

EIR

Executive Intelligence Review

October 26, 1982

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EIR

From the Managing Editor

We go to press on the eve of the founding of the Club of Life at the Sala Borromini in Rome. In January, West German political leader and scholar Helga Zepp-LaRouche issued a call to men and women of good will and fighting spirit throughout the world to form an institution capable of destroying Malthusian dogmas and their vehicle, the Club of Rome, the “limits to growth” think tank spun off by NATO’s civilian apparatus. On Oct. 20-22, the Club of Life will come to fruition at its founding conference in Italy. The 22 speakers are from South America, Africa, India, Western Europe, and the United States. *EIR* will publish an extensive report on the conference next week.

Because of the intensity of the response to Mrs. Zepp-LaRouche’s call, simultaneous conferences will be held in New York, Los Angeles, Mexico City, Bogotá, Buenos Aires, Paris, and Wiesbaden. Organizing committees will be formed to set up lecture series, symposia, publications, and further conferences.

No one should imagine that the Club of Life is “a nice thing.” Its birth has been attended by assassination threats. Its purpose is intensely political, in the classical sense of the *polis*, the body of reasoning citizens. Its founding spokesmen share the ability to address the question of a New World Economic Order—without which *EIR* believes upholding the “right to life” is so much sanctimonious drivel. They share as well a determination to counter the cultural pessimism which has degraded the populations of the so-called advanced sector.

Throughout the centuries, great individuals have repeatedly launched a renaissance after the ravages inflicted by Malthusian policies. There is every possibility of renewing the idea of progress worldwide; we are convinced that the courage and resources of the Club of Life initiators can be infinitely multiplied.

Susan Johnson

EIR Contents

Interviews

- 8 Dr. Luis Valencia Rodriguez, Foreign Minister of Ecuador**
- 21 Antonio Delfim Netto, Planning Minister of Brazil**
- 41 Nemer Hammad, Palestine Liberation Organization representative in Rome**
- 55 Anna B. Bourgois, North Dakota senatorial candidate**
- 58 Harry Schwartz, former *New York Times* editorial board member, advocate of medical murder as a fiscal policy**

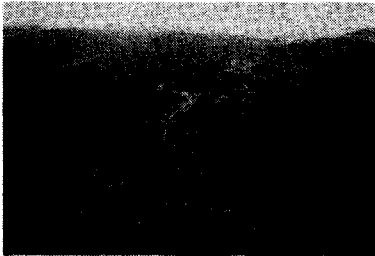
Departments

- 12 Book Review**
Fifty Years a Democrat, by former Manhattan Borough President Hulan Jack.
- 46 Inside Canada**
Nazi justice through "rule of law."
- 47 Dateline Mexico**
The Central American flank.
- 64 Editorial**
Andean Pact moves toward *Populorum Progressio*.

Economics

- 4 Ibero-Americans look to a debtors' cartel**
Spurred by the first explicit statement in that direction from Mexico's leadership.
- 6 A 'Club of Death' for the continent**
A Who's Who of the new Linowitz-Rockefeller Commission on Latin America.
- 7 'Ibero-America needs a single voice'**
An interview with the Ecuadorian Foreign Minister.
- 8 Has Venezuela made a deal with London?**
If so, domestic opposition will be fierce.
- 9 Currency Rates**
- 10 The balanced-budget amendment and the soap-opera mentality**
- 14 Domestic Credit**
Another Morgan swindle on Wall Street
- 15 Trade Review**

Special Report



An aerial view of the N4E section of the Carajás iron mine. In the middle of the Amazon jungle, the Carajás range contains enough iron ore to meet world needs at present rates of consumption for 25 years.

NSIPS/Uwe Parpart

- 16 Carajás: first step toward an Amazon industrialization drive**
Dennis Small reports on *EIR*'s recent visit to Brazil's mammoth project of mining, and potentially far more.
Documentation: Excerpts from an interview with Small and Contributing Editor Uwe Parpart in the Brazilian financial newspaper *Jornal do Comercio*.
- 21 'We are directing investment toward increased exports'**
An interview with Planning Minister Delfim Netto.
- 22 How Brazil has coped with deteriorating terms of trade**
Better than most, but a nasty bind.
- 25 Brazil moves sideways toward common market**
Barter deals have broad implications.
- 26 Brazilians will go to the polls in a national election, finally**

International

- 28 Kissinger-Genoud axis plans an autumn bloodbath**
In the Middle East, and elsewhere.
- 30 The 'crowned cobras': enemies of Poland and Ibero-America**
Editor-in-Chief Zoakos on the evil dynasties that intend to secure neo-colonial control over Eastern Europe and the Southern
- 32 Southern-tier oligarchs dominate the new West German cabinet**
What one needs to know to penetrate the façade of Bonn politics.
- 37 Factional warfare in Japan's ruling party**
After Premier Suzuki's de facto resignation: *EIR*'s predictions since April are confirmed.
- 39 How the Vatican is addressing the crisis in the Middle East**
A report from Rome by Mark Burdman.
- 44 Behind the murder threat to the LaRouches**
A counterintelligence grid.
- 45 Under pressure, Pakistan's Zia up the ante against the opposition**
- 48 International Intelligence**

National

- 50 A pre-November punt on the depression . . . by both parties**
- 52 Unfit to stay in Congress**
Our Washington correspondents provide a political "hit list" of members of both houses of Congress whose leadership has been misapplied.
- 56 Murdering useless eaters: the Nazis' euthanasia comes to the United States**
- 60 How British intelligence shaped the U.S. 'entertainment industry'**
Part IV of our series on film; it casts light on why the advanced-sector population countenances mass murder.
- 62 National News**
- Correction:** Owing to a production error, the final two paragraphs of last week's editorial were inaccurate. They should have read, "Meanwhile, the elderly Godfather took aside one of his thugs, Rep. Larry McDonald. The next day, McDonald bought a two-page ad in the *New York Times*, calling for the elimination of the top two dozen leaders of Mexico.
"So, Ibero-America is now given a remarkable choice: the murder of its leaders, or "friendship" for those who might survive the mob's slaughter."

Ibero-Americans look to a debtors' cartel

by Timothy Rush

For the first time, Ibero-American leaders and heads of state have moved beyond warnings that a "debt bomb" could be unleashed, to directly call for joint renegotiation of the region's \$300 billion debt.

During a pair of important summits Oct. 10-12, 1982, spokesmen for Mexico, the Dominican Republic, Ecuador, and Bolivia, declared in coordinated statements that Ibero-American foreign debt must be renegotiated on the debtors' terms—preserving growth possibilities in this area of 350 million people, instead of dictating deepening austerity measures which bring down the creditors with the debtors in a general crash.

This emergency tactic was first put forth by *EIR* founder Lyndon LaRouche in May, during a visit to Mexico to meet with Mexican President José López Portillo.

Hernán Siles Zuazo of Bolivia, on the eve of his inauguration as Bolivian President Oct. 10, declared that he would propose joint debt renegotiation as one of his first acts in office. Ecuadorean President Osvaldo Hurtado, in La Paz along with the presidents of Peru and Colombia for the swearing-in, stated that he agreed with Siles Zuazo's call and would promote a meeting of the Finance Ministers of the five Andean Pact countries to draw up a concrete plan.

What gave weight to these statements from some of the smaller nations of Ibero-America was the bombshell dropped by the head of Mexico's governing party, at a concurrent La Paz meeting of the association of Ibero-American political parties known as the COPPAL. PRI president Pedro Ojeda Paullada, an intimate of President López Portillo, insisted that now is the time "to establish coordination mechanisms between debtor countries of the region." Previously, Mexico had only hinted that it might take such a step.

"The great powers try to make Latin America responsible for the crisis," he stated. But "we are not the ones who determined the restrictive monetary policies which raise the interest rates and contract the demand for our products. . . . They transfer the crudeness of their antagonism to fratricidal wars which devastate the poor nations. The great powers affirm that the efforts for development undertaken by our weak economies are the source of disorder in the international financial system. . . . The problems which overshadow the future of Latin America are the same which place the future of humanity in danger."

The final resolution of the COPPAL included a commitment to "act globally to support its respective governments in renegotiating foreign debt," according to Mexico press accounts. The grouping of political parties also gave full backing to the Mexican bank nationalization and exchange-control decrees of Sept. 1, as measures that represented a "defense of sovereignty."

As presidents and heads of parties convened in La Paz, President López Portillo flew into Santo Domingo for a lightening two-day summit with recently inaugurated Dominican President Salvador Jorge Blanco.

It was the next move in the unfolding sequence of personal diplomatic initiatives of López Portillo which included his address to the United Nations Oct. 1 calling for a New World Economic Order.

On the eve of the visit, Jorge Blanco told a reporter for Mexico's *Excelsior* newspaper that the debt question must be solved collectively. "Faced with the crisis of the world economy, the rising cost of credits and the onerous interest rates which are strangling the developing nations," he stated, "the debtor countries must form a common front of negotiating

strength that makes good its own conditions against its powerful creditors.”

López Portillo decided further actions, not words, were required on his part. The central event of the visit was the rescheduling of 30 percent of the Dominican Republic's oil debt to Mexico over a period of 20 years, with three years' grace period and just two percent interest. The funds freed by the de facto debt moratorium will be used to “stimulate economic development projects,” in areas such as metal-working, oil exploration, and dam-building, according to the protocol signed by the two governments.

López Portillo restated the message he conveyed to a closed-door session of Ibero American diplomats at the United Nations Oct. 1. Now is the time for Ibero America to convert regional integration “into reality and not just a political goal.” The region must direct its political objectives and popular struggles against “those who attempt to hinder the consolidation of the region's socio-economic development.”

Hysterical bluffing

The reaction from a faction of the international Malthusian banking elite, working through Kissinger, Rockefeller, and Secretary of State George Shultz, is a policy recently termed “hysterical bluffing” by LaRouche.

The basis of the strategy is to tell Third World nations close to the “debt bomb” option that the “soft-line” Kissinger-Rockefeller faction will “eventually” provide liquidity to those nations which play ball. However there is no capacity to deliver on the promises; there simply does not exist the many-hundreds of billions in bailout funds required. The idea is to buy time until Kissinger and associates can put in place the assassinations, border conflicts, coups and internal upheavals, which would reestablish the domination of the Malthusians.

The Aspen Institute, with Kissinger on its board, completed a blueprint for such dirty operations last spring under the title “Study of Western Hemisphere Governance.” (See EIR, July 27, 1982).

However, the political shock wave created by the Malvinas crisis, and now the accelerating motion toward the economic recovery conception jointly put forward by López Portillo and Brazilian president Figueiredo at the United Nations (see article, page 33), has forced a new and higher-profile

grouping announced in Washington a six-month “Inter-American dialogue” of 48 prominent figures from throughout the continent. Notable was the presence of Trilateral Commission-style liberals, to give the project its necessary dusting of “understanding for our Latin brother.” (The underlying racism of the venture was manifest in the pervasive misspelling of the Ibero-American names in the official list of members.)

Press outlets of the same forces, such as the *Washington Post* and the *New York Times*, suddenly discovered the Figueiredo and López Portillo speeches, weeks after they had

been delivered, and played up their “lessons.” “It is conceivable, in desperation,” wrote *New York Times* columnist Robert Bennett Oct. 10, “that Mexico might join together with other countries and declare a unilateral moratorium on their debt repayments. That, of course, would be disastrous for the world banking system. . . . The article urged appropriate caution and carefully administered doses of credit contraction.

It is now a race to see which side can consolidate its initiatives fastest—those moving in the direction of LaRouche's “debt bomb” and Ibero-American Common Market proposals, and the countermoves spearheaded by Kissinger.

Colombia on the Mexico track

The actions of Colombia underscore the fight Kissinger and company have on their hands. On the eve of attending the Bolivian inauguration, President Belisario Betancur, by executive decree, declared a 24-hour economic emergency. During this period he carried out the first bank nationalization in the history of Colombia, taking over the fourth largest private bank in the country, the Banco del Estado, from the family of mafioso-linked speculator Jaime Mosquera Castro.

The President also 1) ordered all non-authorized “financial institutions” to shut up shop within a defined period or face jail; 2) pledged to impose six-year jail terms for financiers caught making illegal “self-loans”, a common practice in the speculation-ridden banking circles of Colombia; and 3) prohibited factoring and leasing companies, which constitute a vast speculative enterprise in the country, from using public deposits for their loan-sharking operations.

It was a Mexico-style exercise in executive powers to cut through the speculative distortion of the banking system. Betancur told the country that his administration “intends to put an end to the financial machinations practiced by some circles. If these private banking groups continue acting as they have, the government will not hesitate in nationalizing the entities involved and will not be deterred from the nationalization of the entire banking sector of the country.”

Finance Minister Edgar Gutiérrez Castro declared, “The situation is just beginning. What is clear is that the government has been able to construct a veritable arsenal of instruments. . . to enable it to intervene to prevent operations of speculation or abuse of the savings mechanism.”

Using the same presidential powers to bypass recalcitrant forces in the Congress and the cabinet, Betancur simultaneously announced Colombia's definitive decision to join the Non-Aligned movement—a stunning change of direction for a country which for decades has served as a loyal Washington errand-boy in foreign policy matters. And he reiterated his intention of hosting a summit conference of all continental presidents and heads of state in Cartagena, Colombia, early in 1983, a meeting that would almost certainly be a forum for Common Market and other initiatives.

The continent is looking at Mexico's tense negotiations with the International Monetary Fund as the key test of the strength of the emerging debtors' cartel.

As of August, Mexico suspended payment of principal on its \$80 billion foreign debt, and has delayed interest payments. It is negotiating a three-year, \$4.5 billion IMF package, that would in turn release approximately \$1 billion in "bridge" funds from a group of OECD country central banks, and at least \$1 billion from U.S. and European private bankers.

An IMF deal—on Mexico's terms?

Mexico is conducting these negotiations "on the basis of the President's speech at the United Nations," reported former congressman Roberto Jaramillo upon leaving a meeting with López Portillo Oct. 9. "In the speech," Jaramillo continued, "López Portillo stated that Mexico had no option but to declare a debt moratorium or establish another type of negotiations with the IMF, different from the customary ones."

López Portillo seems to be playing an astute game of telling the IMF: "I'm willing to sign with you quickly now—on Mexico's terms. If you insist on a drastic austerity formula, you'll have to wait until my successor takes over in December. You can't be sure he will be that different from me; and anyway, can you risk the kind of example Mexico can set in resisting the IMF over the next six weeks?"

Mexico floated, through the *New York Times*, a version of what it would like to see in an IMF accord. On Oct. 12 the *Times* reported that, according to Mexican sources, an IMF delegation in Mexico had "reluctantly" accepted that Mexico "maintain full foreign exchange controls, a two-tiered exchange rate, tight import controls and domestic rates far below the current rate of inflation." The unnamed Mexican officials also believed the Fund would accept Mexico's offer of cutting federal spending in 1983 to 10 percent of GNP, rather than the IMF's hoped-for 6 percent.

The next day a spokesman for the IMF denied any agreement was at hand. Senior IMF officials characterized the *Times* account as inaccurate and misleading.

Reagan-De la Madrid talks

The Oct. 8 meeting between Mexican President-elect Miguel de la Madrid and Ronald Reagan, in San Diego, did not shed a great deal of light on how the De la Madrid government will act once in power Dec. 1. The talks were more "get-acquainted" than substantial, according to a number of reports.

However, De la Madrid informed Mr. Reagan that Mexico under his direction will continue to demand those global economic changes which are required if Mexico is to free itself from its current economic quagmire.

"I made it clear to Mr. Reagan," De la Madrid later reported back to his nation, "that in the interdependent world in which we live, we need understanding and the support of other countries, fundamentally in the financial area, to allow us Mexicans to arrange the service on our foreign debt under terms in which we can pay our obligations. We Mexicans know how to meet our commitments, if there are realistic conditions for doing so."

The Linowitz Commission

A 'Club of Death' for the continent

The old crowd of "Latin America handlers" long run by the Rockefeller family has been wheeled out again. The "Inter-American Dialogue" which begins its six months of labors Oct. 15-16 will be chaired by Sol Linowitz, the star of the Trilateral Commission-backed 1975 report which set policy for the Carter administration a year later, and by long-time Rockefeller stooge and former president of Ecuador, Dr. Galo Plaza. Funding is being provided by the Ford and Rockefeller Foundations and the Rockefeller Brothers Fund. Logistics are handled by Abe Lowenthal, formerly Latin American director for the Council on Foreign Relations in New York, and currently head of the Latin American program, Woodrow Wilson Center, Washington.

What distinguishes this year's "soft line" line-up is that its major figures have had an additional seven years to develop blueprints for the Malthusian decimation of the continent. In fact, there is a multitude of members with experience in the Council on Foreign Relations' 1980s Project "controlled disintegration" study series, the Carter administration's Global 2000 effort and sequels, the Brandt Commission, the Aspen Institute, and directly with the Club of Rome:

- **Cyrus Vance:** Trilateral Commission, director of the CFR 1980s Project; initiator of the *Global 2000 Report*.
- **David Rockefeller:** Henry Kissinger's bankroller.
- **Sol Linowitz:** Club of Rome patron when head of Xerox Corp.; former board member, drug-linked United Brands, Marine Midland Bank; Panama Canal negotiator for Carter; member, CFR.
- **Theodore Hesburgh:** President of the Rockefeller Foundation; former member, advisory board of Chase Manhattan Bank.
- **Robert McNamara:** Defense Secretary during the "population war" in Vietnam; for a decade, chief of World Bank's retooling for genocidal "appropriate technologies."
- **Edmund Muskie:** Vance's State Department successor who released the Global 2000 document.
- **Frank Shakespeare:** Former head of U.S. International Communications Agency (USICA); during Shakespeare's tenure, this premier U.S. propaganda agency was converted into wholesale promoter of Club of Rome and Global 2000 ideology. Member, Heritage Foundation; mem-

ber, East Side Conservative Club of William Buckley, James Buckley, and Roy Cohn.

- **Elliot Richardson:** Former U.S. ambassador to London and to Law of the Sea negotiations; member, U.S. Association of the Club of Rome; framer of Global 2000 and founding member of follow-up Committee for the Year 2000.

Other North American members: **Peter Bell**, Inter-American Foundation; **Henry Cisneros**, mayor, San Antonio; **Ralph Davidson**, Time Inc.; **Jorge Dominguez**, Harvard University; **Maurice Ferre**, mayor, Miami; **Albert Fishlow**, CFR 1980s Project, University of Berkeley; **Roberto Goizueta**, Coca-Cola; **Ivan Head**, International Development Research Center, Ottawa; **David C. Jones**, former chairman, U.S. Joint Chiefs of Staff; **Juanita Krebs**, Secretary of Commerce under Carter, 1980s Project; **Joyce Miller**, president, Amalgamated Textile and Clothing Workers Union; **Martha Muse**, Tinker Foundation; **Hernán Padilla**, mayor, San Juan, Puerto Rico; **Ralph Pfeiffer**, chairman, IBM; **Donald Platten**, chairman, Chemical Bank; **Clifton Morton**, State University of New York.

- **Jesús Reyes Heróles:** Mexican Interior Minister booted out by López Portillo in 1979; current defender of IMF policy toward Mexico.

- **Rodrigo Botero:** Former Colombian finance minister; Brandt Commission; Aspen Institute hemispheric study.

- **Julio Sosa Rodríguez:** Founder, Venezuelan Club of Rome; former ambassador to the United States.

- **Cardinal Paulo Evaristo Arns** of São Paulo.

- **Archbishop Marcos McGrath:** Panamanian oligarch, protégé of Theodore Hesburgh, a controller of Central American bloodbath.

- **Father Xavier Gorostiaga, S.J.:** controller of death-cult faction in Nicaraguan Sandinista leadership.

- **Nicolás Ardito Barletta:** Former Panamanian finance minister who invited in offshore drug and capital-flight banking; World Bank vice-president; Aspen Institute.

- **Israel Klabin:** Former mayor, Rio de Janeiro; reputed dope trade figure, intimate of Kissinger.

- **Pedro Pablo Kuczynski:** employee of Lehman Brothers Kuhn Loeb; Peruvian minister of mines, 1980-81.

Other Ibero-American members: **Fernando Henrique Cardoso**, Brazilian sociologist; **Oliver Park**, *Daily Gleaner*, Jamaica; **Octavio Da Costa**, General (Ret.), Brazil; **José María Dagnino Pastore**, former finance minister, Argentina; **Oscar Camilión**, former foreign minister, Argentina; **Jorge Fontaine**, Chilean business leader; **Enrique Yglesias**, U.N. Economic Commission on Latin America (ECLA) **Daniel Oduber**, former social-democratic president of Costa Rica; **José Francisco Peña Gómez**, mayor of Santo Domingo, head of Dominican Revolutionary Party (PRD); **Bernardo Quintana**, ICA construction firm, Mexico; **Augusto Ramírez Ocampo**, mayor of Bogotá; **Javier Silva Ruete**, former finance minister, Peru; **Mario Enrique Simonsen**, former finance minister, Brazil; **Gabriel Valdez**, former foreign minister, Chile, luminary of ECLA.

Interview: Ecuador's Foreign Minister

'Ibero-America needs one single voice'

The following are excerpts from an interview with Ecuador's Minister of Foreign Relations, Dr. Luis Valencia Rodríguez. Mr. Valencia Rodríguez was interviewed Oct. 8 by EIR's Cynthia Rush at United Nations headquarters in New York.

EIR: Will you elaborate on Ecuadorian President Osvaldo Hurtado's proposal for the formation of a coordinating committee to strengthen the post Malvinas process of unity in Ibero-America that you mentioned in your speech yesterday?

Valencia: The agreements taken on by the countries of this continent, established principally through the Organization of American States (OAS) and Mutual Assistance Treaty, determine certain actions that the states of this continent should take in the event of an armed attack or foreign aggression against any one of the countries of the continent.

In the case of the Malvinas, you realize that the system did not function as it had functioned the previous 19 times there had been internal problems on the continent. Although in many of these cases there had not been the desired unity and solidarity, the system had, in spite of that, functioned adequately.

In the particular case of the Malvinas, the process was altered when the United States, which had been acting as mediator in the conflict, gave maximum support—not merely moral and political but also material—to an extra-hemispheric power.

It can be clearly seen after the Malvinas crisis that it is necessary to revise the agreements in the inter-American arena and look for new procedures, perhaps not new organizations, but definitely new procedures which will allow us to consolidate and strengthen the unity and solidarity of the continent.

It was for this reason that President Hurtado presented a tentative proposal to the American heads of state during the last Bogotá meeting that the Foreign Ministers of the Ibero-American nations consult when a problem arises which would affect the solidarity of the continent, when there is a problem of common interest, or to deal peacefully with problems that our countries have among themselves.

The proposal does not intend to create a bureaucracy, but simply to allow a country to call a meeting of Foreign Ministers in one of the capitals on our continent. . . .

In this way, the Ibero-American nations would be able to coordinate their positions in order to maintain, if possible, a single voice in those things which are common problems discussed in major organizations like the OAS and United Nations.

EIR: What would be the relationship between this consulting mechanism and the United States?

Valencia: It is necessary to realize that the interests of the developing nations are essentially different from the interests of the United States.

The United States is a major world power with economic, political, and military interests all over the world. Our countries are developing nations with regional or sub-regional concerns, and for this reason our interests are different.

For the United States, the Latin American continent of course has political importance, but it also has military importance. The United States looks at Latin America as a region of military security. We can't look at it in that way. As a result, it is necessary for this coordination to first take place among the developing nations for there then to be a single negotiating voice with the United States on items of common interest.

EIR: Since the Malvinas conflict there have also been many proposals made by various political leaders for the renegotiation of the global debt. Lyndon LaRouche, founder of *EIR*, has made a specific proposal that the Ibero-American countries unite, and together renegotiate their foreign debt as well as form a common market. What do you think of the possibility of taking these steps?

Valencia: It is true that since the Malvinas crisis there have been many proposals of one kind or another. There have been suggestions for the creation of an organization of American states without the United States, and various formulations for overcoming the current difficulties.

I estimate that there is much to be done in the economic field. The economic association SELA has worked and is working efficiently in many ways. In spite of this, what is necessary now is some political momentum. . . .

The proposal that you referred to, for example, has been analyzed, studied in different governments, but has been left on that level because the political decision of the countries has been lacking.

EIR: Finally, will you comment briefly on the economic situation in your country and on Ecuador's negotiations with the IMF?

Valencia: In his message to Congress in the final sessions, the President of the Republic stated that the major enemy of the Ecuadorian democracy now is, in fact, the grave economic crisis that threatens the nation.

In whatever way is necessary, the President has said, we must join forces internally as well as externally to fight this evil.

Has Venezuela made a deal with London?

by Christian Curtis

Venezuelan Finance Minister Luis Ugueto announced in London Oct. 6 that his government has decided to return at least part of the more than \$5 billion in reserves it had withdrawn from British banks following the British invasion of the Malvinas Islands. Two days later, the British showed their characteristic gratefulness by deploying the pathetic government of Guyana to stage a temper tantrum on the floor of the Non-Aligned Foreign Ministers' meeting in New York, wrecking Venezuela's bid to join the Non-Aligned Movement.

Ugueto did get something for his efforts, however. He netted some \$800 million in loans from New York and London banks, plus promises of up to \$3 billion in medium- and long-term financing for part of Venezuela's \$8.8 billion in short-term obligations. Despite its oil wealth, Venezuela is in urgent need of cash as a result of a massive capital-flight attack—led by the British themselves—that reached a peak last month. The situation was so acute that discussion mounted in Caracas of following the Mexican example and imposing stiff exchange controls.

The Ugueto deal, plus a series of measures by the central bank, seems to have somewhat dampened the crisis, but at best this can only be a temporary arrangement. Venezuela is still extremely vulnerable to another plague of capital flight, and under present arrangements it still must depend on the good graces of London for credit.

Like Mexico and Brazil?

Ugueto, anxious to please the bankers, has insisted that Venezuela is not like Mexico and Brazil. But the facts show that all three countries are in the same boat.

