. Such an EDC would carry out the NATO modernization decision, installing nuclear armed Pershing II and cruise missiles—but replacing the U.S. with a European command.

This plan has been the subject of discussions in NATO circles and in the U.S. State Department. Its biggest booster is said to be the British Foreign Office of Lord Carrington. The uproar caused by Greece's demand at the Dec. 8-9 NATO ministers' meeting in Brussels, for a renegotiation of its relationship with Turkey, is seen as furthering the scenario.

The scenario

According to a scenario picked up from the NATO headquarters in Europe by a British-linked congressional aide, the U.S.-Soviet talks in Geneva on reduction of Theatre Nuclear Forces have been rigged by the Haig State Department to collapse or drag on indefi-

nitely. This will feed the further growth of the Green movement in Europe, producing more massive "peace" demonstrations. Such demonstrations are already a near-weekly occurrence; huge peace rallies recently took place in Amsterdam, and the communist government organized a demonstration of more than 250,000 in Rumania, a member of the Warsaw Pact.

The demonstrations, especially those in Western Europe, are intended to produce violent clashes and conditions of near anarchy, the aide reported. The prime target is the government of West German Chancellor Helmut Schmidt, which is described as "hanging on by a thread." He suggested that "maybe a heart attack" could take care of the West German chancellor.

The Soviets think they are being clever, said a congressional source with extensive contacts in Europe, especially Great Britain. "They are pushing and encouraging the peace movement. We will coup their moves by re-creating NATO. The peace movement will feed a counter reaction. They will not come to power, but they will frighten people into putting in right wing governments . . . The peace movement attacks the imposition of American will on Europe—putting American nuclear missiles there that Europeans don't control . . . So the peace movement says Europe for the Europeans. That is just fine. Let the Europeans control their own destiny—through an EDC . . ."

The new NATO—the "green NATO"—will be centered around a supra-national EDC with powers that



Courtesy of the German Information Center

If Helmut Schmidt is ousted—a prerequisite for restructuring NATO—Foreign Minister Genscher may replace him.

will overcome questions of national sovereignty. Europeans, said the congressional aide, will effectively become “citizens of NATO” under such an arrangement.

“They call for a Europe of the regions. They say that the national sovereignty must be done away with. The irony is that their proposal has already been the program of the right wing . . . From the left, a Europe of the regions will never come into being.”

Instead, said the aide, who speaks regularly to advisers to British Foreign Secretary Lord Carrington, “what if the proposal were picked up by German Foreign Minister Genscher or British Prime Minister Thatcher in a call for a pan-European EDC . . . All but the hardcore crazies in the peace movement fall away. The others will share in this dream of a self-determining Europe, a Europe without nation states . . .” Genscher, he said, is a likely successor for German nationalist Schmidt, while both Thatcher and the new opposition the Social Democrats share this view.

Should the plan come to pass, the aide predicted that the U.S. would be free to redeploy much of its European-based forces into a Rapid Deployment Force for intervention in the Persian Gulf or elsewhere.

Implications

The Green movement has, since its inception in the late 1960s, had a curious relationship to NATO. For example, the Club of Rome, the leading environmentalist group in the world and founder of the zero-growth

movement, was created as a spin-off of NATO policy planning operations in 1969, by two former NATO operatives, Alexander King and Aurelio Peccei. Not surprisingly, the Club of Rome, under the direction of Peccei and King, has led an unending attack on the nation state, promoting a “Europe of the regions.” The Club of Rome coordinates the European environmentalist or Green movements, through such allied institutions as the Aspen Institute for Humanistic Studies in the United States and West Berlin.

The funding for the Club of Rome comes from such NATO-linked organizations as the Agnelli Foundation in Italy and the Volkswagen Foundation in West Germany, with banking from major corporations, such as the Seven Sisters oil multinationals. The same channels conduit money to the Green movements who have run the anti-NATO demonstrations in Europe.

The leaders of the peace movement are now openly admitting where their agitation will lead. Speaking at a public forum at Columbia University, Petra Kelly, the leader of the Green Party in West Germany, stated that the most likely outcome of the current Green agitation would be the formation of a nuclear armed EDC under European control.

“Anything is better than what we have now,” said Kelly, who was an aide to NATO-linked European Community figure Sicco Mansholt.

Congressional sources familiar with EDC scenario say that the Reagan White House is already aware of

the option. While they dislike its diminution of U.S. influence over Europe, they are being told by the State Department that the plan represents a viable worst case solution to the growing chaos in Europe and attacks on American defense policy.

The French government of Socialist François Mitterrand supports the EDC idea and the State Department backers are using this as an argument in its favor. France, they say, is now ready for a greater role in NATO and the EDC is the way to do it.

If Schmidt of West Germany is not forced out of office through Green agitation within his own party, the backers of the EDC within the Reagan administration plan to increase the pressure on the West German Chancellor until he falls. All it will take is for the U.S. to declare West Germany an unreliable ally, said a source, a move that is currently inhibited by President Reagan's personal admiration for the West German Chancellor.

NATO has grown into a tired institution, said the congressional aide. "It was always supposed to evolve into a Pan-European supra-national EDC, but this got held up one way or another. Now we're giving NATO a transfusion and the Greens are helping us revive the dead."

Some 'peace' supporters

Secretary of State Alexander Haig commented as follows on the actions of the 30,000-strong mob that rioted in West Berlin in antinuclear demonstrations on his arrival there on Sept. 20. He declared: "It has not escaped my notice that my presence here today has brought into the streets West Berliners who think less well of me and my country than I wish. In a sense, I obviously regret these demonstrations, but in a far more important sense, we should all draw deep satisfaction about the strength of democracy and a commitment to democratic institutions in this part of Berlin. All the anguish, the struggle, the determination that the Allies, the Federal Republic, and West Berlin have expended over the years to keep this city free have been worth the price. Many years ago, Voltaire, in speaking of another revolution, said, 'I disagree with what you say, but I will defend to the death your right to say it.'"

British Foreign Minister Lord Carrington, speaking at a Churchill Memorial in Luxembourg on Oct. 27, echoed Alexander Haig: "I disapprove of what you say, but I will defend to the death your right to say it," adding tongue-in-cheek, "Please be careful that your agitation does not unintentionally serve the purpose of the Soviet Union."

Casimir Yost, an influential NATO-linked policy adviser

to GOP Senate circles, said Oct. 30 in an interview provided to *EIR* that "Carrington is the real master. If we [the United States] follow his lead, we might save NATO as a meaningful force," and that Alexander Haig is the exception to "the morons and cowboys" running U.S. foreign policy. The peace movement is not such a bad thing, he added: "I know that it is scaring the hell out of people in the White House, and that is good. It gives Haig and the reasonable people more leverage. . . . Schmidt may not last, but Germany won't go over to the peace movement. It will go to the CDU [Christian Democratic Union] and that won't be bad for NATO. These peace movements are cynical. . . . NATO must be reformed to give Europe more of a say in decisions that affect them."

Yost, whose father Charles was a senior member of the Aspen Institute circles in Washington, and whose brother Nicholas coordinated the Global 2000/Global Futures projects under the State Department, is currently advising Global 2000 supporter Sen. Charles Mathias, Republican of Maryland.

John W. R. Taylor, the editor for 22 years of the authoritative British publication Jane's *All the World's Aircraft*, stated Dec. 9 in a press release that "With the cohesion of both NATO and the Warsaw Pact-alliances crumbling and the vast popular anti-war movements gaining strength, a massive and urgent reduction of nuclear weapons is clearly essential."

The Soviet weekly *New Times* stated in a November editorial: "The demonstrations in Paris, the mass rallies in Britain, the unprecedented manifestation in Madrid and other anti-war actions were met in the White House in so insulting a manner as to prompt the *Washington Post* to observe that 'it does no good for Americans to hector Europeans.' . . . Mass anti-war actions testify to the choice more and more people in Europe, and not only in Europe, are making. They choose the optimism of detente and peace and reject the stupefaction . . . caused by the insanity of the imperialist nuclear plans."

Soviet Central Committee Secretary Boris Ponomarev said in a speech Nov. 24 in Prague, as reported by *Pravda*: "In revealing the unsoundness and provocative meaning of attempts to attribute the present scope of the antiwar movement of 'Moscow's intrigues,' B. N. Ponomarev stressed that this movement is the independent response of broad strata of the Western population to the situation resulting from the U.S. administration's adventurist policy. Very different social and political forces including, incidentally, forces infested by anticommunist prejudices, rub shoulders in this movement and cooperate. . . . The socialists and social democrats are one of the most important components of today's peace-loving forces."

Opposition regroupes as chaos intensifies

by Dana Sloan

France is disintegrating into chaos at a pace so rapid that observers and participants on the French political scene, whether or not favorable to the Socialist government of François Mitterrand, have been taken by surprise.

Caught off guard by the opposition to its scorched earth policies provoked in layers including parts of its own constituency, the Mitterrand government panicked and demanded that the National Assembly grant it special powers for a several month period in which to implement its zero-growth economic program and reforms. Far from quelling the disorder, the move produced a violent clash within the government between two factions which have the same goals for the reorganization of French society, but want to use different methods to bring it about. Finance Minister Jacques Delors clashed openly with Prime Minister Pierre Mauroy, who is accused of moving too rapidly on all fronts without consolidating already announced policy changes. In a rare move for a French President, Mitterrand was forced to hold a special press conference on Dec. 9 in which he attempted to rally his constituency—and members of his government—around his program.

Labor unions, farmer organizations, associations of small businessmen and industrialists, and unions representing police and other law-enforcement officials have been the most active in advertising their disillusionment with the new government's policies. But the traditional parties of France have so far proved incapable of galvanizing these forces into a coherent movement around a serious programmatic alternative. Former President Valéry Giscard d'Estaing has adopted the strategy of lying low until the chaos reaches such a point that his political re-emergence would serve as a rallying point. In the meantime, his intention is to not create an opposition whose only purpose, in his view, would be to give the Mitterrand forces something to rally *their* troops against. As for Jacques Chirac, the Mayor of Paris and treacherous leader of the Gaullist party whose actions during the presidential campaign helped defeat Giscard, his entire strategy for power is to accelerate the chaos in order to put himself forward as the strong-man alternative to socialism.

All indications are that the process of political unrav-

elling will accelerate. The demise of the Mitterrand government—as it now exists is conceivable in this situation, possibly as early as next year, though what will emerge to replace it and how remains a matter of speculation.

An international mobilization of the right is underway to build new political movements from the future ruins of the Socialist government and perhaps the country.

Dozens of opposition political clubs and groups have sprung up in recent weeks, modeled on the proliferation of clubs during the 1950s that provided the original brain trusts for the Mitterrand group. These clubs for the most part regroup former collaborators of Giscard d'Estaing, and some of Jacques Chirac, and some are hybrid organizations including both.

The most significant of the groups to emerge is under the banner of Louis Pauwels, the spooky founder of the Nouvelle Droite ("New Right") movement in France. On Dec. 5-6 the first public forum of his new group, which calls itself Pour un Alternative au Socialisme ("For an Alternative to Socialism"), took place in a conference hall packed with over a thousand participants. The conference was originally set up with the participation of some of America's leading right-wing social democrats such as *Commentary* editor Norman Podhoretz and Hoover Institute member Seymour Lipset. However, almost all the scheduled American speakers pulled out when a factional brawl erupted between Pauwels on one side and Committee for a Free World member Raymond Aron on the other over the participation of Alain de Benoist, a close associate of Pauwels whose name is synonymous with anti-Semitism in many circles. The confrontation over this affair signals that at the very highest levels an effort is underway to clean up the tainted image of the New Right.

What makes the New Right a factor to be reckoned with is that it understands that seizing cultural power is the only means to eventually seizing government power. This perspective is shared by a small number of political figures who, with different ideological shadings, have fundamentally similar policies. As *Le Monde* commented Dec. 8: "Their analysis, according to which the conquest of political power is nothing but the result of the conquest of cultural power, is shared by the GRCE (Groupement de Recherche sur la Civilisation Européenne) of Alain de Benoist, as well as by certain Socialists, namely [Mitterrand adviser] Jacques Attali and [Cultural Affairs Minister] Jack Lang."

No opposition to the Mitterrand regime has a chance of accomplishing anything short of fueling the chaos, if it is not grasped that it is the battle for ideas and the minds of the French population that will determine the future course of the country's affairs. What is clearly necessary is to build a new party as an effective alternative to the "New Right" and "New Left."

Will Quebec be a new Northern Ireland?

by Irene Beaudry

A confrontation is looming over Quebec's opposition to Canadian Prime Minister Pierre Elliott Trudeau's constitution that may rapidly erupt into civil war.

Trudeau has succeeded in crushing all opposition to his constitutional package in nine of Canada's ten provinces, making Quebec the lone dissenting voice. On Dec. 2 the Canadian House of Commons voted in favor of "repatriating" the constitution from Britain without Quebec's consent; the Senate is expected to do the same.

Now from within Quebec Premier René Levesque's own Parti Québécois (PQ), a Socialist International fifth column has emerged to destroy the republican faction behind Levesque and his program for industrializing Quebec.

Agents surface

At the Parti Québécois's bi-annual party convention Dec. 4-6, delegates voted overwhelmingly to reject Levesque's policy of negotiating an economic association with Canada as a condition for sovereignty, in favor of an independent Quebec.

The adopted resolution incorporates the concept sponsored by Canadian financier Walter Gordon and the Trudeau government for a North American Common Market, under which Canada—and hence Britain—would dominate the raw materials of the United States and Mexico. The inclusion of the proposal exposes those PQ delegates as being nothing other than agents of Her Majesty the Queen.

The resolution states that the PQ "as a sovereign party does not have to promote the idea of association with Canada which is already inscribed in the economic and political reality of the countries of North America, which are already moving more and more rapidly toward total abolition of their tariff barrier."

Levesque warned his party that such calls for inde-

pendence would lead to "bloodshed similar to what occurred between France and Germany in 1887, 1914, and 1934. . . . We are confronted with the worst economic crisis in the last fifty years," said Levesque, "We have to focus our efforts on economic building."

Levesque's own program for Quebec's economic development is politically linked to the 1978-1980 alliance of West German Chancellor Helmut Schmidt and former French President Giscard d'Estaing. In overturning that program, the Parti Québécois is aligning itself with the kind of terrorist and fascist policies of the new Socialist Mitterrand government in France, which has also drawn France closer to Great Britain.

The political climate meanwhile between the provinces' English and French speaking communities is being heated up by the same Trudeau forces to fuel traditional hostilities between English and French, Protestant and Catholic.

The trade unions of Quebec, which are historically dominated by the Jesuit order, have banded together with the "nationalist" Saint Jean Baptist Society to form a "National Alliance Against Federal Aggression." From the English side, an equally rabid group of Jacobins has formed the Coalition of English Speaking Quebecers, calling upon anglophones and other ethnic minorities in Quebec to become "militant" and "mobilize their troops" in order to protect their rights.

Addressing over 300 people at a Canadian Club luncheon, Alex K. Paterson, chairman of the Positive Action Committee, declared: "English people in Quebec aren't interested in presenting briefs anymore. . . . If we don't intervene now—and forcefully—we will be steamrolled."

Trudeau the winner

The battlelines have thus been drawn for a bloody re-creation of the 1970 October Crisis in Quebec during which the terrorist FLQ kidnapped the British High Trade Commissioner and murdered Quebec Labor Minister Pierre Laporte. The result then: Trudeau enacted the War Measures Act and took over Quebec's provincial powers by emergency decree.

Levesque's opposition to Trudeau's constitution now is based correctly on safeguarding provincial rights over natural resources and education, but unless he moves toward formulating a truly republican constitution *for Canada* along lines proposed by Lyndon LaRouche, Quebec will not escape a bloodbath.

At a previous press conference Trudeau vowed to stay in office for as long as it took to destroy the Parti Québécois. And at the party convention, Levesque said he would resign as president of the party while retaining his position as Premier, prompting sources in Quebec to moot the possibility of Levesque forming his own party as a flank to isolate those forces pushing for civil war.

Perminindex, Mitterrand, and the Schlumberger connection

by Dana Sloan

In France, the technetronic “wired society” of *télématique* is about to become a nightmarish reality. We begin by taking a close look at Schlumberger Ltd., a company that is at the center of the conspiracy in France to introduce a post-industrial order.

Schlumberger Ltd. is the largest manufacturer of oil diagnostic equipment in the world, accounting for over 50 percent of the market. With annual revenues of over \$4 billion, it has for a long time occupied a strategic place in French economic policy. However, since François Mitterrand’s election in May, Schlumberger Ltd., chaired by the new French president’s intimate friend Jean Riboud, is once again in a position to influence more than what quantities of petroleum will be discovered in different parts of the world.

The last time Schlumberger played a significant role in shaping the course of world events, it resulted in the death of an American president. That was in November 1963, and John F. Kennedy was the victim.