As Development Minister Maritza Izaguirre has emphasized, international lenders began to cut off the country's credit sources soon after Caracas expressed its support for Argentina during the Malvinas crisis. Credit dried up even further after Mexico—almost bled to death by capital flight—was forced to nationalize its banks on Sept. 1.

Venezuela's problem was compounded by the second-quarter collapse of oil demand in the depressed advanced sector. As a result, Venezuela's trade surplus this year will be only one-tenth its 1981 level. The country is also expected to run a balance-of-services deficit of over \$6 billion, including some \$4 billion on state-sector foreign debt, estimated at

over \$20 billion.

Then there is the capital flight. A process similar to that which tore more than \$22 billion out of the Mexican economy is draining capital from Venezuela, a process referred to by Maritza Izaguirre as a "powerful conspiracy" to "destabilize" the nation's currency, the bolívar, orchestrated, she said, from Caribbean offshore banking centers. During the week ending Sept. 24—the week the central bank centralized all dollar holdings—capital flight had reached alarming proportions. Central bank sales of dollars were an average of \$160 million a day, and international reserves dropped an incredible \$705 million on the week. After the central-bank measures, the average declined by almost 40 percent to just over \$97 million per day. The question now is what happens when flight operations heat up again, as they certainly will.

And since credit is tight and oil sales flat to sluggish, Venezuela could very easily run down its reserves within a few months or even weeks, and look very much like Mexico or Brazil.

Initial steps

Sensing this danger, the Caracas government—or a section of it, at any rate—took two important steps in mid-September. First the central bank asserted control of all dollar deposits previously held by autonomous state agencies, most notably the state oil company, PDVSA, which held \$5.5 billion in deposits abroad.

Second, Finance Minister Ugueto was dispatched to New York and Europe to seek refinancing for state-sector short-term debt, as noted above.

Though Ugueto has been able to land loans, there are signs that his pact with London will meet opposition after he returns to Caracas.

At a meeting of international bankers in Caracas on Sept. 22, central bank chief Díaz Bruzual, challenged on the question of Venezuela's credit-worthiness, snapped, "Venezuela is more disturbed about getting our funds back from you foreign banks than we are about paying off our debts. Given the illiquidity of international banks nowadays and the careless way in which they overlent themselves during the '70s, we fear that we have much more to fear from the banks than the banks have to fear from us."

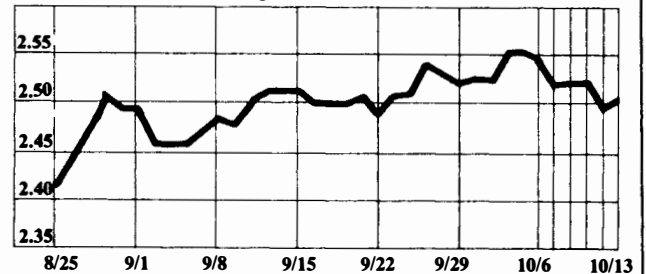
"Today it is the Venezuelan central bank that must doubt the competence of the international banks," he continued. The fact that the banks are "squeezing" so hard to collect, he said, may indicate they are having liquidity problems. Díaz Bruzual added, "Furthermore, in many of these banks, we have deposits of great importance, and what we could well do is withdraw our deposits."

"Don't underestimate the effect of Mexico in all this," one New York banker told *EIR* in mid-October. "Venezuela won't devalue. It won't do any good. It didn't in Mexico." Nor can bank nationalizations be ruled out. Only a few weeks ago, how many bankers would have guessed Venezuela's next-door neighbor, Colombia, would make such a move?

Currency Rates

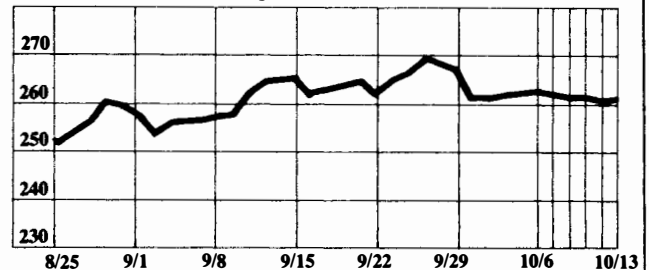
The dollar in deutschemarks

New York late afternoon fixing



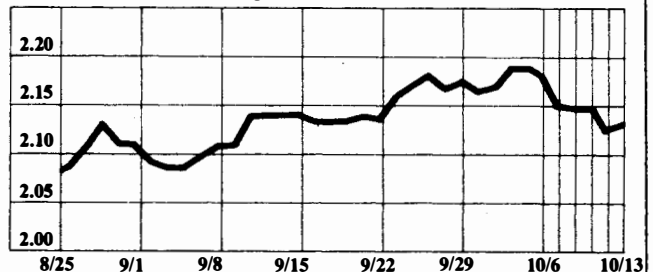
The dollar in yen

New York late afternoon fixing



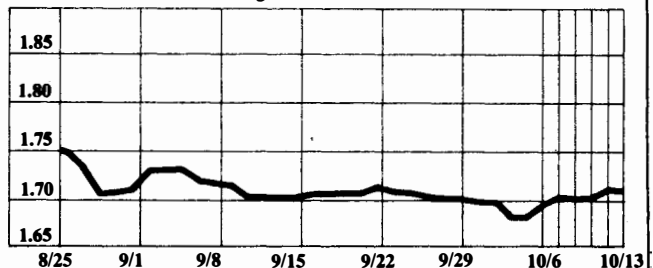
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The balanced-budget amendment and the soap-opera mentality

by Lyndon H. LaRouche, Jr.

In his soon-to-be-published book, The Toynbee Factor in British Grand Strategy, EIR founder Lyndon H. LaRouche, Jr. discussed the role of soap operas in rendering the U.S. population susceptible to such political frauds as the balanced-budget amendment, which was recently defeated in the U.S. House of Representatives. Excerpts follow.

. . . Examine the social-psychological effect of the radio-TV “soap opera.” Innocent, if banal stuff? If we think so, we miss the political point.

The characteristic effect of the soap opera on the mind is the romanticization of smallness of intellectual outlook, of banality and pathetically neurotic behavior. The effect on the mind is, speaking metaphorically, the same result accomplished by soaking one’s brain in alum-solution. The Tourist-Syndrome pathology [is] a relatively galactic reach of human comprehension of world affairs by comparison with the results implicit in a heavy diet of soap-opera “culture.” We shall be more specific on this point.

To focus only upon those among the features common to soap operas which have the relatively greatest impact on the political-ideological corruption of our population, these few features are to be identified. The physical setting is either the interior of family homes or a non-home setting, such as a hospital, in which all the social-spatial rules bounding the behavior and interaction of the characters duplicate the soap opera’s standard treatment of social interrelations within the interior of homes. The definition and relations of the characters are those of what is called “small-group theory,” and the plot elaborated in a seemingly random way corresponding to the Tavistock doctrine of brainwashing by means of the “leaderless group,” as this latter approach is associated with the 1930s work of Bion.

The most general of the principal effects of the use of addictive viewing of soap operas is this.

In a healthily functioning society, the home is the most significant social institution in respect to the immediate development of the child’s capabilities for achievement in the real world outside the home. For all members of the family, it is a place in which to renew moral and physical strength for one’s assaults on the problems of the real world the following day.

It used to be acknowledged, and rightly so, that one of

the worst problems our society imposed upon housewives was a degree of depressing banalization associated with the victim’s sense of being imprisoned. It was also recognized that a lack of orientation toward moving continually, and happily, to one’s challenges in the real world, was a prime correlative of neurosis and worse. In other words, lack of outward-directedness within the home correlated with infantile regression. (If one left two miners snowbound through a long northern winter, one expected in the spring to discover that either both had gone mad, or one had either simply murdered or murdered and eaten the other. Small is very ugly indeed, and so was the Nazi-international-connected author of *Small is Beautiful*.)

In the soap opera, the relationship between home and real world is reversed from the healthy to the pathological. The world exists only within the “small, leaderless group” settings of the image projected to the addicted viewer. This is purely and simply brainwashing in every clinical sense of that term. The effect of such withdrawal from the outer, real world is literally schizophrenic.

In the early phase, Tavistockian principles of mass-brainwashing developed during the 1930s were employed to provide the trapped housewife and her daughter, by means of several daily hours of successive, 15-minute radio broadcasts, some assistance in creating a fantasy life, imagining she were happily part of a different family than the one she shared with her husband or the home in which she had grown up. Her daughter indulged in fantasies of adolescent courtship-relationships and dreams of the family she would become housewife of in time to come. Through heavy conditioning, this “entertainment” induced subtly, but effectively shifts in values within a large part of the population.

The immediate general effect of shifting a sense of reality from the real world into ever-narrower circles converging on the interior of the walls of the house or apartment, is to mystify the real world, and so make the problems of the real world relatively more frightening to the victim. This generates what is to be defined quite literally as a condition of dependency upon the soap opera, and associated acting-out of soap opera-like fantasy-life, a form of addiction.

Not *political*, one argues? Very much to the contrary, it is the essence of the political process within the electorate which is shaped by such methods.

First, the general effect is infantile regression in the mental life of the addicted viewer. This correlates with not only a fear of any change in the outside world which might effect the home, but a growing unwillingness to recognize such changes as they occur. Second, the persons and objects of the real world, except as they are members also of the artifacts and persons within the range of soap opera fantasy-versions of personal life, lose the quality of sensuous reality. Like the physician, lawyer, or so forth within the soap opera as such, what he or she is in the real world is merely what he is reputed to be within the non-real world of the soap-opera setting. What the television screen, the household's daily newspaper, or the visiting gossip say to be the significance and value of objects and persons in the real world, becomes for the victim of psychological conditioning by soap opera the values which the victim will attribute to those objects and persons in real practice.

The political behavior of the electorate is changed to reflect this kind of brainwashing-effect, this behavioral modification.

Two kinds of examples suffice to illustrate that very specific kinds of modifications of political behavior of the electorate are induced by soap opera and related approaches to mass-brainwashing of the population.

First, during recent years, a sustained campaign was conducted throughout the nation, seeking rather successfully to condition the population into monetarist-doctrinal views by means of the simple fraud of saying to housewives, among others, that the administration of governmental fiscal and monetary policies could be more or less completely explained by comparing the U.S. federal budget and money-supply management to the housewife's management of a household budget. Either the promoters of this particular hoax were utterly ignorant of the ABCs of economics or they were simply hoaxsters; there is no similarity between a private household's budgetary problems and the budgetary, credit, and monetary processes of our federal government.

The household budget is based on assumption of a fixed income and fixed array of categories of needs. These needs have ranges of prices which are not controllable to any significant degree by any willful action of the members of the family. The object is not only to keep the sum of such necessary expenditures below the level of relatively fixed income, but to squeeze out some margin of saving and perhaps the proverbial "a few other little things," such as a family dining-out and a night or two during the month at a movie or something else of that general sort.

In the case of war, does a nation say to itself, we can not afford to equip and deploy an adequate military capability, merely because that would unbalance the budget? Does a nation say, "Well, I guess our commanders will just have to learn to win the war with a lot less. We can't let the fact that our enemy has twice the forces and better equipment, intimidate us into unbalancing our budget?"

Does a nation say, "If any of our pensioners starve as a

result of our efforts to balance the budget, that would be terrible. I hope our pensioners show the self-reliance to survive without their pensions."

Those things ought to be immediately obvious. There is another, more fundamental sort of difference to be considered.

The principal function of the debt of the federal government is not to cover deficits in "household accounts." Taxes must accomplish that. The business of government is to keep the level of production and circulation of agricultural and industrial goods sufficiently high that items of governmental expense can be covered by taxation without damaging the economy.

This growth of the economy is accomplished by two forms of governmental indebtedness. The preferred of the two forms is the printing and issuing of Treasury currency-notes, which the Treasury then lends through the national banking system to provide sufficient volumes of low-cost credit to ensure high rates of investment in the expansion and improvement of the production and circulation of, principally, agricultural and industrial goods. However, if the required investment-goods can not be produced within the national economy, and if we lack a surplus in our balance-of-payments accounts, we must borrow funds to be used through national banking system lending, to enable our farmers and industries to buy abroad.

The credit-creating monetary function of the federal government, or, alternatively the federal debt used in place of new issues of lendable currency-notes, is the key variable of government's fiscal and monetary responsibilities. This involves a constitutional provision (Article 1, Section 8) which no housewife is permitted (or would be able) to invade.

In summary of this specific point, the most characteristic features of federal fiscal and monetary policy are elements which have no reflection in the functions of the family household budget. If we were to impose the supposed principles of the balanced household budget to federal fiscal and monetary policy of practice, our national economy would collapse.

The behaviorally modified portion of the population rejects such information out of hand. On what premises do they reject such elementary and important facts concerning the real world? They reject the truth of the matter because the truth involves a matter which exists *only in the real world*. It is a real world they have largely rejected, whose very claims to exist they view as suspicious, and which they wish would disappear, to leave their homes and families free of its intrusions. "What I know," the angered proponent of the balanced-budget constitutional amendment glowers menacingly, "is that the government is taking too much of my family income in taxes, and that I can't stand any more inflation. I'm not interested in hearing anything you have to say, if you're trying to sell me on not demanding a 100 percent balanced federal budget."

Where was such strange and destructive political behavior acquired? In significant part through the behavioral-modification effects of soap opera.

Book Review

Hulan Jack describes the fight for economic progress in New York

by George Canning

Fifty Years a Democrat:
The Autobiography of Hulan E. Jack.
New Benjamin Franklin House
Publishing Company
New York: 1982
234 pages \$9.95

Hulan Jack's *Fifty Years a Democrat* is a very particular kind of autobiography. Not merely the chronicling of events whose importance was that they constituted and shaped one man's life, the book instead offers an insider's view of New York Democratic machine politics by means of a man's life story which is inseparable from those politics. The book does not merely record the successes and tragedies of Hulan Jack's life, but rather reflects in those successes and tragedies the power and the failure that was Tammany Hall.

An immigrant during his teens from the West Indies, Mr. Jack early joined the Democratic Party in New York as a party organizer. This was a highly calculated move, as most Negroes (to use Mr. Jack's preferred term, from the early days of the civil rights movement) still regarded the Democrats in the early 1930s as the party of the slavocracy and the carpetbaggers. Jack, however, foresaw in the Democrats' method of constituency organizing an opportunity for the growing Negro population of New York to gain a share of political power; this analysis was borne out with the formation of Franklin D. Roosevelt's coalition of labor, farmers, and ethnic minorities.

Jack worked his way up through the ranks in the party machine, from a petitioner and poll inspector to captain, and later head of the New Deal Democratic Club and Assembly District organization leader in Harlem. He was elected to the county committee and various local offices, and then to the State Assembly in 1940, where he served until his 1953 election as Manhattan Borough President, the third most

important elected office in the nation in terms of scope of responsibilities.

Then, in 1960, Mr. Jack was "Watergated" and pushed from office, through charges of influence-peddling for the price of a pair of doors for his apartment. Mr. Jack returned to public office in 1968, when he was again elected to the State Assembly. In 1972, convicted of violating Taft-Hartley during the New York City purges which presaged Abscam and Brilab (charges of which he was later cleared), Jack failed in his re-election bid and served three months in federal prison.

Were this the extent of *Fifty Years a Democrat*, we would have before us an interesting historical work, what might be perhaps a tragic modern version of George Washington Plunkett's famous memoirs. But Hulan Jack's book goes far beyond that. In 1980, at an age when most men relegate themselves to dreaming about the past, Jack joined forces with Democratic presidential candidate Lyndon LaRouche and African diplomats in the months before and after the party's convention, to unsuccessfully press the Carter White House to stop the mass starvation in Africa. Rebuffed by those said to be the party's major candidates, Jack endorsed LaRouche for the presidential nomination. He later joined LaRouche in forming the National Democratic Policy Committee as a political action committee aimed at preventing national suicide, by re-instituting the American System of statecraft. Beyond particular virtues it is the active commitment to building, as seen in the titles of the final two chapters, "Can New York Be Saved?" and "Rebuilding the Democratic Party," which give the book a power beyond any mere chronicle or political tract.

This book must be read by anyone who wishes to know the substance, beyond phony polls and media manipulation, of modern American politics. I will restrict myself here to discussing two striking reasons why this is so.

In the American city-builders' tradition

Mr. Jack begins the book by describing what is was like

to administer the nation's greatest city at the time he was Borough President. Through a series of examples, he portrays not only the achievements of his administration, but also *how* they were attained. What overwhelms the reader within the first 10 pages, particularly if he or she is a New York City resident, is that Hulan Jack is describing another universe, one which was but is no more. Increasingly inured to an era of (particularly urban) decay, though hating it, the reader is shocked to see portrayed a world where not only did things work, but where growth and improvement of the city were part of the natural course of things.

Jack discusses the building and replacement of the Third Avenue El, the building and maintenance of highways and other roads, traffic management, construction of new housing, schools, and hospitals, and even the repair of pot holes—not as some monumental exercise, but simply to show how the city was once properly run.

The beginning of the end of this era of American city-building came with the 1957-58 economic recession, which led to the snowballing economic crises of the 1960s and 1970s that have left our nation's urban centers in ruins. Mr. Jack's 1960 ouster from office and the destruction of Tammany Hall which followed on its heels was only the most dramatic of the assaults against constituency-based political party and law-enforcement machines being made nationally by a finance-capital elite battering down the hatches for the coming economic storms. It is worth noting that Mr. Jack was Watergated after opposing a reformers-promoted plan to replace the Borough Presidents' system of administering New York City's government, by amending the City Charter to concentrate all decision-making power in the hands of a Mayor answerable to no constituency machine.

How constituency politics worked

In the discussion of how the now-disappeared Democratic Party organized its constituency, *Fifty Years a Democrat* also stands out. The wheeling and dealing among the leadership is there, too, but for that one can read Theodore White; Hulan Jack, however, is able to make crystal-clear how sections of the urban population could be organized by leaders into voting blocs, to be wielded accordingly as the leaders provided the necessities of urban life.

The base of the party structure was the club organization. Forget what you've read of cigar-chomping "clubhouse politicians" gathered for the sole purpose of jobbing their opponents and dividing the spoils. Jack explains how the New Deal Democratic Club which he led met twice a week: "Residents of the community gathered to meet with their leaders, to work out problems, discuss policy, and plan activities. Election District captains reported to the club on meeting nights to mingle with the voters in their district."

Citywide and statewide leaders who belonged to the club would come there to keep in touch with the voters, not merely to shake hands, but to find out what was on their minds. The

club also provided for the development of its future leadership by providing youth with programs of political debate and assigning them basic tasks of the machine's practical politics. And though the machine grounded in the clubs required its leaders to provide for their constituents, the overall organization was not one of "each against all"; again and again in discussing his political work, Jack notes (to cite one example), that "each must take responsibility for all."

It was a pragmatic type of organization which awarded political power to those who proved capable of using it in the population's interests. Hulan Jack succinctly states the principle when he says, "I was put into office as a responsible and experienced representative of the party that the voters had chosen to safeguard their interests. If I did not follow through on this responsibility, neither I nor my party would be returned to office when the voters next went to the polls."

Enter the reform movement

Yet the practical strength of the Tammany machine was also its undoing. For though these leaders were, in a practical sense, the guardians of civilization, *they did not know themselves to be such*. Lacking great ideas on the dignity of man, assuming that progress and the delivery of its fruits were in the nature of things, they were sitting ducks when the rules changed. The banking and real estate interests created the reform movement to sweep them away, and they never really knew what hit them.

As for the reformers who railed against the corruption of Tammany Hall, Jack comments (and here the Mayor who wanted to be Governor comes to mind): "It was not too long before it became known that the average reformer carried his resumé in his pocket, and as he climbed the ladder of political leadership responsibility, opportunities for his own self-advancement were his first and foremost concern."

He appreciates also the actual purpose of the reform movement: "Their sole interest, indeed what could be called their passion, was the destruction of the regular party organization—which had built its strength by listening to and meeting the demands of the organized constituencies within its ranks. This organized party machine they sought to replace with the every-man-for-himself disarray that characterizes Democratic Party politics today."

In thinking about the party organization Hulan Jack describes in his autobiography, my initial response was that, good and bad as it was, we shall never see its like again. But in recent public statements, Mr. Jack has referred to the "clubs" of the National Democratic Policy Committee of which he is a leader. The idea is quite simple, and yet profound: by correcting the fundamental error of Tammany Hall, by creating a "club" structure not to provide day-to-day necessities, but to organize constituencies around the larger questions of policy which Mr. Jack poses at the close of his book, a machine may be created which might yet save this country.

Another Morgan swindle on Wall Street

As in 1907 and 1929: Morgan's run-up of stock prices is the year's biggest swindle for suckers.

Morgan Guaranty Trust, whose \$16 billion of equity under management doubles the portfolio of its nearest rival, initiated the institutional portfolio-churning which ran the Dow-Jones industrial average up 235 points since Aug. 12, in a fair repetition of the 1893, 1907, and 1929 Morgan market swindles.

As the chief economist for one top Wall Street institution explains, Morgan brought its foreign clients—it is the largest manager for old European *fondi*—into U.S. stocks and bonds in June, permitting them to pick up the benefits of a 15 percent appreciation of the U.S. dollar plus a 15 to 40 percent appreciation of U.S. stocks and bonds. Including yield from investments, this economist estimates that Morgan's foreign portfolios made a 50 percent return on investments between June and October.

However, on what basis did the Morgan trust managers bull the market—forcing coverage of short positions and a resultant “buying panic”—and justify it to their client?

“We are looking for a new type of recovery,” said a senior Morgan Trust investment officer, “a deflationary recovery. We are advising people to get into stocks because interest-rate returns on Treasury bills, land, commodities, and so forth will all be down in the deflation. For the same reason, heavy industry will be down, too. The best bets are the consumer and information industries.” Morgan's economic projections assume there will be no economic growth until the end

of 1984, with unemployment between 10 and 11 percent. Corporate profits, under this dismal outlook, will rise by no more than 10 to 15 percent from their present level, about 40 percent below last year's. The argument boils down to a contention that since deflation is wiping out other investments, one might as well speculate in stocks.

The market boom shows brokerage stocks up 71 percent, saving and loans up 49 percent, commercial homebuilders up 45 percent, retail chains up 38 percent, electronics up 37 percent, office equipment up 29 percent, textiles up 37 percent, and autos up 23 percent. The idea is that these industries are so depressed already that they can only rise. Heavy equipment industries barely moved from the bottom, e.g. steel up by 0.5 percent, construction machinery up 1 percent, agricultural machinery up 7 percent, and so forth, under the assumption that the “deflationary recovery” will take place in the absence of capital investment. The marginal profits are supposed to erupt from small increases in utilization of existing capacity.

This argument is not new; a handful of sharpie foreign money-managers were retailing it in May, when the foreign portfolios made their move. It is also completely insane, for a number of reasons, even if it covered for a neat short-term maneuver.

First, the big unwinding of the technetronic sector began this year, starting with the collapse of the commercial building boom, which will

rapidly knock out the overbuilt and over-promoted office equipment industry.

Secondly, the resulting layoffs in the white-collar sector (of which there have been 200,000 net since May, the first in the whole decline since October 1979), will keep personal income low, and consumer industries and retailers flattened.

Thirdly, since stock dividends have risen from 35 percent to 70 percent of retained earnings in the last three years, as corporations seek to inflate their stock prices, more pressure on corporate balance sheets may well start a holocaust for dividends.

Finally, a collapse of capital spending, i.e. more resultant unemployment in the industrial sector, will push the first three problems along in a very nasty way. All this assumes the “optimistic” case that the financial system does not dissolve in a global chain-reaction.

The Dow-Jones *should* be below 600 from the standpoint of real economics. That it has behaved differently should be no surprise. When a handful of institutions who shill for the European *fondi*, led by the House of Morgan, can persuade investors to learn Newspeak (“deflationary recovery”), anything is possible.

How long can the idiocy last? Until Morgan pulls the plug on it, or, as they said in 1907, “shakes the tree” to catch what may fall out; or until the fourth-quarter profit disaster is reported 14 weeks from now; or until the Mexicans and others tell their bankers to take their bat and go home.

One German private banker, whose family were financiers to the House of Hohenzollern for two centuries, commented, “There's nothing wrong with a crash. There have been 2,000 crashes in world history. All it means is a change in ownership.”

Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$1.5 bn.	Brazil from Poland	Poland has agreed to pay off its \$1.5 bn. debt to Brazil in the form of goods and services. The agreement, reached in late September, was designed to revive Brazil's exports to Poland, which are running at only half of last year's level due to Poland's inability to finance its imports. Poland will begin to pay debt by sending Brazil sulphur, metallurgical coal and 500,000 tons of crude oil, worth \$125 mn. Petrobras president Ueki says, "I don't know where they'll get it. That's their problem."	Apparently, Poland is working out a series of inter-linked barter arrangements. Brazil is highly import-dependent for sulphur and for coking coal for its steel industry. Poland could supply all its needs for these, if forced to turn to barter. Poland will buy vegetables and soy meal from Brazil.
approx. \$200 mn.	Brazil/Iran	Brazil has signed contract to buy 30,000 bpd crude oil from Iran during fourth quarter. Iran will buy \$100 mn. in Brazilian goods during same period, including 270,000 tons of steel, soy products, and other semi-manufactures.	Brazil cut Iranian links at start of Iran-Iraq war, but is avidly seeking barter partners. Contracts are open to increased counter-trade volumes in 1983.
\$2.5 mn.	Brazil from Bulgaria	Technika of Bulgaria has sold to Cibran of Brazil the technology for Cibran to make Rifampicina, an anti-biotic used to treat leprosy and TB.	Brazil will save \$15-20 mn. per year on imports. Bulgaria accepting payment for half of \$2.5 mn. technology fee in form of five antibiotics produced by Cibran.
	Mexico from U.S.A.	Mexico has signed contract with Hughes Communications International for the first Mexican satellite. The satellite will be used for TV, telegraph, telephone and telex transmissions. To be launched in 1985.	Mexico's Latin American neighbors will be able to make use of satellite.
	Mexico/Dominican Republic	Mexican President López Portillo said Mexico would buy "in the next months" some of the sugar which the Dominican Republic has been unable to sell to U.S.A. because of reduced sugar quotas. World sugar glut and price collapse has caused drastic fall in Dominican Republic income and forced country to go to I.M.F.	Mexico's commitment to Dominican Republic is a "breathing space" for the island.
\$1 bn.	U.S.A. from Canada	U.S. Army awarded contract for up to 1,567 light armored cars to General Motors of Canada. Delivery of 969 cars in main contract will begin in late '83.	Cadillac Gage, the only U.S. bidder, is protesting that jobs should be held in Detroit.
\$ 128 mn.	Syria from Japan	Syria has ordered 26,400 compact cars from Nissan. 15% down, 5 yrs. to pay. In a smaller deal, Syria has contracted \$15 mn. in trucks and jeeps from Japanese companies. Syria is paying cash on this deal at prices discounted for what interest would have cost.	Despite Lebanon combat, Syria's Central Bank seemed flush with cash. Is it hashish and heroin export season?
UPDATE			
	U.S.S.R. from U.S.A.	Armand Hammer and Bechtel Corp. have proposed building a coal slurry pipeline from the Kansk Achinsk coalfields in Siberia to the Moscow region. The pipeline would reduce Soviet rail bottlenecks. It is not yet clear whether it violates U.S. sanctions.	Hammer introduced to Moscow authorities Jerry Weintraub, maker of the sci-fi movie "E.T." Hammer and Weintraub proposed joint TV and movie production with the Soviets.