According to the investigations of New Orleans District Attorney James Garrison, an international private interest group going under the name of Perminindex (Permanent Industrial Exhibits) played the critical behind the scenes role in laundering operations to prepare the hit (see page 52). Almost simultaneously, investigations taking place on the other side of the Atlantic into the many assassination attempts against General de Gaulle were also leading back to Perminindex as a source of funds for the unsuccessful hits—notably the Petit Clamart bombing incident. American sources familiar with the original investigations more particularly identified the French-born chairman of Schlumberger Ltd. in Houston, Perminindex board member John de Menil as the crucial connection.

The same sources identify de Menil money behind the Russian exile Tolstoy Foundation, as aspect of Perminindex, and Schlumberger Ltd. as a CIA and FBI Division 5 (i.e., Perminindex) weapons conduit to anti-Castro Cubans.

Schlumberger Ltd.’s international chairman Jean Riboud was also at Mitterrand’s sides when the French President received Ronald Reagan aboard the *Grasse*

yacht off the coast of Yorktown, just as Mitterrand had required his presence during the summer when West German Chancellor Helmut Schmidt visited his home in Latche. Riboud declined the post of French Ambassador in Washington, talk in Paris has it, to hold out for a possible cabinet position. There Riboud could effect in an official capacity, what he now does extremely unofficially.

Mitterrand also called on Jean Riboud during the height of the recent controversy that surrounded the nationalization of the Banque de Paris et des Pays-Bas (Parisbas). When Parisbas Chairman Pierre Moussa was forced to resign after successfully selling off the bank’s Swiss holdings to protect its networks from the government takeover, the Finance Ministry put Jean Riboud and Jacques de Fouchier (former Chairman of Parisbas and member of the board of directors of Schlumberger) at the head of the bank to negotiate the nationalization procedures.

Jean Riboud is more than a confidential advisor to Mitterrand: he is an active participant in a conspiracy that has developed in France over the 20 years since de Gaulle made his spectacular political comeback in 1958. That conspiracy was spawned by members of Aurelio Peccei’s Club of Rome, the Tavistock Institute at Sussex University, and Bertrand de Jouvenel’s Futuribles grouping. Their image of France, which Mitterrand has been groomed and put in office to realize, is of a country broken into small autonomous units, in which the population is deprived of any sense of higher purpose in the achievements of the nation-state—a concept considered repugnant and anachronistic by these global planners. It is a wired society in which the child is taught linear logic by a computer-teacher, and the adult is given his skills and training to fit job slots via a home terminal. Redistributionism takes the place of the creation of new wealth, and the sun and trees are worshipped as the gods of this Malthusian universe.

Jean Riboud, one of the original members of the Nazi-supporting Futuribles, writes in Schlumberger’s annual report that “the ultimate consequences of this age of artificial intelligence” both for man and society are



Jean Riboud of Schlumberger Ltd.

hard to predict. In order to take a greater part in shaping that age, Schlumberger recently diversified into the semiconductor industry, acquiring Fairchild Camera and Instrument, a major producer of silicone chips. Future articles in this series will examine more closely the ultimate consequences of the "télématique" era about to be launched.

Also a significant asset of the Schlumberger empire is Antoine Riboud who, even more than his brother Jean, has been on the public end of Mitterrand's 20 year campaign for the presidency. A leading member of the socialist think-tank created by now-Finance Minister Jacques Delors, the "Club Echanges et Projets," Antoine Riboud is Chairman of France's largest food company, BSN-Gervais Danone. Riboud has ambitions for BSN-GD to become a "French Coca-Cola," and to this end acquired the Dannon Yogurt company shortly after Mitterrand's inauguration. Antoine Riboud was among the original money along with the Servan-Schreiber family behind the creation of *L'Express* magazine.

During the late 1950s and early 1960s, the newly created *L'Express* magazine was the public arm for the so-called "moderate" New Left, whose guru was former Premier Pierre Mendes-France, who more recently joined the Brandt Commission. A good half of Mitterrand's cabinet members got their first start under Mendes-France. It was only through the public relations and profiling campaign run through *L'Express* that Mitterrand—who had quite succeeded in discrediting himself, first as a member of Marshal Pétain's Nazi-collaborator government, then as a hard-line colonial adminis-

trator—was recycled into becoming the standard-bearer of the New Left. The New Left is neither new nor left: typified by Mitterrand, its heroes are hand-me-downs from the Fourth Republic whose ideology has a distinctly "Vichy" smell.

The *L'Express* group was later joined by Tavistock Institute agent Michel Crozier, who co-founded the Club Jean Moulin as a penetration operation into the French administration, creating the brain trust that launched Mitterrand into political orbit. Interior Minister Gaston Defferre, Defense Minister Charles Hernu, Finance Minister Jacques Delors and Foreign Minister Claude Cheysson are some of the top names that went through this circuit.

Another dimension of the Schlumberger empire is its deep historic relations with some of France's most powerful banking families, particularly Protestant banking, through the De Neufville, Schlumberger & Mallet bank. Unlike Paribas, the Schlumberger bank escaped nationalization by the government it helped put in power as a result of some long-term foresight. A year ago, when bets were still that Giscard would win a second year term, the Schlumberger bank merged with the Dutch Algemeine Bank Nederland, and is now considered a foreign bank which does not fall under the nationalization law.

The bank thus created, whose name goes unchanged, has Remy Schlumberger for its president. Now Remy is the great-great-grandson of Francois Guizot, the foreign minister of France's last Orleanist king, Louis Philippe, and the negotiator of the first, aborted, alliance with England under Queen Victoria. This is the alliance that Mitterrand has been working to revive, to the detriment of the Franco-German alliance initiated by his immediate predecessors and the historic peace faction in the French foreign policy establishment.

Remy Schlumberger seems unhindered in his activities by the various scandals that have periodically surfaced linking him to organized crime. An administrator of the French company La Paternelle, whose name immediately evokes that of the refuge from French justice Samuel Flatto-Sharon (currently serving in Israeli parliament on Begin's party line), Remy Schlumberger is also an intimate of "jet set" parties with New York attorney Roy Cohn of McCarthy-era fame. In 1976 Remy Schlumberger along with Jean-Pierre Mallet (of the same bank) were hauled into court to explain their fraudulent financial transactions with Patrimoine Foncier and the shady businessman Claude Lipsky.

No foreign government can understand who it is dealing with when it negotiates with the Mitterrand government, without investigating the full ramifications of the Schlumberger connection. Such an investigation in the United States would produce some surprises, and contribute to an understanding of how the Mitterrand government can claim to have politically seduced the Reagan administration.

Kissinger's mission to South America

by Mark Sonnenblick

Henry Kissinger closeted himself in Rio de Janeiro on Nov. 15-17 with some of the leading lights of worldwide narcotics trade and financing, to plot Dope, Inc.'s takeover of Brazil—a 20th-century replay of the Chinese Opium Wars of the 1840s. The gathering was concerned with:

- Consolidating the political, financial, and military infrastructure needed for the burgeoning Amazon cocaine trade route which has emerged over the last two years (see accompanying article);
- Starting a “Rio-dollar” market of unregulated financial flows, adequate to the task of laundering increasing volumes of dirty money; and
- Wielding the weapon of Brazil's \$64 billion foreign debt to pry loose from the protection of national sovereignty mineral wealth many times that amount.

The occasion was the biannual meeting of the International Councillors of Jesuit Georgetown University's Center for Strategic and International Studies of Washington, D.C. Kissinger is Chairman of the Councillors. The discreetly leaked “theoretical” presentations by CSIS staffers on the need to fight international communism served primarily as an ideological red herring to distract Brazil's military leaders from the real, backroom proceedings.

Rio's daily *Jornal do Commercio* was quick to realize that six of the 15 members of Kissinger's inner elite were members of the Trilateral Commission, the Euro-American-Japanese spinoff of the New York Council on Foreign Relations. Israel Klabin, president of Rio's state bank and visible head of Brazil's Zionist lobby, invited Kissinger's crowd to meet in Rio. Klabin boasted to a Nov. 10 press conference that he had been a habitué of Trilateral meetings and the sole Brazilian adviser of Kissinger's CSIS for a full five years.

Also present was Ernest Japhet, president of Bank Leumi El-Israel and heir of the Japhet family, one of Hong Kong's major opium and diamond banking houses since the Opium Wars. Two other mysterious

Hong Kong multimillionaire empresarios were also represented. Suliman Olayan, a Saudi Arabian associate of British-Hong Kong narcotics banks and Detroit's Max Fisher, canceled at the last minute, according to CSIS's Lea Rodgers.

The Dope, Inc. takeover of Brazil—the country with more than half of Latin America's population, industry, military force, and metal ore deposits—will not be as simple as Henry Kissinger would like.

Rio, a Brazilian Hong Kong

When Kissinger's host, Israel Klabin, served briefly as mayor of Rio de Janeiro during 1979, he campaigned for converting the historic center of Brazilian corruption into what he termed “a financial center like Hong Kong and Bahrein.” He also sought to reopen the gambling casinos which a military regime had closed down in 1954, precisely because the casinos laundered most of the dirty money generated by Rio's notorious rackets.

Klabin's program responded to the strategy of Dope, Inc., which was then beginning to turn the Brazilian Amazon into an important conduit for cocaine from Bolivia and Peru to the United States and Europe. This traffic—and plans to destroy the minds of Brazilian youth with drugs—are limited by the Brazilian government's strict regulation of monetary transfers which still stymies the huge flows of illegal currency required for the drug trade.

Klabin called in Citibank Treasurer Heinz Riehl and people from the International Monetary Fund to lobby for his “Rio-dollar” plan. Despite their efforts, the Brazilian authorities refused to dismantle exchange controls and hand their economy over to international hot-money operators.

Two days after Kissinger's conclave in Rio, however, Brazilian central bank president Gerardo Langoni suddenly announced, in the Persian Gulf sheikhdom of Bahrein, that he would lead the fight to make Rio into Latin America's biggest offshore money center.

Law of the Amazon jungle

A Brazilian scholar who had briefed a conference participant prior to the meeting exclaimed, “Why, they must be discussing the Amazon,” when *EIR* read him the full list of participants. The Amazon is one of mankind's most coveted reserves. Its gigantic tropical rain forest is the world's single most important source of oxygen and a crucial factor in determining the shape of the entire globe's weather system. Between river systems bearing electrical potentials of several hundred gigawatts lie unexplored mountain ranges with uncalculated mineral potentials. Carajás, one such range located just south of the river's mouth, was recently evaluated by Chase Manhattan's Brazilian subsidiary to hold \$333 billion worth of high-grade metal ores—enough to pay Brazil's mountainous foreign debts five

Who attended the meeting in Rio

Participants at closed door meeting in Rio de Janeiro, Nov. 15-17:

Henry Kissinger (U.S.), Chairman, Georgetown CSIS International Councillors; founder, Trilateral Commission; international adviser, Chase Manhattan Bank; ran Watergate against President Nixon from the inside.

Ernest I. Japhet (Israel), Chairman, Bank Leumi Le-Israel, which runs Hong Kong diamond trade aspect of Dope, Inc. Japhet family has financed world narcotics trade since Opium Wars. Ernest was director of BCI bank, which laundered funds for Permindex assassination bureau and thug Meyer Lansky.

C. Y. Tung (Hong Kong) Chairman, C. Y. Tung Group, runs one of world's largest shipping fleets and all sorts of unregulated "offshore" operations from Hong Kong, the world's narcotics capital and in Communist China (sent representatives).

Eric Hotung (Hong Kong), Hotung Group.

Israel Klabin (Brazil) President, Rio de Janeiro State Bank (Banerj); participant in Israel government's International Economic Advisory Conference; director, David Horowitz Foundation (Israel); operates paper pulp and other businesses; host of CSIS conference.

Suliman Olayan (Saudi Arabia), Chairman, Olayan Group; business partner of Dope, Inc.'s Max Fisher, Jardine Matheson (which still has an opium poppy for its symbol), and Barclays Bank; former U.S. Treasury Secretary William Simon helps run his expanding investments in the U.S. (last-minute cancellation).

Pavel Hirsch (U.S.), Chairman, South American Minerals Corporation (Samincorp), which represents Hochschild European oligarchy minerals and metals interests (special guest).

Martha Muse (U.S.), Chairman, Tinker Foundation, which just funded \$2 million full-scope study of Amazon Basin (special guest).

David Abshire (U.S.), Chairman, CSIS.

Ralph Pfeiffer (U.S.), President, IBM World Trade Americas/Far East Corp., a modern empire.

Eiji Toyoda, President, Toyota Motor Company

Gustavo J. Vollmer (Venezuela), leading oligarch with interests in sugar plantations and speculations.

Agustin Legorreta (Mexico), President, Banco Nacional de Mexico (last-minute cancellation).

Ermelino Matarazzo (Brazil), Represents in Brazil Italian noble family involved in Italy's Freemasonic P-2 scandal and linked to terrorism.

times over. Geopoliticians such as Kissinger believe that the world's strategic balance during the next decades and century will be significantly shaped by whether these resources are controlled by the Brazilian nation or some foreign interest; the Brazilian government is in the midst of fighting out policy toward foreign interests in the Amazon.

Private control over this almost boundless piece of real estate has been coveted by feudal-thinking European oligarchs ever since the Jesuits set up a mission network there during the 17th century. Each of these schemes has sought to split the basin away from the Brazilian state.

The latest such plan revolves around the internationally notorious multi-millionaire Daniel K. Ludwig, who today owns property the size of Belgium in the Amazon. Ludwig, who has strong links with the Dope, Inc. crowd, has developed a formidable economic pole in his mammoth Jari wood pulp project on the lower Amazon. Unlike the quick-buck schemes which proliferate in the Amazon, Ludwig's was built to last for centuries, dominating the commerce and politics of the Amazon basin like a feudal castle on the river. The 84-year-old Ludwig appears to act as an entrepreneurial façade for old European fortunes represented in the obscure Zurich, Switzerland, cancer foundation which is heir to his multitudinous properties.

Ludwig gained authorization for his practically sovereign enclave on the Amazon in 1964 over the strident protests of military nationalists. His trump card was Roberto Campos, Brazil's present Ambassador to London, who was then running the country's finances. Campos relayed the pressure of the international banking oligarchy that Brazil would not be permitted to refinance its debt and enjoy the ensuing "Brazilian Miracle" if it did not "prove itself favorable to foreign capital" by giving the green light to Ludwig.

Ludwig got it, and he has invested \$900 million of his own and borrowed funds in his operation. In recent years, however, Brazilian nationalists have come to see his enclave as a genuine geopolitical threat. Brazil's National Security Council, and specifically President Figueiredo's former top adviser, General Golbery do Couto e Silva, have blocked Ludwig's expansion plans.

The millionaire's situation has improved a bit since Golbery's ouster in August. But younger nationalist military men are watching Mossad-trained General Octávio Medeiros, the head of Brazilian intelligence, to make sure the would-be dictator does not give away any more of Brazil to Ludwig and the Swiss family funds he represents. Medeiros is Kissinger's strongest ally inside the Brazilian military. Medeiros orchestrates psychological warfare pranks designed to undercut President João Figueiredo by embarrassing his efforts to restore democratic rule in Brazil. These operations, such as the Nov.

18 "student" riot against Kissinger in Brasília, have put Figueiredo under intense pressure from manipulated hard-line generals.

The Figueiredo brothers

The battle for Brazil is well under way. President Figueiredo persuaded the Army High Command to set up a new army in the Amazon. Furthermore, he raised eyebrows among Brazil analysts by appointing the member of the high command presumably most personally loyal to him, his brother General Euclides Figueiredo, to command the new army in what would appear to be a hardship post far from the center of power. Both moves suggest that Figueiredo regards the battle for the Amazon as the major strategic front in countering the intrigues of Kissinger's friends.

Figueiredo has also sought to unite the military against the Rio mob's attempt to restore legalized gambling dens. The fact that the central bank president Langoni, an ardent admirer of Milton Friedman and recent host to Paul Volcker, requires new studies to defeat military and civilian opposition to the Rio-dollar hustle shows the war is just beginning.

Figueiredo would do well to intensify vigilance against Kissinger's Brazilian associates. He could invite his brother to give him a full briefing on what went on at the dinner party Klabin threw at his Rio mansion for Kissinger's foreign clique and the most sordid characters in Brazil. Roberto Campos (professed Fabian socialist who advised Willy Brandt on how to set up his Brandt Commission), Augusto de Azevedo Antunes (front-man for Daniel Ludwig and other European oligarchic operations in Brazil), and Ermelino Matarazzo (son of an Italian oligarchical family), shared the creature comforts offered by Klabin with the president's notoriously spartan brother and a few equally incongruous guests from the anti-Kissingerian foreign ministry.

Kissinger and his Dope, Inc. pals face no threat from the next civilian governor of the state of Amazonas, Gilberto Mestrinho. Mestrinho was known as "Mr. Contraband" when he served as governor from 1958 to 1962. He represents the same Popular Party "opposition party" as Klabin and the Rio mafia.

'Kissinger go home!'

At every press encounter, suspicious reporters peppered Trilateral Commission Executive Director Kissinger with questions about their intentions toward Brazil. Each time, Kissinger would release a chuckle from his jowls and reply, "The Trilateral has next to no political influence. If I were on a speaker's platform in Texas, I would have to convince them that the Trilateral Commission is not a leftist conspiracy to undermine America's capitalist institutions."

Documentation

A biography of Daniel K. Ludwig

by Marilyn James

Daniel Keith Ludwig is considered the reigning "tanker king" and one of the world's richest men. Ludwig made Howard Hughes look like a blabbermouth; known as a very private man, he has cultivated few friends and conducts business within his inner circle when at all possible. He personally owns all his businesses, with the exception of the American-Hawaiian Steamship Company, of which he holds controlling interest; Ludwig shares the rewards and risks of his affairs with no one.

Born on June 24, 1897 in South Haven, Michigan, Ludwig rose from a blackstrap-molasses runner for A. I. Kaplan (a commodity used in the production of bootleg liquor during Canadian Prohibition). His career is studded with spectacular, eccentric, and questionable business deals.

Ludwig may have made contact with the Lansky-dominated branch of organized crime during his molasses-running days; certainly it would have been difficult to avoid contact with the criminal syndicates that laid the foundations for such "respectable" family empires as the Bronfmans and their disreputable counterparts in the Lansky-Luciano led "Eastern Syndicate."

Perhaps it's not so surprising, then, to see Ludwig in business with Lansky in the late 1950s and early 1960s, in an operation to create a free-enterprise zone in the British Caribbean, a "Hong Kong West" where hot money is easily laundered.

Ludwig in Paradise

On Aug. 3, 1955 the Hawkscreek Act that had been drafted by Sir Stafford Sands was signed into law. Sands, a member of the Bahamian colonial elite known as the "Bay Street Boys," in collaboration with convicted stock swindler, Wallace Groves, prepared the groundwork for the Lansky group's takeover of the Caribbean "entertainment" industry. Ludwig was an essential component of this operation which would eventually lead to the creation of Resorts International and Paradise Island. He provided the capital, the machines, and the labor to put the Hawkscreek Act into effect. The act provided for the creation of the Bahamas Port Authority, which was the key to the land on which the casinos and resort hotels were to be built. At a time

when he was financially stretched as a result of a commitment to drastically expand his tanker fleet, Ludwig poured \$5,600,000 to dredge the harbor for Wallace Groves in Freeport, Bahamas. Coming into the deal was Charles Allen of Allen & Company, the Wall Street investment house which bought 25 percent of the Port Authority. Another 25 percent was taken by Britain's Firth-Cleveland Group, a holding company with vast resources. Charles Allen was well acquainted with the host of Lansky-controlled frontmen-and-bagmen who came in on the deal.

After dredging the harbor, Ludwig went in on a deal resulting in the construction of the scandal-ridden Lucayan Beach Hotel and Casino. Shortly after its opening, an investigation into the Lucayan would bring down the Sands government and expose Lansky's ties to the respectable Allen and Ludwig, i.e., the fact that the hotel-casino's top three employees were Lansky men, hired at Lansky's suggestion on the peculiar basis that they receive 30 percent of the nightly take. Ludwig's other casino-hotel, the Kings Inn, became the Lansburgh-Kings Inn when Ludwig leased it to Morris Lansburgh, who has been identified as a highly paid gobetween for Meyer Lansky.

Although tankers may be Ludwig's first love, following his adventures in Paradise, he began to invest heavily in real estate. The most spectacular venture is the Jari Forestry project in Brazil. The \$4 billion Jari project will take decades to complete and is reportedly in trouble, foundering on the Brazilian government's ambivalence about subsidizing the loss-plagued operation. Ludwig is accused of leaving Brazilians to pick up the pieces now that Jari has defaulted on a sizeable Japanese loan.

By the mid-1970s Ludwig expanded into banking. *Business Week* reported in 1977 that he was "buying and selling California savings and loan associations the way some kids trade baseball cards." In 1980, he bought three Arizona S&L's with \$1 billion in assets. Ludwig is now targeting Colorado's beleaguered savings banks.

Nine-tenths of his fleet is registered in Liberia, the crews are from the Cayman Islands, and the officers are from the United States. Everything Ludwig owns is run through his flagship company, National Bulk Carriers. His fleet, estimated to be the third largest in the world, is surrounded by secrecy. When Max Fisher and Carl Lindner took over United Brands in 1975, they pressed Bert C. Reiss into service as Vice-President in charge of transportation (see *EIR*, Dec. 8). Reiss, who learned his craft at Ludwig's National Bulk Carriers, immediately excluded all non-company cargo from United Brands' banana boats and from its extensive New Orleans port facilities. The move was seen as beneficial to United Brands' much-rumored dealings in the illicit Latin American cocaine traffic.

On the Latin America keeps growing for new

A shift in the South American drug trade has emerged during the past two years with serious implications for both the producer nations involved, and the primary consumer nation, the United States. Adding together the Colombian, Peruvian, and Bolivian cocaine equivalents gathered largely from official estimates, *EIR* investigators have come up with the startling conclusion that as much as 200 tons of pure cocaine hydrochloride are being produced in South America's Silver Triangle, a stark contrast to DEA estimates that "19-23 tons of cocaine HCl were exported from Colombia in 1980." The shift entails three interrelated factors:

1) Increased domestic cultivation of marijuana in the United States has significantly reduced Colombia's share in the U.S. consumer market, inducing Colombia's dope mafia to expand into coca cultivation and increased cocaine exports;

2) New refining capacity and trafficking routes have opened up through Brazil, to accommodate coca cultivation increases in Bolivia and Peru and as an alternate to the traditional route through Colombia; and

3) U.S. consumption of cocaine has, partially as a result of these developments, undergone a dramatic and deadly increase.

U.S. goes 'home-grown'

In the last two years, U.S. "home-grown" cultivation of marijuana has soared, rivaling Colombian marijuana at least in quality if not yet in quantity. Specialists consulted by *EIR* report that marijuana is grown in nearly every state, and in states like California and Hawaii is threatening to become the number one industry! Estimates are that domestic cultivation now supplies as much as 40 percent of the U.S. consumer market. With another 10 percent coming from Jamaican and Mexican sources, Colombia's share in the U.S. market has been reduced to 50 percent or less—a significant drop from the nearly 80 percent Colombia had captured and held for years.

As a result of this fall-off in Colombia's share—a fall-off in *relative* terms, since the *amount* of marijuana Colombia is producing for export has not been substan-

cocaine trail: how it export waves abroad

tially reduced—Colombia's drug networks have expanded into coca cultivation.

Coca is the bush whose leaves provide the raw material for producing cocaine. Bolivia and Peru have traditionally been the growers; their moist mountainous highlands provide the ideal climate for the hardy bush. Bolivian and Peruvian Indians pick the leaves and dry them, selling them to middlemen by the tons. Sometimes, however, the Indians will treat the leaves themselves with kerosene and other easily acquired chemicals, turning the leaves into a thick paste which they will then sell to the Colombian traffickers and their chemists. In clandestine labs scattered in Colombia's main cities, the coca paste is turned first into a cocaine base (which often sells on the streets of Latin America in cigarettes mixed with marijuana), and then into cocaine hydrochloride, the familiar white powder. The value of the drug multiplies dramatically at each step.

While the level of coca cultivation inside Colombia is a matter of educated guesswork at the present time, it has unquestionably soared over the last two years, and today it is believed that entire sections of the Llanos Orientales (eastern plains), the south and southwest of Colombia have been planted over with coca, bringing a boom to historically poverty-stricken areas inhabited by largely indigenous populations. Between 30 and 40 tons of pure cocaine are the expected yield from domestic cultivation alone, an entirely new phenomenon for Colombia.

The Brazilian connection

With this expansion of the cocaine trade, Brazil has been opened up as a major refining and distribution capability. While it is rumored that Bolivians and Peruvians are seeking alternate routes to try to break the Colombian monopoly on cocaine refining and trafficking, it is more likely that Colombians—and their powerful international financial backers—are in fact running the Brazilian routes themselves, as an adjunct to their swollen domestic networks.

The new Brazilian route that has opened up is centered in the booming free port of Manaus in the

Amazon, and is expected to develop into a major trunk of the Latin American drug trafficking/contraband web.

Manaus first came into the public eye in August 1980, when a huge Federal police bust netted three major refining labs, their crews and evidence linking the trade to the city's 20 most illustrious families. The mafia chieftains who were snared in the bust were subsequently released by the city's equally illustrious federal judge. The extensive manufactures in this free-port zone have not only made the chemicals available for vast cocaine-refining capabilities, but have brought a proliferation of transport facilities—air, land and water—to facilitate the development of the area as a prime new drug route.

As one U.S. State Department official just returned from Bolivia remarked earlier this year: "The Brazilian connection is becoming stronger. Bolivia used to supply paste to Colombia. . . . Now Bolivia is sending refined coke out. It is easier to send it to Brazil. From Brazil, they send it straight to Europe by way of São Paulo and Rio. Nobody checks in Europe when you get off a plane from Brazil. And then from Europe it goes to the U.S. Who would expect cocaine on a BOAC flight?"

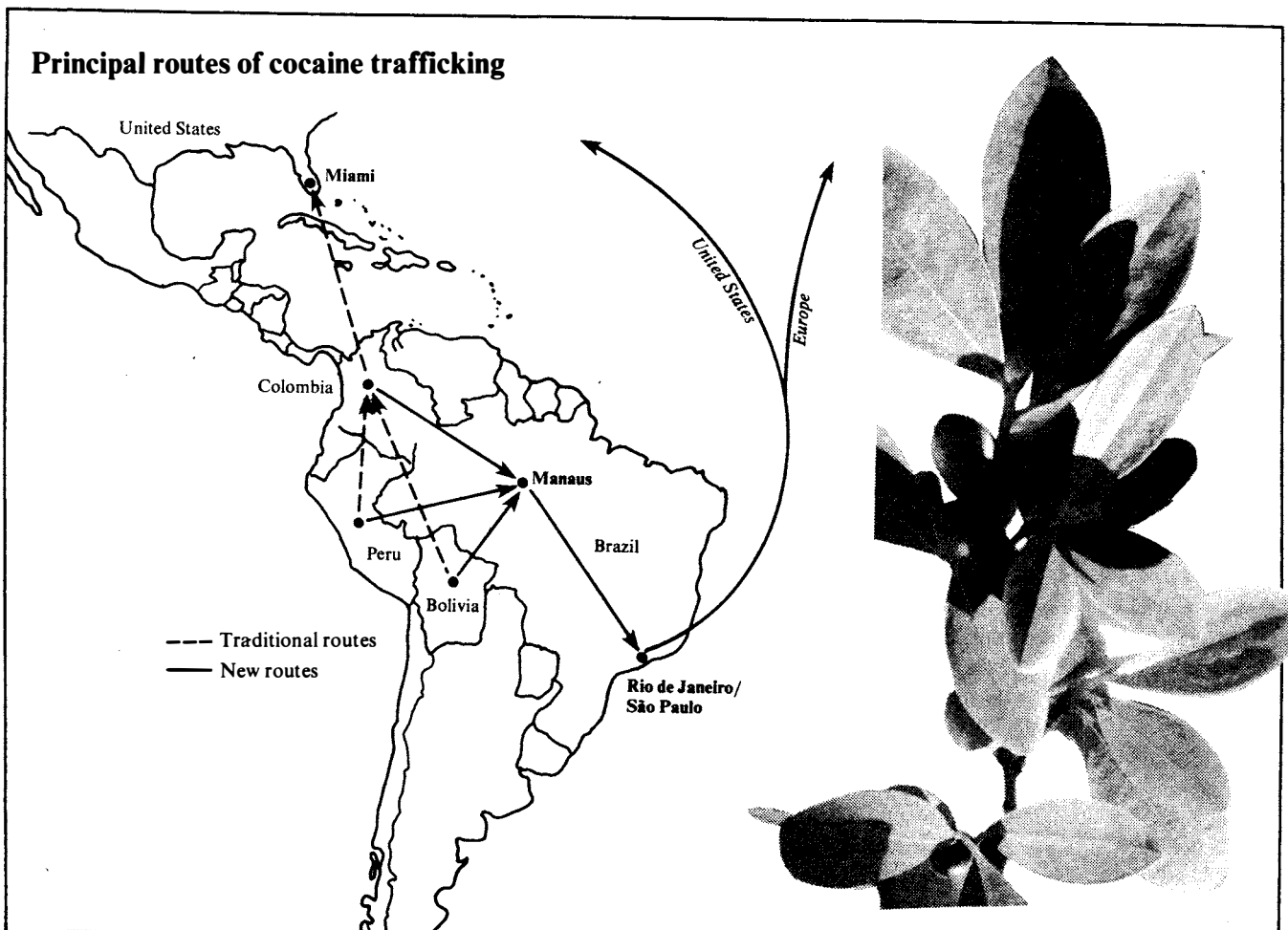
With the addition of Brazil to the cocaine network, the dope trade can be expected to grow significantly,

Why cocaine is a dangerous drug

Cocaine, the most powerful organic stimulant known, has been portrayed to the public as a relatively harmless "recreational" substance by the media and the drug lobbyists. Actually, it is an extremely dangerous substance, to be regarded as on a par with heroin, PCP, and amphetamines. That cocaine is highly addictive has been extensively documented.

The symptoms are very similar to those seen in chronic users of amphetamines and PCP. With sustained use, cocaine causes mental and personality damage with such regularity that the effects are known in the medical literature as "cocaine psychosis."

Cocaine apologists have attempted to argue that cocaine is not addictive on the grounds that the drug is not technically a narcotic with a definite physical withdrawal syndrome. In fact, however, there is clear evidence that stimulants such as cocaine and amphetamines physically alter the biochemistry of the brain.



not only to facilitate increased cultivation in Colombia, but in Bolivia and Peru as well.

A green light for Bolivia

In Bolivia, the U.S. State Department must share the blame for a dope trade run wild. By clearing the new caretaker Torrelio government in Bolivia of involvement in the drug trade and appointing a U.S. ambassador as a show of confidence, the Haig State Department has given a virtual green light to the cocaine epidemic now raging in the United States.

A *Newsweek* article the week of Nov. 23 points out that the Bolivian "cocaine coup" of 1980 did not end when Gen. García Meza stepped aside this August to make room for his less-tainted underling, Gen. Celso Torrelio. In fact, *Newsweek* reports that the "Colonels' Syndicate," or "Black Eagles Syndicate" led by García Meza's Interior Minister is still running the show. Included in the syndicate is the former chief of army intelligence under García Meza, now in charge of customs under Torrelio.

According to testimony from State Department

official Stephen M. Block at recent hearings of the Senate Permanent Investigations Subcommittee (SPIS), Bolivia's coca cultivation in just one region alone is the equivalent to a "hypothetical" 100 tons of pure cocaine. The *Newsweek* article cited also says Bolivia's 1980 production was 80 tons and that 1981's harvest is expected to be the "biggest in Bolivia's history."

In Peru, recent intelligence estimates of that country's Guardia Civil reveal that illegal coca cultivation amounts to 55,000 hectares, yielding some 60,000 tons of leaves for processing. The standard conversion rate of 2 kilos of pure cocaine hydrochloride per ton of leaves means a figure of 120 tons of cocaine from Peru. Allowing for less than optimum refining conditions, the fact remains that Peru is currently capable of producing enough leaves for somewhere between 80 and 120 tons of cocaine. Thus the Colombian, Peruvian, and Bolivian cocaine-equivalent total of roughly 200 tons of pure cocaine hydrochloride.

Even if only half that 200 tons of cocaine are entering American shores, the U.S. population is facing a deadly assault which the Reagan administration cannot afford to ignore.

EIR poses choices for Iranian opposition

by Mary Lalevée

The first international conference on Iran since the coming to power of Ayatollah Khomeini was organized by *Executive Intelligence Review* in Mainz, West Germany Dec. 5 and 6. More than 50 participants attended the two days of discussions, over half of them Iranian opponents of Khomeini living in exile in Germany, England, France, and Sweden. Discussions focused on how to create a new Iranian leadership which will be able to lead Iran out of its present dark age, and make Iran rise "like the legendary phoenix" out of its present ruins.

The principle of nation building

Lyndon LaRouche, Chairman of the Advisory Committee of the National Democratic Policy Committee and founder of the *EIR*, gave the opening address. He stressed that the idea of armed resistance against Khomeini, as such, would not succeed. "The Iran which the emigrés left is not the Iran of today," he said. "Iranian youth today knows nothing of the court politics of the monarchy, or of the café plotting of the exiles." LaRouche described how genocide in Cambodia was carried out by young people and children brainwashed by the conditions of life there. Kissinger planned and implemented that genocide, said LaRouche, and a similar policy of population reduction was carried out in Vietnam by General Westmoreland and Maxwell Taylor, both associated with the Draper Fund, "which is committed to the mass murder of the developing nations," said LaRouche.