Carajás: first step toward an Amazon industrialization drive

by Dennis Small, Ibero-America Editor

Anyone who has ever given even a moment's credibility to Malthusian propaganda about how the world is overpopulated and running out of raw materials, would benefit from a visit to Brazil's stunning Grande Carajás iron mine in the heart of the Amazon jungle. There, in the middle of rain forests so thick that a strong man can walk an average distance of only a half-mile per day, the Brazilian government has discovered and is now developing the world's largest, and purest, single deposit of iron ore yet known to man—an estimated 18 billion tons of 66.8 percent pure iron ore, which alone could meet the entire world's current demand for 25 years. To mine the iron and export it, Brazil is also constructing a 4-gigawatt hydroelectric plant (Tucuruí), a 550-mile railroad, and a deep-water port—in what amounts to one of the most ambitious integrated infrastructure projects underway anywhere in the world.

Under the supervision of the Planning Ministry, the Brazilian government has given primary responsibility for the project's execution to the highly respected state mining company, Companhia Vale do Rio Doce (CVRD). In 1985, scarcely five years and \$3.4 billion after the project's initiation, Carajás will begin exporting iron ore to the world.

Brazil, a country larger in land area than the continental United States, has over 50 percent of its national territory covered with Amazon rain forest much like that surrounding Carajás. No one has any idea of what riches it might conceal. It is all virtually unpopulated.

In the minds of its creators, such as CVRD President Dr. Eliezer Batista, the Grande Carajás project is to be only the first step in man's conquest of the Amazon, through its industrialization. CVRD brochures explain that the project "will undoubtedly serve as the backbone . . . to exploit the full potential of this vast, empty, but resource-rich region." The full project contemplates the establishment of downstream metals-refining and -working industries, such as aluminum, to contribute to domestic industrialization as well as gain export earnings. It will also provide the infrastructure for opening up an Amazon area the size of Italy to rational, agro-industrial settlement—a total project which will cost upwards of



NSIPS/Uwe Parpart

Facilities for sorting and crushing of iron ore, under construction at the Carajás mine site.

\$60 billion and provide direct employment to 1.25 million Brazilians.

But Brazil will have to conquer more than nature to make this goal a reality. The country's leaders are under tremendous pressure, in particular from international financial strategists, to entirely eliminate the second, industrial phase of the Carajás project and to resign themselves to having little more than the proverbial "a mine, a railroad, and a port"—in order to export the country's wealth and pay off the foreign debt, British colonial-style.

Carajás, in this sense, summarizes the dilemma now facing Brazil and its leaders. Will the country's prodigious natural wealth be used as the basis for transforming Brazil into a fully industrialized nation over the coming decades? Or will it be mortgaged to the decadent international monetary system, simply extracted and exported in order to pay Brazil's large foreign debt? Inside Brazil, there are political factions arguing each of these two options, and since the 1964 military coup d'état they have lived in an uneasy compromise, while publicly and privately fighting for dominant control.

But under current conditions of world financial crisis, the room for compromise is shrinking. The rapid, rigged decline in Brazil's terms of trade over the past three years has now made it virtually impossible to pay the foreign debt with cheap raw materials. And Brazil now has to choose, even as it goes to the polls for its first significant national elections in two decades, between dismantling its existing industrial base in order to pay the debt, as per the demands of the International Monetary Fund, or joining with other large Ibero-American debtor nations to force on the continent's creditor

banks the adoption of an entirely new world monetary order, geared to the Third World's industrial development.

In April 1982, this writer visited Brazil and discussed this point with many of the country's business, political, and military leaders. At the time, there was a pervasive pragmatism infecting the country's leadership which prevented them from facing up to the magnitude of the coming crisis. Nonetheless, *EIR* reported in its May 18, 1982 issue, "just underneath this glib disregard for international reality, one perceives a growing, uneasy realization within the Brazilian elite that something has to be done."

In September 1982, five months later, I returned to Brazil in the company of *EIR* Contributing Editor Uwe Parpart—among other things, to tour the Carajás project at the invitation of Brazil's Planning Ministry. I found that many of my Brazilian friends had undergone a significant change, over a few short months, in the way they were thinking about the world. Gone were the facile assurances that Brazil would fare perfectly well, thank you, even if the rest of the world sinks into depression. This was especially the case in the seminars Parpart was invited to give on the subject of "Energy and Economic Development" to audiences at Petrobrás (the state oil company), Eletrobrás (the national electricity utility), the prestigious Superior War College, and at various industrial associations, economic think tanks, and university departments in Rio de Janeiro and São Paulo.

Visiting Carajás

The Carajás iron mine itself is located a little over 300 miles south of the equator in the middle of the Amazon rain

forest, but in hills 2,000 feet above sea-level. This makes temperatures in the area quite tolerable, and also ensures that there are no mosquitos and thus no problem with malaria at Carajás—which has enormously facilitated the execution of the project.

The iron deposit was discovered in 1967 by a Brazilian engineer then in the employ of U.S. Steel. The man was engaged in helicopter reconnaissance work searching for manganese, when a range of reddish, denuded hills amidst solid jungle overgrowth indicated the presence of some kind of mineral deposits. Telegraph records demonstrate that the engineer's reports that he had found sizeable deposits of very pure iron ore were repeatedly and insistently dismissed by U.S. Steel officials in the United States—"forget the iron," he was instructed, "we are looking for manganese." The Brazilian government subsequently re-purchased all rights to the area from U.S. Steel.

Today the Grande Carajás project consists of the following related components.

The Carajás mine

An estimated 18 billion tons of iron ore are contained in the Serra dos Carajás, composed of two adjacent ranges. The mineral has an average purity of 66.8 percent, compared to average purities of 20-25 percent in almost all iron mines in the United States today. In many locations, the iron ore reaches 70 percent purity—the highest technically possible given the molecular structure of the substance Fe_2O_3 —and can literally be pulled off the mine wall in powder form with one's bare hand.

Open-pit mining will be used, and beneficiation plants which will crush, sort, and screen the ore will be located at the mine site. Production will start up in 1985 with 10 million tons per year, rise to 25 million tpy in 1986, and reach its scheduled output level of 35 million tpy in 1987. The iron will be mined in three eight-hour shifts, 303 working days per year.

The mine is capable of increasing production to 50-60 million tpy, if necessary—at which rate, the estimated deposits would last about 360 years.

The Serra dos Carajás is rich in other minerals—nickel, manganese, gold, copper, bauxite—and plans are being made to mine these as well.

There are currently about 6,000 workers involved in construction at the mine site, where a pilot mine and beneficiation plant are already operational. Eventually, there are expected to be about 20,000 people at Carajás, including workers, administrators, and their families.

São Luis Railroad

CVRD is also charged with building a 550-mile railroad from the mine site to the Atlantic port city of São Luis. Requiring only one major bridge (to span the Tocantins River) and traveling along largely flat jungle terrain, the single-

track railroad, with siding, will normally handle continuous traffic of 18 trains of 160 cars each, traveling simultaneously to and from the mine site. A round trip journey will take 52 hours.

The entire right-of-way has already been cleared through the jungle; the most difficult part of the job—and 13 kilometers of track have been fully laid. Brazil itself is producing all of the locomotives and cars to be used on the railroad, as well as a large portion of the steel rails and 2 million wood ties to be used in construction. Nearly 20,000 workers are currently employed in building the railroad.

Port of São Luis

The port of São Luis, a Portuguese colonial city of half a million, was selected over the nearer port of Belém for technical reasons. São Luis has excellent natural conditions for handling large cargo ships, of up to 280,000 tons dead-weight.

Tucuruí Dam

To provide electricity not only to Carajás but to the entire Eastern Amazon area, the government is constructing a 4,000-kilowatt hydroelectric plant, Tucuruí, the fourth largest in the world. Tucuruí will have a set of locks, permitting navigation up the Tocantins River. It is slated to be producing electricity in 1983 or early 1984, well before the opening of the Carajás mine itself.

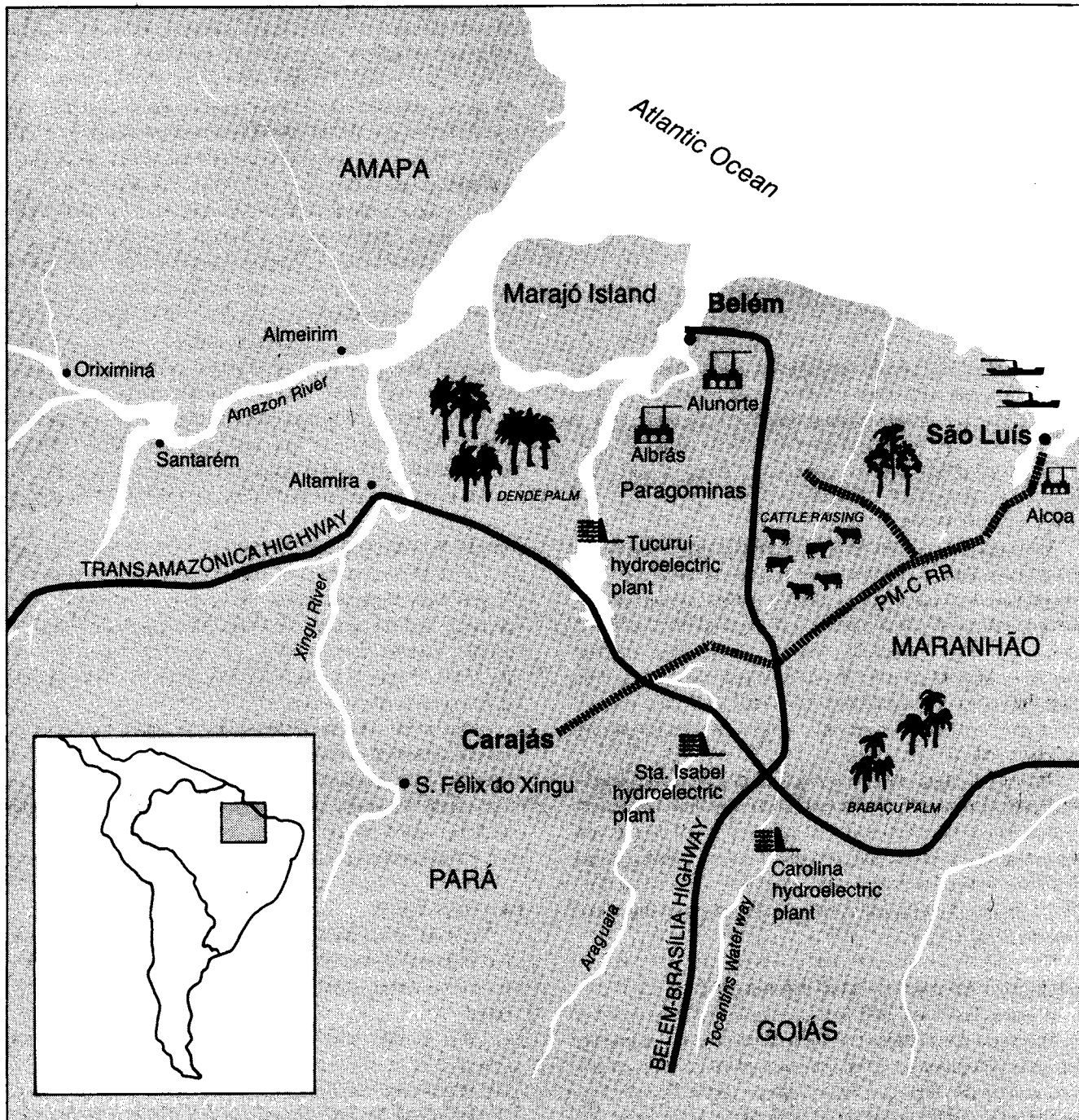
Cities

At the mine site, land is now being cleared for the construction of a new city, to be named Carajás, which is expected to accommodate an initial population of 11,000. Another six towns will be constructed along the rail route in the middle of the Amazon to service the rail line and act as agricultural centers.

Ecology

The CVRD planned the Grande Carajás project so as to have minimal disruptive impact on the eco-system of the Amazon rainforest. It set up an independent body of scientists to monitor the ecological effects of developing the Amazon; and it is careful to reforest the region faster than it is clearing trees.

Unlike bogus "environmentalist" concerns that are used to brake industrial development, the Amazon rain forest is indeed one of the "lungs" of the world. It also absorbs an immense amount of solar energy which it "couples" into the earth's environment. Excessive deforestation of the Amazon would have unfortunate, and non-linear, effects on global weather patterns. Such deforestation is inevitable should Brazil's debt problems force cancellation of the agro-industrial plans for Carajás and leave settlement to the spontaneous slash-and-burn process of primitive agriculture, which produces good crop yields only for a few years—and has already turned vast areas of forest into desert.



The Grande Carajás project involves a huge area the size of Italy in the eastern Amazon. In addition to opening up the world's largest and richest deposits of iron ore in the Carajás mountain range itself, a 550-mile railroad is being built from the mine site to the port city of São Luis on the Atlantic. There, a deep-water port is also under construction. A number of smaller cities will be built along the rail route, and the area opened up to agriculture and cattle raising. Tucuruí, the world's fourth largest hydroelectric dam, is now under construction on the Tocantins River, one of the Amazon's major tributaries, and will provide electricity

to the entire region, including to existing major cities such as Belém.

In a second stage, the Brazilian government is planning to use the Grande Carajás project to set up a broader pole of industrial development in the heart of the Amazon. Some of the mined iron ore will be turned into slab before exportation, and other plentiful minerals in the area, such as bauxite, will be similarly processed and refined—for example at the Alcoa, Aibrás, and Alunorte aluminum plants now under construction.

EIR discusses the U.S. depression with *Jornal do Commercio*

On Sept. 27, 1982, the Rio de Janeiro daily *Jornal do Commercio* printed an article by Ana Badaró describing EIR Ibero-American Editor Dennis Small's September trip to Brazil.

Excerpts of the article, headlined "Bankers will force Brazil to go to the IMF," follow.

International bankers plan to cut off Brazil's credit during the first months of 1983 in order to force it to resort to the International Monetary Fund, American economist and editor of *Executive Intelligence Review*, Dennis Small, told this newspaper. This information was given to him last Wednesday by a high-level official of the Bank for International Settlements of Switzerland, which also indicated that the strategy of creditors is to do the same with Mexico and Argentina by the end of this year.

To prevent these three countries from forming a pressure bloc against the bankers of Wall Street, London, and Switzerland, the preferential treatment given to Brazil will be continued for the next few months on the basis of the argument that Brazil is more creditworthy than the others. The Bank for International Settlements of Switzerland plays the role of a world central bank.

Seminars on energy and development

Dennis Small was in Brazil last week, and, together with the physicist Uwe Parpart, presented a series of seminars on energy and economic development at various state companies and at the Superior War College, aside from private discussions with Brazilian politicians and businessmen.

By using their debts as a form of pressure, "while there is still time," the Latin American countries could eliminate the risk of being pushed to the IMF. In their favor is the very real possibility that the creditors could end up not getting back what they lent, which means that the "bust" will be of the financial institutions and not of the countries that owe. At present, affirmed Dennis Small, there is only one international bank with liquidity, and that is Morgan Guaranty Trust.

The assurance that new loans will not make an even bigger mess of the foreign debts of these countries would be

through the application of these new financial resources to those areas utilizing high technology and high productivity—for which interest rates would be lowest. In this way, says the editor of *EIR*, it is possible for the Third World to experience "an explosion" in its economic growth, which may not be in the interest of the international financial oligarchy, but which certainly is for the industrialized countries of the North, so that they can continue to progress technologically and export their products.

If in the attempt at negotiations with creditors, the debtors encounter a confrontation—which is quite possible—Latin America should form a common market and expand regional trade in order to absorb the imports from other nations, emphasized Dennis Small.

"This is the way out for the banks as well as for those countries that have no way to pay their debts. There is an urgency in this matter," the economist warned, "because we are at the edge of the precipice, looking into the bowels of hell. If the international financial crisis continues, 1929 will be considered a paradise compared to what can happen to the world in the coming years."

No U.S. recovery in sight

In emphasizing that the main reason for the world crisis is the deep depression the American economy is going through, the economist, who specializes in Latin American affairs, pointed out that "those who say that the economy of the United States is going to recover either do not know what is going on or they are lying."

The "stratospheric" increase in U.S. interest rates caused a deep industrial collapse there, in addition to channeling all liquidity into speculative and unproductive areas, such as real estate, finances, and the narcotics trade—which worldwide nets \$200 billion.

"Volcker is responsible for the death blow to the economy of the United States and its terrible effects on the destiny of the Third World."

Dennis Small said that as a result of the financial crisis, it is impossible, today, to refinance even the internal debt of his own country, a debt almost triple what the Third World owes.

With a total world debt of over \$1 trillion, there is no way to refinance it, he observes: "If we look at this portfolio, we will see that the best debt is that of the developing countries."

Analyzing the use of loans registered abroad by the Third World countries in unproductive areas, the economist classified the projects of the World Bank as highly inflationary by virtue of the fact that they use low technology. He compared the objectives of the World Bank to those of the International Monetary Fund.

The editor of the *EIR* foresees no way out for the developing nations from an internal perspective, and he reiterates that group pressure against the creditors for the industrial development of the Third World can mean the building, rather than the destruction of their economies.

‘We are directing investment toward increasing exports’

EIR's Contributing Editor Uwe Parpart and Ibero-America Editor Dennis Small met on Sept. 22 in Brasilia, the capital of Brazil, with Planning Minister Antonio Delfim Netto and senior members of his staff. The meeting included an exchange of views on the international monetary crisis, as well as on-the-record remarks by Minister Delfim Netto on the thinking behind the Carajás iron-ore project, which we print below.

Delfim Netto has a well-earned reputation for being both the “czar” who single-handedly determines economic policy for Brazil, as well as an astute and pragmatic player on the international and the domestic political scene. He is known to take special delight in poking holes in the incompetent economic criticisms made of his administration by the Brazilian opposition—a task which he in fact performs masterfully.

Delfim Netto is the consummate pragmatist, who has been so successful in short-term tacking and turning in convulsed international waters that he has turned this approach into a philosophy. But the Planning Minister's continued ability to succeed in this way now depends, as he himself would be the first to admit, on an upturn in the U.S. and world economies—an upturn which is simply not coming under circumstances of present policies. So the question now on the mind of many a nervous international banker, a question which has no doubt crossed Delfim Netto's own mind with increasing frequency, is whether or not he is prepared to become the Martínez de Hoz of Brazil, to preside, as did the former Argentine Finance Minister now on trial for malfeasance in office, over the industrial dismemberment of his nation's economy.

EIR: What is your view of the Carajás project and other large-scale development projects in Brazil?

Delfim Netto: The Carajás project, I think, is the only project we are really developing in this government. I think it is a project that satisfies our basic necessities now. What we need are some projects which will increase our exports in a very short time. We must change our investment pattern in the direction of the export sector. Carajás is really the beginning. We will try to finish some of our other big projects—we are just finishing Itaipú [dam], and some of our steel development. We will try to put all our money in projects

which can increase exports in a very short time. Carajás is a very good example: it is a partnership between consumers and producers. In Carajás we have already sold at least the first tranche of our production. We will try to do the same with some other projects.

EIR: Do you foresee attaching manufacturing facilities to the Carajás project production facilities?

Delfim Netto: It is our intention in the beginning to export the iron ore and in the second stage to produce slabs in Carajás. It is a normal course. We will try to do the same with manganese. We will begin exporting some manganese ore, and we will try to have at least one producer of metal there. What we will try to do in Carajás is to export minerals plus energy—this is the basic conception. We have the new energy of Tucuruí [Dam], and we can increase Tucuruí production to almost 8 million kilowatts, so that in the near future, maybe in 10 or 12 years, we can really export a package of minerals plus energy.

EIR: You also have aluminum production facilities in this same general region of Brazil, which will be coming on line at some point.

Delfim Netto: Yes, this is the Alcoa project. It is on schedule, and we will begin to export, I believe, in 1986. It is the same concept: to export not only the mineral, but also the energy. We intend to use the great facility of having hydroelectric plants, and some iron ore or some other mineral—manganese, alumina, copper, and so on.

EIR: When you look into the slightly more distant future, which admittedly in this world situation is very difficult, do you see the option, the possibility, of reinvesting these export earnings in Brazil for the development of manufacturing to improve your terms of trade?

Delfim Netto: Most certainly, certainly. As you know, we are giving a lot of stimulus to reinvesting in Carajás, in the next steps of production. Take the case of the United States: maybe they will reduce the production of traditional slabs. This is quite clear, because of a lot of problems they have. I think we will come in in the right direction. This combination of energy plus some metals I think is very important, and it is our intention to export the metals.

How Brazil has coped with deteriorating terms of trade

by Uwe Parpart, Contributing Editor

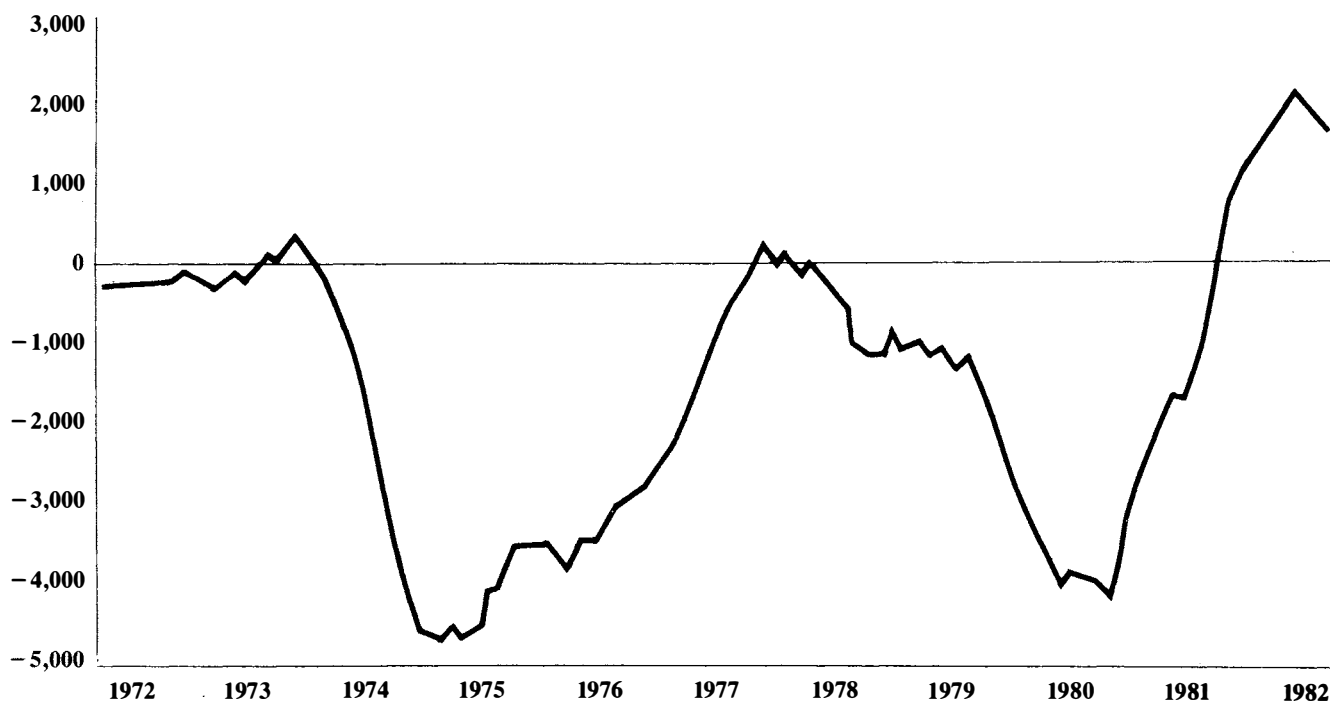
“The more we export, the less we earn from it,” said a Brazilian Planning Ministry official, pointing to a chart showing the steady geometric rise of Brazilian exports in physical terms, against the wild fluctuations of the country’s cash earnings. “Sometimes it’s like playing soccer with a referee who’s been bought by the other side.”

Under any economic circumstances in which Brazil might obtain production costs plus a reasonable profit for its exports, which have more than doubled in physical terms since 1976, the economy would enjoy a permanent economic boom. If Brazil could make back more than its production costs on

exports—as Brazilian planners emphasize—even the country’s \$80 billion external debt would represent only a drag, not an insurmountable burden, in its external finances.