The forces behind the Draper Fund created Bani-Sadr and Khomeini, and the operation was planned and carried out by British intelligence. International institutions like the IMF, the World Bank, Unitar, AID, the Brandt Commission, and others are planning "genocide worse than Hitler carried out," stressed LaRouche. They are working with similar forces in the Soviet Union around the faction of Boris Ponomarev, Kim Philby, and the International Institute of Applied Systems Analysis in Vienna, who are implementing a policy

of depopulating the developing sector, the policy of Global 2000. "How do we fight this?" asked LaRouche. "How do we mobilize political forces against the British intelligence-created Muslim Brotherhood? We need a conception of a movement, like the movement which started in the area of Iran and Iraq, and led to the creation of the Bagdad Caliphate and the Islamic Renaissance. We have to use the same methods as those which created Avicenna and al Farabi. The same methods as led to the alliance between Charlemagne and Harum al Rashid."

The nation-state was essential, LaRouche went on, as it was the only way assurance could be given to individuals that their lives had an enduring importance. "The essence of statecraft is to transmit good to generations to come, to develop individuals who know what good is, and who have the capacity to transmit good." LaRouche said that the two languages of hearing and of vision had to be taught to enable individuals to develop. History also had to be studied, as this is the only way to understand the principles which operate. "How something done by one generation affects the generations following: that is the essence of human knowledge."

LaRouche concluded by saying that the forces supporting Khomeini could not be fought in Iran alone. "We have to create a counter-movement throughout the Islamic world, like that which led to the Bagdad Caliphate. We can build a force by winning *youth* to that movement, not be depending on patronage from other governments."

A member of an Iranian opposition group which had initially supported Khomeini for several months protested that there was no difference in factions in the Western governments, as LaRouche had stated. "All European governments support Khomeini," he said. "There is no difference between Schmidt and Genscher, between the SPD and the CDU. If we were left alone we could deal with Khomeini." LaRouche answered that it is a fallacy to see Iran as an isolated national struggle. "The gameplan is Malthusianism. The same Malthusian policies are being implemented in Central America. The forces behind these policies intend to exterminate the population of Iran, by creating a permanent civil war. It is stupidity to say: what force shall we support? The Malthusian forces will shift their support from one side to another to keep the war going. The way to win is not to go to Iran and pick up a rifle. The way to win is to destroy the Malthusians. The way to win this war is to build up forces politically."

The humanist history of Iran

Professor Aly Mazaheri, of the Ecole des Hautes Etudes des Sciences Sociales in Paris, invoked the great scholar Avicenna's fight against the irrationalism that

a thousand years ago was the ancestor of Khomeinism. He appealed to the Iranian opposition groups to stop quarreling among each other, saying that humanist philosophers have always struggled to create nation-states, and have recognized that strength comes from unity. He concluded, "There is only one civilization, not many civilizations. It either exists, or it does not. Nations in the world are like organs of a body. If one has gangrene like Iran does now, it is a danger for the whole."

Politics and science

Mrs. Helga Zepp-LaRouche, Chairman of the European Labor Party (Europäische Arbeiterpartei—EAP) documented how previous dark ages have each time been overcome. "A handful of people created Bagdad," she said. "They made a conscious effort to build Bagdad and thus started the Golden Age of the Islamic Renaissance."

She stressed that "every time mankind has made progress, it is because a few universal ideas have been the basis for activities of a few individuals. The common denominator of Avicenna, al Farabi, and other humanists is that they go back to Plato and the neo-Platonic concept that there is such a thing as a universal truth, that this truth is knowable by man."

Mrs. Zepp LaRouche called for the creation of new institutions as rallying points for the opposition, and suggested the creation of a journal, similar to the ones published in Germany (*Ibykus*), and Italy (*Il Machiavello*), which publish articles on science, art, history, and music. "Even though mankind is in the worst crisis ever," she said, "mankind has produced enough great conceptions to save humanity. Studying these conceptions will enable us to have better means to combat stupidity—which is where irrationalism thrives."

Some Iranian participants were restless during her speech, obviously thinking that this was all too theoretical and had nothing to do with Iran. A leading Iranian exile from London intervened: "There is something wrong with our thinking," he said. "We need to get together, but have not done so. If the Shah's regime had been functioning correctly, Khomeini would not have succeeded. Strength of character was needed, and was lacking. This is reflected now in the opposition group. We are trying to fight new battles with old weapons. Now we must learn from what our friends here have told us. It is our duty to provide leadership for the people of Iran. We cannot still think in terms of the old situation—Iran is in a new situation and needs a new philosophy. We must kiss all our present leaders goodbye, and search for new ones. We must take heed of what is being said here, or the new generation in Iran, which has known only murder and pillage, will not listen to us anymore."

The participants reacted very enthusiastically to these remarks, and began to laugh when, in succession, two participants insisted that "colonialism" was to blame for what happened in Iran, and that there was a fundamental difference between European and Oriental philosophy. This "difference" meant that Europeans could never understand Iranians.

Mrs. Zepp-LaRouche responded that "blaming colonialism for destroying Iran does not change anything. It is far more efficient to name the names, and to publish dossiers on which politician is working with Khomeini." Mazaheri said, "Don't believe that colonialism is a Western invention. The Ummayyads lived on slavery and pillage."

The industrialization of Iran

Mr. Divani, an Iranian industrialist now in exile in England, opened the second day's proceedings with the remark that the discussion so far had "exceeded my utmost expectations." He had found people willing to try to initiate a force on the side of right, against the forces of Malthusianism. After describing the attempt to industrialize Iran, with successive national plans undertaken since World War II, he stressed the change caused by the land reform of 1962, when landowners were dispossessed and the land handed to middle-class farmers, who were not given the means to then cultivate the land. Agricultural production fell drastically. Divani also outlined the effects of the oil-price increase on government spending, leading to inflation everywhere as huge amounts of goods poured into the country—finished goods, not industries and technologies to enable Iran to produce those goods herself.

Despite all these mistakes, he did not subscribe to the theory that the "revolution" was the result of an "overheated economy." If the influx to the cities had been accompanied with mechanization of agriculture and training programs for the young people in the cities, the industrialization of the country could have gone ahead as it did in the United States. This was not the case, he said: there were only two technical schools in a country with 35 million inhabitants. Mr. Divani said he suspected that the United Fruit Company (now United Brands) was behind the land reform, as it had led to increased dependence on the United States for food imports.

The case study of Iran was followed by a summary presentation by Michael Liebig on the economic theory on which the LaRouche-Riemann economic model is based. The conference concluded with calls for similar seminars to develop a "blueprint" for the future of Iran, and a call to set up a thinktank with people from Iran, Afghanistan, Pakistan, and India, to work out an approach to nation-building through the ideas presented at this conference.

On Genscher's trail

The Foreign Minister and his friend in the Inferior Ministry are no longer receiving the political benefit of the doubt.

Foreign diplomatic circles as well as some quite powerful people in internationally active German industry here are scrutinizing a series of moves initiated by Foreign Minister Hans-Dietrich Genscher of the Free Democratic Party (FDP). Quietly but sternly, they are letting it be known that Genscher's scorecard is accumulating a substantial list of demerits that borders on the intolerable.

One item is the Foreign Minister's covering up for FDP Interior Minister Baum, previously viewed as due merely to the strength of the "left" in the FDP. Genscher's then-perceived loyalty to the Bonn Social Democratic-Liberal coalition government was a plus point, somewhat counterbalancing the fact that his Interior Minister openly supports the radical environmentalists, systematically dismantled data-gathering capabilities of the German anti-terrorism units, and houses influential Club of Rome ideologues in his ministry. Now the word is Genscher's behavior is not forced by the "left" alone, but that he has thrown his entire party in the direction of environmentalism, as part of a deliberate strategy intended to keep a voter base for the FDP, which received 10 percent in the last federal election.

People have begun to notice the fact that the Genscher-Baum domestic sabotage moves against the Schmidt government are also coordinated in favor of Genscher's own track in German foreign policy. Is it

not curious that Interior Minister Baum is collaborating with representatives of the Iranian secret intelligence, Savama, in their efforts to target anti-Khomeini Iranians in the Federal Republic and Europe at large? This coheres with the fact that the French government is giving free rein to Savama activities in that country.

That fact is also coherent with the general spread of Genscher's pro-Muslim-Brotherhood policies in the larger context of Mediterranean and Mideast policies. Genscher is primarily responsible for the fact that Saudi Arabian offers of comprehensive economic cooperation with Germany, including several tens of billions of deutsche-marks of direct high-technology purchases in the Federal Republic, as well as leveraged investments in other Mideast countries, is currently in an indefinite holding pattern in Bonn. Our sources report that when Saudi representatives point out that they are actually looking for a close partnership with Bonn in order to parallel the realization of the Fahd plan and U.S. support for the plan, it has been Genscher who stalls. Much irritation at the fact that it has not yet been possible for Bonn and the Schmidt government to move in support of the Fahd plan as President Reagan did is focused on Genscher. Saudi offers of cooperation are attached to their request for Leopard II German tanks, but "only to get assurance that Bonn has the political courage to follow

through on the partnership the Saudis know Chancellor Schmidt wants to see." The Leopard II tanks would, in fact, constitute a mere 8 percent of the economic cooperation package the Saudis are offering. Fortunately, up to now, neither Genscher nor Baum has been able to prevent or sabotage the work of the elite German anti-terror squad, the GSG 9, of Mogadishu fame, from carrying out a far ranging anti-terror training program for Saudi forces to guard against a recurrence of the Muslim Brotherhood Mecca Mosque seizure.

Not accidentally, Genscher has also led the barrage of attacks against Turkey, and has ensured that Bonn aid of \$450 million will be blocked for 1982, all under the guise of concern for democracy in Greece—actually to feed destabilization in Turkey, for which the Muslim Brotherhood is mobilizing.

As Foreign Minister Claude Cheysson of France has stated recently, French Mideast policy, as well as overall policy coordination, is closely discussed with British Lord Carrington twice weekly. As Genscher comes in on the "Anglo-French entente cordiale" to make for a triple concert in support of the Muslim Brotherhood British intelligence assets in the Mideast, the reasons for his protection of Interior Minister Baum and collaboration in Europe with the Savama become self-evident.

As our sources further report, the entire gamut of FDP lobbying for Global 2000 Malthusian policies in Bonn, from Interior Minister Baum, to Helga Schuchardt and the Foreign Minister himself, is all extremely closely tied to Israeli Prime Minister Begin's clique, known here as the "Tel Aviv lobby."

The French Connection

Israel's new-found friendship with France is not auspicious for peace efforts in the region.

The visit to Israel by French Foreign Minister Claude Cheysson in early December has marked an ominous shift in Middle East politics. Not only does the sudden rapprochement between Israel and France, after almost a decade of tension, give the Begin regime virtual free rein to carry out its long-threatened military strike into Lebanon; it also signals the public inauguration of a joint Israeli-French operation to disrupt Africa and destabilize Saudi Arabia.

Cheysson's trip—billed by both Israel and France as a diplomatic breakthrough—is the first in a series of trips by French officials to Israel. Early next year, French President François Mitterrand is slated to visit Israel. He will be followed soon thereafter by Defense Minister Charles Hernu.

The driving force behind the French government's courting of Israel is not Mitterrand per se, but those who control him, the Perminindex dirty money and assassination network tied into the Schlumberger interests that brought Mitterrand and the French Socialists to power in the first place. Cheysson's trip has served to strengthen and cement the ties of the supranational Perminindex networks in France to those in Israel, represented by the Begin-Sharon-Shamir axis in the current government.

Upon leaving Israel Dec. 8, Cheysson ingratiated himself completely with the Israelis by endorsing the Camp David peace process

and describing as "absurd" European efforts to supplant Camp David with the Venice declaration or other proposals.

"It is not our business to present proposals and plans and not the business of Europe either," said Cheysson. As long as Mitterrand remains in power in France, Cheysson continued, there will be "no French, no European initiative." The Middle East problem is to be solved by the states in the region, not outsiders, he stressed.

Israeli Foreign Minister Yitzhak Shamir embraced Cheysson's overtures, saying that the French Foreign Minister's visit heralded a "new era of relations between Israel and France" and marked an "end to European initiatives in the area."

Cheysson's attacks on the European peace efforts do not constitute an abandonment of a "third way" alternative to "superpower domination" of the region that the Europeans, under British tutelage, have been pursuing. Nor do they constitute a joining of hands with the United States in the name of Camp David. According to one Washington intelligence analyst, France will keep its distance from the United States, as well as from the British, as it pursues "a separate but parallel policy course modulated to both the Arabs and Israelis."

Cheysson's placement of the burden of proof on Israel and the Arabs themselves for a Middle East peace, combined with France's decision to lift its years-long arms

embargo to Israel, has strengthened the Begin government immeasurably, intelligence sources report, and gives Israeli Defense Minister Ariel Sharon a *carte blanche* to follow through on his threats to launch a full-scale invasion of Lebanon.

With the collapse of negotiating efforts by U.S. special envoy to the Middle East Philip Habib, the probability of a Lebanese blow-up is great. Shamir has announced that Israel is "losing patience" in Lebanon, while Sharon declared he will not "tolerate a war of attrition" with the Palestinians in Lebanon.

According to one top-level Europe-based Israeli intelligence source, Sharon does not intend to deal with the Palestinians with mere retaliatory shelling but will opt instead for "drastic action." "The deal with France has given Israel the international legitimacy, support, and confidence necessary for such action," the source added.

The likelihood of an outbreak of hostilities increases with continued deterioration of the situation inside Lebanon. Car bombings, assassinations, and internecine warfare are once again daily events.

The strengthening of the French-Israeli connection has dire implications for Africa and Saudi Arabia. According to the West German press, the Cheysson visit to Israel will assist the Begin government in establishing wider contacts with the French-speaking African countries. Sharon recently made a secret visit to Africa, focusing on the former French colonies. One of the first fruits of Israel's Africa offensive has been Zaire President Mobutu's recent statement in Washington that he was open to renewing relations with Israel.

Jacobin upsurge sweeps the northwest

Sonora's Governor Ocaña is targeted by Mexico's "greenies," who are manipulating student and peasant unrest

Last month, I reported to you the extraordinary efforts being made by the government of Sonora to unleash an industrialization drive that would extend beyond that state to the entire Northwestern part of Mexico (see *EIR*, Nov. 24). That promising drive is now being threatened by a wave of Jacobin unrest led by leftist forces allied to the Jesuit radicals in the church who are also behind the turmoil in Central America.

Instability is now centered in Sinaloa, the state bordering Sonora to the south. At the beginning of December, an estimated multitude of 40,000 people, most of them radicalized students and peasants, demonstrated in the capital of Sinaloa, Culiacán, demanding the resignation of Governor Antonio Toledo Corro. Days before, a group of peasants reportedly manipulated by the Socialist Workers Party (PST) had invaded several plots of land outside of Culiacán, an action that led to a violent confrontation with local armed authorities. The PST is now claiming that several peasants were killed in the action, and the entire Jesuit-run radical press in the country is blaming the Governor and demanding his resignation. Both the Governor and Mexico's Interior Minister, Enrique Olivares Santana, have denied that anyone was killed.

The Socialist Workers Party is not the only troublemaker in Sinaloa. In the Culiacán-based state university, the Mexican Commu-

nist Party (PCM) and other leftist groups have been inciting students into a violent confrontation with the Toledo Corro government. Although a state-funded institution, the University of Sinaloa is widely known in Mexico as a virtual "state within a state," ruled by a despotic minority of radical teachers and students who "took it over" in the late 60s as part of the same Bertrand Russell counterculture movement that swept Europe and the United States at that time. Since then, it has functioned as the most prolific spawner of terrorist youth in the country. The most recent confrontation with the government came as a result of the Governor's attempt to regain control of that institution.

This combination of peasant and student unrest has created a highly volatile climate in the state, to the point that the left-wing media are already beginning to call Sinaloa "Mexico's Central America."

Nor is Sinaloa the only target. Allied radical forces are now doing their best to spread the Jacobin violence to neighboring Sonora, where Governor Samuel Ocaña has been targeted to get the "Toledo Corro treatment." In this drive, the left has been joined by anti-government forces among the local landed oligarchy, a bastion of Friedmanite "free enterprise" ideology.

This common "left-right" hatred for the Ocaña government is no coincidence. The Sonora government has distinguished itself for its determination to industrialize

that state—now Mexico's most productive agriculture producer. To accomplish this, in close collaboration with the López Portillo government, it has drawn up ambitious projects to industrially transform the agriculture, cattle, mining, and fishing raw materials produced in the area.

With this in mind, Sonora officials have extensively explored ways of bringing American technologies to their state. As I reported to you last month, the Ocaña government proved this point in its "Sonora '81" industrial fair, certainly one of the best technology exhibitions ever done by a state government in Mexico.

The "Sonora '81" fair earned Ocaña the particular wrath of the state's Friedmanite oligarchy. A number of Sonora sources report that these circles are actively spreading rumors that Governor Ocaña has gone "insane" in trying to implement an industrial "utopia" in Sonora.

Earlier this year, Ocaña and Toledo Corro had agreed to collaborate with the Federal government to continue the construction of the PHLINO, a huge irrigation project which would bring water from Sinaloa to the rich but arid land of Sonora. This project would enormously increase Mexico's food production capacity and is a must for the region's successful industrialization.

Although an old government plan, the PHLINO had run into political flak from among Sinaloa circles who argued against "giving away" their surplus water to their northern neighbor—an argument overridden by Toledo Corro. His ouster would seriously endanger the realization of that project.

International Intelligence

Hit-man revelations center on EIR exposés

The Dec. 10 *New York Post* carried a front-page exclusive story by Jack Anderson naming sixteen of the "Libyan hit men" and providing composite sketches of five of the core killers. Not surprisingly, of the five pictured, none were Libyan. Two of the identified terrorists were Iranian, one was Palestinian, one was Lebanese and one was German.

This strongly raises the question of the interface between the alleged Qaddafi teams and the known assassination capability associated with Muslim Brotherhood station chief Bahrain Nahidian and the Englewood Group, which is now holding secret terrorist planning sessions in Englewood, New Jersey involving representatives from the Middle East, the United States and Latin America. Of the 16 names identified, *EIR* had been directly investigating the background and activities of nine of the individuals and had made that information available to numerous law-enforcement and intelligence officials in Washington, D.C.

OAU peacekeeping force in Chad

Chad radio reported in early December that government troops were closing in on strongholds of anti-government rebel Hissein Habre. This occurred at about the same time as an Organization of African Unity-organized peacekeeping force entered Chad.

Habre's forces had reoccupied his old stronghold after Qaddafi precipitously pulled out his military from Chad in early November after invading and taking over the country in December 1980.

The African peacekeeping force, with troops from Nigeria, Zaire, and Senegal, was hurriedly organized to prevent the long-festered Lebanon-style

civil war in Chad, in which factional forces are supported by Qaddafi, from spreading to other countries.

Nigeria has the largest contingent in the force which Nigerian General Ejiga will head. Leery of getting drawn into the Chad imbroglio, Nigerian Foreign Minister Audu has noted that he does not want to repeat the experience of the Belgian Congo in the early 1960s, when the U.N. collaborated "with a government to crush a rebellion." Nigerian forces are to be stationed in eastern Chad where Habre has his base of operations. Zaire has been assigned to the northern region, and Senegal to the central region.

A coup in the works for Greece's Papandreou?

Socialist Prime Minister Andreas Papandreou of Greece may find himself the target of a military coup d'état over the next six to eight months if he continues his anti-NATO, anti-Turkish provocations, intelligence sources conclude. Backed by Secretary of State Alexander Haig, by British intelligence, and by the Eastern (Greek) Orthodox Church, the coup is to be carried out by two factions in the Greek armed forces: the royalists loyal to the deposed King Constantine, and the ultra-right-wing faction in the officers' corps connected to the networks of Bavarian Franz-Josef Strauss.

Arrangements for Papandreou's early political demise were built into his sweeping electoral victory two months ago. A long-time asset of British intelligence, he was put into power as part of a NATO-run operation designed to provoke a powerful right-wing backlash, and thus tighten the hold of the oligarchic elements in the country.

At the Dec. 8 NATO meeting in Brussels, Papandreou not only called for a "process of disengagement" from NATO, but at the same time provoked the Turks by asking for NATO guarantees against aggression from Turkey, spurning Turkish offers for direct bilateral talks.

According to sources, the coup against Papandreou would occur in the context of a renewed crisis over Cyprus, a crisis which in fact is now moving off the back burner.

Soviet corruption exposés: an opening salvo?

The Soviet press has mounted a vehement propaganda campaign to expose corruption. One purpose is doubtless to rally the population for personal sacrifices necessitated by the economic crunch in the U.S.S.R., which is turn is publicly attributed not only to droughts, but to the international situation, i.e., to the need for increased defense spending.

The new anti-corruption fight has further-reaching implications, however, since once exposing officials is in vogue, the weapon may be turned by rival political machines against each other in the battle for the leadership succession. Some intelligence specialists believe this is already taking place in the Ukraine, targeting leaders of party chief Brezhnev's industrial base there.

Pro-nuclear group launched in France

A new challenge has emerged in France against Socialist President François Mitterrand and his environmentalist government. Speaking to reporters Dec. 1 in Paris, Jacques Cheminade, the General Secretary of the European Labor Party, declared the newly formed National Committee for Nuclear Energy will fight to see that the original ambitious French nuclear program conceived under former President Giscard d'Estaing is completed.

"Even though there is a consensus in France in favor of nuclear energy, there had never been an organization for the development of the civilian atom. That gap is now filled," reported the leading

newspaper *Quotidien de Paris* the next day.

The Committee for Nuclear Energy was formed out of the Committee for Cattenom, which led the successful fight to restore construction plans for two nuclear reactors in northeastern France. Cattenom Mayor Alphonse Bohler was among the first of the leading public figures to join the new committee.

In response to growing opposition, the government recently announced that in certain cases it would allow local authorities to vote for or against the construction of plants, and would abide by that vote.

Cheminade has nonetheless warned French patriots against passivity. The press conference was covered by ten newspapers and technical publications.

OAS meeting wary of Haig's war plans

U.S. Secretary of State Alexander Haig didn't quite get his way at the Nov. 27-Dec. 1 meeting of the Organization of American States on the tiny Caribbean island of St. Lucia. Haig was searching for a majority of the Latin American nations present to back his plan for establishing an Inter-American military force to intervene in Central America against Nicaragua and the Salvadoran left. But he ran into stiff opposition to this provocative idea from Mexico and Brazil—not to mention from the Pentagon itself.

Haig used his speech to the OAS, however, to characterize Nicaragua as a "platform of terrorism and war," and leaked (through an unidentified high State Department official) that the U.S. was encouraging the formation of a military alliance among Guatemala, El Salvador, Honduras, and Costa Rica, buttressed by Argentine military advisers and training. The same official told journalists that the U.S. had not directly invoked the Rio Treaty—the 1947 "collective hemispheric security" accord which has been used to justify joint military operations in the past—but that

"the spirit rather than the specific letter of the Rio pact is what is being invoked here."

Haig scored a partial victory in his attempt to diplomatically isolate Mexico within Latin America. A Haig-dictated resolution supporting the plans of the Salvadoran junta to hold elections in March 1982, was approved by a vote of 22 to 3, with four abstentions. The only negative votes came from Nicaragua, Grenada, and Mexico.

Mexico has argued all along that elections under the current conditions of virtual civil war in El Salvador would be a farce, and that unconditional political negotiations among all the warring parties must occur first. The Mexican position was voted up this month by the Third Committee at the United Nations, 65 to 21, and has received important support from the Archbishop of El Salvador, Rivera Damas.

Indonesians endorse the Fahd Plan

Indonesian Foreign Minister Dr. Mochtar Kusumaatmaja has endorsed the eight-point proposal by Saudi Arabia's Prince Fahd for Middle East peace. Mochtar, appearing on a television broadcast in Jakarta, called the Fahd Plan "entirely different" and "fundamentally better" than the existing Camp David agreement.

The Foreign Minister condemned the Camp David agreement because it had "not even invited [Palestinians] to determine the fate of the Palestinians. For this reason a settlement under the Camp David accord would not be possible. . . and the eight-point proposal by the Saudi leader was a central point towards solution of the Middle East question, as in it mention was made about the formation of an independent Palestinian state, with Jerusalem as its capital.

Indonesia, one of the five ASEAN (Association of the South-East Asian Nations) states, is the only Asian member of OPEC.

Briefly

● **THE IMF** has decided to deny the government of Guyana the second tranche of an agreed-upon loan scheduled to occur this month. The \$80 million will be denied, according to the Fund, because Guyana has "failed its performance test": the austerity it has imposed is not severe enough. The Fund demands further import restrictions and cutbacks in credit availability.

● **THE CLUB OF ROME** has selected Little Rock, Arkansas as its model city in the United States. According to a source at the Winthrop Rockefeller Foundation, which is closely tied to the initiation of a Club of Rome "local" in Little Rock, the city is "the only place in the country which has 60 Club of Rome members," and Club co-founder Aurelio Peccei "has become interested in setting up a grassroots constituency" in order to "apply the globalistic ideas of the Club of Rome to the local Arkansas situation."

● **OLOF PALME**, Sweden's former socialist Prime Minister, met with Japanese Prime Minister Zenko Suzuki, in Tokyo Dec. 4, as the Palme Commission convened a three-day meeting at Tokyo's United Nations University. The Palme Commission is a promoter of the anti-war and anti-nuclear arms movement.

● **FRANÇOIS MITTERRAND**, in a Dec. 9 press conference, called for reviving "those values that have been inherited throughout the centuries from the reality of pastoral society. . . . After the destruction of rural and pastoral society, where I found my roots, my form of culture, where are my attachments? These huge cities, those huge concentrations of millions of men and women, have not yet found a civilization. . . ." The speech resembled those by Marshal Philippe Pétain the Socialist President attended as a youth.

Schlumberger/Permindex behind threat to Reagan

by Criton Zoakos, Editor-in-Chief

The assassination threat facing President Reagan is much more extensive than indicated by the presence of the four or five Libyan "hit teams" deployed in the United States, now occupying the attention of security officers and the mass communications media. Our readers will recall that this publication had warned of threats to the President's life a few weeks prior to the Nov. 30 surfacing of the public "Libya hit team" scare, in the context of events occurring around the Senate's Oct. 28 vote on the sale of AWACS planes to Saudi Arabia and around a secret Muslim Brotherhood terrorist conference at Rothko Chapel in Texas Oct. 21-25. The Rothko Chapel meeting and the AWACS fight had this in common: they were fights on the substantive issue of whether or not the Kingdom of Saudi Arabia should be politically destabilized.

President Reagan made extraordinary personal efforts to ensure a vote in favor of the AWACS sale as part of his personal commitment to prevent a destabilization of Saudi Arabia at all costs: "We shall not allow to happen to Saudi Arabia what happened to Iran." The Rothko Chapel conferees, all high-level Muslim Brotherhood political operatives with State Department protection, were in Texas to discuss plans for an immediate destabilization of Saudi Arabia. It was ironic to see Islamic fanatics and Zionist spokesmen joining hands in an attempt to prevent the AWACS sale, but they were sharing in common the understanding that a failure of Reagan to win that decisive vote in the Senate would signal the activation of destabilization operations against the desert kingdom. The President won the vote, and the

assassination threat came almost immediately afterward.

In looking for an assassination capability which is capable of threatening the President of the United States, you must first determine whether Permindex is involved. In this particular case, Permindex is involved all over the place. The Rothko Chapel event had been organized by Madame Dominique de Menil of Texas, wife of the de Menil who founded Permindex. The lady's maiden name is Schlumberger, the financial fortune which owns Permindex as well as Schlumberger Ltd., the famous oil technology firm controlled out of Switzerland which dominates the world oil-exploration business.

Permindex, of course, is the notorious assassination-oriented business front, formerly of New Orleans, which was investigated by District Attorney Jim Garrison for organizing the assassination of President John F. Kennedy in November 1963. Permindex was also responsible for numerous assassination attempts on President Charles de Gaulle of France, and it was on de Gaulle's request that Permindex was forced to shut down its European offices in 1965 and withdraw to South Africa. Garrison's investigations into Permindex were frustrated by a series of mysterious deaths of key witnesses in the Kennedy assassination case and by a number of coverup and disinformation operations conducted by a Justice Department clique associated with Walter Sheridan and by the then president of the the National Broadcasting Company, Julian Goodman. These operations sought to maintain the credibility of the 1964 Warren Commission Report coverup, a coverup orchestrated by powerful interests associated with the United Brands Company,

interests closely linked with Permindex.

The Schlumberger connection

To understand Permindex and why it poses such a problem for President Reagan today, so many years after its hits on Presidents Kennedy and de Gaulle, one must understand the character of the financial and historical interests behind Permindex; in short, one must look at the Schlumberger connection. The name Schlumberger is associated with old banking interests in Switzerland, France, Belgium, and the Low Countries. Inter-marriage with the de Menil family has brought a reinforcement of old ties with the Russian Orthodox nobility associated with the 19th-century "Black Hundreds" fascist movements. The notorious Kennedy assassination figure, de Mohrenschildt, a friend of Madame Dominique de Menil and the person who set up Lee Harvey Oswald as the "patsy," is typical of this little-known East Bloc-Western intelligence interface represented by de Menil and Permindex. The Rothko Chapel, for instance, which runs on de Menil funds, is controlled by the Eastern Orthodox Order of Saint Basil; a cutout arrangement where KGB officers, Catholic Jesuits, and Eastern Orthodox priests meet.

In terms of the relevance of Schlumberger-de Menil-Permindex to the current world strategic situation, one must review the series of events covering the period from the Yorktown victory celebrations on Oct. 19, 1981, to the visit to Israel of French Foreign Minister Claude Cheysson on Dec. 7-8. In mid-October, after President Sadat's assassination and before the AWACS vote, President Reagan held a state dinner for the French President François Mitterrand, then in our country to honor the 200th anniversary of the French-American victory at Yorktown, Va. Present at the dinner was Madame de Menil, a generous financial contributor to Socialist Mitterrand. Also present was the chairman of the board of Schlumberger Ltd., M. Jean Riboud, the person who created the Socialist Mitterrand's political career and who is known through France to be the sole owner of the Mitterrand government, including its foreign minister, Claude Cheysson.

We are not privy to the arrangement that the Schlumberger-Permindex interests attempted to mediate between President Reagan and Socialist Mitterrand. Shortly thereafter, the daily press gave accounts of statements by official spokesmen to the effect that the U.S. government would allow certain French diplomatic, military, and intelligence initiatives in Latin America, Africa, and the Middle East, on the understanding that the Socialist François Mitterrand was such a staunch champion of U.S. interests that he would fight tooth-and-nail on the European continent against Soviet military threats and in favor of the Eurormissile policy

of Washington.

Subsequently, the AWACS vote in the Senate and the President's keen interest in stabilizing the Middle East situation by expanding beyond the Camp David framework to include the proposals and initiatives embedded in the Fahd Plan of Saudi Arabia, indicated that President Reagan was about to destabilize the strategic gameplan from which Permindex's political masters were proceeding. Hence, the President was once again labeled an incalculable quantity, and the assassination threat started resurfacing. In addition, M. Jean Riboud sent Foreign Minister Cheysson to Israel, effecting a 180-degree reversal of French foreign policy toward the Middle East in an effort to undo what Reagan's stabilization policy had started.

The motive

The assassination threat against the President will persist even after the "Libyan hit team" fever abates. The political motivation for such an assassination is the desire to cause an institutional destabilization of the U.S. government. If a security specialist desires to answer the question, "Why do they want to kill the President?" he should make a quick calculation to figure out what the consequences of such an assassination would be on the institutions of our government. Those expected consequences on our institutions are the motivation for the contemplated assassination.

The next question then is: "Who would desire such consequences?" From all the major policy factions in the international strategic arena, whose programmatic perspectives would benefit most from the institutional consequences flowing out of a presidential assassination? That is how one will arrive at the circles of high finance promoting the neo-Malthusian Global 2000 perspectives associated with the Club of Rome and Federal Reserve Chief Paul A. Volcker. Schlumberger and Permindex are the powerful associates of the major world financial interests behind the Bank for International Settlements (BIS), the Bank of England, the Central Bank of Switzerland (Schlumberger's banking home), and the Banque de France, currently under the sway of M. Jean Riboud.

In the course of the week of Dec. 7, the three above-named central banks, under BIS supervision, held a series of strategy sessions in which they agreed on a six-month gameplan to collapse the U.S. dollar in collaboration with Paul Volcker. The objective, as described privately by insiders of the International Monetary Fund's Group of Ten, is to manage a worldwide deflationary collapse within 1982, a necessary financial precondition for implementing the population-reduction targets of the *Global 2000 Report*. An institutional destabilization of the United States, such as indicated by the results of a presidential assassination, is required

to accomplish this objective.

Threat and deception

The "Libyan hit team" threat was both a real threat as well as a deception. The hit teams are real enough. Who controls the Libyan hit teams is another story. Who tipped off the American security services about this threat is yet another. If one follows the threads from Armand Hammer, Max Fisher, and Edgar Bronfman into United Brands, from there into Schlumberger-PermindeX, and from there into the Libyan intelligence service arrangement known as the "Jamhuriya," one will eventually be able to demonstrate that those who deployed the hit teams and those who "tipped off" the United States are either the same agency, or agencies in coordination.

The object is to deceive and thus blind the intended victim into looking toward a direction which appears to be a reasonable target of one's suspicions: that crazy Qaddafi of Libya. The suspect has a reputation which makes the suspicion justified. The deployed hit teams are real. The informants who supply the victim with the advanced warning are giving sterling information; their credibility and thus their advantages increase. The informants of the U.S. government in the case of the Libyan hit teams happen to be associated with British and Israeli intelligence services, probably parts of those services contaminated by PermindeX.

Thus, while the Libyan hit teams were deployed to pose a real threat to the President's life, they were also deployed as the opening gambit intended to evolve rapidly into end-game. The successful foiling of the Libyan hit team threat is designed to provide credibility to agents who may play a lethal role at a future move in the game (by supplying the intended victim with sterling information during an earlier move). The initial deployment of the Libyan hit teams, even when frustrated, will be used to weave the cover story, the legend of "fanatical assassins," under whose cover PermindeX will disappear into the night just as it did after the Kennedy assassination.