Yet the combination of doubled oil prices and collapsed commodity prices, plus doubled interest rates, since 1979 have thrown the Brazilian economy into the first deep recession in two decades, and made it impossible for Brazil to meet its external debt service requirements, at least under the borrowing schedule mutually agreed to between Brazil and its creditors in the middle of this year. Rather than borrowing \$4 billion in the last four months of this year, the country will

Figure 1
Brazil’s balance of trade over past 12 months
(millions of U.S. dollars)



Source: Planning Ministry of Brazil

have to obtain about \$6 billion to balance its books, according to internal Brazilian estimates; the country's short-term borrowing has risen by \$8 billion in the last two years in violation of the longstanding Brazilian policy to accumulate nothing of shorter maturity than eight years. Whether Brazil's bankers, who have already penalized Brazil's heavy borrowing with a 2.25 percent spread above their own Eurodollar market cost of funds, will cough up the required sum this year is a less interesting question than what they will do, as the deterioration of Brazil's export earnings continues, in the first quarter of next year.

Figure 1 shows Brazil's trade balance since 1972; the sharp rise in the trade surplus during the beginning of 1982 has turned into bare balance since then, and a projected \$3 billion trade surplus for the year will not break \$1 billion.

Figure 2 shows why this is the case; although the physical volume of Brazil's exports will rise by 10 percent this year, an extraordinary accomplishment at a time when physical volume of world trade is declining, and a reflection of the success of Brazil's industry, cash earnings will fall. Figure 2 shows the terms of trade in terms of import and export prices, with 1979 as a base year. The right-hand table shows the consequent change in the country's terms of trade, which have deteriorated by a staggering 38.5 percent over three years. That is to say, Brazil must ship 38.5 percent more goods in physical terms to earn the same amount of foreign exchange compared to 1979.

The 38.5 percent deterioration of terms of trade does not, of course, reflect the additional impact of higher interest costs, which tripled between 1979 and 1982 (and have since fallen to a level roughly double the 1979 level). The impact of the higher interest rates, added to the deterioration of the country's terms of trade, brings the level of damage to Brazil's overall payments position to a 50 percent deterioration, if interest costs were treated as an implicit import cost.

Figure 3 shows Brazil's imports and exports for January to June of 1982, both in comparison to the previous year's equivalent semester. Total exports fell by 1.4 percent in quantity, but by 8.5 percent in value, the largest component of which is due to the fall in semi-manufactures. Imports fell by 14.5 percent in quantity terms; under the rigid import controls introduced in September, the fall during the second half of 1982 versus the second half of 1981 is likely to be much steeper.

Figure 4, showing the behavior of exports by region, augur's badly for Brazil's ability to continue its remarkable export success in a depressed world economy. The regions showing the steepest fall in exports, the rest of Ibero-America and the East bloc, are those who have already been through a credit squeeze. Brazil's exports to the industrial nations, however, continued to rise, despite the decline in the industrial nations' economies. As the depression in the advanced-sector nations worsens, it is unlikely that exports might maintain their existing level, let alone increase.



EIR Contributing Editor Uwe Parpart (c) at the Carajás iron mine with a project supervisor for CVRD, Alceu Mendes Santos (l), and the press secretary of the Brazilian Planning Ministry, Luiz Mendonça (r).

The collapse of Brazil's terms of trade encapsulated in the above statistics is the unique source of the country's present economic decline. The Secretary-General of Brazil's Planning Ministry, Sr. José Augusto Arantes Savasini, estimated in a study released Sept. 8 that the decline in terms of trade since 1979 has cost Brazil \$18.4 billion, or about 8 percent of its current Gross National Product, for each year since 1979. Since the level of imports to a large extent determines the growth rate of the country, the Planning Ministry argues, restrictions in imports resulting from inferior terms of trade pushed the Brazilian growth rate into negative numbers. Industrial production has, indeed, fallen by 8.7 percent in the past year, and by 2.8 percent in the past seven months.

Brazil's planners may well reflect upon the ironies of the Bretton Woods system, which, by overvaluing the U.S. dol-

Figure 2

Brazil's exports and imports

(percentage change between 1981 and 1982—January to June)

	Value	Price	Quantity
Exports.....	- 8.5	- 7.2	- 1.4
Raw materials	- 8.7	- 6.7	- 2.1
Semi-manufactured goods.....	-30.0	-16.6	-16.1
Manufactured goods...	- 4.8	- 5.8	+ 1.0
Imports.....	-13.4	- 1.0	-14.5

Source: Planning Ministry of Brazil

Figure 3
Brazil's terms of trade

Year	Price indices*		Terms of trade	
	exports	imports	annual	cumulative
1979	1.000	1.000	—	—
1980	1.078	1.322	0.8154	0.8154
1981	0.922	1.123	0.8210	0.6694
1982(**).....	0.928	1.010	0.9188	0.6150

*Base: previous year

**Until first half of 1982, compared to first half of 1981.

Source: Planning Ministry of Brazil

lar, permitted the United States to live as a rentier at the rest of the world's expense. As *EIR* showed in a Sept. 16 economic survey of West Germany, Europe's most powerful industrial nation has been the principal victim of artificially low terms of trade, which prevented the West Germans from earning sufficient profit from their export industries to maintain the level of investment required to expand exports. Since 1945 the cycle of world trade has looked like this: the United States abdicated its role as capital-goods exporter, taking the British into partnership as rentier financiers; under unfavorable terms of trade West Germany and Japan exported capital goods, including large net exports to the developing sector; the developing sector produced manufactures for sale to the industrial nations. The latter replaced, at lower cost, the older industries of the United States and England and, to a certain extent, other industrial nations. In the case of the Japan-South Korea symbiosis, Japan's sponsorship of the South Korean economic miracle worked to the advantage of both. For most other industrial and developing countries this has not been

Figure 4
Brazil's exports by area

(January to June)

	Millions U.S. dollars		Percent variation
	1981	1982	
Total exports.....	10,860	9,934	- 8.5
U.S.A.	1,810	1,829	1.0
European community	2,609	2,736	4.9
Japan.....	580	649	11.9
Latin American			
Association for			
Integration and			
Development	2,010	1,330	- 33.8
Oil-exporting countries...	685	564	- 17.7
U.S.S.R. and Poland	711	421	- 40.8
Other.....	2,455	2,405	- 2.0

Source: Planning Ministry of Brazil

the case; the accumulation of debt service, higher oil prices, and repeated currency devaluations exacted exports from the developing sector in a way that distorted, rather than advanced, the latter's industrial growth. The fact that Brazil, until 1981, was able to maintain the spectacular growth rates it registered is a testament to the ingenuity and dedication of its managers, who managed to spite the most unfavorable conditions for development.

Now Brazil is prepared to offer—at half the 1979 cost—an array of exports which range from basic products and consumer goods to installed steel mills, light aircraft, armed personnel carriers, and machine tools. Even at less than cost-of-production, there are insufficient takers. It is not so much that the Brazilians mind being cheated by an unfair international trading system; they have been cheated before and stayed ahead of the game. The problem, as Mexican President López Portillo told the United Nations Oct. 1, is that the developing countries "are quickly running out of playing chips."

The obverse side of Brazil's export dilemma is the American trade deficit which, at \$40 billion for the year, explains why the American economy has not disintegrated after a decade of under-investment. American "invisibles," principally interest and repatriated profits, cover the trade deficit which, under normal standards, would have collapsed the dollar back to October 1979 levels. For the first time in post-war history, American imports—especially manufactured goods and capital goods—have risen throughout the course of a demand-collapsing recession. This indicates the extent to which American industry is no longer capable of producing America's internal requirements, even under conditions of collapsed demand; the rentier-nation has grown too sclerotic to produce for itself.

Whether, and how, the American decline might be reversible is another matter. For the Brazilians, it creates an infuriating impasse. Brazil has suffered from the economic decline of the United States, in a manner parallel to West Germany's long-term problems, postponing internal improvements, educational expenditures, and other prerequisites for development in order to meet its export quota. But the United States' last industrial ratchet-decline of 10 percent output lost in the past year has brought commodity prices down to the point at which Brazil can no longer even make such sacrifices successfully, and the next stage of American decline will wipe out even the margin of physical increase in exports.

That is why Brazilian planners focus all their attention on the United States. With some rancor, they would continue to play the rigged game, were the United States economy to recover, and allow them to continue playing with new chips. The absence of U.S. recovery prospects leaves them with only one alternative: a fundamental reorientation of their trade towards Ibero-America, and a change in the mix of their exports towards capital goods for exports and for basic industries.

Brazil moves sideways on common market

by Mark Sonnenblick

Brazil is entering, crab-like, into what could become an Ibero-American Common Market. Planning Minister Delfim Netto is shifting Brazil's trading pattern toward one of barter to keep Ibero-America's biggest nation from being crushed under the collapse of the Bretton Woods and its associated General Agreement on Trade and Tariffs (GATT) "free trade" system.

Delfim raised eyebrows at the Brazilian Naval War College Sept. 16 when he proposed, "Take, for example, the case of Mexico and Brazil. If we could convince Mexico—as we are trying to do now—we can trade our crises. There is no way to get money anymore. For example, I have an enormous capital goods industry. I give you credit for \$2 billion. You extend me credit for \$2 billion. I sell you my equipment; I give jobs to my Brazilians. You sell me your oil and give jobs to your Mexicans.

"If we put our crises together, they turn into prosperity," Brazil's economic czar continued.

Scarcely a week later, Brazil deployed the head of its state oil company Petrobrás, Mr. Shigeaki Ueki, to Mexico to try to implement Delfim's proposal. Mexico's state oil company, Pemex, though not overjoyed by the idea of taking over the foreign debts of many Mexican importers, did offer to shift much of its purchase of drilling and production equipment from the now-closed U.S. market to Brazil, in exchange for future oil deliveries. Ueki is scheduled to seek oil-for-technology arrangements with Venezuela, and an airplane-and-bulldozer-for-oil deal has been hammered out by Brazil with Ecuador. An aide to the Petrobrás chief quipped, "Our president is on full-time deployment in an airplane."

The state oil companies of Brazil, Mexico, and Venezuela have also advanced in their plans to unite in a joint venture named "Petrolatin," which will provide the smaller countries of the region with an alternative to the big oil multinationals for exploration and development. Petrolatin will also handle a rapidly growing volume of derivatives and petrochemicals exchanged among its members.

Similar perspectives are emerging in the steel industry. At the September meeting of the Latin American Steel Institute, all producer countries agreed in principle to barter deals and other arrangements exploiting the "complementarity" of member economies. The institute's members also rejected

the European Community's Davignon Plan for phased shutdown of world steel capacity. Venezuelan and Brazilian state sector steel firms agreed to exchange technology, financing, and products.

A true common market

The driving force behind this shift to various barter arrangements is, simply, that bank financing for the imports of the developing sector has dried up, while the advanced countries are restricting their markets. Trade warfare is thus replacing traditional trading patterns.

As Carlos Viacava, the number-two man at Brazil's Finance Ministry, put it Oct. 6, "Things are getting worse. We've gone back to the age of barter of merchandise, to the time before there was money. Things now have to be fought out hand-to-hand." He noted that Petrobrás was already successfully bartering steel products and frozen chickens for oil.

The problem with the Brazilian pragmatic approach is precisely the "hand-to-hand" combat for each operation described by Viacava. The growing barter phenomenon is still largely subordinated to what Delfim Netto sees as Brazil's primordial necessity—winning the respect of Wall Street and the City of London with a handsome "economic performance."

That subordination makes it difficult to work out large-scale, long-range frameworks of regional integration, such as the one proposed in August by U.S. Democratic Party leader Lyndon LaRouche. LaRouche called for an Ibero-American Common Market that would shelter the industries of the region from the dismantling demanded by the debt-collectors. If provided with a regional unit of exchange and with a regional central bank, the Ibero-American nations could not only refuse to play by the debt-collectors' rules, but could mobilize the immense unused capabilities of the region for accelerated economic development.

There is a broad political commitment to forge a genuine Common Market in the region, as signified by the unanimous support it received at the Latin American Parliamentarians and the Latin American Economic System (SELA) meetings in August. The leaders of Ibero-America saw the necessity for rapid integration to lie not merely in the need to shave scarce dollars off their imports bills, but in a larger strategic reality. Many of them realized that the Malvinas war meant that they could no longer trust the United States and the European Community as economic partners, and would have to move on the long-neglected path of inter-dependency with other developing countries.

Brazil will be the big winner if the Ibero-American Common Market comes to fruition. It has the region's only integrated capital goods capacity and would be thrust into a leadership role in the continent's development.

* * * * *

EIR is now using the LaRouche-Riemann model for a study of the potential for an Ibero-American Common Market to function under adverse international conditions. For information, call Mr. Peter Ennis at (212) 247-8820.

Brazilians will go to the polls in a national election, finally

by Mark Sonnenblick

Election fever is sweeping Brazil. The walls and even the streets are painted with slogans and names of candidates. All Brazil is taking the Nov. 15 elections with a fervor and seriousness usually reserved for Carnival and World Cup soccer.

For over half the electorate, those who were under 21 in 1962, this will be the first time in their lives they have voted in a general election. In 1964, a military coup overthrew the Goulart government, and in the nearly two decades since then there have been only tightly controlled congressional and local elections.

Now Brazil is returning to democracy. In November, the governors of Brazil's 23 states, quite powerful in Brazil, will be elected. Also up for election will be the entire Chamber of Deputies, a third of the Senate, state legislatures and all local mayors and councilmen. The one post not up in this election is the presidency. But the officials to be elected now will constitute the electoral college which will perform the final step of electing a successor to President João Figueiredo in 1984. Thus, this election will shape Brazilian politics for the next decade.

The elections offer a tremendous opportunity for Brazil to find its way out of the authoritarian political system which, proponents and detractors alike readily admit, has now outlived its institutional viability. By opening the door to increasing citizen participation, the election can help unlock the creative potential of its 130 million people.

But the election process is also fraught with dangers which could abort Brazil's gradual transition towards a functioning republican system of government. Unless either the government or the opposition parties produce a program to pull Brazil out of its current economic depression, something neither has done yet, a sharp polarization of the country's political forces is the probable outcome. This could in turn push nervous hard-liners in Brazil's military to try to put a stop to the return to democracy altogether.

Standard wisdom in Brazil is that the elections will be a toss-up between the government PDS party and the opposition forces. Most Brazilians are "opposed" to the government's policies and want to see change. But, aiding the government is the fact that most are also unhappy with the contentless opposition program. Also on the government's side is the fact that they have rigged the election rules, and have set up a balloting system to facilitate vote fraud. There are indications that they are prepared to hold on to state power by one means or another, even if the elections prove to be an

overwhelming mandate for change.

But under conditions of increasing economic collapse, and especially if Brazil is driven to accept austerity prescribed by the International Monetary Fund *before* the November elections, a surprise landslide victory for the opposition is not impossible—despite all the dirty tricks and all the opinion polls suggesting that the regime will come out fairly well.

During the dark years of heavy-handed official repression under President Medici (1969-74), more far-sighted national security planners realized that their hopes for Brazil to be a great power could not be realized in a country in which the government's major efforts had to be focused on controlling the citizenry. As chief advisor to President Ernesto Geisel (1974-79), General Golbery de Conto e Silva devised a "political opening" (*abertura* in Portuguese) to serve as a safety valve for the social pressures which had been built up by the uneven process of Brazil's economic development. Golbery remained to pursue the *abertura* policy under President João Figueiredo (1979-85)—until he was forced into retirement by anti-*abertura* factions inside the military regime in August 1981. Figueiredo, however, has remained faithful—as much as he could—to his initial promises of moving Brazil toward democracy. The Nov. 15 elections are a supreme test of his ability to remain in command of Brazil's destiny.

It is a difficult test; powerful forces inside and outside Brazil would welcome a failure. *The New York Times*, on the eve of Figueiredo's exposition of the need for a new growth-oriented international economic system before the United Nations Sept. 27, chose to remind the Brazilian president of the vulnerability of his political opening plans, should he take leadership in the fight for world financial changes. Figueiredo was not cowed. Asked by a reporter if the signs of economic crisis, as shown by the soaring black market rate for the cruzeiro and rising interest rates, would not affect the elections, Figueiredo replied: "No, the elections will take place Nov. 15. The elections will happen, even if the dollar is at 600, even if at 800, or at 1,000 cruzeiros; even if the interest rates are at 20 or at 10 percent [per month]."

Inside Brazil, military hardliners recoil at the possibility that a real *abertura* would permit leftists to take vengeance against the police apparatus which waged "dirty warfare" against them following the 1967 outbreak of urban and rural guerrilla warfare. With the cooperation of the hegemonic "Liberation Theology" faction of the Catholic Church, credibility has been given to a new set of potential "leftist" agents provocateurs.

Efforts to incite left-right warfare and panic conservative military officers into smashing the *abertura* are ongoing. The oligarchic Tradition, Family and Property (TFP) and its allies in Brazil's security forces have orchestrated a series of incidents—ranging from fake newspapers to terrorist bombings—against the radical clergy and their followers, designed to trigger responses. Well-informed sources have told *EIR* that U.S. Special Ambassador General Vernon Walters, the Averell Harriman protégé who helped coordinate the 1964 Brazilian coup, is involved in furthering these destabilizations. Walters is reportedly taking advantage of his close personal ties to leading hard-line Brazilian generals, as well as his position as director of the TFP-linked Christendom College in Front Royal, Virginia.

What's at stake in the elections

Brazil's governors control powerful political and economic forces, including state development banks, state utilities, and so on. Until now, they have been hand-picked by the President. The state of Rio de Janeiro was given to a corrupt machine nominally associated with the opposition, but all the other state governors are currently members of the regime's own Social Democratic Party (PDS).

With direct election of the 23 governors this year, the

opposition expects to seize control over 16 or 17 states; the government, however, asserts they will hold on to 14 or 15. What is certain is that the key industrial state of São Paulo will go to Franco Montoro, a moderate senator in the opposition PMDB party, while the PDS will sweep at least half a dozen states of the impoverished Northeast. The "solid North" goes with the conservative incumbent party for much the same reasons of patronage that once made "the solid South" go for the Democratic Party in the United States.

Throughout the country, there are hot rivalries for federal and state deputy and for local offices.

Foreseeing that free elections could serve as a plebiscite for voting out "the system" which ruled Brazil since 1964 and open the door to irresponsible opposition parties, General Golbery arranged a "political reform" over the last three years. This reform has succeeded in dividing the single opposition party into four fiercely competing opposition parties. While ostensibly increasing the level of freedom in Brazil, this move is widely understood as a divide-and-conquer operation to permit the unified government party to win many races with only a quarter to a third of the total vote. The only opposition party with a good chance to win many governorships, the PMDB, is accusing the other smaller parties of being Trojan horses of the regime, which is not wholly untrue.

Brazil's political parties: lack of policy direction

PDS (Social Democratic Party): Despite the name, the PDS is a conservative party of Brazil's military regime and has no connection with the international social democracy. The party now holds large majorities in both houses of congress and holds the governorships of 22 of Brazil's 23 states. It has more money and leverage than the other parties, but will do fair to poorly in the upcoming elections. The widely-used IBOPE poll gives the PDS 33 percent of the national vote. Many of its politicians would like the government to reverse the depression policies which will harm the party in November.

PMDB (Brazilian Democratic Movement Party): The vestige of the old single opposition party is by far the strongest opposition force, and will win many states. It is an extremely heterogeneous party, including in its ranks everyone from conservatives to members of the outlawed Communist Party. Its party program is a laundry list of desirable things the government could do, were it to have lots of money. But the PMDB, like the other parties, has yet to provide a serious program for getting Brazil out of

the crisis. Its main focus is on the formal side of restoring democratic participation. It is predominately a party of younger middle-class and of skilled workers. Polls place the PMDB at 31 percent of the vote.

PT (Workers' Party): This party advocates class struggle. It is recruiting cadre from the Church's grass-roots communities, from the labor movement, and from the universities. The PT's chairman, a trade union leader, known by his nickname, "Lulu", poses as the Lech Walesa of Brazil and is run by the same international solidarist networks. The PT's current political base is mainly among the liberal professionals earning 5 to 25 times the minimum wage, while its support among the mass of workers is minimal. Ascribed 4 percent of the national vote.

PTB (Brazilian Workers' Party): An artificial construct to divide opposition votes. Ex-president Janio Quadros is running for governor of Sao Paulo on the PTB line. Polls give the PTB 4 percent of the vote.

PDT (Democratic Workers Party): The PDT is the personal machine of Leonel Brizola, the fire-eating populist who incited armed resistance to the 1964 coup. In exile, Brizola became the pet Brazilian of the Socialist International and Willy Brandt's conference circuit. His current opposition pose is so militant and so contentless that many believe he is just trying to steal votes from potential PMDB winners. However, the latest polls give him a slight edge.

Kissinger-Genoud axis plans autumn bloodbath

by Nancy Coker

The *Executive Intelligence Review* has received information that a terrorist bloodbath is being planned in the Middle East, involving the possible murder of American soldiers in Lebanon. According to our sources, the atrocity will be played as a "vendetta" for the Oct. 9 terrorist attack on the Rome Synagogue, and U.S. Marines stationed in Beirut are to be caught in the imbroglio. In addition, security experts report that two lists of leading political figures targeted for near-term assassination have been drawn up, one of government figures and a second list of non-government leaders.

On the list of government leaders is Mexican President José López Portillo, who nationalized Mexico's banking system on Sept. 1, and exactly one month later at the United Nations, defined the necessity for a New World Economic Order in the face of demands by the International Monetary Fund for genocidal reductions in living standards in the developing sector in order to pay the latter's debts. Also included on this "hit list" is Egyptian President Hosni Mubarak, whose nation is at the center of the potential for a peaceful settlement of the Middle East conflicts based on economic development.

High on the second list reported by the security experts are *EIR* founder Lyndon H. LaRouche, Jr., the renowned economist, and his wife, West German political figure Helga Zepp-LaRouche. According to the information received, the two LaRouches, both well known internationally as leaders in the conceptual development of the New World Economic Order, have been marked for assassination, possibly during the Oct. 20-21 founding conference of the "Club of Life" in Rome. Mrs. LaRouche has been the victim of three attempts

at vehicular homicide during the past year, two of them during September of 1982.

It is the evaluation of *EIR*'s editors that this policy—a policy of "kill, kill, kill"—is the one option open to the international oligarchical families behind former U.S. Secretary of State Henry Kissinger, as long as they are determined to reject the LaRouche approach of renegotiating the unpayable Third World debt which an ever-growing number of Ibero-American leaders have backed in recent weeks. The recent *apparent* shift to a softer, hands-off approach to debtor nations, voiced by Kissinger himself during a Sept. 20-21 meeting in Washington, is simply a bid for time.

What is being planned is a re-run, on a far vaster and more reckless scale, of the spate of government overthrows, murders of heads of state, wars, and terrorist attacks that were provoked during the mid-1970s to prevent the consolidation of an international economic growth policy, as clearly set forth by the Non-Aligned summit meeting in Sri Lanka in August 1976. Henry Kissinger, as *EIR* recently documented in detail, was deeply implicated in that tragic series of events, including the judicial murder of Pakistani President Bhutto, the ouster of the presidents of India and Sri Lanka, the Lebanese civil war, and the 1978 assassination of former Italian Prime Minister Aldo Moro.

Middle East terrorist assets

At the Sept. 20-21 meeting at Georgetown University's Center for Strategic and International Studies, Kissinger stated that "the imposition of International Monetary Fund conditionalities may be a cure worse than the disease." But while

the mouth was offering "reasonableness" to an audience which, Kissinger hopes, will include such nations as Brazil, the hands and feet were moving in another direction.

The recent holocaust in Lebanon, where thousands of Palestinian civilians were murdered by Falangists under the eyes of the Israeli occupying army, and the "retaliatory" brutal attack on the Synagogue of Rome Oct. 9, can both be traced back to deployable "wetworks" assets of Kissinger and his backers. *EIR* counterintelligence has determined that one of the masterminds of this network is a Swiss banker and terrorist controller named François Genoud, a former member of Hitler's Abwehr. Collaborators of this supranational network include Israeli Defense Minister Ariel Sharon; Kissinger and his successor Alexander Haig; British Foreign Secretary Francis Pym and his predecessor Lord Carrington; the Assad ruling family in Syria; and a British-controlled faction of Soviet intelligence.

Preparing the ground for a "vendetta," Sharon and others in the Israeli government blamed the Rome atrocity, in which one child was killed and three dozen people were wounded, on Palestine Liberation Organization Chairman Yasser Arafat. But in an unusual message to Italy's chief rabbi Elio Toaff, the Rome representative of the PLO decried the attacks as "an aberrant manifestation of anti-Semitism against our Jewish brothers, only guilty of being Jews."

The Genoud connection

In fact, the methods used by the self-professed "PLO-Red Brigades" group which carried out the Rome attack indicate that they were deployed either by the Palestinian terrorist Abu Nidal, a leader of the anti-Arafat faction, or by Libyan dictator Muammar Qaddafi, both of whom were trained and continue to be supported by the neo-Nazi International of François Genoud.

Genoud helped to reconstitute large sections of the Nazi apparatus in clandestine form after World War II, under the umbrella of the European-based Malmö International (see *EIR*, April 20, 1982). During the early 1950s he turned up in Cairo in the company of the notorious Otto Skorzeny, the SS officer who "rescued" Mussolini from the Allies during the war. Through the Malmö International, the Nazi apparatus maintains extensive control over sections of the Lebanese Falange, a movement set up in imitation of Hitler's Nazis during the 1930s, and its ostensible enemies, the radical left wing of the Palestinian movement. Genoud generously bankrolls terrorists of all political colors.

Qaddafi was trained in Spain in the 1960s by associates of Colonel Skorzeny and put into power in Libya in 1969 with the aid of the Propaganda-2 Freemasonic lodge which has been discovered by Italian authorities to have run the Red Brigades and the kidnap-murder of Aldo Moro. On Oct. 9, the same day as the Rome slaughter, following a strategy session with aides, Qaddafi declared that Libyan hit squads will soon be sent around the world to "track down opponents and liquidate them." Among the probable targets are Mubarak and Saudi King Fahd, both denounced by Libya as "traitors"

tors" to the radical Arab cause.

The French press has documented Abu Nidal's connections to Genoud and international terrorism. A March 1982 series in the Paris daily *Le Monde* on the arrest of Swiss terrorist Bruno Breguet linked Breguet to Genoud and to "Carlos," the international terrorist operative who has worked for Abu Nidal's network. A series in the August *Quotidien de Paris* states that Abu Nidal is both funded and controlled by Genoud.