The President's best defense at this time is to open the *Warren Commission Report*, open up the nest of worms in the Justice Department associated with Walter Sheridan and Benjamin Civiletti, the nest of worms which has covered up and protected PermindeX from scrutiny, which has pardoned and freed assassins and terrorists in the past, and which, finally, holds the key to Billy and Jimmy Carter's connections to Libya. The President's best defense will also include a scrutiny into the business associates of Schlumberger Ltd. in the southwestern part of the country, their clients, vendors, bankers, and lawyers. It is from there that the enemy might be tempted to find unsuspecting pawns for deployment in its games.

Part I

Introducing NBC's dirty-tricks chief of

by Richard McGraw

Most Americans have never heard of Walter Sheridan. His biography does not appear in *Who's Who* or other standard listings of influentials in the United States government. Yet Sheridan, presently operating as an "investigations" specialist under the patronage of Senator Ted Kennedy, Minority Leader of the Senate Labor and Human Resources Committee, is so powerful that some in Washington call him "the 101st Senator." Walter Sheridan is a super spook.

For the past three decades, since graduating from Fordham University, briefly attending Albany Law School, and joining the FBI, Sheridan has moved from one shadowy federal intelligence or investigative post to another—a "hatchetman" for some of the dirtiest political frameup, blackmail, and coverup operations in history.

A full examination of the unopened Sheridan file, only part of which is revealed here, would provide many key leads into the assassination and blackmail capability threatening Senators, Congressmen and other government officials, up to and including the President of the United States.

During his long career, Sheridan has been a key figure in the following operations:

Assassinations

- Functioned as an agent of the FBI's Division Five, Counterintelligence, while working for NBC News to abort and cover up the mid-1960s investigation of New Orleans D.A. Jim Garrison into the assassination of President John F. Kennedy—an investigation which pointed the finger of suspicion at the PermindeX corporate entity headed up by Major Louis M. Bloomfield. Bloomfield was also head of FBI Division Five and a Canadian subject of the British Crown implanted in the U.S. intelligence apparatus by British Special Operations Executive Sir William Stephenson (*A Man Called Intrepid*) during World War II. PermindeX was also identified by French intelligence as the entity implicated in the over 30 assassination attempts on the life of President Charles de Gaulle. Walter Sheridan, for his

Walter Sheridan, Permindex USA

ultimately successful efforts to wreck the Garrison investigation, was indicted four times for bribery.

Spies

- While employed in the 1950s by the super-secret National Security Agency, so hush-hush that it is virtually exempt from governmental oversight and fully exempt from the Freedom of Information Act, Sheridan, Chief of the Counterintelligence Section, Special Operations Division, Office of Security, failed to prevent the granting of security clearance to two men who subsequently defected to the Soviet Union. A House committee called this performance "hard to believe."

Labor busting

- Under the authority of Attorney General Robert F. Kennedy, Sheridan ran the "Get Hoffa" squad for the U.S. Justice Department, the prototype for the more than 50 sting operations now being run by the Justice Department against labor leaders and political figures, including Abscam and Brilab.
- Served as a chief investigator for numerous head-hunting Senate committees, including the McClellan Committee's "Rackets Commission" investigations, the Committee on Administrative Practices and Procedures run by Ted Kennedy, and his present post at the Labor and Human Resources Committee.
- Controls a network of "investigative journalists," for example Dan Moldea, author of *The Hoffa Wars*, whom he uses against labor leaders and political leaders to soften them up for Justice Department frameups.

Private spook networks

- Heads up a network of FBI-Justice Department "old boys" including Robert Peloquin, William Hundley, David Belisle, Tom McKeon, and Terence Shea, who have moved with Sheridan from one institution to another running dirty tricks and frameups.
- Has exercised command over private intelligence organizations including "Five Eyes" (International Investigators Inc. of Indianapolis, Ind.) and "Three

Eyes," International Intelligence Inc., or Intertel.

Let us take a closer look at some of these Sheridan operations.

The Garrison probe

It has been commonly assumed that Walter Sheridan has been a Kennedy loyalist because of his close association with the Kennedy family throughout his career. Yet clearly Sheridan has served more than one master.

In February 1967 Walter Sheridan went to work for the National Broadcasting Company (NBC-TV) as an "investigative reporter" for their "White Paper" documentary series. His assignment was to discredit New Orleans District Attorney James Garrison, who was probing the role of Permindex and its board member businessman Clay Shaw, in the assassination of President Kennedy.

On July 7, 1967, Walter Sheridan was charged with four counts of bribery by Garrison's office in a case that involved flagrant attempts to tamper with Garrison's witnesses in an effort to sabotage the investigation and discredit Garrison.

The fact that Sheridan was in contact with numerous witnesses and investigators involved with the Garrison investigation, and the fact that he contacted these persons for the explicit purpose of having them turn against Garrison and his probe, makes it very clear that Sheridan's primary role was that of an intelligence operative against Garrison and not simply a reporter.

Witness: Marlene Mancuso

On Feb. 1, 1967, about two and one-half weeks before the Garrison probe went public, NBC News hired Gordon Novel to work with Sheridan in New Orleans. Novel and his employer, Double-Check, were being investigated by Garrison. Novel's former wife, Marlene Mancuso, was to testify before the grand jury. Mancuso came under intense intimidation from two of Sheridan's investigative team, Richard Townley and Jerry Monday. Townley and Monday had been supplied with detailed personal information on Mancuso (probably from Novel) which they tried (unsuccessfully) to use to dissuade Mancuso from testifying.

Investigator: William H. Gurvich

Sheridan attempted to plant investigators within Garrison's team through the offer of free assistance from a New Orleans private investigation firm run by William H. Gurvich and his two brothers, Louis and Leonard.

Garrison accepted Gurvich's assistance, although he assigned him to peripheral tasks such as photographic work because he did not trust him. It turned out that Garrison's suspicions were well-founded.

To be continued.

AEI meeting targets the Constitution

by Graham Lowry, U.S. Editor

An escalated effort is underway by forces of the Trilateral Commission, the Aspen Institute, Brookings Institution, American Enterprise Institute, and elements within the Reagan administration itself to use the battering ram of the ongoing budget process to finish off the authority of an already weakened Congress, and subject the United States to a dictatorship thinly disguised by an approximation of the British parliamentary system.

Projections leaked the week of Dec. 7 by David Stockman's Office of Management and Budget claim the federal deficit for 1982 will hit \$109 billion, two and a half times the level forecast as recently as this summer. On cue, the Constitution-wreckers inside and outside the administration have rushed to demand a new orgy of budget cutting and tax gouging, and the stripping of congressional powers of resistance. A four-day conference Dec. 7-10 held by the American Enterprise Institute, a British-influenced "conservative" think tank in Washington, has stacked its panels with presidential advisers and White House officials to hammer home precisely those demands.

Restructuring government

The door has been simultaneously opened to a broader assault on constitutional government by Senate passage Dec. 7, by a vote of 79-4, of a bill sponsored by Trilateral Commission member Sen. William Roth (R-Del.) mandating a new Hoover Commission to restructure American government.

According to Roth's aides, the legislation would create a bipartisan committee of 18 members, 9 Republicans and 9 Democrats, appointed by the President, Speaker of the House, and Senate Majority Leader with the approval of Congress. Modeled on the task forces set up under Herbert Hoover after World War II which restructured American defense, intelligence, and national security and budget functions according to a British model, the commission would be mandated to assess the functioning of every level of the federal government and its relations with state and local governments during the last 30 years.

Roth has worked closely with Trilateralist Lloyd

Cutler, former special counsel to President Carter, and author of a proposal in Foreign Affairs last year calling for constitutional changes to remedy "the structural inability of our government to propose, legislate, and administer a balanced program for governing."

Cutler and his cothinkers have repeatedly spoken of their desire to administer a permanent depression—"controlled disintegration of the world economy" called for in the Council on Foreign Relations 1980s Project—by completely cutting business, labor, farmer, and minority constituencies out of the government process.

Reagan's approval

With special encouragement from Vice-President George Bush and White House Chief of Staff James A. Baker III, President Reagan sent a letter to the Senate endorsing the Roth bill. While Reagan reportedly approves the measure as an expression of his commitment to the "New Federalism" policy of decentralizing the federal government, both Roth and Cutler have emphasized the necessity of a major economic crisis in overcoming resistance to scrapping America's republican form of constitutional government. The stage has been set for the political crisis of government over the collapse of the economy with the OMB's budget proposals for 1983, which would eliminate whole programs and *cut budgets for entire departments by 30 to 50 percent.*

An aide to Senator Roth stresses that "the government is not functioning well right now. We have a crisis, a deep crisis. Some people call it the worst in the history of the country. Look at the current budget crisis. Do we have the institutions to cope with what is being asked? Probably not. . . . No ability to plan, conflicts at all levels, fights between the executive and the Congress. We can come close to paralysis. This is what the commission must look at and correct."

Roth's Trilateral collaborator Lloyd Cutler elaborated the same theme in an interview in July. "I'm not quite as reverent about changing the Constitution as some people," he said. He was enthusiastic about the reconciliation resolution used by Stockman and the OMB to put a ceiling on total federal spending, *before* any consideration of specific program needs and funding requirements. "I would regard the budget reconciliation resolution mechanism as a great step forward. It brings us much closer to the budget process in a parliamentary system," Cutler declared. "We should definitely strengthen the OMB, or create some other unit along those lines to keep control over the budget process."

Cutler has worked with the Brookings Institution's Project '87, a subversive unit also blessed by Sen. Edward Kennedy, to further the attempt to retool American government along British lines.

The Roth bill now goes to the House, where its landslide margin in the Senate is expected to finally move it through the Government Operations Committee chaired by Rep. Jack Brooks (R-Tex.), who has previously kept the bill bottled up in committee. David Stockman is a major supporter of the bill, according to Roth's office.

Taking issues out of Congress

Keying off of the new budget deficit projections, the economic policy panels at the ongoing conference of the American Enterprise Institute have focused on the role of the budget process in restructuring the federal government. The most blatant call for crushing the powers of Congress to legislate on substantive issues came from White House spokesman David Gergen, formerly of George Bush's presidential campaign committee, speaking on a panel chaired by none other than Lloyd Cutler.

Gergen demanded that Congress "overcome its natural instincts" to vote on each budgetary and appropriations measure as concrete questions of policy, and confine itself simply to voting up an omnibus bill "as a commitment to reduce spending." While he added that "President Reagan has a preference for running the government with regular appropriations," Gergen declared that congressional committees "can't reconcile growing demands with scarce resources," and said the administration would try to use the reconciliation process again next year.

His remarks were warmly endorsed by Lloyd Cutler, who called for toughening and tightening the budget process even further.

Gergen's call for curtailing democratic decision making to meet the requirements dictated by "scarce resources" echoes the theme of Trilateral member Samuel Huntington's 1975 book, *The Crisis of Democracy*. Written as a report to the Trilateral Commission "on the governability of democracies," Huntington's study argued, "We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of political democracy."

Subsequently appointed to the staff of Jimmy Carter's National Security Council, Huntington also emphasized, "A government which lacks authority and which is committed to substantial domestic programs will have little ability, short of cataclysmic crisis, to impose on its people the sacrifices which may be necessary to deal with foreign policy and defense."

Huntington was also a featured participant in AEI conference, reporting as a project co-director with Brent Scowcroft—rumored to be in some quarters a possible successor to Richard Allen as national security adviser—on American vital interests in "regions of conflict."

Baltimore

Control Data uses city as test tube

by Freyda Greenberg

"Over the next decade, sweeping economic and technological transformations will alter the jobs people do and the ways they do them. Older, heavy industries such as steel and automobile manufacturing will continue a retrenchment that has already begun—and the semiskilled legions who served them will be hard pressed to find similar work. . . . It will be a decade of dramatic demographic, geographic and educational realignment. And it will be painful."

This statement in the Nov. 23 issue of the Washington Post Company's *Newsweek* magazine was subsequently repeated in media outlets throughout the United States.

Behind *Newsweek's* ostensible prediction are individuals who have not only been defending the Federal Reserve Bank's high interest-rate destruction of industry, but who have also been getting in on the ground floor of their desired "post-industrial" society. An outstanding example of what this scheme is doing to American cities is Baltimore, where area-based financial and political leaders are conspiring with the Control Data Corporation to turn that once-prominent steel, auto, and shipbuilding center into a model post-industrial city.

The Minneapolis-based Control Data's program for Baltimore is comprised of both public and behind-the-scenes initiatives. On the one hand, Control Data is known in Baltimore as the creator of the PLATO computer education course, which has been incorporated into the public-school curriculum, despite vehement opposition from teachers and parents because of its documented brainwashing effects on students. A more secretive aspect of Control Data's Baltimore venture, according to sources in the city's business community, is that the firm is quietly buying up abandoned school buildings and slum real estate. Where do these ventures coincide and what do they have to do with the post-industrial society? First, it is necessary to understand the real nature of PLATO "education." Control Data personnel have provided the most candid description of their 20-year old, \$1 billion project. "We are redefining education," said an assistant at one of CDC's learning centers, "No frills. Down to basics. A little reading, a little math, a little science. All very simple. Teach people to be func-

tional. Get them ready for job slots. . . . The post-industrial society needs people who can think like and understand computers." The student is provided with the equivalent of a TV set with which to "interact," i.e., answer questions and be then told by the computer whether the answer is right or wrong. PLATO works on two key principles. It demands that all complicated subjects be reduced to simple statements that can fit on a screen, and that the interaction of student and computer be limited and controlled. All programs are "drill and grill"; instead of being able to ask questions and demand in-depth explanations from a teacher, a PLATO student's attention is sustained only by an aura of fantasy modeled on video games.

While Control Data sells PLATO to the city of Baltimore, its affiliates are buying inner-city real estate because it is targeted for Rep. Jack Kemp's "free enterprise zones," where new light assembly industries would be "developed" to employ workers living there. Electronics and computer assembly, functions essential to a firm like Control Data, are among the most talked-about types of "new industry" slated for the enterprise zones. Hence, Control Data positions itself to reap the benefits of this post-industrial age by determining what is produced (computers), by owning the industrial real estate, and by controlling the manpower (PLATO). The firm explains its urban ventures as "social responsibility."

Because Control Data's collaborators in Baltimore reach into the highest strata of the city's politics and finance, Baltimore has become a special test tube for the "post-industrial society" program. When the Board of School Commissioners approved a new, expanded PLATO contract with Control Data on Dec. 3, it was under direct orders from CDC's Baltimore collaborators. This group consists of a network around Control Data, CDC's Baltimore-based subsidiary Commercial Credit Company (CCC) including Johns Hopkins University President Dr. Steven Muller and Baltimore financier F. Barton Harvey, Jr., both members of CCC's Board.

Lurking behind the scenes is former Sen. Joseph Tydings, one of the original Draper Fund promoters of depopulation, who is credited with political control of Board of School Commissioners head David Daneker.

A message delivered to the School Commissioners from City Council President Walter Orlinsky conveyed CDC's instructions. According to Orlinsky, who serves also as a mouthpiece for the Johns Hopkins Metro Center for Planning and Development, Baltimore *used to be* an industrial city, characterized by its auto and steel plants. But that is over, Orlinsky contends, and Baltimore must now move unafraid into the brave new world of the "post-industrial society." The Metro Center, founded in part by Dr. Steven Muller, has been central in social engineering projects pertaining to Baltimore's "move into the future." These projects have included

studies on demographic profiling, forced migration, housing stress, and shifts to smaller communities.

The prime Control Data vehicle for the real-estate side of their operation is City Ventures, Inc. City Ventures is a joint venture with other private sector firms to purchase real estate for "development." City Ventures is in active collaboration with the promoters of urban enterprise zones to legislate the appropriate tax and labor policies needed to set up businesses cheaply and maintain a workforce cheaply. Through this venture CDC has been purchasing urban real estate, in particular in the Park Circle area already slated for free enterprise zones should legislation pass. CDC affiliates have also been involved in the purchase of abandoned school buildings closed in recent years due to cutbacks in the city's pre-PLATO education budget.

The backing of the Baltimore financial community for this perspective has been accomplished through the influence of the Johns Hopkins-linked networks and through Baltimore's leading "blueblood" investment banking firm, Alexander, Brown & Sons. A leading board member of CCC, F. Barton Harvey, Jr. has been with Alexander, Brown & Sons since 1946, managing it since 1966. CDC's Commercial Credit, run largely by Daniel H. Brill, a member of the Federal Reserve Board from 1947-63 and the Federal Open Market Committee from 1965-69, is an important venture in its own right. Coupled with City Venture-type schemes, PLATO, and the support of locally based creditors, CCC provides credit generation for new, smaller business ventures.

Comprised of more than 100 subsidiaries, Commercial Credit is involved in small business financing, real estate financing, factoring, and life, health, and business insurance including insurance for computer equipment as well as nuclear fuel. Relocation Realty Services Corporation provides employee relocation services, including the buying and selling and renting of homes and other services related to the relocation of workers. Interestingly, Control Data has just added Jimmy Carter's former Vice-President Walter Mondale to its board of directors. The former senator, whose association with Control Data is reported to be long-term, championed the highly controversial National Employment Relocation Act (NERA) known as the "boxcar" bill in 1974. The only difference between that aborted effort and the Baltimore case of today is that the money now comes from the private sector.

For all its talk about "social responsibility," however, Control Data is worried that "premature publicity" might wreck its plans to turn dozens of major cities into "post-industrial" cities. Asked about a front page Dec. 4 article in the *Washington Post* reporting on the firm's plans to introduce PLATO into the school system of the nation's capital, a CDC spokesman flew into a rage. "We didn't ask for that article."

'Death Act' vote now faces the Congress

by Stephanie Ezrol

Here in Washington, an informal coalition comprising members of the three main religious denominations, black political leaders, conservatives, anti-drug organizers, and Democratic Party activists is working to secure a Congressional resolution of disapproval on D.C. Act 4-115, "The Natural Death Act of 1981."

"The Natural Death Act," described by the *Washington Post* as a right-to-die bill for the nation's capital, should more properly be described as a bill enforcing euthanasia. The bill, and the national legislative drive behind it, were drafted by the New York-based "Society for the Right to Die." Founded in 1938, the group was originally called the Euthanasia Society of America, but after the Nazis gave euthanasia a bad name, and Wilhelm Frick, the director of Nazi euthanasia policy, was sentenced to death at the Nuremberg War Crimes Tribunal, the society changed its name.

Washington, D.C. Mayor Marion Barry signed the Natural Death Act on Nov. 9, 1981; it was sent to Capitol Hill on Nov. 30, where the Congress has 30 legislative days to review the act. Under Public Law 93-198, all bills passed by the District of Columbia (D.C.) city council must go through this process of congressional review, because Congress holds the ultimate constitutional authority to "exercise legislation in all cases whatsoever, over [the] District."

The opposing coalition includes black Baptist ministers, Roman Catholic priests, the American Life Lobby, the National Black Women's Political Leadership Caucus, the Washington D.C. Chapter of the Moral Majority, statewide Right-to-Life groups, local Jewish political leaders, the National Anti-Drug Coalition, leaders of the National Catholic Physician's Guild and Lyndon LaRouche's National Democratic Policy Committee.

Similar death bills have already been enacted into law in 10 states: Arkansas, California, Idaho, Kansas, Nevada, New Mexico, North Carolina, Oregon, Texas, and Washington State. The first state legislature to pass a model bill was in Jesuit Jerry Brown's California. The bill was introduced on Feb. 13, 1976 by Assemblyman Barry Keene, who hails from the first Jonestown, cult-

city Ukiah, California. Keene's previous claim to fame was his active role in pushing for marijuana decriminalization when he served as Assistant Attorney General for Mendocino County, California, the marijuana-growing capital of the United States.

A four-part series now running in the semiweekly national newspaper *New Solidarity* under the title "The Genocide Lobby's Plot to Destroy the Nation's Capital" has documented how an elite group which includes the Malthusian Club of Rome, Katharine Meyer Graham of the *Washington Post*, Sol Linowitz of United Brands, D.C.'s Federal City Council (a private entity), and the schismatic Jesuits at Georgetown University, is using the District of Columbia as a testing ground for their social-engineering policies. They have initiated a series of bills including the Sexual Reform Act, which attempted to legalize incest and teacher-student sexual relations, among other things; a bill to legalize gambling; and the euthanasia bill. By passing these bills through the district council they hope to gain a de facto federal stamp of approval for their policies.

D.C. Act 4-69, the Sexual Reform Act, was overturned in Congress through the efforts of a coalition which, despite a *Washington Post* coverup of their opposition, presented 10,000 signatures of outraged District residents to the House District Committee. Most of the signatures were collected by the members of the Baptist Ministers' Conference, representing the District's hundreds of black Baptist churches. The *Washington Post*, in a Goebbels-style big lie, claimed that it was Jerry Falwell who brought his primarily white organization into the primarily black D.C. area and was most responsible for convincing Congress to override "the will of the residents."

'Suicide can be dignified'

The Natural Death Act allows anyone over the age of 18 to draw up a legally binding document called a "declaration," which mandates that any medical procedure or intervention which would serve to "artificially prolong" life be withdrawn in instances of an incurable condition. Once this declaration is signed, it becomes a permanent part of one's medical record. If an individual is admitted to a hospital for any reason, after an accident or with a disease like cancer, his or her doctor is obligated by law, and under penalty of a \$5,000 fine, three years' imprisonment, or both, to ensure that "all life-sustaining procedures which serve only to postpone the moment of death, are withheld," and that only medication necessary "to alleviate pain and provide comfort" will be administered.

The remainder of the bill is a series of definitions and ostensible safeguards focused on protecting the individual from what is implied to be his greedy family, who may choose to prematurely slide him out of the

way to get at his estate. The so-called safeguards also attempt to assure the signator that he or she is protected from doctors and hospital personnel tempted to get rid of patients in the name of cost-efficiency—implying that it is the medical profession that is in the business of killing people. In point of fact, putting them *into* that business is the intent of the legislation's instigators.

A national and international counterattack has emerged as Right to Life groups in Montreal, France, Italy have already contacted the NDPC to register their opposition. The Anti-Drug Coalitions in Europe which have been fighting the euthanasia proposals of Danish Minister of Justice, Ole Espersen, have announced their support for efforts to stop this Nazi-modeled legalized murder.

Pressure is mounting on the Congressional Black Caucus to break their liberal profile and come out against Act. 4-115. Catholic Right-to-Life networks, black Catholics and black Baptists in the home district of Rep. Ron Dellums, the social democrat who chairs the D.C. Committee in the House of Representatives, are calling in to Dellums's office to demand action. Ministers who have been close to Rep. Mervyn Dymally (who favors marijuana legalization in Jamaica) are urging him to cut his ties to the genocide lobby and kill the bill.

Senate subcommittee on the line

On Dec. 3, Stuart Rosenblatt, the National Democratic Policy Committee's spokesman in the District of Columbia, announced at a press conference in front of the Senate Office Building that the NDPC is mobilizing a local and national organizing drive to throw out the Death Act through a congressional resolution of disapproval. Rosenblatt formally presented his demands, along with documentation of the nature of the bill and the "conspiracy of silence" which surrounded its passage in the D.C. District Council, to Sen. Charles Mathias, Jr. (R-Md.), who in his capacity as Chairman of the Government Affairs Subcommittee on Governmental Efficiency and the District of Columbia is responsible for reviewing the Death Act.

Rosenblatt specified four points of NDPC opposition to the Act: 1) Preventing the physician from prolonging life once the patient is deemed incurable is a return to the Nazis' gradually accelerated process of eliminating those deemed unworthy to survive; 2) Under the rubric of "right-to-die," state and municipal officials have been given the option of saving money on health care by encouraging the sick and elderly to refuse treatment; 3) The Act is part of fostering a broader death-cult attack on progress and the preciousness of individual life, an attack led in Washington, by the Episcopalian Fr. William Wendt, who performs "death counseling," sells matching coffins, wine racks, and

bookshelves from his St. Francis Death Center, and teaches "death education" in three local high schools; 4) Above all, the Death Act conforms to the overall Global 2000 strategy of returning a shrunken population to the Dark Ages, with its insistence that people are nothing but useless eaters in a declining economy, and that high-technology medicine is a waste of scarce resources and an unnatural intrusion into "the dying process."

Journalists in attendance included representatives of four radio stations, the Metromedia-television affiliate, UPI, and AP. A reporter asked: "What about the individual grieving person—aren't their feelings more important than any other consideration as to who has the right to determine death?"

Rosenblatt said, "There is a higher morality of natural law which forms the principles of our democratic republic. That is more important than the immediate feelings of an unfortunate but manipulated individual. The question is whether our country is going to be restored to the spirit of finding solutions to medical problems through technological breakthroughs, or whether we are going to follow the Nazis down the road, step by legal step, to fascism." Reporters pressed for more information about the Club of Rome and about the NDPC's charge that the *Washington Post* and Father Wendt are racially prejudiced in their support for the Death Act.

'An unfortunate will to live'

Father Wendt told this reporter in response to a question about Baptist opposition to the Death Act: "Don't forget, you are talking to *black* Baptists, and in the black cultural perspective, it has been researched that black people have a greater will to live than any other culture in the United States. There's always that feeling that the white man is stepping in and using a genocide ethic or whatever to try to do away with black people. . . . A death educator by the name of Kalish out in California wrote a book on it. . . . I tell you frankly, they [black Americans] are very upset with some of the hospice work, too, because that would seem to be another area where the white man was stepping in to let black people die."

This, I concluded, is a topic that Father Wendt must have discussed with Polly Shackleton, the bill's sponsor, a close friend of his from their old radical political days, and with Mrs. Graham, who funds Wendt through her Meyer Foundation. The solution they found was to keep all mention of the Death Act out of the press until the council voted it up on Sept. 30, 1981 (despite the fact that the *Post* had run a series of articles in the summer of 1980 calling for such a bill), while the council was bombarded with expert witnesses to convince its members that the legislation was a benign "bill of rights."

Eye on Washington by Stanley Ezrol

Close encounters

General Brent Scowcroft found himself surrounded by admirers at the Dec. 9 Policy conference of the influential American Enterprise Institute cult. Scowcroft, Kissinger's former deputy at the National Security Council who succeeded Henry as Ford's National Security Adviser, has been named as a possible successor to Richard Allen in the same post.

Scowcroft, it seems, does not want his old job back at all—at least not in *this* administration. Asked what his view was of the future of European relations with the United States and the continuing viability of NATO, he said, "It all depends on what the Soviets do. It depends on how skillful they are. They have been getting very skillful in tailoring their propaganda campaigns and in responding to our efforts against them." "Doesn't it also depend on how skillful the Reagan administration is as well?" I asked. Scowcroft laughed very loudly and said, "Oh, I wouldn't hold out much hope for that." He went on to explain that while he thought Reagan's zero-option proposal was a good tactical maneuver, it was not realistic, because of the wide-open question of "what zero means for Russia." He said he thought the administration's understanding of that problem was almost nil.

Intellectual terrorism

The U.S. Association for the Club of Rome leadership is apparently highly embarrassed by the public anti-nationalism of its international

guru, Aurelio Peccei. The Usacor has prepared its strategically planted membership in two national meetings this year for a campaign to use the "conservative" budget-cutting proclivities and national-security concerns of the Reagan administration to fulfill Peccei's mission to destroy the United States, and subject it to the sovereign will of the international corporate nexus which has employed Peccei the last 50 years as a top operative mediating their relations with the Soviet KGB as well as Western government institutions. Unfortunately for the Club of Rome, this strategy depends on using their conservative members and collaborators like Russell Train and James Buckley to convince the Reaganites that their policies are truly patriotic.

I bumped into John (Jay, his friends call him) Harris IV, former President of the eugenicist Zero Population Growth organization, who is now Chairman of the Board of Usacor, here on Dec. 2. He was attending a rally of German and British anti-nuclear-energy "peace movement" leaders on Capitol Hill sponsored by Sen. Ted Kennedy and SANE. I asked Harris what he was up to; he said he was interested in funding another European peace-movement tour in the U.S. next March and "wanted to see how this one goes over."

I asked Harris if the movement would also further the Club of Rome objective of eliminating the institution of the sovereign nation-state. "That's a crazy idea—I don't know where that statement can possibly come from," he protested. I informed Harris that this idea had been expressed repeatedly and insistently by his guru, Peccei, in his 1977 book *The Human Quality*. Harris stopped trying to deny that anything had occurred, and changed his plea to justifiable hom-

icide. After a long pause he argued, "Ummm. It is kind of getting obsolete, I think." "We have people who answer this sort of thing at the office," he continued, admonishing me not to quote things out of context.

Peccei's book is laced with statements like, "In the age of man's global empire one of the chief obstacles on this road to salvation is the principle of national sovereignty. Its stubborn survival as the foundation of the human polity is a typical syndrome of our arrested cultural development." The alternative power structure he recommends is to "create a non-national statute and domicile for companies operating internationally," which he insists is necessary to relieve the multinational corporate structure of any remaining loyalty to individual nations. The context in which this occurs is Peccei's admission that allowing nuclear fission and fusion to proliferate would make it possible for food and other global shortages to be eliminated. He insists, however, that technological development must be sharply curtailed if not "stopped altogether," because, he complains, "If ever there was a monster dragon it is man himself. . . . What is not reliable, secure, and clean enough is human society itself." Recall the myth of St. George, and I won't have to detail here Peccei's solution to the "monster dragon" problem.

I informed Harris that the context in which Peccei calls for the elimination of nation-states is far worse than his statement alone. "That's your opinion," replied Harris, resorting to the mechanism this dolt has no doubt used upon being intellectually humiliated for the last half-century.

Peccei himself, it is said, accuses Lyndon H. LaRouche, Jr., the founder of this journal, and his associates of "intellectual terrorism."

Watt testifies to end water rate subsidy

The House held two days of hearings on water-reclamation reform legislation Dec. 8 and 9. Although 51 of the 56 groups that testified supported the legislation sponsored chiefly by Rep. Manuel Lujan (R-N.M.), Secretary of the Interior James Watt took the position that the administration would only support the bill with the exception of the critical provision on the pricing mechanism for water.

The legislation was drafted to update the 1902 Reclamation Act, which allows American farmers to use water from government-subsidized water projects for irrigation purposes. That practice has been under attack from environmentalists since 1976, when a federal court ruled that government interpretation of the 1902 act was too broad. Lujan's legislation is aimed, among other provisions, to maintain water subsidies to agriculture.

The administration, with Watt's testimony, has essentially gone over to the policy of David Stockman's OMB and a group of congressional liberals. This policy will structure water rates on the basis of current interest rates rather than the rate prevailing when the project was built. The current-interest-rate provision would make water prohibitively expensive, which would severely cripple capital-intensive American agriculture.

In the House Rep. George Miller (D-Calif.) led the support for this so-called free-enterprise approach to water-rate setting. Miller is an ardent supporter of the Malthusian Global 2000 policy.

The House Interior Committee

will begin markup on the legislation Dec. 14 and 15.

Congress vows to fight NASA budget cuts

In hearings before the Transportation, Aviation and Materials Subcommittee of the House Committee on Science and Technology Dec. 8, members of the Committee stated their intent to fight the massive cuts proposed for the space agency's FY83 budget, particularly in the aeronautical research area.

According to the Office of Management and Budget, OMB director Stockman has mandated a \$1 billion cut in next year's funding, which would eliminate all new project starts and delay programs already underway. NASA Administrator James Beggs has refused to negotiate the agency's \$7 billion request, insisting that is what NASA needs.

Subcommittee chairman Dan Glickman (D-Kans.) opened the questioning by asking former Apollo astronaut Neil Armstrong what he thought of the Heritage Foundation proposal to eliminate all of NASA's funding for aeronautics research, noting that this research had been the basis for new technology for both civilian and military aircraft. Armstrong pointed out that, contrary to the Heritage Foundation, there is no indication that private industry would pick up aeronautics research funding, and that in the past decade, as NASA's research funding had been eroded, so has industry's support for this research.

Committee member Ronnie Flippo (D-Ala.) the chairman of the Subcommittee on Space Science and Applications opened his statement: "Parson Malthus would have been right about limits to growth, except for technology and R&D. . . . We are mortgaging our future if we cut these programs," he stated, with the concurrence of the other committee members.

Rep. Mary Rose Oakar (D-Ohio) testified on the possible closing of the NASA Lewis Research Center and said that the entire Ohio congressional delegation would join any coalition in Congress that would fight all the proposed NASA cuts. Letters were also submitted for the record from Defense Secretary Weinberger and DOD R&D head DeLauer stating the dire consequences for military aircraft technology if NASA's aeronautics research were cut back. This was especially key since one of the OMB proposals included the transfer of aeronautics research from NASA to the Defense Department.

From the Committee's response at these hearings, it appears that the Congress will try to back Beggs in his fight against the OMB budget cuts. On Dec. 9 Sen. Harrison Schmitt (R-N.M.) held hearings on the future of the space shuttle. Schmitt continued to voice congressional concern about the budget cuts. He quizzed NASA official Hans Mark on whether the ongoing administration review of U.S. space policy would be done in time to impact the 1983 budget considerations. When Mark replied that the review would not be completed in time, Schmitt warned that "our space policy is likely to

be made through the budget process." On Dec. 10 the House Science and Technology Committee will hear testimony on Reagan's science policy.

A 'Mutt and Jeff show' on interest rates

Senator Minority Leader Robert Byrd and Majority Leader Howard Baker staged a sham debate on interest rates on the Senate floor Dec. 8, during discussion of S. 881, the Small Business Innovation Research Act of 1981. Byrd, who coopted the leadership of the Senate Democratic moderates' fight for lower interest rates several weeks ago, succeeded in turning the fight away from the issue of high interest rates into a discussion of who will fill the vacancy on the Federal Reserve Board.