Abu Nidal and his Khomeini-allied terrorists attempted to assassinate Shlomo Argov, Israel's ambassador to Great Britain, in June, the pretext for Ariel Sharon's invasion of Lebanon. Since the beginning of this year, Arafat and his Fatah wing of the PLO have denounced Abu Nidal for perpetrating terrorism against Jews in Europe, explicitly stating that Israel would use the attacks as a pretext for the destruction of Lebanon.

The immediate target of Sharon's plan for a renewed Lebanon crisis is President Reagan's Middle East peace plan, which would, if put into effect, curtail Sharon's territorial expansion plans by confederating the Israeli-occupied West Bank to Jordan.

The U.S.S.R. and Britain

Both British and Soviet intelligence are capitalizing on Sharon's drive for a bloodbath. Sources report that the Israeli defense minister recently held a secret rendezvous with an official of Soviet military intelligence on the island of Cyprus to discuss triggering a new Mideast crisis in their mutual interest—to disrupt the Reagan peace plan.

The British are also encouraging Sharon in his wrecking operation. To set the stage for the British reasserting themselves as the powerbrokers in the region, British Foreign Secretary Francis Pym traveled to Syria and then Egypt Oct. 9. While in Damascus, Pym struck a deal with Syrian President Hafez Assad, who emerged from the meeting saying that Europe holds "effective cards" in the search for Middle East peace. Assad's interest in playing along with Britain and Sharon to wreck the Reagan Plan lies in the secret territorial arrangement he has discussed with Sharon. In this plan, Israel would return the Golan Heights to Syria and allow Syria to control northern Lebanon in exchange for continued Israeli control over the West Bank, Gaza, and southern Lebanon.

Arab journalists report that Pym and Assad agreed that Syria should viciously attack Arafat for meeting in Jordan with King Hussein the week of Oct. 11, to discuss the Reagan Plan and possibilities of confederation. Assad's Information Minister Iskandar Ahmed scored Arafat for dealing with the moderate King Hussein and obliquely threatened to unleash the radical, Syrian-linked wing of the PLO against Arafat. The Reagan Plan would be severely disrupted should Arafat and Hussein fail to reach an agreement.

According to Arab intelligence sources, Syria may go so far as to deploy its Palestinian radical thugs in a terrorist hit on Israel from Jordan, to give Sharon the opportunity to attack King Hussein and the Reagan Plan at the same time.

The 'crowned cobras': enemies of Poland and Ibero-America

by Criton Zoakos, Editor-in-Chief

Yuri Andropov, the former KGB chief who succeeded Mikhail Suslov in his various dignities and offices, has won a reputation as a "cobra," denoting an ability for great stretches of attentive motionlessness, hypnotizing the prospective victim and then striking at the most unsuspected flank with lightning speed. The victim occasionally dies before realizing that the cobra has struck.

Most deadly is to be caught in the middle of a fight among such cobras engaged against each other. Poland and the Latin American nations, during the present world struggle, find themselves caught in the midst of just such a battle of cobras: Old Europe's oligarchical families—the crowned cobras—are playing a simultaneous game in Latin America and Poland whose purpose is to open the way for a wave of monarchical restorations internationally.

Their objective in Latin America is to destroy every one of the republican institutions of nation-states, to replace them with ruthless financial and sacerdotal-inquisitional dictatorships. At a conference this month at Rome's Urbaniana University, representatives of Europe's "Alpine Tier" of oligarchical families outlined their objectives for the entire Third World, in which Latin America is the most crucial area.

The conference, titled "The Christian Conception of International Economic Policy as Alternative to Marxism," was controlled by the same leading "solidarist" clerics who are manipulating Poland's agony, led by Cardinal Höffner of Cologne and two Dominican oligarchs, Monsignors Utz and Streithofen. Father Utz, speaking in the general context of Ibero-America's Mexico-led struggle against the International Monetary Fund and for industrial development, summarized his program for Ibero-America: "Low standards of living, Aristotle, and an 'above-historical' standpoint of presumed Christianity." Even though clergymen ran the conference, the only religion in evidence during the proceedings was that of Milton Friedman's and von Hayek's "free market" and "free enterprise," in contraposition to the dirigistic, state sector-based economies of many Ibero-American nations. In short, the subject of the conference was a set of proposals, made two years ago by Standesfürst (Sovereign Prince of the Holy Roman Empire) Max von Thurn und Taxis, chairman of the Mont Pelerin Society, involving the destruction of the national sectors of Ibero-American economies and their replacement by oligarchical financial interests under the guise

of "free-market" economics. What makes the Urbaniana conference of special significance are three considerations.

First, the participants, who represented such European oligarchical interests as the Thurn und Taxis, Hapsburg, Wittelsbach, Hohenzollern, Wittgenstein, Braganza, and other European royal and princely houses, are all involved in controlling the "solidarist" networks which are destabilizing Poland. Second, the central theme of the conference, "free market" versus "national economies," was precisely the same theme around which Secretary of State George Shultz decided during that same week to conduct his fight against President José López Portillo of Mexico and against Brazilian President João Baptista Figueiredo at the annual United Nations General Assembly in New York.

The United Nations drama, relevant to the proceedings at Urbaniana, unfolded in the following way: The General Assembly opened with President Figueiredo's speech, whose main subject was the grave accusation that the advanced-sector nations have deliberately created the present world crisis for the purpose of ruining the economies of the developing nations. Subsequently, Mexican President López Portillo further charged that the damage done to developing sector economies was principally caused by massive capital flights orchestrated by financial marauders concealing their identities behind the anonymity of the "free market."

To these charges, Secretary Shultz, in his main address before the United Nations, answered that the present world economic "recession" (sic), was caused by the "state sectors" of various economies and by the fact that "command economies" were inhibiting the activities of the "free market." Pursuing a cause opposite to that of all Ibero-American spokesmen, he called on the United Nations to follow him in a crusade to impose a "free-market" regime worldwide.

His sentiments were a precise echo of the less-advertised proceedings of the haughty oligarchs at the Urbaniana conference.

The KGB angle

The third interesting feature of that conference was the presence there of certain leading financial personalities from certain centers which specialize in providing highly sensitive top-level financial services to the Soviet KGB, such as the Banco dei Paschi di Siena and the Austrian Finance Ministry.

Is it not mysterious that KGB financiers turn out to be the same institutions which are destabilizing Poland and trying to ruin Latin America you might ask?

Not necessarily. Almost exactly two years ago, *EIR* founder Lyndon H. LaRouche, Jr. wrote a report titled "Who Is Doing What to Whom?" published in *EIR*, in which he outlined that the Jesuit-solidarist insurgency networks in Poland were in fact encouraged and manipulated by the Soviet KGB for purposes relevant to the internal political power struggle in Moscow. Two Soviet factions had been identified then. One, a détente-oriented faction which preferred collaboration with France and Helmut Schmidt's Germany, and the other, "ideological" faction, around Mikhail Suslov, Boris Ponomarev, and the KGB, which preferred collaboration with London and the European oligarchy, for the purpose of arranging a new re-division of the world.

In the course of the two years since that LaRouche analysis, Schmidt disappeared, France is no longer a pivot for Brezhnev's kind of détente; Polish "KGB" chief Kania was smashed by General Jaruzelski's martial law; Mikhail Suslov died; the KGB's Andropov was promoted to Suslov's place; the man who for years had been destroying Brezhnev's Ukrainian political base, Fedorchuk, became head of the KGB. The CIA is circulating medical-intelligence reports that President Brezhnev's outermost biological limit is two more years, 1984. The London elite press, such as the *Economist*, keeps emphasizing that Western policy should be to encourage Yuri Andropov's succession to Brezhnev. Sources close to CIA Director William Casey, himself a Jesuit solidarist, also suggest that Andropov should be preferred. Quiet dinners in various inaccessible family chateaux of Alpine central Europe keep repeating the theme: Andropov is to be preferred.

There is no doubt, for those with access to information, that Andropov's crew, the Otto Kuusinen "kindergarten" of what intelligence networks call the "Northern Route," is behind much of what passes as high-level patronage of the "reform" movements in Eastern Europe. But what is the secret around which the "Cobra," Yuri Andropov, has made a common cause with the crowned cobras of Alpine Europe?

The secret is the oligarchy's program for a "post-industrial society" for the West. When, during the 1963-67 period, these oligarchs inaugurated their long-term program for monarchical restorations, they outlined, in a series of then-secret papers, that the single, most important task toward destroying, eventually, the institutions of republican nation-states, was *deindustrialization*. Feelers were put out to the Soviet leadership: would you agree not to take advantage of the West in the event the West decided to "de-industrialize?" Moscow said it would "consider." In 1967, a joint project was created to supervise the "agreement," the Vienna International Institute for Applied Systems Analysis. At the same time, Yuri Andropov was appointed Chief of the KGB.

Then, a 10-year period of détente and SALT followed which allowed the Soviet Union to achieve nuclear strategic parity. The 1980s is the "endgame" phase of this tenuous

game in grand strategy. From the standpoint of the crowned cobras of the European oligarchy, Andropov *must* become Brezhnev's successor. Why?

The crowned cobras are now too deeply involved in the destruction of the West's industrial power. Mexico's decision to turn the tables against its international oligarchical loan sharks had profounder strategic consequences than President José López Portillo suspected when he announced his measures. Mexico has inspired a movement of nations throughout Ibero-America which is preparing to destroy the existing world monetary system. The oligarchical families behind this rotten monetary system, the *Alpenfestung* families of the Urbaniana conference, have no choice but to annihilate the nation states and economies of Ibero-America in order to defend their existence. The realities of today's world debt structure make it evident that such a destruction of Latin America will bring down the United States economy as well. Hence: the oligarchy's survival requires a period of Dionysiac chaos of which Henry A. Kissinger spoke in a recent San Antonio, Texas speech. But they dare not proceed with this chaos scenario without guarantees that their "friend" Andropov will be at the helm in Moscow.

Dumb David Rockefeller

This peculiar form of logic dictates: To ensure Yuri Andropov's political future, one must prove that the Jaruzelski experiment in Poland cannot possibly succeed. Therefore, the radical-intransigent forces of Solidarnosc must be unleashed for a perpetual fratricidal war in Poland. The Jesuit-solidarist oligarchy of Europe which, through such networks as Freedom House, Britain's Art Council, Cardinals Höffnung of Cologne, König of Vienna, and Ratzinger of Munich, are cynically manipulating Polish aspirations to push a whole nation toward the course of meaningless self-immolation. The KGB is encouraging the charade. The only way to keep alive Andropov's hopes is to destroy the nation of Poland. The only way for the oligarchy to destroy the courageous nations of Ibero-America is to keep Andropov's hopes alive.

A mediocrity of a commissar at Dzerzhinskii Square, with the rank of colonel at age 62, mused the other day: "The damn Polacks are just like those no-good Latin Americans. They borrow and borrow and consume and consume, and in the end, they never pay back their debts." Dumb David Rockefeller would have nodded in sympathy.

The irony however is: Suppose our crowned cobras of the West succeed. Suppose they destroy Ibero-America. Suppose they destroy Poland. Suppose they ensure Yuri Andropov's ascent to ultimate power.

What will it then do, this uncrowned cobra of the Kremlin, which has been remaining so marvelously motionless throughout all this commotion, like the wise serpent of Biblical *sophrosyne*? Will it not then make its one deadly lunge? Andropov has given, and will give, no guarantees to his Western partners. He does not have to.

Southern-tier oligarchs dominate the new West German cabinet

by Rainer Apel, Bonn Bureau Chief

Most West German citizens consider the new coalition government in Bonn a “conservative” one. The labor unions especially have reason to believe this new government, with its clear emphasis on austerity policies, is “full of reactionaries.” On his second day in office, new Labor Minister Norbert Blüm (Christian Democratic Union), enraged the labor movement by calling for a wage freeze of six months. Such a wage freeze would, added to the cuts in the social-welfare and health care budgets, lead to a drastic fall of living standards in most low-income families.

A famous German saying is that the Christian Democrats, who are heading the new Bonn government, are a combination of “throne and altar.” What is meant by this is that policy decisions in the CDU/CSU parties are actually determined by the oligarchical string-pullers behind the scene: the old nobility of Germany and the reactionary wing of the German Catholic Church. It has always been a striking experience for foreigners watching developments in Germany to notice the intermarriage of CDU/CSU politicians with the main transmission belt for oligarchical ambitions, the Pan-Europa Union of the pretender to the Austro-Hungarian throne, Prince Otto von Hapsburg who lives in the South German state of Bavaria.

The state of Bavaria is indeed a monstrosity: it has its own anthem, it calls itself “the free state of Bavaria,” and it also has its own Christian Democratic Party, the Bavarian Christian Social Union (CSU). The state of Bavaria never signed the post-war German constitution of 1948-49, and is thus standing in the tradition of the Bavarian king of 1918, who was the only German monarch to refuse to resign. Given this historical background of “Bavarian separatism,” it should not be at all surprising that the afore-mentioned Pan Europa-Union has many of its followers in Bavaria.

Bavarian separatism, the deeply rooted rejection of the fact that politics are made by “those in Bonn,” far away from Bavaria, has found its political incarnation in the person of the Chairman of the CSU, Franz-Josef Strauss, who is also the governor of Bavaria. Whatever instability might emerge in Bonn, in most of the cases it would be due to Strauss.

During the crucial days when the new coalition government was to be put together, out of the CDU, the CSU, and the liberal FDP, Strauss created one uncertainty after the other. Up to several days before the vote of no-confidence launched by the CDU against Chancellor Schmidt on Oct. 1, there was still a big question mark whether this vote would be successful, whether Strauss’s CSU would vote with the CDU.

The conditionalities Strauss raised in the coalition poker game had two main results: one, the fate of the new government would always hang by a thread; and two, the profile of the government has been pushed toward the far right of the political spectrum. An examination of the posts in the new government shows that Strauss has been largely successful in placing a disproportionate number of “southerners” into relevant positions. Out of a total of 16 ministers, six are from the “free state of Bavaria,” and an additional one from the state of Baden-Württemberg, the politics of which have always been largely influenced by Bavaria. Out of 28 under-secretary posts, four are given to Bavarians, and another seven to Baden-Württemberg. Most of the remaining posts, not occupied by the Liberals, are occupied by Christian Democrats coming from the Solidarist, Jesuit-influenced tradition of the German Catholic Church, and they are now in control of the ministries of Labor and of Family, Youth and Health Affairs.

The only real “northerner” in the Bonn cabinet is the new Minister of Finance, former Governor of the northern state of Schleswig-Holstein, Gerhard Stoltenberg. But he is surrounded by two under-secretaries coming from the south—one from Bavaria, one from Baden-Württemberg.

The new Bonn government is controlled by the southern wing of Germany’s Christian Democracy, and this means that it is controlled by the oligarchy, by powerful families of the old “southern tier” nobility like the Wittelsbach, the Thurn und Taxis, the Fuerstenberg, the Loewenstein, the Hohenlohe, the Hohenzollern, and so on—just to name some of the most important ones. With their combined private properties, their financial power, and their traditional unwritten privi-

leges, the families of the “southern tier” nobility have always been a force of obstructionism against the post-war republic which had to be reckoned with in Bonn.

The Black Triangle of the South

The basic truth behind the “southern tier” of German politics is the so-called “Black Triangle” (see map), which, if drawn on a geographical map of South Germany, circumscribes all the spheres of influence of the families. This “Black Triangle” has its very own history:

- The top of the triangle is the North Bavarian City of Coburg, the power-base of the House of Saxony-Coburg-Gotha, which is married into the Royal House of Sweden. This might explain why Coburg was one of the places from which the restoration of German Freemasonry started after 1945, because German Freemasonry is modeled on the so-called “Swedish Rite.”

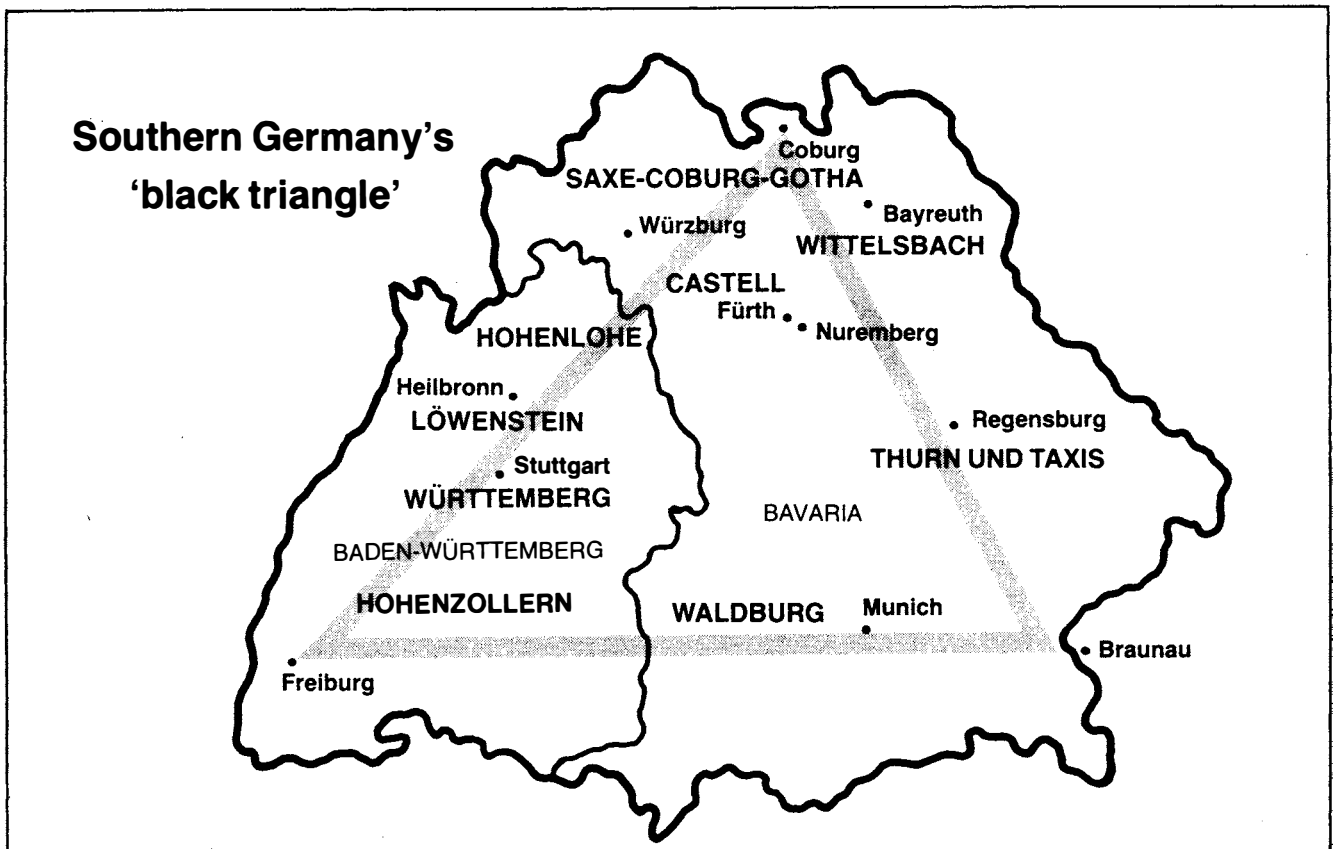
But there are also other strange connections: In the 1930s, a Duke of Coburg tried to arrange high-level meetings between the Nazi leadership and the British Round Table circle around Winston Churchill. In 1950, a group of former high-ranking Nazi and SS officials set up the so-called “Nation Europa” circle in Coburg, which then became the German section of the neo-fascist “Malmö International” of 1951, which has developed into a network reaching into all of West Europe.

- The triangular line then moves through the Bayreuth region. Bayreuth is known worldwide as the cult-site of Wagnerism, of the adoration of the Germanic cult-composer Richard Wagner, who was a creation of the King Ludwig II of Bavaria, of the House of Wittelsbach.

- Next point on the triangular line is the region of Regensburg, which has been one of the darkest sites in the history of the German Catholic Church up to this day. Just recently, it was discovered that the present bishop of that diocese had been in close contact with the cultist sect of Reverend Sun Myung Moon.

The region of Regensburg, which reaches toward the south to the city of Landshut, is known as the sphere of influence of the Princes of Thurn und Taxis, a family of bad reputation ever since they worked as the secret-intelligence arm of the Inquisition of the Hapsburg Empire. Today’s ruling Prince of the House, Johannes of Thurn und Taxis, is considered a “weird person” even among other southern oligarchs, because he is known for threatening people he does not like with assassination, as he did when meeting with Lyndon H. Larouche and his wife, Helga Zepp-LaRouche, head of the European Labor Party (EAP). The Prince’s wife, Princess Gloria, was caught earlier this year with a large portion of marijuana in her hat-box—an affair which never was clarified thereafter.

The prince himself is the largest private landowner



in present-day Germany, and owns vast property in the Brazilian Mato Grosso region, where he is running a "rice-growing pilot project" generously funded by the World Bank. The Prince has properties in British Columbia, Canada, and others in the region of Edmonton and Toronto. The Prince's closest "business friends" include David Rockefeller and the British Lord Weidenfeld, and also Alexander Haig. Haig and the Prince had a private gathering in Munich at the end of September.

The parliamentary deputy of the district of Landshut in Bonn, one Zimmermann, was made the new Minister of the Interior, which is a scandal in itself since Zimmermann was indicted for perjury on behalf of Strauss in a court case in 1960 and then, under yet unclarified circumstances, released from sentence for "reasons of being mentally incapable." The same person, thus declared incapable of serving a term in jail, will now head a ministry whose main tasks it is to safeguard the constitution and domestic security.

- The triangular line proceeds into the City of Braunau at the Inn River, which is at the Bavarian border to Austria and happens to be the home-town of a certain Adolf Hitler, who has written himself into mankind's history as the cruelest dictator of this century. Fewer people know about the fact that the same Hitler, Austrian-born, was launched into German politics by the so-called Thule Society, a prominent member of which was a Prince Maria of Thurn und Taxis (who got shot during the 1918 "Munich Republic," which was a Jacobin upsurge crushed by the Wittelsbach troops soon after).

The House of Wittelsbach

- The base line of the "Black Triangle" moves from Braunau into Munich, the residence up to this day of the remainder of the Bavarian Wittelsbachs. It is the region of the election districts of the new Bonn Minister of Justice, Engelhard (FDP); of Agriculture, Ertl (FDP); of Special Advisor to the afore-mentioned Minister Zimmermann, Count Huyn (CSU)—member also of the group Le Cercle of "conservative revolution" proponents; and of the new Minister of Development Policy, Warnke (CSU). Undersecretary to Warnke will be Mr. Lengl, managing director of the pro-monarchist Hans Seidl Foundation, which serves as a transmission belt for Pan Europa policies on behalf of the pretender to the Austro-Hungarian throne, Otto von Hapsburg, who is also a member of the CSU and lives near Munich.

- The base line proceeds through the properties of the Prince of Waldburg-Zeil, who is among the largest private landowners in the South and controls the three major newspapers in the region. A brother of the prince, Count Waldburg-Zeil, a CDU deputy in the Bonn Parliament, was among the sponsors of a motion to support the U. S. State Department population policy known as *Global 2000*. The sister of the Count is married to the Prince of Lobkowitz, who was Dean of the University of Munich and is a member not only of Hapsburg's Pan-Europa Union, but also of the

The command structure of the imperial families in the Old and New World

The nations of Ibero-America and the nation of Poland are fighting for their lives against a common enemy: the centuries-old European oligarchy, said EIR Founder Lyndon H. LaRouche as Solidarity-organized riots gripped Poland following the government outlawing of the renegade trade union in early October. The "black oligarchical" families of Europe correctly believe that the Brezhnev-led leadership of the Soviet Union will not tolerate their plans for genocidal destruction of the developing sector. To guarantee the defeat of the Brezhnev faction in the succession fight that will follow the death of the aging Soviet premier, they are willing to destroy the nation of Poland, where Brezhnev has worked closely with the current military regime.

The unified command deployments of the Old and New World branches of the European oligarchy to this end are the subject of an on-going investigation by the EIR's Ibero-America, European, and Soviet sector desks. We present here a summary of preliminary findings.

Prince Nicholas von Lobkowitz: Prince Nicholas is today the head of the conservative Catholic movement in Germany, and plays a pivotal role in the coordination of oligarchical strategy for Ibero-America and the East bloc. A native of Prague, Czechoslovakia, Lobkowitz comes from a family made princes of the Holy Roman Empire in 1624.

Prince Nicholas was educated at the University of Freiburg, Switzerland, where he became a protégé of Father Bohensic, a Thomist priest who later co-founded the Ost Institut in Cologne. The Ost Institut, in which the Prince now plays a leading role, in the last year especially, has hosted numerous international conferences for the purpose of planning the spread of solidarism in the East bloc

and Ibero-America.

Collaborators of Prince Nicholas have stated that their goal is "the merger of the Church with Solidarnosc." An essential part of the strategy is to limit the role of His Holiness John Paul II to that of a "Polish leader." "Hope lies first in Poland," his collaborators have stated.

Prince Nicholas maintains active ties into Turkey with the Grey Wolves grouping which ran the first unsuccessful assassination attempt against John Paul II with Mehmet Ali Agca as the hit-man. He is also a member of the Association for the Advancement of Slavic Studies and of the Federation of International and Eastern European Studies.

Prince Nicholas was one of the organizers of and speakers at the Jan. 14-17, 1982 "Atalaya" conference in Guadalajara, Mexico, which gathered some of the top international enemies of the regime of José López Portillo and his policies of rapid industrial growth. An open declaration of war against the government's policies was issued at a press conference by Augustin Legorreta, then still head of Mexico's largest private bank, Banamex. Legorreta stated that he no longer supported the President's economic policies which he charged had led to inflation. Legorreta lost his job on Sept. 1 when the Mexican President announced the sweeping economic measures that included nationalization of the country's private banks and the federalization of the central bank.

Other speakers at the Lobkowicz-Legorreta conference included Bruno Pagliai, an intimate of the Savoy family of Italy and friend of former Mexican President Miguel Aleman. Pier-Luigi Pagliai, of the same family, was just arrested in Bolivia and extradited to Italy on charges of participating in the execution of the bloody Bologna, Italy train station bombing of August 1980, in which over eighty people were killed.

Tradition, Family and Property and the Braganza: TFP is an extremist paramilitary organization characterized by security specialists as a "cult and terrorist army." Founded in July 1960, it is a modern-day Inquisition, and its targets include the Vatican, Poland, and countries of Ibero-America. The TFP has been linked to the attempted assassination of Pope John Paul II on May 12 of this year in Portugal. The Pope's assailant, Spanish priest Juan Maria Fernández Krohn, is a member of TFP, and also maintains ties to Poland's Solidarnosc movement. Krohn spent several days in Krakow in July and August of 1981, according to Polish news agencies.

TFP members have been photographed using a picture of Pope John Paul II as a target during weapons training at their guerrilla camps in Brazil. The organization has even charged the Polish Pope with being a "communist."

TFP was founded by Plinio Correa de Oliveira, a 73-year-old Brazilian who traces his ancestry to ministers of the last Brazilian emperor, Dom Pedro II, and by Father Walter Mariaux, a Jesuit priest. The Society is promoted by the Braganza family, heirs to the Portuguese throne. The pretender to the Brazilian throne, Prince Luis de Orleans e Braganza, lives in a TFP house.

The Braganzas are part of the network of the European "black nobility" which includes the Thurn und Taxis family of Bavaria and Otto von Hapsburg, pretender to the Austro-Hungarian throne. The mother of Johannes von Thurn und Taxis, the current head of the family, was a Princess of Braganza. The Thurn und Taxis family maintains extensive property holdings in Ibero-America.

The Madrid-based European Center for Documentation and Information, headed by Otto von Hapsburg, is closely linked to TFP leaders.

Propaganda 2 (P-2): The P-2 Freemasonic lodge is a classic example of European oligarchic terrorism linking up with the Old and New Worlds. The P-2 was organized with the objective to bring the House of Savoy back to the throne of Italy. Its operatives have used Ibero-America as a base for stashing flight capital for the fascist nobility of Europe, for making new fortunes through international narcotics trafficking, and as logistical centers for terrorist operations in Europe.

All these aspects of the P-2 conspiracy have come together with the capture and extradition to Italy on Oct. 11 of Pier-Luigi Pagliai, one of several terrorists wanted for the 1980 Bologna train station bombing who were living in Bolivia. That bombing was ordered by the Monte Carlo Lodge, a P-2 affiliate, whose membership reportedly includes such notables as Henry Kissinger, Prince Rainier, and Venezuelan ex-President Caldera.

Pagliai was part of a Nazi-run death squad operation, "Bridegrooms of Death" which protected Bolivian cocaine routes in between terrorist operations in Europe. He was given \$2 million by an Italian bank branch in Buenos Aires to assassinate Hernan Siles Zuazo. Siles Zuazo was sworn in as new President of Bolivia Oct. 10, and has announced commitment to wipe out the drug mafias and death squads and free the economy from strangulation by the European oligarchs.

Siles shot first, removing Pagliai's military protectors and helping the U.S. Drug Enforcement Agency and Italian police get the man they had been tracking. Given a moment's breathing space, Siles announced Oct. 14 six Ibero-American nations would coordinate action on their debts. The whole P-2 nest could unravel in Bolivia if U.S. General Vernon Walters' P-2 buddies fail to murder President Siles promptly.

“Committee for the Free World.”

The family of Waldburg-Zeil wrote itself into the history of feudalist bloodletting, when Count Georg commanded the Hapsburg mercenary troops to crush the peasant and city rebellion against the brutal Hapsburg austerity regime in 1525. The crusade of the Count was accompanied by endless cruelties against the civil population. It comes, therefore, as no surprise that the present-day Waldburgs are engaged in activities on behalf of the genocidalist doctrines of *Global 2000*.

- The left corner of the “Black Triangle” is formed by the region around Freiburg, which traditionally belongs to the sphere of influence of the Princes of Fuerstenberg. The House of Fuerstenberg has, among other things, become famous for arranging festivals of modern 12-tone music since 1921, and is credited with the role of the main promoter of the subversion and destruction of German classical music in the 20th century. Against the background of cultural pessimism and nihilism, which is a crucial aspect of the development of “modern music,” it is also not surprising that the region and city of Freiburg have developed into the region with the highest density of anti-industrial ecology groups (the “Greenies”).

It was nearby, at the Jesuit College of St. Blasien, that the new CDU Minister of Family, Youth, and Health Policies in Bonn, Geissler, received his basic training and education. The modern version of “solidarism,” called “the new social concern,” was worked out by Geissler at the beginning of the 1970s and has meanwhile penetrated most of the Christian Democratic movement. Solidarism was the epistemological basis for the Dark Age faction of the German Catholic Church to agree to the corporatist, fascist world-outlook which helped to pave the way in the late 1920s towards the Concordat between Catholics and the Nazis in 1935.

- The region around Freiburg borders the traditional zone of influence of the family of Hohenzollern, which ends south of Stuttgart, the capital of today’s State of Baden-Württemberg. The family is based at Hechingen Castle, where also the annual gatherings of the Zollern Circle take place. These gatherings, which include proponents of the “conservative revolution” current, are celebrations of the anti-republican monarchist belief-structure which forms the core of “southern tier” propaganda.

A meeting at Hechingen Castle in late September found agreement on the idea that the West German republic could not be brought out of its present social, economic, and political crisis other than by a “conservative revival” to be carried forward by a “new force yet to be created.” Intelligence sources in the U.S.A. as well as in Europe have repeatedly pointed to plans for a “New Hitler Project” pursued by circles belonging to the “southern tier” oligarchy.

The election districts of two of the new Bonn Undersecretaries, Jung (FDP, serving in the Ministry of Defense), and Pfeifer (CDU, in the Education Ministry), lie within the Hohenzollern zone of influence.

Stuttgart and the surrounding region

The city of Stuttgart and the surrounding region are the home-base of the former rulers of the Dukedom of Wuerttemberg—the House of Württemberg, whose present-day members are, among other leading families in the “southern tier,” married into the evil Italian House of Pallavicini and into the Royal House of France.

The new minister of Defense in Bonn, Manfred Woerner (CDU), has his election district in Goepfingen, east of Stuttgart. He is a rabid advocate of the Rapid Deployment Force concept of NATO, of the stationing of the cruise and Pershing II missiles on German territory, and is considered an unsavory supporter of Strauss.

- The triangular line moving upwards from Stuttgart cuts through the properties of the families of Loewenstein, the home-base of which lies near the city of Heilbronn, which happens to be the longtime election district of leading Social Democratic ecologist and former Vice-President of the World Bank, Erhard Eppler. Eppler was among the few Germans attending Henry Kissinger’s “strategic seminars” at Harvard University.

Today’s Loewenstein family has one of its prominent members running the drug-pop-multinational generally known as the Rolling Stones. The same Loewenstein did, by the way, arrange for a private dinner between the rock group and the wife of Prince Thurn und Taxis in August.

- Stretching from the Loewenstein grounds to the North, to the city of Würzburg, one finds the prominent city of Weikersheim, the castle of which, a property of the Hohenlohe family, serves as annual gathering spot for the “Weikersheim circle.” The Weikersheim Circle is considered a key transmission belt for Hapsburg’s Pan European Union, and includes such prominent politicians as the former Governor of the state of Baden-Württemberg, Hans Filbinger, who had to resign several years ago due to past involvement in Nazi court proceedings. Another prominent member of the same circle is Lothar Bossle, professor at Wuerzburg University, who is, again, close to the conservative revolution group and to Strauss.

Within the zone of influence of the Hohenlohe family are the election districts of the new Bonn Minister of Transportation, Dollinger (CSU), and the new undersecretary in the Interior Ministry, Spranger (CSU), who has been presiding over the CDU/CSU parliamentary caucus on security and public law affairs.

The Bilderberg Society connection

- The “Black Triangle” being completed, one can now draw the perpendicular from Coburg, and will arrive at the lands belonging to the family of Castell. The family is prominently present on the board of the Südboden-Kreditbank, of which the aforementioned Minister of Transportation, Dollinger, is a board member, also. The Südboden-Kreditbank merged with the favored banks of the “southern tier”

oligarchy in Munich, the Bayern-Hypo bank, the Bayerische Vereinsbank, etc.

The Castell family has been prominently engaged in promoting the Bilderberg Society, founded after World War II by the Royal House of Holland. The Bilderberg Society is another key transmission belt for promoting monarchist, restorationist ideas and can be considered as being on the same level as the Pan-Europa Union. The famous 1955 gathering of the Bilderberg group in the South of Munich, which made Strauss the first German Minister of Nuclear Development and one year later of Defense, was arranged by a member of the House of Castell.

- Next station on the perpendicular is Fürth, the hometown of Henry Kissinger. The city of Fürth was used for centuries as a battering ram by the South German oligarchy against the powerful and humanist city of Nuremberg, during the medieval period.

- Next comes the city of Eichstaett, belonging to the zone of influence of the Pappenheim family, which has been serving the Hapsburg empire in Germany for more than six centuries. The city of Eichstaett, also one of the known "dark spots" in the German Catholic Church, was the founding place of the "Occidental Academy" group in 1955, which gathered every prominent member of the various monarchist, restorationist movements, including the Pan European Union, for a "crusade against the Soviet anti-Christ." The aim of the Eichstaett circle was to force destabilization in the East bloc, in order to prepare the ground for re-establishing what they called "the Christian Empire" of Europe. It is said that the riots in Poland and the civil war in Hungary of late 1956 are results of these subversive activities.

The first post-war German Chancellor, Konrad Adenauer (CDU), recognized the danger inherent in the activities of this dark age circle in Eichstaett, and drove them out of Germany. The Eichstaett group (which was co-founded by the late prince of Waldburg-Zeil), then moved to Madrid to merge with the European Documentation and Information Center. The center, which also serves the Hapsburgs, was created with the help of SS commando Otto Skorzeny.

- The end of the perpendicular moves through the lands of the House of Ottingen-Wallerstein, which wrote itself into German history by attempting the assassination of Friedrich List, "American System" proponent, friend of Lafayette, and father of the German railway system.

These "southern tier" oligarchical families, often Knights of the oligarchical Order of Malta command center, represent an immense pool of financial power and private ownership of lands. They have launched many of their puppet politicians into the new Bonn cabinet. One cannot avoid the impression that those "southerners" were brought in to effect the complete transition of power in Bonn, away from the "northerners," who have traditionally been committed to industrial progress as opposed to the southern latifundists. Now, these oligarchs are prepared to create the "southern tier authoritarian regime" often warned of in German policy-making circles.

Factional warfare in Japan's ruling party

by Daniel Sneider from Tokyo

The announcement Oct. 11 by Prime Minister Zenko Suzuki that he will not seek re-election as president of Japan's ruling Liberal Democratic Party (LDP) has sparked an unprecedented "absolute war" among the party's factions. According to informed sources here, party leaders met into the early hours of Saturday in a last effort to reach a "consensus" decision on a successor to Suzuki, but the compromise effort failed. The leaders, hoping to avert a volatile open election to choose Suzuki's successor, were working against a deadline of Oct. 16, which party rules designate as the day all candidates for the presidency must submit their entry.

Because the LDP failed to reach a compromise, four party leaders will submit their entry for the open election to succeed Suzuki. However, party leaders agreed at the Friday night meeting to delay for one week all campaigning during which time efforts to reach a "consensus" choice will be resumed. Should these efforts fail, as is probable, then the ruling party would face the first real election in its history, which could dramatically change Japan's political process.

Leadership crisis

Underlying the political warfare in the LDP is a leadership crisis now gripping Japan, a crisis which stems from indecision over how to respond to the deepening global depression. Declining exports, protectionism against Japanese products in other countries, instability in the world financial system and other factors have combined to create in Japan a widespread sentiment that the country's hard-won post-war prosperity is now threatened by developments beyond Japan's control. Somehow, the sentiment goes, Japan must take an active independent role in world affairs, but with memories of Japan's defeat in World War II still fresh in their minds, Japanese leaders and average citizens alike are not sure how to do this.

As Japan's economic problems have grown, so has the demand for a strong government to guide the country. Suzuki, himself a compromise choice among the LDP's feuding factional leaders two years ago, became the universal target of this sentiment, as people from all walks of life in Japan argued he was incapable of providing the leadership required

at this time.

This situation provided an alliance of forces in the party led by former Premier Takeo Fukuda with the pretext and motivation to launch an effort to oust Suzuki and shake up the party in order to reduce the endemic feuding among factional leaders.

The possibility is still high that another "compromise" choice will be made in the "nobody" mold of Suzuki, in which case the instability in the LDP and the debate over leadership will continue.

Inside the party feuds

The key party rivalry at this time is between Fukuda and former premier Kakuei Tanaka—a rivalry that has actually dominated the LDP for a full 10 years. While there are significant policy differences underlying the rivalry, sources in Tokyo emphasize that the highly emotional and personal nature of the rivalry cannot be underestimated. The feud is a subtle mixture of both policy and personal differences.

Tanaka, with a huge patronage machine, is the single most powerful leader of the party, and maintains the largest faction among party members elected to the parliament. Tanaka is now dominated by concerns that he will go to jail next year if he is convicted of charges that he accepted bribes from the American Lockheed Corporation while serving as premier in 1972-74. For this reason, Tanaka has been trying to arrange political events in Japan such that he has influence over the premier when the court ruling is made. Suzuki steadily became beholden to Tanaka over the last two years. Together with another faction leader, Yasuhiro Nakasone, Tanaka was acting to keep Suzuki in power.

Though the Tanaka-Suzuki forces controlled a majority of LDP Diet (parliament) members, the opposition forces led by Fukuda utilized the country's sentiment against Suzuki as the basis for their attack. The opposition argued that Suzuki's lack of popular support and backing in the party would undermine his rule even if Tanaka were able to push through his re-election as party president. They also argued that if Suzuki were the party's standard-bearer in next year's Upper House election, the LDP would suffer a big loss.

Virtually all observers had assumed that the Suzuki-Tanaka control over a majority of the LDP's Diet members assured Suzuki of re-election. However, analysts for *EIR* insisted that the underlying leadership crisis would enable the Fukuda forces to oust Suzuki. (See *EIR*, April 20, 1982, on the upcoming autumn crisis, and Aug. 31, 1982.)

In his anti-Suzuki drive, Fukuda was joined by a collection of other factional leaders, each with his own motivation for joining the drive. In all cases however, in addition to personal animosities against Tanaka and personal ambition, fundamental policy considerations guided the actions of these leaders. Fukuda was joined by: Nobusuke Kishi, 82-year-old former premier who maintains tremendous power behind the scenes. Kishi is known to believe that a world depression is underway and he wants to avoid a repetition of the 1930s by

having world leaders "manage" the depression. He wanted Suzuki out because he is concerned Suzuki could not prevent a deterioration in U.S.-Japan relations, and also to pave the way for his son-in-law and Fukuda deputy Shintaro Abe to become premier; Takeo Miki, former premier who is a sworn enemy of Tanaka's "money politics"; Economic Planning Agency Director Toshio Komoto, who favors a high growth policy for Japan's economy in opposition to the low growth policy advocated by the Suzuki administration; and, Ichiro Nakagawa, currently Science and Technology Minister, who wants power transferred to the "younger generation" of the LDP, of which he is a leader. Fukuda himself shares many of Kishi's concerns about the world economy, but many believe he would seek a policy to revive the economy were he to become premier again rather than promote his mentor Kishi's "manage-the-depression" approach.

Sources in Tokyo have emphasized that the role of Kishi was crucial to the success of the drive to oust Suzuki, since Kishi is enormously powerful in the backroom negotiations that dominate the LDP. Sources report that Kishi reached a highly confidential agreement in late summer with Fukuda and Komoto to ensure Suzuki's defeat.

With Suzuki out of the way, the basic Tanaka-Fukuda feud has emerged in the forefront, and nothing has been resolved. However, the view exists here that Tanaka has been weakened by the ouster of Suzuki.

Tanaka and Suzuki have proposed that Nakasone succeed Suzuki, but the Fukuda forces have rejected this, saying Nakasone would be another Tanaka puppet. Fukuda wants to avoid having another Tanaka proxy appointed, and is also opposed to the appointment of a compromise "leader" with the task of "balancing" the factions by adopting a "non-leadership" role in the mold of Suzuki. Fukuda's stance has blocked efforts of the party elders to reach a decision in the traditional behind-the-scenes manner, and Fukuda is using the threat of an open election, in which the party's 1.1 million members first vote in a two-tiered election, to force Tanaka to back down and accept a choice from the Fukuda-allied camp.

Most of the party leaders do not want an open election, since this would reduce the "mediating" role of the faction leaders and party elders traditionally at the center of Japanese politics. Fukuda is believed ready to accept an election if necessary, however, in the belief that it would hurt Tanaka the most.

Komoto is the only major party leader favoring an election, since he is popular among the grassroots membership and would probably win the first round of voting. LDP Diet members would vote in the second round from among the two top vote-getters in the preliminary round.

In addition to Komoto, three other leaders entered the presidential race on Oct. 16: Shintaro Abe, representing the Fukuda faction; Nakasone, with the backing of the Tanaka and Suzuki factions; and Nakagawa, representing his own faction.

How the Vatican is addressing the crisis in the Middle East

by Mark Burdman from Rome

At a time when the Middle East region is going through its most extreme crisis in decades, threatening to plunge the world into further chaos and war, international attention has lawfully been directed to what interventions might be expected from the Holy See in Rome.

It is clear that the Vatican feels enormous concern over the deteriorating situation in the Middle East and is prepared to take concrete and dramatic action to stem the plunge toward the Inferno. Whether these planned actions are adequate to meet the profound requirements of the present historical moment is, however, questionable.

On the visible level, Vatican efforts, motivated both by Pope John Paul II and by the powerful Vatican Secretary of State Cardinal Casaroli, are directed at efforts of personal diplomacy that embody the Holy See's concern to counter the irrationality that is sweeping the Middle East. The first of these steps of "open diplomacy" was, of course, the Papal audience with Palestine Liberation Organization Chairman Yasser Arafat, and the included efforts to achieve a dialogue between the claimants, Palestinian, Arab, and Israeli, to the historical land of Palestine, leading toward a PLO-Israeli recognition and a settlement of the question of Jerusalem.

In the first week in October, momentum had begun toward a new step in personal diplomacy. It was reported in reliable Rome circles that the Pope will make an historical visit to Lebanon, likely in the last weeks before the end of this year. According to my sources, the idea of the visit was first mooted in a session between His Holiness and the Patriarch of the Melkite (Greek Catholic/Eastern Rite) Church, Hakim, on Sept. 24. During this meeting, it is reported, the Pope declared his extreme concern over the growing sectarian strife in Lebanon, especially the potential for renewed Christian-Muslim confessional conflict, and asserted his readiness to travel personally to Lebanon. Two days later, this sentiment was conveyed to the Lebanese authorities, and the matter will be a focal point of discussion during the scheduled October stopover in Rome of Lebanon's newly appointed president Amin Gemayel.

According to an informed Lebanese source, "this visit will be very important for stimulating the cohesion and unity of Lebanon and facilitating the reconciliation of the communities, after all that has happened there. It is a very dramatic decision, and will have deep consequences."

In the general Mideast atmosphere characterized by the recent brutal massacres in Lebanon, the Vatican is smarting. Its interests, both of a specific Christian nature and of a more universal moral aspect, have been hit the combined assault of Khomeinist fundamentalism within Islam, the expansionist warrior-cultism of defense minister Ariel Sharon and his allies in Israel, and parallel manifestations of a nominally Christian variety in Lebanon.

Certain Vatican personalities feel it is more urgent than ever to re-establish the dialogue for co-existence between different communities in the Middle East, especially between Christians and Muslims, since Christians exist in the Middle East in a largely Islamic environment. What is feared is a general trend toward Muslim-Christian holy war, with repercussions extending deep into Africa and elsewhere. The Vatican also wants to avoid a kind of "Christian Zionism," in which Middle Eastern Christians band together, out of fear, into their own redoubts.

'No master plan'

While attempting to maintain an intricate web of delicate relations in the Middle East, the Vatican is not advocating a comprehensive plan for an overall Middle East peace, complete with concepts of economic and technological development for the region. Advocacy of such a comprehensive conception is regarded as too ambitious and as overstepping the Holy See's field of action. Many sources have stated in discussions, "you will not find a Vatican master plan for the Middle East."

By the same token, the Vatican refrains from making an emphatic identification and denunciation of the various cultisms (Isis, Mardouk, Moloch, Phoenicia, etc.) that are surfacing under nominally religious covers in the Middle East. In the special case of Israel, for example, the Vatican treats with overall suspicion the concept of a state founded by a religious faith, and has maintained a policy of non-recognition of actions of the current ruling Israeli team and by the heightened issue of Jerusalem, the city which Israel claims as its "eternal capital," but which the Vatican wants to see "internationalized" with free access to the holy shrines. In this context, the Vatican does not have a defined idea of transforming the Israeli state through encouraging the potential rise of movements consonant with a Judeo-Christian re-

publican outlook, and counterposing this to the fundamentalist Isis cultism of the Sharon faction.

Parallel observations might be made about Islam, and the lack of an explicit position against "Asharite" irrationalism within Islam and against the Khomeini and Qaddafi tendencies, as against the rational trend within Islam.

Paul VI's ecumenicism and its subverters

The question of Holy See relations with Judaism and Islam is enormously complex, and can only be analyzed in terms of the ecumenical initiatives in the 1964-74 period, preceding and following the 1967 issuance of the great *Populorum Progressio* encyclical calling for development of the planet through human intervention. It can be safely stated that the ecumenical initiatives toward Judaism, Islam, and other faiths originating in that period were seen in Paul VI'S mind as integrally connected to the questions of development raised by the historical encyclical.

On Oct. 22, 1974, two special commissions were formed on initiative from the Holy Father: the Commission for Religious Relations with Islam (associated with the Secretariat for Non-Christians, itself founded at Paul VI's impetus in 1964) and the Commission for Religious Relations with Judaism (associated with the Secretariat for the Union of Christians, created by Pope John XXIII in 1960).

There is no question that major issues of an historical, political, and philosophical nature were meant to be undertaken by these commissions, in line with a broader ecumenical vision.

The statement of principles of the Commission for Religious Relations with Judaism, for example, represents an intervention to reverse years of paranoia and distrust between the two faiths, especially resulting from the interwar and war years, and to lay the basis for a reaffirmed Judeo-Christian ethnic.

The founding of the Commission, claims the statement, finds its "historical setting in circumstances deeply affected by the memory of the persucution and massacre of Jews which took place in Europe just before and during the second World War. . . . Although Christianity sprang from Judaism, taking from it certain essential elements of its faith and divine cult, the gap dividing them was deepened more and more, to such an extent that Christian and Jew hardly knew each other. Christians must strive to acquire a better knowledge of the basic components of the religious tradition of Judaism; they must strive to learn by what essential traits the Jews define themselves in the light of their own religious experience." A "real dialogue" is advocated, premised on the rigorous interdependence of Judaism and Christianity in the doctrinal sense. Hence: "the New Testament brings out the full meaning of the Old, while both Old and New illumine and explain each other. . . . Jesus was born of the Jewish people, as were His apostles and a large number of His first disciples. When He revealed himself as the Messiah and Son of God, the bearer of the new gospel message, He did so as

the fulfillment and perfection of the earlier revelation. And, although His teaching had a profoundly new character, Christ, nevertheless, in many instances, took His stand on the teaching of the Old Testament. . . ."

No sooner had these commissions been launched than the enemies of humanity began to react to corrupt and subvert the intent and direction of the ecumenical initiatives. For example, from the outside of the Church, the Club of Rome rushed in the 1974-75 period to create a Malthusian parody to the conception of Paul VI, called the "Interreligious Peace Colloquium" (IRPC). The IRPC had the sole purpose of infiltrating the Club of Rome's Malthusian federalism into the world's faiths and then deploying these faiths as battering rams against progress. Under the auspices of individuals like the Society of Jesus's Philip Land—an American trained at the Jesuits's center of epistemological warfare, the Gregorian University in Rome—the concept was put forward at conferences in Bellagio, Italy and Lisbon, Portugal in 1975 and 1976 respectively to establish the Club of Rome's genocidal "globalism" as the basis for a new "ecumenical" relationship, and thereby to invert the intent and content of the *Populorum Progressio*. Inroads were made by the IRPC directly into the commissions on Judaism and Islam, and these inroads are maintained to the present day.

The problem is made yet more profound *within* the Secretariats for Christian Unity and Relations with Non-Christians. In these, important consultancy positions have been obtained by anti-humanist members of the Dominican Order, the Society of Jesus, and others, sympathetic to irrationalism and cultism. These individuals come from institutions, such as the Gregorian University and the Pontifical Institute for Arab and Islamic Studies, whose methodology, it has been discovered upon investigation, is that of the evil notion of cultural relativism. Leading figures within these have openly defended "Asharism," the pseudo-Islamic ideology of al-Ghazali that produced the evil Muslim Brotherhood in this century.

A different but related set of problems besets the Commission on Religious Relations with Judaism. Since the Mid-1970s, this Commission has held meetings on Christian-Jewish relations with a body called the International Jewish Committee on Interreligious Consultations, the most recent being in Milan, Italy from Sept. 6-9 of this year. Among the constituent bodies of the Jewish organization is the Anti-Defamation League of B'nai B'rith. Tied into organized crime networks and cult operations, the ADL has devoted enormous energies to eliminating the main spokesman today for Judeo-Christian ecumenicism, the American politician Lyndon H. LaRouche, and thus is hardly qualified to be a spokesman for Jewish relations with the Church.

Under these circumstances, are the commissions established by Paul VI with an ecumenical vision today capable of being effective instruments for meeting the greatest set of political, spiritual, and moral crises that human civilization has confronted in centuries?