Byrd introduced an amendment mandating the President to fill the upcoming vacancy on the Fed Board with a person with small business experience. Plans to bring up on the floor the Senate Democratic Emergency Task Force on Lower Interest Rates amendment which, despite veiled reference to credit controls, still addressed bringing down Paul Volcker's usurious interest rates, never materialized.

Byrd's amendment went down to defeat on a party-line basis, as Senate Majority Leader Baker proposed a substitute amendment which merely expressed the sense of the Senate, that the President adhere to the existing Federal Reserve statutes and appoint someone with agricultural or small busi-

ness experience to the vacancy, rather than mandating this by law. Baker's amendment was substituted for Byrd's by a vote of 50 to 42.

However, the non-debate on the Federal Reserve Board vacancy afforded everyone, Republicans and Democrats alike, time to fulminate against the evil effects of high interest rates on small businesses and undoubtedly provided much copy for District papers.

A day earlier, Senate Banking Committee Chairman and Volcker-defender Jake Garn (R-Utah) promised to keep the debate on the Federal Reserve focused on the representation issue for the next several months. At hearings called to examine various proposals to change representation on the Board, Garn announced that should the President fail to appoint someone to the Board who represents something other than Eastern financial interests, Garn will fight to keep the nomination from ever reaching the floor of the Senate. At the same time, he declared that he would "fight to the death" any other more substantive changes in the Federal Reserve statutes.

SPIS drug hearings produce proposals

Following six days of hearings in November, which among other things gave the dirty money laundering capital of the world—Hong Kong—a clean bill of health, the Senate Permanent Investigations Subcommittee (SPIS) has come out with ten recommendations and one legislative proposal to enhance U.S. narcotics enforcement capabilities.

Evident from the recommendations, which are generally useful but totally inadequate proposals for increasing federal and internal efforts against narcotics trafficking, and from the whitewash of the Hong Kong nexus, is that the subcommittee is assuming that the drug trade is run by some aspect of organized crime, rather than primarily out of the corporate boardrooms of entities such as the Hongkong and Shanghai Bank, United Brands, and the Bronfman conglomerates.

This is clear from S.1907, amendments to the Currency and Foreign Transactions Reporting Act, introduced by SPIS chairman William Roth (R-Del.) and by the rest of the subcommittee: Warren Rudman (R-N.H.), William Cohen (R-Me.), Sam Nunn (D-Ga.), and Lawton Chiles (D-Fla.), on Dec. 3, 1981. The legislation is intended to amend a loophole in the Bank Secrecy Act, also known as the Currency and Foreign Transaction Reporting Act, which makes it illegal to take more than \$5,000 out of the country without reporting it, but does not make it illegal to attempt to take the money out of the country. As a result, individuals caught in an airport clearly attempting to smuggle currency out of the country have not been subject to arrest in the past. The legislation seeks to change that, as well as to increase penalties for violation of the Act, and to provide "bounties" to informants who aid in the arrest of such violators. S.1907 also puts such activity under the enhanced penalty provisions of the Racketeer Influenced and Corrupt Organizations (RICO) Act.

National News

Mandate to fight terrorism, drugs

President Reagan's signing of the Executive Order on United States Intelligence Activities Dec. 4 has for the first time in more than a decade created the ability for the United States to launch a preemptive attack on terrorism, drug trafficking, and subversive activities directed against the nation. The order effectively removes the shackles from the intelligence community, giving it a clear mandate in the areas named, while at the same time guaranteeing the civil liberties of U.S. citizens.

The order has dealt a significant setback to the terrorist-supporting Socialist International, which had tried to maneuver Reagan into providing an expanded role for the FBI and a weakened role for the CIA and other intelligence agencies. A preliminary reading of the order, however, shows that it gives broadened powers to the CIA and, importantly, to military intelligence in the areas of domestic operations directed against drugs and terrorism.

The dangers of psychodrama

A student at the University of California in Long Beach was shot and killed Dec. 5 while playing "Assassin," one of the new fantasy role-playing games sweeping the nation's campuses. The victim, Mike Reagan, had been ordered by campus police to halt after he and a companion jumped out of a car carrying toy rifles. The companion stopped, but Reagan, unable to distinguish reality, dropped into a squat, and aimed his rifle at the police, who then opened fire.

The California death is the second known casualty associated with the fantasy games. Last year a student at Michigan State University was killed when he jumped out a window while playing

"Dungeons and Dragons." But there may have been others.

As security specialists have pointed out, the fantasy role-playing techniques involved in "Assassin" and "Dungeons and Dragons" parallel those used to recruit and brainwash terrorists in Italy and elsewhere. "Assassin" was explicitly based on the movie *The Tenth Victim*, produced by Carlo Ponti (who was been linked to the Red Brigades-controlling Propaganda-2 lodge) a movie based in turn on a short story by Robert Sheckley, currently fiction editor of Penthouse's *Omni* magazine.

"Dungeons and Dragons" was based on the fantasy tales of top British intelligence operative J. R. R. Tolkien and the psychiatric archetypes of Bruno Bettelheim and Nazi supporter Carl Jung, with the help of neurologist John Erik Holmes, the author of *Fantasy and Role-Playing Games*.

AJC official charged with dirty-tricks campaign

Warren Hamerman, Chairman of the National Democratic Policy Committee, released the following statement Nov. 21:

"It has come to my attention that Milton Ellerin, the Director of the Trends Analysis Division of the American Jewish Committee, is involved in a smear and dirty tricks campaign against myself personally, [*EIR* founder] Lyndon LaRouche, Jr., and our associates in the National Democratic Policy Committee. Ellerin's office disclosed this past week that they are directly engaged in collaboration with Socialist International operative Irwin Suall's Fact-Finding Division of the Anti-Defamation League of the B'nai B'rith in an internationally coordinated campaign of harassment, slander, thuggery, and potential assassinations against LaRouche, his wife Helga Zepp-LaRouche, and associates of ours.

We have conclusive proof that since 1978, Ellerin has been working with United Brands Chairman Max Fisher,

one of the kingpins of the international dope trade. If there are any questions concerning Max Fisher's role in narcotics trafficking, I refer people to the documentation in the highly authoritative international best-seller 'Dope, Inc.', published in 1978 by New Benjamin Franklin House in New York. The text from 'Dope, Inc.' has been used by intelligence and law enforcement agencies in the United States, Western Europe, and Latin America as a guide for busting the international dope-running and terror networks.

I understand that the same Milton Ellerin is now in Bonn, West Germany, where he is engaged in similar Nazi smears and various activities against Lyndon LaRouche's affiliated organizations in West Germany and Italy. Ellerin is participating in a meeting at the Eden Hotel in Bonn sponsored by the neo-fascist environmentalist leader Rev. Wilhelm Haack of the Evangelical Lutheran Church.

"Further investigation into Ellerin's activity has accumulated massive evidence of his long-standing involvement in dirty operations. Ellerin was a member of the FBI's notorious Division Five for 12 years, a division which was officially under investigation for its 'inside government' role in the assassination of President John Fitzgerald Kennedy.

"Aspects of the growing files on Ellerin's dirty activities will be revealed at appropriate times in the near future."

Williams postponement irks media

The postponement by the U.S. Senate of the expulsion proceedings against Sen. Harrison Williams (D-N.J.) has enraged the liberal media, which have long attempted to rid Congress of its labor-allied spokesmen and other leaders linked to constituency machines.

On Dec. 1 the Senate decided to put off until Jan. 25, at the earliest, debate on the Ethics Committee report which recommends Williams's expulsion. The delay was preceded by increasing publicity

of gross Justice Department misconduct in the Williams case and by intensive grassroots lobbying efforts on his behalf by the National Democratic Policy Committee (NDPC), the political action committee associated with *EIR* founding editor Lyndon LaRouche.

The *New York Times* and the *Washington Post* immediately protested the Senate's decision, insisting that disciplinary action against Williams should depend, not on the legal question of guilt, but on the post-Watergate notion of "ethically repugnant behavior." Williams's offensive behavior, presumably, consisted of his boasting (at the careful prompting of FBI Abscam sting-man Mel Weinberg) of his influence with other officials of the U.S. government. The *Times* piously fumed, "A federal court has yet to rule on the Senator's claims that he was entrapped by the FBI. But no entrapment ruling will change the Senate's duty to sit in judgment of their colleague, using ethical, not only legal, standards."

Meanwhile, the NDPC soared in credibility, as it has become widely recognized as the prime mover behind labor and Democratic Party support for the New Jersey Senator. The Committee's mobilization to force a full congressional probe of Abscam, before the Senate takes action on the Williams case, continued to gain momentum. Hundreds of presentations have, to date, been made by the NDPC to labor and civic groups. A statement calling for such a delay and investigation has been endorsed by over 200 prominent Americans.

AEI discusses new political system

A week-long conference which opened in Washington Dec. 7, sponsored by the American Enterprise Institute (AEI), has been debating how to transform the American political system.

Another key topic discussed at the conference was that of "mediating structures," the Jesuit-devised scheme which

seeks to replace national governments with smaller units—trade unions, neighborhood groups, churches, and so forth—along the lines of the solidarism movement in Poland.

George Bush, who addressed the conference on Dec. 9, spoke at length on the need for mediating structures in the United States. The Vice-President, who has been heavily involved in the administration's new task force on private-sector initiatives, called Novak's paper "brilliant."

Kennedy blasts Fahd peace plan

Senator Edward Kennedy (D-Mass.) blasted the Saudi Mideast peace plan and urged President Reagan to end "months of inaction on the peace process" in a speech Dec. 6 in Boston.

Speaking before 2000 delegates to the national convention of the Union of American Hebrew Congregations, Kennedy characterized the Saudi plan, proposed last August by Prince Fahd, as an "unacceptable and uncompromising proposal." The plan, which implicitly recognizes Israel's right to exist as a state, has been endorsed by a number of prominent Jews, including Nahum Goldmann, former head of the World Zionist Organization.

Urging a U.S. military buildup in the Persian Gulf, Kennedy said that, "The Administration must be taught to tell Saudi Arabia that a true security relationship is a two-way street. We are entitled to Saudi cooperation, not rejection, of the Camp David peace process."

Kennedy also called on the Reagan administration to appoint a new negotiator in the Mideast in order to strengthen the Camp David process. According to the Senator's aides, Kennedy has been meeting with a number of prominent Democratic foreign policy bigwigs, including Sol Linowitz, the architect of the discredited and unworkable Camp David process.

Briefly

● **GOP CHAIRMAN** Richard Richards said in early December that he thinks that not only Richard Allen, but also Alexander Haig, may both be ousted in the near future. A Republican congressman close to Donald Rumsfeld indicated to *EIR* that the former Defense Secretary is hoping to take "Cap" Weinberger's job if the current Defense Secretary moves over to take Haig's place at the State Department.

● **THE WASHINGTON POST** refused Dec. 10 to print an article by Jack Anderson containing evidence exonerating Abscam frameup victim Sen. Harrison Williams. The *Post* has consistently attacked Williams in order to further his expulsion from the Senate.

● **THE DENVER POST** ran a three-page exposé of the Federal Witness Protection Program on Dec. 6, pointing to evidence that murders of innocent people were carried out by criminals protected by the program. The FWPP has provided a pool of convicts who are paid to produce false evidence against victims of frameups, such as the labor and political leaders tried under the Abscam-Brilab sting operations. The article is entitled "12 Who Died—Does Blame Fall on Blunders in Witness Shield Program?"

● **THE COMMITTEE** for the Year 2000 foresees a "blockbuster announcement," following a two-day secret session in January, that one or more cabinet officials have joined the group. Committee chief Robert O. Anderson, Elliot Richardson and other GOP members of the committee have met with at least three cabinet members whom they claim to have won over to their perspective: Commerce Secretary Baldrige, Agriculture Secretary Block, and Interior Secretary Watt. "We are going to get a lot more done without fighting than people expected," said a committee spokesman this month.

Dante refutes Global 2000

Aurelio Peccei's elite genocide planning body is named the Club of Rome in honor of the capital of the Roman empire, which is still a capital of some of the nastiest, and oldest, oligarchical families whose well protected "funds" finance the zero-growth movement. It is highly ironical, therefore, that everything Peccei stands for was dealt a major blow on Dec. 1-3 in Rome itself, when over 1,200 people, most of them the very same young students targeted for recruitment by the Club of Rome, enthusiastically participated in a conference dedicated to turning back the dark age through the revival of classical education.

The occasion was a three-day symposium on "Teaching Dante Today," organized by Italy's Accademia Umanistica (Humanist Academy) whose chairman is *EIR* Milan bureau chief Muriel Mirak, and co-sponsored by two Italian ministries, the Ministry of Education and the Ministry of Culture.

Far from the usual scholastic interpretations of Dante Alighieri and his *Divine Comedy* which seek to turn the great poet into an embalmed symbol of the Middle Ages, the Rome symposium attracted so many students and teachers because it demonstrated that Dante's poetry was the basis for launching the scientific Renaissance. In her opening address Dr. Mirak reminded the audience that great civilizations of the past had died as our own is in danger of dying, unless we recapture the rigorous scientific method embodied in Dante's writings. One highlight was the discussion, in general and as it applies to Italian, of Lyndon LaRouche's program for regenerating modern languages to the level represented by such poets as Homer and Dante.

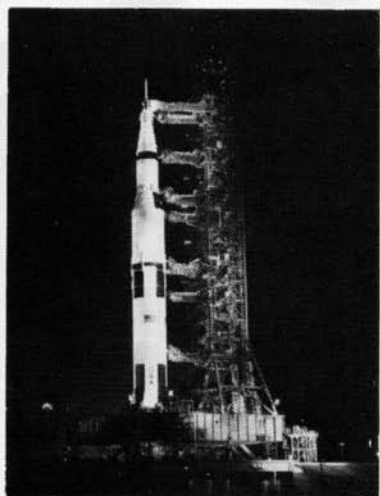
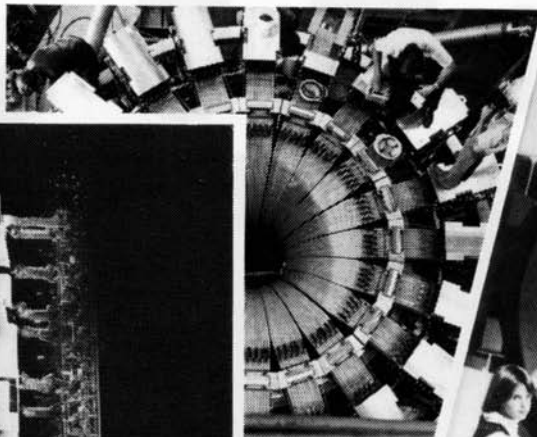
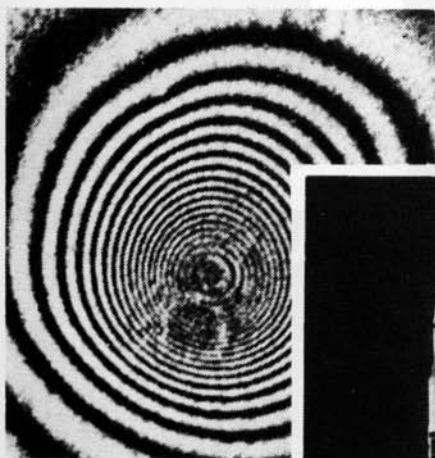
There is a precise analogy between Dante's struggle in the year 1300, the year in which his *Divine Comedy* is set, and the great battles of today. After achieving the highest political office in his native Republic of Florence, Dante was defeated by an alliance known as the Black Guelphs. The "Blacks" were an alliance of feudal Florentine families, the corrupt Pope Boniface VIII and his bankers, and the military

muscle of the Angevin monarchy of France, all dedicated to a scheme to loot the peasantry of Europe through the tithe-collecting mechanisms of the Church and prevent cities from gaining enough power to oppose them. Dante violently opposed these usurious practices and belonged to the "White Guelph" party which embraced a policy of urban growth and development. As one speaker pointed out in the Rome symposium, the Black Guelphs were the ideological ancestors of today's International Monetary Fund and World Bank—and in some cases actual physical ancestors of the families behind those institutions.

After the Black Guelph takeover, the looting of the labor force led to a persistent decline of the population of Florence from the high point of 105,000 in 1300, to 90,000 in 1338. In 1340 plague wiped out one-sixth of the city. By 1347 the population had risen back to 80,000. In 1348 the Black Death bubonic plague swept Europe: from one-third to one-half of all the Florentines died. This was, as Dante had warned, the consequence of the Black Guelph policies.

Most interesting is the fact that many of Dante's fellow citizens—like the credulous believers in today's Global 2000 rationales—actually thought that diminished population would "solve" the scarcities in wealth. Writing shortly after the 1348 Black Death, the chronicler Matteo Villani reports that: "It was believed that because of the lack of people there should be an abundance of the things the earth produces, and instead because of man's ingratitude everything became scarce and continued to be for a long time: and in certain lands . . . there were grave and unusual famines. It was thought that there would be abundance and plenty of clothing, and all other things the human body requires besides life, and on the contrary it turned out in the long run that most things cost twice or more than before the plague. Labor, manufacture of all kinds and trades rose more than double in a disorderly way. . . . There were wars and uprisings all over the world, contrary to the opinion of men."

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