PLO's Rome delegate discusses Israel

The Palestine Liberation Organization today stands at a crossroads, a situation in the words of Chairman Yasser Arafat "similar to 1948." Since the Israeli invasion of Lebanon, and the subsequent evacuation from Beirut of the PLO's military forces, the organization under Arafat's direction has been forced to entirely reassess its position in the Middle East and its tactical approaches to achieving its goal of an independent Palestinian state.

Central to this reassessment has been the forced recognition that the previous strategy of armed struggle had, at best, reached its limitations and, at worst, had proven to be a dismal failure. With its fighters now spread out in different countries of the region, and few effective military bases remaining in Lebanon from which to freely operate, what are the choices available to the PLO?

The answer is provided, in part, in the following interview with the PLO's Rome spokesman Nemer Hamad, in which is reflected the growing emphasis being placed by Arafat on peace, negotiations, and cooperation in the Middle East. That there is momentum behind Arafat's new emphasis was clearly shown in a small but highly significant event last week. Following the murderous attack on a synagogue in Rome last week, Hamad denounced the action as an "aberrant manifestation of anti-Semitism against our Jewish brothers, guilty only of being Jews." Hamad's comment was carried front page in the Oct. 10 edition of the *Jerusalem Post*.

The factional situation in the PLO remains quite complex, and is augmented by Syria's dream of creating its own "PLO" in Damascus. With several of the PLO's principal factions now based in Syria, following the forced evacuation from Beirut, Syria is promoting an anti-Arafat movement. This week, with Arafat in Jordan for talks with King Hussein, five PLO factional leaders issued a strong denunciation of Arafat, and the Syrian Information Minister claimed that Arafat has no right to speak for the PLO!

Particularly dangerous at this time is the possible deployment of the Swiss-banker-controlled "Palestinian radical" Abu Nidal for more terrorist attacks to discredit Arafat and achieve other goals. Attacks on Arafat himself are not to be ruled out. Should such a terrorist wave occur, the recent turns by Arafat should make clear that it has nothing to do with the real PLO. Under Arafat's leadership, the PLO has made a turn, one which must be supported in the same way that peace factions in Israel and Arab countries must be supported. Only

such a process can prevent more "Lebanons" from engulfing the Middle East.

The following interview was conducted by EIR's European correspondents Mark Burdman and Paolo Raimondi with Nemer Hammad, the PLO representative in Rome since 1974, and a figure well known in Italian and Middle Eastern circles. Hammad was born in Palestine in 1941, near Acre, lived in Lebanon after the 1948 Arab-Israeli War, attended secondary school in Lebanon and the University in Cairo, and then lived in Damascus. He became a follower of the PLO in 1967, and was for several years a journalist, until becoming PLO representative in Rome in 1974. He has received extensive coverage recently in the Italian press for statements concerning and condemning the massacre of Palestinian refugees in Lebanese camps of Sabra and Shatila.

EIR: During the current period, one key development in the situation was the Pope's meeting with the PLO Chairman Yasser Arafat. Could you indicate what importance that meeting had?

Hammad: The Vatican, unlike all the Western countries—if you think of the Vatican as a state—is sincere and respects what we accepted in 1947-48. Israel was created by the United Nations, according to the plan for two states in Palestine, a Jewish state and an Arab Palestinian state, with international status for Jerusalem. This is what the United States and other Western countries voted for and this is what the Vatican still favors. After that time, all the Western countries changed their position and began supporting the expansionist policies of Israel, and ignoring the fact that they had recognized Israel within frontiers of the partition plan. The Vatican supports the idea of two states, and an international status for Jerusalem. This is why the Vatican doesn't recognize the State of Israel. Also, there are no diplomatic relations between the Vatican and Jordan. But for years, after 1948, and years later, there was no legitimate Palestinian leadership; thus there is no Palestinian state. So, any meeting with the PLO means that the Vatican is recognizing the Palestinian people and is recognizing the original idea for the creation of a Palestinian state. . . .

EIR: Recently, in an interview reported in *La Stampa*, *Le Monde*, and elsewhere, Arafat made very positive statements concerning the initiatives of Nahum Goldmann, Philip Klutznick, and other Jews, whom he described as being as in a Jewish humanist tradition. . . .

Hammad: We in the PLO differentiate between Jews, world Jewry, and the State of Israel, and we differentiate between Zionist Israelis and non-Zionists. We say that it is useless to go deeply today into discussion of the history, when there are losses of human lives. There is a reality that there are people who believe that this land is their country. Instead of learning how to kill, they can learn to live together. From this concern came our slogan for a Palestinian democratic state in which

Jews, Christians, Muslims, and non-believers could live together. This idea was expressed from 1964 to 1974, and repeatedly the Israeli government rejected such a solution. Then in 1974, our National Council, which is our parliament, decided in the same direction of democracy and coexistence on the creation of two states; the Palestinian state and Israel, as long as it exists, and, again, we had the answer of Israel with the famous three “noes”: no to a withdrawal to the territories as they existed before June 5, 1967; no to the Palestinian state; and no negotiations with the PLO. This was the line of Begin.

And so, when this declaration of [Pierre] Mendes-France, Goldmann, and Klutznick spoke about the need for a peaceful solution to the conflict, and the necessity for mutual recognition, we considered this very important from three leaders of world Jewry. Arafat considers that there is a big change. Until that recent point, all the Israeli aggressivity was defended by the main Jewish organizations. This is the first time that three leaders of the Jewish world took such a clear position.

EIR: Do you see this as having echoes inside Israel?

Hammad: There is no doubt that Israeli public opinion could be influenced by the positions of Jewish communities around the world, especially the American and the French.

EIR: For years, our founding editor Mr. LaRouche has seen the need for a grand design for economic cooperation in the Middle East, so that different cultures can be put together.

Hammad: There is no doubt that in the Middle East, where all the religions found their origin, there is a need, and a great need, for collaboration between the peoples of the region instead of conflicts. All elements for a real development exist: resources, manpower, experience, with humanitarian principles, due to the influence of religion, which must be a human influence, and not a religious fanaticism. Any kind of democratic development for the region could create a revolution not only for industrializing the region, but also for cooperation in all fields—cultural; scientific, agricultural—which could protect the independence of the region, and could give the region an important role in the world, for world peace and stability. A role which is opposite to today’s. Now, the Middle East is a force for destabilizing the world. Everybody is buying arms; there is no democracy, because there is a narrow patriotism, a chauvinism. By insisting that there must be a Jewish state, there is fanaticism. The insistence on an Islamic state—there is fanaticism. Until this moment, even the political problems have their origin in the economic problems. All the problems of the Third World, including the Middle East, go back to the colonialist period, when the Third World was considered only in terms of its raw materials. Today what is needed is collaboration between the industrialized and developing countries, instead of competition. What I said about relations inside the Middle East could be an example as well for relations between the region and

other regions. The New World Economic Order and the Middle East solution are connected to each other, related to each other. The struggle for democracy must go together with the struggle for the New World Economic Order. Everybody has his role: while the main struggle of the Palestinians is for independence and sovereignty, it is for the others also to struggle for a New World Economic Order.

EIR: Back to the destabilization of the region: We see the existence of a Bernard Lewis Plan for the disintegration of the Middle East, to break up the states with disintegration, to use this as a weapon against cooperation in the region. [Lewis, a British intelligence operative, is stationed at Princeton University—ed.] What is your view of this?

Hammad: This is really Israeli policy.

EIR: And Khomeini’s too?

Hammad: This is a different phenomenon. The majority of Iranians are Muslims. This is why Khomeini is in favor of an internationalism which is Islamic. It is fanaticism, in the form of an Islamic nation, while Israel is playing the role of destabilizing factor by playing on all the differences, whether of religion or race. For example, they want a Maronite state in Lebanon, this is why they lie about the numbers of Christians killed in Lebanon, as if the situation in Lebanon were a war between Palestinians and Christians, which is absolutely wrong—just to give their policy a cover of defending something, while they want to create a Maronite state. There is a fiction Israel is building about the situation in Lebanon. There are Lebanese of all different creeds and faiths, and within the Maronites, there are Palestinian Maronites, there is not a Maronite nation. Israelis also talk of the Druze as if there is a nation of Druzes. It would be as if in the U.S., people would talk about a Protestant nation. Israel is looking to divide. It wants to disintegrate the region into pieces, leaving Israel to be the policemen. Formerly, there was a similar role slated for the Shah [of Iran]. That was why the Gulf was being divided into small states. When the Shah decided to become independent, the Americans decided to criticize him and make problems for him.

EIR: And overthrew him to bring in Khomeini?

Hammad: I wouldn’t say that. The Shah ruled Iran as part of a small minority in the country. His father was a king who was supported by the British, and the British put him in because they were not sure of the attitude of the majority toward them. They put in a king, who was part of a minority, who would always have to depend on the British to rule, since he never felt he had the strength to govern. This was the same as King Abdullah of Jordan.

EIR: We would like to ask you to express your view on what forces were behind the recent massacres in Lebanon.

Hammad: Israel was created according to the Zionist ideology. Where would this Jewish state be? Herzl said it had to

be on a land without people. The question became, *how* to create it? Herzl also gave an answer, and put the program for the creation of a state in the framework of the interests of the colonial powers.

All the practices of Zionism, practically from 1917, with the Balfour Declaration until now, were in this direction: that Palestine is a land without people. They expelled the Palestinians from the country in different waves of emigration, the largest in 1948, then in 1967, and the years between and afterward, committing so many massacres against the Palestinian people.

After 1965, this Israeli policy of launching full-scale attacks against the Palestinians has been [mounted] against Jordan, Syria and Lebanon. Their aim, in large part, is to kill the largest number of Palestinians, if not all. . . .

I think that what Mr. Sharon said summarizes Israeli policy toward the Palestinians. He said on the 10th of June, five days after the Israeli invasion of Lebanon, that the Palestinians are the microbes of the world, and we must clear the earth of them. That was repeated in all international mass media.

EIR: There is much evidence that would implicate Henry Kissinger in the recent atrocities in Lebanon. How do you see Kissinger's role in the current situation?

Hammad: Kissinger has boasted that he did more for Israel in 1973 than all the Zionist leaders combined did for Israel in more than 60 years. He was behind the decision of the Americans to make a military bridge to Israel in the 1973 war. He was behind the decision by Nixon for an atomic alert during the war. He was the one behind the written guarantee given to the Israeli government that the United States would not negotiate with the PLO. Practically, Kissinger was the man who fabricated the current policy of the Americans for the Middle East, even during the Carter administration. Because he gave the written guarantee in the name of the United States, knowing that there was a Zionist lobby in the United States that could prevent change of these commitments. So, practically, Kissinger's policy, up to this moment, is controlling the American policy toward the Middle East.

EIR: What can you say about the British role in the current situation in the Middle East?

Hammad: The Palestinian tragedy was begun by the British and continued by the Americans. But it was created by the British.

EIR: We want a clarification from you on a certain point. There is much talk in the media about terrorism, and talk about the Palestinians and terrorism. We have indicated that the main problem in this area centers around Abu Nidal, and his group, and that is used to paint a more general picture. Can you comment on this?

Hammad: We have to agree on the definition of terrorism. Is it an act or an ideology? If a person killed another by a

knife, is it terrorism? If a state bombs a town and kills 5000, is it terrorism? Is the individual act of violence terrorism, and bombing by an airplane not terrorism? This is why all the Israeli acts against the Palestinians began with acts of terrorism by organizations and it is now terrorism by the state. Faced with the pragmatic and continuous terrorism by the state of Israel, so many Palestinian individuals, led by their feelings of desperation and depression, were easy targets for unbalanced persons who do not differentiate between ideologies and personal feelings and personal interests. In our revolution, as in other revolutions, certain acts against the enemy could be considered terrorism, but the moment all the struggle is terrorism, it is not national liberation movement any longer, just a gang.

This is why the PLO is not only military, but is the national identity of the Palestinians, where there are engineers, doctors, professionals, political forces, and the military organization as well. There are many institutions. There is room for condemnation of terrorism when it is against the national cause. In all modern history, we have seen that enemies of liberation movements used to see just terrorism in the struggle for liberation movements. This happened in Europe, when de Gaulle during World War II was considered a terrorist by the Germans. Even George Washington was considered a terrorist by the British. The success of any liberation movement depends on how much it can show that its policy, behavior, and so on show a responsibility for international law, and to struggle publicly, not underground. There is the PLO, which the Israeli government is insisting on considering a terrorist group—depending on what, this accusation? Depending on certain acts by a terrorist group led by Abu Nidal, who is working outside any Palestinian legality. He is not in Palestinian society. He has an underground group protected by others, who represent for the Israeli government the example of what they hope could be the entirety of the Palestinian movement.

There was an official Mossad report published at the end of 1981, which said that if Abu Nidal did not exist, we would have to create him. The report said that for Israel, Abu Nidal is a benefit. . . .

EIR: We want to conclude by indicating the work of La-Rouche and his associates toward the creation of a Club of Life. What do you think of this idea?

Hammad: All our struggle is to defend life. The life of any one of us is the greatest value, and if humankind is finished, this means nothing will remain. It is not the stones and the trees which give the earth its meaning. It is we human beings, with our minds, which we can use for a better life, instead of destruction. This is why I said the PLO believes it is better to live together in a democratic state in Palestine instead of killing each other. We are in this sense a member of the club and we support its principles. We don't make any differentiation between men according to their religion, their race, or their color.

Behind the murder threat to the LaRouches

by Robert Greenberg

Personnel from the intelligence agencies of three nations are now reporting on the operational details of an assassination plot targeting Helga Zepp-LaRouche, chairman of the European Labor Party, sometime prior to, or immediately following the Oct. 21 founding conference of the Club of Life in Rome, Italy.

The assassination of Mrs. LaRouche is designed as both a test of assassination capabilities, and to be the triggering incident for political chaos, a plan designed by an unholy alliance of British Secret Intelligence Services, their top U.S. agent Henry Kissinger, Israeli Defense Minister Ariel Sharon, and the Soviet KGB (see article, page 28).

Lord Weidenfeld, the publisher of Henry Kissinger in Britain, friend of KGB General H. "Kim" Philby's homosexual lover Sir Isaiah Berlin, and of Nazi leader Albert Speer, claimed Oct. 13 that he knew nothing about attempts upon the LaRouches' lives, but that he had been present at a dinner some weeks earlier where Prince Johannes von Thurn und Taxis gave him a briefing on the danger represented by the LaRouches. The occasion was a dinner in honor of former Secretary of State Alexander Haig. This month, sources report, Prince Johannes von Thurn und Taxis, who has threatened Helga Zepp-LaRouche's life, traveled to U.S. mob attorney Roy Cohn's base in New York for meetings at which the LaRouche question was undoubtedly discussed.

Details of the assassination plan against Mrs. LaRouche include the following components, thus far known to those intelligence agencies:

- Technical aspects of the operation are being case-officered by two experts from British intelligence, and politically overseen by U.S. mob attorney Roy Cohn. Cohn will travel to West Germany to put his final approval on the plan.

- Two teams have been put into place under the direction of the Old Nazi networks and with Israeli mafia input. The teams are being safehoused in Paris, and Frankfurt, with the operations center based in Geneva, Switzerland. The Paris team is known to include members of the "Carlos" terrorist apparatus, and the Frankfurt team includes members of the terrorist Baader-Meinhof gang.

- Members of these teams conducted a profile of LaRouche security during the Sept. 23, 1982, attempt on Mrs. LaRouche. The next attempt is to take place in either West Germany or Rome.

- The terrorist component of the operation is designed to give a successful assassination a terrorist label, covering up the British-Kissinger control over the operation. To facilitate this, one of the members of the team is being set up to be killed during the action, or captured and killed while in custody, so that the action can be traced to a terrorist "mother."

Contributing to an environment for an assassination was an Oct. 12 slander article in the *Münchener Stadtzeitung*, a West German counterculture monthly magazine that supports actions of the Baader-Meinhof terrorists. The article particularly vilified Mrs. LaRouche and her husband, U.S. leader Lyndon LaRouche, for their attack on green fascism. The article follows an Oct. 5 slander by the London *Observer*.

Rabb's dirty role

In Rome, meanwhile, U.S. Ambassador to Italy, Maxwell Rabb, is working to strip the security for the LaRouches. According to numerous sources Rabb is intervening with the Italian Interior and Foreign Ministries to convince them that the LaRouches do not require any security aid from the Italian government, and that any claim to the contrary by LaRouche is contrived. An Italian Interior Ministry official, for example, this week characterized the concerns for the LaRouches' security as simply "alarmist."

The Italian press prominently reprinted on Oct. 15 a release from the press agency ANSA which attempts to whitewash Rabb of any involvement in a possible attempted assassination against Lyndon and Helga LaRouche. The ANSA release, published in *Corriere della Sera* and *La Repubblica*, reports on the question posed at a State Department briefing, playing up the fact that the State Department spokesman denied the charges or that any forces inside Italy were anxious to see the hood Rabb removed from his post.

Corriere della Sera, a publication of the Rizzoli group, is a mouthpiece of the Propaganda-2 Freemasonic lodge and related networks. Rizzoli, the head of Rizzoli publications, was among those named originally as being a member of the P-2 lodge. *La Repubblica* is the mouthpiece of the Agnellis and Caracciolo's.

Maxwell Rabb has a long history of ties to organized crime, through his business relationship with Meyer Lansky. For this reason, and for his complicity in the plot against the LaRouches, the National Democratic Policy Committee has mobilized Americans to demand Rabb's removal from any official post, and to ask the Italian government to provide security for Mr. and Mrs. LaRouche.

The Italian Interior Ministry reports that it has received over 400 telegrams and has been "flooded with calls" demanding that they ignore Rabb's lies and provide full security cooperation for the LaRouches. And according to reports from Washington, D.C., briefings by the National Democratic Policy Committee on Rabb's actions have raised serious concern within the State Department, with many State officials privately expressing concern over Rabb's fitness to represent the United States in any capacity.

Under pressure, Pakistan's Zia ups the ante against the opposition

by Ramtanu Maitra

Pakistan's President Zia ul-Haq, facing a wave of political violence two months before his scheduled visit to Washington, has prepared a new wave of repression to preserve the military dictatorship that has ruled since 1977. A series of "laws" has been enacted imposing the death penalty for any offense liable to cause "insecurity, fear or despondency among the public," and establishing the principle that a suspect is guilty until he proves himself innocent.

Highlighting the tension between the Pakistani population and the hated dictatorship is the battle over the request by Nusrat Bhutto, the Pakistan Peoples Party leader and widow of Premier Zulfikar Ali Bhutto, for permission to travel to Europe for urgent medical treatment. So far the authorities have stonewalled on the request, recently announcing that a team of Pakistani medical doctors would be chosen to examine her before any official decision is taken. Privately Mrs. Bhutto has communicated her belief that Zia wants to see her die. She is suffering from complications arising from her prolonged imprisonment under Zia's rule.

Meanwhile, the internal political situation has taken an extremely violent turn. In September two of President Zia's close associates were assassinated. Zahoor Hasan Bhopali, a lifetime associate of Zia and lynchpin backer of the dictatorship, was gunned down in broad daylight in his Karachi office. Jabril Siddique, another adviser and member of Zia's hand-picked Parliament, the Majlis-e-shoora, died a week later in what the Pakistani government described as a "road accident."

Throughout this period, Zia's associates—including U.S. ambassador to Pakistan Ronald Spiers, an unequivocal supporter of Zia's regime—have been allegedly receiving death threats. Both Interior Minister Mahmood Haroon, a representative of one of the "22 families" of Pakistan's oligarchy, and Majlis-e-shoora Chairman Khwaja Safdar, have been served death threats. Safdar's house in Sialkot was bombed, but Safdar escaped unharmed.

Zia, according to many in Pakistan, is using the death threats as a pretext, and has responded by upping the terror. Having long since banned all political activities in Pakistan, by the end of September President Zia imposed two more

regulations tightening the repression. The first called for provision of weapons licenses for all Zia associates, a move to make vigilantism against Zia opponents an official part of the military dictatorship. The second set of dictates provides for court-martial and the death penalty for political prisoners and others arrested for armed robbery, terrorist acts, and subversive activities—defined as anything which tends to "disrupt administrative work". These laws are retroactive to 1977, the year Gen. Zia overthrew Bhutto in a coup, and place the onus on the accused for proving his or her own innocence.

Copies of a letter sent to President Reagan by a group of young Pakistani military officers urging the American president to terminate aid to Pakistan's ruling junta has also been circulated widely within Pakistan. Apparently written in anticipation of Zia's planned December state visit to Washington, the letter, according to reports in a foreign news agency, described the Zia regime as one that has been "trampling on the human rights of our people for almost five years." The letter stated that General Zia had unleashed "an unprecedented campaign of annihilation of the best minds in Pakistan society," and alleged that since January 1981 alone more than 15,000 persons had been imprisoned as dissidents. All but 50 teachers at Karachi University, the letter stated, have either been dismissed or put into prison.

Indeed, Zia's rule is destroying Pakistan in more than one way. Drug trafficking into foreign countries as well as drug abuse within Pakistan have reached new, dangerous proportions. Recently a five-day international conference on drug abuse sponsored by the United Nations in Quetta, Pakistan, expressed its "deep concern" at the continued escalation in drug use and heroin addiction in Pakistan in particular, and recommended both short-term and long-term measures to reverse this. Critics of the Zia regime, pointing out that the proceedings of the conference were blacked out of the Pakistani media, note that the Zia regimes's claim that it lacks authority to control opium production in the tribal areas of the country is a fraud. As *EIR* has extensively documented, Pakistan's drug problem starts with Zia himself and his close associates, whose pockets are lined with the proceeds of the international narcotics trade.

Nazi justice through 'rule of law'

A review of the Canadian Criminal Code shows it headed toward legalizing euthanasia—led by a former Justice Minister.

Canada's Justice Ministry has commissioned a Law Reform committee to propose recommendations to Parliament for the legalization of euthanasia, marking a step toward the introduction of Nazi "rule of law" in Canada. It is no coincidence that this occurred at the same time former Justice Minister Jean Chretien has taken to defending the "rights" of World War II Nazi war criminals presently living in Canada.

The Law Reform Commission of Canada, headed by Louise Lemelin, is currently circulating a working paper on Parliament Hill that advocates a reform of the criminal code to allow doctors the right to kill terminally ill patients without fear of legal prosecution.

Although no Canadian physician has ever been prosecuted for letting terminally ill patients die, Lemelin insisted upon explicit recognition of the familiar "right to die" line. "Our legal system should be able to establish and protect the principle that a terminally ill patient has the right to die with dignity and not fall victim to heroic measures."

So far, this decision to stop treatment for "useless patients" has been fully approved by several medical officials.

Kenneth Evans, general counsel to the Canadian Medical Protective Association, an organization for the defense of doctors, reported to the *Montreal Gazette* Sept. 27 that this reform "would give doctors greater confidence that what they're doing is

proper." Dr. David Roy, an "ethicist" for the Montreal Center for Bioethics, is one of the key promoters of euthanasia legislation. Government officials in Ottawa refuse to comment until the final report is submitted for debate in Parliament.

Meanwhile, former Justice Minister Jean Chretien, now Energy Minister, has opened another flank—the defense of Nazi war criminals. Speaking before more than 1,000 delegates attending the Canadian Bar Association's annual meeting held in Ottawa on Sept. 3, Chretien announced that the Canadian government refuses to prosecute Nazi war criminals because their crimes were perpetrated outside Canada. "I don't think we should start in Canada today trials about crimes that have been committed in other nations," he said.

Chretien was defending a self-avowed Nazi SS man, Albert Rauca, a Toronto resident, wanted by the West German government for the murder of more than 11,500 Lithuanian Jews in Nazi death camps. "It's utterly unacceptable that someone should be tried for an alleged criminal offense that occurred more than 40 years ago," concluded Chretien in his defense of Rauca.

The *Montreal Gazette* reported Sept. 4 that Chretien said "he was 'dead set' against the enactment of legislation that would retroactively designate Nazi atrocities committed during the Second World War as crimes in Canada." Supportive of Rauca, the *Gazette* added Sept. 22 that,

according to defense lawyer William Parker, "although he [Rauca] admits serving in Kaunas [Lithuania] with the SS during the war, [he] is ineligible for extradition because of the mobility rights section of the Charter of Rights and Freedoms."

This is not only a test for the nazification of criminal law under the new constitution. Chretien is testing explicitly fascist policies against the "moral indifference" of lawyers and the Canadian population generally.

I spoke with the head of the Canadian Bar Association, Bernard Blanchard, who was present at Chretien's speech. He said that the Minister's statements "had not been taken up" by the association and that he, personally, "had not given the issue much thought."

Upon reviewing the working paper of the Law Reform Commission of Canada and the Chretien speech, Montreal mayoral candidate Gilles Gervais charged that Canada is now becoming a "haven for Nazism." Gervais called on all moral citizens and world leaders to express their outrage to Canadian embassies about this ongoing euthanasia policy, the crime for which Nazi doctors were hung at Nuremberg 35 years ago. "This attempt to have civil liberties for Nazis and to make believe that euthanasia is 'proper' is an outrageous attack against every human being. This is a total sham," Gervais insisted. "The same Anglo-Saxon racists that put Hitler in power are attempting to repeat their experiment in Canada, and people like Jean Chretien are attempting to use 'legalese' to sugarcoat it."

Gervais is the candidate for the Movement for the Commonwealth of Canada, a group associated with Lyndon H. LaRouche's National Democratic Policy Committee in the United States.

The Central American flank

Washington circles plan to greet de la Madrid with a December war in Central America, some in London are saying.

Fears are growing in Central America that an all-out war between Nicaragua and Honduras, with the probable participation of El Salvador, will erupt before the end of the year," according to a provocative little piece in London's *Sunday Observer* Oct. 10. "Diplomats and politicians in Central America are treating the possibility of a conflagration as inevitable."

The timing is aimed at Mexico. The *Observer*, whose connections to Lord Carrington and Henry Kissinger my *EIR* colleagues have covered extensively, used a "highly placed" Mexican source to make its point: "I don't think the U.S. will let it happen before December. Reagan has the November congressional elections to get out of the way. And there's also the question of President Miguel de la Madrid taking over in Mexico on Dec. 1 to bear in mind. However, the important thing is that they all seem to have decided that the Sandinistas have had long enough, and that the time has come to get rid of them."

As Mexican government officials are well aware, extending the "population wars" of Central America into Mexico has been the long-range target of the advocates of chaos and confrontation in the region for quite some time. Before Sept. 1, these circles expected Mexico's economic crisis to keep its attention focused inward until Central America's polarization had irreversibly infected Mexico itself.

By August, some of Henry Kissinger's associates in the United States freely chatted about their counseling

to Guatemalan military officers not to worry about Mexico; internal disunity and a fracturing military will keep it from answering new provocations mounted from the Guatemalan side of the border.

Within a week of the Sept. 1 nationalization of credit in Mexico, however, the López Portillo administration turned its attention once again to Central America. Mexico joined with Venezuela, after consultations with Brazil and Argentina, to lay down the law to Nicaragua, Honduras, and the United States. Letters to the heads of state of those nations from the Mexican and Venezuelan Presidents demanded a halt to the charges and counter-charges of who began the fighting, and specified steps to be taken by both countries to stop the slide toward full-scale war.

A meeting among the Presidents of Honduras, Nicaragua, Mexico, and Venezuela was proposed to work out honorable resolution to the concerns of both nations. An Oct. 13 date was tentatively suggested.

Thomas Enders, the Kissinger-hand filling the Latin American post at the State Department, was not pleased at "outside intervention" to end his pet crisis. Administration spokesmen nonetheless put a "smiling face" upon their response.

"The Reagan administration has been underwhelmed all along by Mexico's peace-making efforts in Central America, but to say so aloud would be bad politics south of the border," the *New York Times* explained in a recent

Sunday review.

What followed was simple, straightforward, crass duplicity.

American readers were treated to a stream of stories on how the administration favored a peaceful settlement in Central America. Suddenly, "exposés" of American funding of Somoza's old buddies, now operating from camps inside Honduras along the border with Nicaragua, began appearing, and reports of American pressure to "rein in" Honduras's hardline generals were churned out.

President Reagan dispatched a "soft but non-committal answer" to the Mexican and Venezuelan Presidents to keep them satisfied, the *New York Times* asserted, giving Enders time to organize a counter-meeting in Costa Rica of Central America and Caribbean Foreign Ministers which could change the agenda. Held Oct. 4 and chaired by Enders, the meeting excluded Nicaragua, which was repeatedly denounced as the main "aggressor" in the region. There Enders promised U.S. military assistance in case of war if the attending nations agreed to set up a "mutual defense pact" against Nicaragua—an offer the U.S. press neglected to report.

Honduras President Suazo Córdoba, who takes his cue from the State Department, politely waited for 24 hours after the Oct. 8 Reagan-de la Madrid border meeting, before finishing off the Mexican peace plan: he announced he was "too busy" to attend the proposed Caracas meeting.

Washington insiders then put out the word quietly that the administration was no longer worried about the Mexican peace initiative; it would die of its own accord. López Portillo is a "lame duck" who will be out of office in two weeks (sic), one over-eager fellow explained Oct. 13, and de la Madrid is "completely under control."

International Intelligence

Khalistan plotters target New Delhi

Reports from New Delhi indicate that the Oct. 11 riot at the Parliament in India's capital that resulted in four dead and others wounded was deliberately orchestrated by extremists of the so-called Khalistan movement, a destabilization operation run from Washington and London that uses Sikh secessionists as its vehicle.

Three to five thousand Akalis, the political party led by the Sikhs, had gathered in New Delhi to demand an inquiry into the recent deaths of a busload of Sikhs in police custody in a collision with a train. The demonstration was intended to be peaceful; Akali leaders had consulted with government officials, and a permit for the march had been obtained. But an extremist core within the Akalis had other plans.

At the Parliament building, the provocateurs suddenly drew their swords, and, wielding iron bars and throwing rocks, began scaling the walls of the building. Taken by surprise, the police were forced to react.

As *EIR* has documented, the Khalistan operation, aimed at breaking up the Indian nation, was created and is run from London and Washington, with the active assistance of Henry Kissinger and Pakistan dictator Zia ul-Haq.

Democratic leader asks end of support to Pakistan

There are indications that Pakistani dictator Zia ul-Haq is enraged at the ineffectiveness of his diplomatic representation in the United States. Zia was reportedly astonished at his embassy's failure to explain the origins and widespread circulation of copies of the letter sent by National Democratic Policy Committee Chairman Warren Hamerman to President Reagan concerning "the gross violation of the most basic human rights that is now taking place in Pakistan."

Apparently reprints of the letter, a copy of which was sent by the NDPC to General Zia, are circulating throughout Pakistani circles in Canada and the United States, as

well as among diplomatic circles at the United Nations. In the letter Hamerman urged Reagan to use his moral and political authority to force Zia to grant Begum Nusrat Bhutto, leader of the banned Pakistan Peoples Party and widow of former Premier Z. A. Bhutto, (hanged by Zia in 1979), passage to Europe for the medical care she requires.

Hamerman further advised President Reagan to terminate support for the dictatorial regime since it is actively hostile to the practice of democracy and human freedom for which America was founded.

Pakistan's New York consulate, it was learned, has been summarily ordered to find out where the letter came from—what is the NDPC—and how far it has traveled. Zia's associates, the Piracha brothers of the so-called Third World Broadcasting company in New York, are reported to be doing the legwork in this investigation.

Dalla Chiesa's assassins arrested in Italy

The magistrates of Palermo, Sicily have begun a series of arrests of the mafiosi responsible for the Sept. 3 assassination of Carlo Alberto Dalla Chiesa, the *Carabinieri* [national police] General who had been put in charge of investigation of the connections among Italian terrorism, the mafia, and the drug traffic. Information growing out of these arrests may lead to the door of Edgar Bronfman, Canadian kingpin of the international drug cartel, Dope, Inc.

Arrested early in October was Nicola Alvaro, hit man for the Calabrian mafia families. Following intense interrogation of Alvaro, a second warrant was issued: for Benedetto Santapaola, the mafia boss who ordered the killing of Dalla Chiesa, his wife, and bodyguard. Santapaola, the reputed head of a powerful clan from Catania, Sicily, is also wanted in connection with the June 16 slaying of another Catanese boss and three *Carabinieri* officers.

More interesting have been the back-trails leading from Alvaro, according to the Rome daily *La Repubblica* Oct. 7, to the "king of heroin" in Canada, the Violi mafia family. Violi is based in Montreal—the Bronfmans' home turf.

Sicilian investigators say that the Palermo-Canada-U.S.A. drug route has replaced the older Turkey-Marseilles connection. A three-way reorganization/merger has occurred, and is widely believed to have been accompanied by the emergence of the "new mafia"—the collaboration of the underworld with both left- and right-wing terrorists.

It is this "new mafia" that Dalla Chiesa was investigating at the time of his assassination.

Cambodia's dead-end coalition struts at U.N.

Despite its triumphant reception this September at the United Nations, where it will once again "represent" Cambodia, the coalition group of ousted Cambodian Prince Sihanouk, his former Premier Son Sann, and Khieu Samphan, right hand man of murderous Cambodian dictator Pol Pot, has nowhere to go from here. As became clear in talks with visiting diplomats from the region, the three of them walking the halls of the U.N. arm-in-arm has done little to alter the political reality in Indochina.

That reality revolves around Vietnam—which rescued Cambodia from Pol Pot (and from Khieu Samphan's) Chinese-directed slaughter of 3 million Cambodians—and the neighboring ASEAN nations, which do not approve of Vietnam's ongoing military presence in Cambodia, but are afraid of the Chinese as well. As every Cambodian remembers, Sihanouk was titular head of state during Pol Pot's genocide.

The way a top Malaysian official put it is that although Vietnam is the counterweight to Chinese attempts to take over the region, a neutral Cambodia is needed for at least ten years—which is only possible with Sihanouk as head of state. It was also evident from his remarks that ASEAN has no plans for opposing China, which is arming and financing Pol Pot's Khmer Rouge.

One of Son Sann's close associates pointed out that the Khmer Rouge is even better armed than the Vietnamese—and that this coalition "partner" is committed to the destruction of Son Sann and Sihanouk.

He was also worried about instability in

Briefly

Thailand, which is the main supply line to the coalition. A Vietnamese offensive which pushed the Khmer Rouge camps into Thailand would create problems for the Thais, who are already expressing hesitations about conducting a "proxy war."

British pit Guyanese puppets against Venezuela

The government of Guyana, acting as the catspaw for the British crown (of which Guyana was once a colony and in whose Commonwealth Guyana is a member) activated a long-standing border dispute with neighboring Venezuela this week to disrupt Ibero-American unity against the International Monetary Fund.

The border dispute revolves around the territory of Essequibo, claimed by both countries.

Venezuelan representatives, joined by delegates from Peru and Argentina, walked out of the Non-Aligned Foreign Ministers' meeting at the United Nations on Oct. 8, when four nations voted that Venezuela's application be postponed until March 1983.

The same week, Guyanese Prime Minister Forbes Burnham was in Brazil for six days trying to enlist Brazil, which borders both Guyana and Venezuela, in support of Guyana's claims. In Rio de Janeiro Burnham called a press conference to denounce Venezuela's "expansionist" aims against Guyana. Burnham accused Venezuela of wanting the diamonds, gold, and oil in the Essequibo region, and of aiming for strategic control over the entire Eastern Caribbean.

The Venezuelan government has proposed bilateral negotiations for a peaceful settlement.

EIR founder Lyndon LaRouche proposed earlier this year an alternative approach. Venezuela's wealth and technology, pooled with the aid of Brazil and Mexico, if necessary, could be employed in a joint venture with Guyana to develop the Essequibo. LaRouche proposed, while a 99-year lease for a designated strip of land extending to Guyana's Atlantic coast could satisfy Venezuela's principal concern—access to Atlantic shipping lanes—while maintaining Guyana's ultimate sovereignty

over its current territory.

Guyana, in addition, would join the emerging Ibero-American Common Market, sever its ties to the British crown, leave the Commonwealth, and be admitted to the Organization of American States.

Chinese Foreign Minister blasts United States

In a New York speech Chinese Foreign Minister Huang Hua damned Washington policy for "increasing" the obstacles to improved U.S.-China relations. Huang Hua went beyond the customary reiteration of China's stand on Taiwan, to accuse the United States of increasing the restrictions on export of high-technology goods to China and of increasing the barriers to China's exports to the United States. "Does the U.S. government regard China as a friend or an adversary?" Huang Hua demanded to know.

The Chinese Foreign Minister's comments came in an Oct. 6 speech to the New York Council on Foreign Relations, the elite East Coast foreign policy roundtable. CFR attendees were reportedly shocked by the caustic tone of Huang Hua's comments, since he had been regarded as one of the prime architects of the "America Card" policy.

Huang Hua's speech corroborates other indications that, some time since the Chinese Communist Party Congress, Peking decided to downgrade its previous alignment with the United States. The Chinese press is now denouncing the U.S. troop presence in South Korea, and has reportedly dropped its previous use of such phrases as "strategic co-operation between the United States and China." Moreover, according to the Oct. 10 *Yomiuri Daily* of Japan, Chinese officials have told Tokyo that Peking now opposes the longstanding Japan-U.S. Security Treaty, which Peking previously supported.

These anti-U.S. moves occur at a time when Sino-Soviet tensions are easing, border talks are resuming, and some factions of the Chinese Army are pushing a return to a Soviet-model economic policy.

Huang Hua brought this issue to the fore, saying, "We neither play the U.S. card nor the Soviet card. At the same time, we will never permit others to take China as a card."

● **THE BRAZILIAN** Jewish Cultural Institute called the Oct. 4 fire-bombing of the cars of two Jewish leaders, while they joined 700 others in São Paulo in a protest against the massacre of Palestinians in Lebanon, "a pogrom" and an act of "fanaticism and national chauvinism." The Institute's statement, which also declared that "nobody" has the right to speak "collectively" for Jews, was an indirect response to the Mogen David Lodge of B'nai B'rith, which held a counter-demonstration backing the Israeli actions in Lebanon.

● **MONTERREY** was the site of an Oct. 9 gathering of 2,000 Mexican private sector leaders, who assembled to threaten the Mexican government and constitution, and discuss their campaign against the government's bank takeover and development policy. The Mexico City daily *Diario de Mexico* editorialized that the Monterrey meeting was a good place to look for Mexican allies of U.S. anti-Mexico Congressman Larry MacDonald of Georgia.

● **THE LONDON** *Economist* of Oct. 9 carried an editorial endorsement for Yuri Andropov as the next leader of the Soviet Union. The former KGB chief is expected to ease up on military spending because "Mr. Andropov will prefer to have his leadership go down in the Soviet history books as a period of revitalization at home and peace abroad." Therefore, the *Economist* concludes, President Reagan should go for "economic containment" rather than "economic warfare."

● **REGIS DEBRAY** gave a speech in New York recently where he said that "material progress" was the main cause of difficulty for (and with) Third World nations. The foreign policy adviser to French President François Mitterrand, who has an international "revolutionary" reputation.

A pre-November punt on the depression ... by both parties

by Richard Cohen, Washington Bureau Chief, and Donald Baier

The most important verdict of the 1982 elections in the United States is already in, three weeks before voters go to the polls on Nov. 2. It is already clear that the old rules of politics as practiced here since the death of Franklin Delano Roosevelt have been shattered; the electorate is fed up with politics as usual. The most important indication that a new set of political laws is coming into being was the vote in a succession of Democratic Party primary elections this fall, in which candidates backed by the National Democratic Policy Committee of Lyndon LaRouche, bitterly opposed by the Charles Manatt-Averell Harriman leadership of the Democratic National Committee, took 20 to 40 percent of the vote in key races. It was a strong show of support for LaRouche's New World Economic Order policies, all the more so because the voter turnout in races contested by LaRouche Democrats was far above the participation rate of the electorate in other races.

All kinds of pollsters and pundits in Washington, D.C. are now piling up similar evidence of the bankruptcy of familiar political recipes. In response to the long-anticipated rise of the official U.S. unemployment rate over 10 percent that was reported Oct. 8, the *Washington Post/ABC* poll picked up the expected strong negative response to the Volcker austerity policy the voters have come to identify with Reaganomics and the Republican Party; but showed no groundswell of support for the Democrats and their "equality of sacrifice" alternatives—and indicated that only 25 to 30 percent of the voters plan to vote.

But if this evidence has registered on the sages of Washington and so-called leading politicians, no one is yet showing that they are willing to do anything but play the "blame game" over the economic holocaust of which President Reagan accused the Democrats, or blandly assert that "prosperity

is just around the corner" as Tip O'Neill tarred Reagan with the Herbert Hoover brush.

The 'blame game'

Most Democrats were straining at the bit in anticipation of Oct. 8's "good political news." In preparation, the Democratic National Committee had printed up thousands of posters with a picture of Ronald Reagan beside that of Herbert Hoover jointly saying, "Prosperity is just around the corner." In addition, every Democrat of note including Tip O'Neill, Ted Kennedy, Walter Mondale, Lane Kirkland and banker Charles Manatt, were appropriately stationed before television cameras right after the unemployment rate announcement to denounce the "tragedy" Reagan had bestowed upon the nation.

On cue at 9 a.m., O'Neill told the press that the House Democratic leadership would be introducing "an emergency legislative package" in November during the lame duck session. O'Neill indicated that in part it would include a "make work" jobs program. Even prior to Oct. 8, O'Neill and his cohort Ted Kennedy had been in the forefront of ditch-digging and leaf raking jobs bills. O'Neill had also sponsored a new Reconstruction Finance Corporation, and others, such as N.Y. Senator Pat Moynihan, had proposed C.C.C.-style programs to be paid for out of increased excise taxes. DNC Chairman Manatt, AFL-CIO head Kirkland, and Carter Vice-President Mondale, all of whom had run political cover for Federal Reserve Board Chairman Paul A. Volcker over the past three years of deepening depression, heartily endorsed these efforts.

Indeed, Mondale, Vice President when Volcker was placed at the chairmanship of the Fed, had over the course of



Reagan and Kennedy: what do they have to offer?

the past two years vociferously defended the Fed Chairman in public against charges that his high interest rate policy was responsible for the depression. Mondale instead praised Volcker by saying that "Volcker was only doing his job" and the real source of the problem was the massive budget deficit of the Reagan administration.

Therefore it was no accident that as bankers and others who have diligently toed the harsh austerity line of the Bank for International Settlements (BIS) (the international bankers' "central bank") and the Fed which caused the unemployment disaster began a big businessman's meeting in Hot Springs, Virginia, they sipped their favorite Scotch and all dutifully moaned publicly, following the lead of Citibank's Walter Wriston, that the unemployment figures were a "tragedy." In fact, many at Hot Springs were in on the deeper plot aimed at parlaying staggering unemployment into a final defeat for Reaganomics in November. With Reagan then a total prisoner of Secretary of State George Shultz and Shultz's intimate collaborator, Henry Kissinger, this BIS-run crowd would unleash O'Neill and Kennedy to launch emergency jobs and other permanent depression legislation during the lame duck session of Congress. According to this scenario, a terrified Congress and White House, having just been scorched by the wrath of the electorate, will rush to obey.

Reagan's impotent defense

In response, the White House has devised its own well-financed "blame game campaign." Even prior to the Oct. 8 unemployment fiasco, President Reagan's political advisers, headed by White House Chief of Staff James Baker III and his triumvirate of political pollsters led by Richard Wirthlin, had decided to whiz a pathetic and "defensive" President

around the country to charge that former President Jimmy Carter and "big spending" congressional Democrats were really behind the Oct. 8 "tragedy."

Speaking before a San Diego audience on Oct. 8, Reagan stooped so low as to try to prove that since he came into office, unemployment had risen only 2.7 percent, so he could not be blamed for the high jobless rate. Trying to purge himself of the Hoover image, Reagan, in a well-orchestrated Oct. 13 Rose Garden event, pulled in 20 unemployed people to witness his signing of a new jobs bill. The President, desperately trying to prove that he is not "for" unemployment, as the Democrats suggest, grandstanded a bill which even one of its Republican cosponsors, Senator Quayle, reported the administration had, during the congressional session, conducted "guerrilla warfare" against.

The signing of the employment bill was only a preliminary to a national presidential address on the evening of Oct. 13. Strongly promoting the theme that "prosperity is just around the corner," the President was sent out to juggle pathetically a wide range of statistics aimed at justifying the recovery hoax, and proving the Reaganomics program was behind it. The President asserted that he was responsible for the largest tax cut in post-war history—after he had, just two months before, signed the largest tax increase in post-war history. He asserted that he was responsible for curbing the increase in federal deficits, although during the course of Ronald Reagan's tenure, deficits have increased dramatically. Reagan argued that his program had brought down inflation when, in fact, the Fed's "deflationary" high interest rates produced high inflation rates. And the President claimed his program was responsible for the decline in interest rates, when, in fact, the collapse of the economy and failure of his program is what is responsible for the decline in rates.

The President concluded by assuring everyone that on the basis of these multiple disasters, unemployment would soon come down. This "lagging figure" of unemployment, according to the President, would fall in line with the rest of the "recovery" sometime early next year—several months after the November election.

The LaRouche-NDPC alternative

The absurd performance of the conventional politicians on both sides of the aisle has thus produced a power vacuum of enormous proportions on the American political scene, leaving the field wide open for LaRouche's NDPC, or any other grouping prepared to exploit the increasingly perceived impotence of the Washington wiseguys as the "reality principle" asserts itself.

Especially close attention should be paid to the three races in November in which the NDPC is aggressively supporting candidates: Texas, where Nick Benton is challenging Republican Congressman Ron Paul, Chicago where Sheila Jones is facing off against Congressman Sidney Yates, and North Dakota, where Anna B. Bourgois is running against Republican Gene Knorr and Democratic Sen. Quentin Burdick.

Unfit to stay in Congress

From Washington, Ronald and Susan Kokinda identify certain powerful legislators on Capitol Hill who deserve to be ousted by the voters.

Robert Byrd (D-W. Va.): More than any other individual in the U.S. Congress, Senate Minority Leader Robert Byrd is responsible for the interest-rate-led depression gripping the U.S. Throughout 1981, as other Democrats tried to affect a bipartisan initiative to lower interest rates, Byrd defended Fed Chairman Paul Volcker and blamed Reagan for his policies. Now with the depression in full swing, Byrd—on orders from the international financiers who ultimately pull his strings in the Rockefeller plantation of West Virginia—has coopted the interest-rate issue with a phony “Monetary Policy Act,” which will only provide Volcker with a different mechanism for destroying the economy. If re-elected, Byrd promises to continue his economy-wrecking in 1983 by pulling Democrats behind a fascist Reconstruction Finance Corporation, whose purpose will be to bail out the banks, while cutting off credit to cities, farms, and industry.

Byrd played a critical role in railroading Senator Harrison Williams out of the Senate in the Abscam frameup which effectively destroyed the U.S. Senate as an institution capable of defending itself or its constituencies.

Opponent: Rep. Cleve Benedict (R).

Orrin Hatch (R-Utah): One of the boy wonders of the crop of conservative Republicans elected in 1976, Orrin Hatch has settled into a comfortable alliance with Ted Kennedy and Robert Byrd in their effort to destroy the functioning of constitutional government with organized-crime run “Watergate” operations. Despite his stated belief that Senator Williams was guilty of nothing, and his early intention to lead the floor fight on Williams behalf, Hatch’s superiors caused him to think better of that, and he joined the cacaphony of those demanding Williams’s scalp. Hatch did not restrict his treachery to Democrats; he teamed up with Ted Kennedy in orchestrating the attempted political lynching of Reagan Labor Secretary Ray Donovan. Under his chairmanship, Senate Labor Committee staffers—in particular the Israeli Mossad-connected Frank Silbey and organized crime tainted Walter Sheridan—have been given free rein to attack Donovan and expand from there into “Reagate.”

Opponent: Ted Wilson, mayor of Salt Lake City (D).

John Heinz III (R-Penn.): First-term Senator John Heinz, who bought his seat in 1976 for over \$3 million as heir to the H. J. Heinz Co., is simply a spokesman for the Mellon banking family of Pittsburgh, a specimen of the American oligarchy who openly championed Adolf Hitler during the 1930s. As chairman of the International Finance and Monetary Policy subcommittee of the Senate Banking Committee, Heinz has promoted the restructuring of American banking demanded by the European oligarchy to place it more firmly under their control, and has backed escalations of international trade warfare as part of sponsors’ efforts to knock out the American steel industry.

Heinz introduced the Senate amendment to the 1982 tax bill which entitles “death with dignity” hospices to receive federal health care payments. Designed to eliminate tens of millions of dollars in hospital care, the bill, Heinz told the Senate July 22, “emphasizes supportive services such as home care and pain control, rather than cure-oriented institutional treatment.”

Opponent: Cyril Wecht (D).

Ted Kennedy (D-Mass.): Kennedy’s years-long support for every anti-technology proposal to pass through the Senate in either domestic or foreign policy form is summed up by his support of the genocidal and racist *Global 2000 Report* in a letter to President Reagan in 1981. Kennedy also authored and shepherded the racist “Immigration Reform Act” during the 97th session. A belated concern for the 1984 Hispanic vote caused Kennedy to finally disassociate himself from the legislation, which Kennedy could have halted at any step of the legislative process.

Kennedy was a charter member of Byrd’s Paul Volcker protection racket and only “discovered” the problem of high interest rates after the political damage had been done to Reagan and the economic damage done to the U.S. workforce and agroindustrial base. Chappaquidick aside, Kennedy’s morality is summed up by his support for “recreational drug use,” marijuana legislation, and his back-stabbing of long-

time colleague Harrison Williams in the Abscam affair.

Opponent: Ray Shamie (R).

Daniel P. Moynihan (D-N.Y.): As a long-time protégé of Democratic Party “senior statesman” and Anglo-Saxon racist, Averell Harriman, Moynihan’s career in the Senate has been a continuation of his earlier genocidal pronouncements about “benign neglect” for the black population and racial slurs against Third World populations. Now Moynihan has become the Senate’s leading proponent of economic “restructuring” proposals which will triage sections of the U.S. economy and bail out those portions still useful to his political masters, proposals identical to those instituted in Nazi Germany. Moynihan is playing a key role in getting the “trigger” for economic crisis and restructuring with his legislation to force the Polish government into debt default and provoke an international financial blowout.

Opponent: Florence Sullivan (R, C, Right to Life)

Malcolm Wallop (R-Wyo.): The only blood relation to the Queen of England in the U.S. Senate, Wallop has played a sophisticated and effective role in subverting the institutions of constitutional democracy. As Chairman of the Senate Ethics Committee, Wallop oversaw the railroading of Senator Williams, and during the floor debate on Abscam made clear that his purpose was the severing of the constituency basis of U.S. constitutional government. While maintaining a “pro-growth” image on issues of nuclear development, infrastructure development, and space-based lasers, Wallop is functioning for the “H. G. Wells” faction of the British aristocracy which seeks to maintain a certain technological base under their own carefully guarded control.

Opponent: Rodger McDaniel (D).

The House of Representatives

Richard Ottinger (D-N.Y.): Ottinger is a leading proponent of population control policies and zero economic growth, and is a carrier of a particularly virulent strain of cultural pessimism. Ottinger not only endorses the *Global 2000 Report* and outlook, but is the primary sponsor of H.R.907, legislation to establish an official government office in the United States to deal with the “danger” of overpopulation.

Ottinger is an across-the-board opponent of nuclear and other advanced energy-intensive technologies, an opponent of infrastructural investment projects such as water development, and a fervent backer of “soft” or low-density energy forms such as wind and solar power. Ottinger has cosponsored legislation to “decriminalize” marijuana, and voted to allow the District of Columbia to adopt a “Sexual Reform Code,” which would have legalized homosexuality, including between adults and children as young as 16 years of age.

Opponent: Assemblyman Jon S. Fossel (R).

Ron Paul (R-Tex.): Paul has earned a reputation, even on Capitol Hill, for being a “kook.” A firm disciple of the Libertarian philosophy, Paul has acted and voted as if there

should be no federal government in the United States, and certainly no involvement of the U.S. government in foreign affairs. Every program that requires government spending, regardless of its merits, gets a negative vote from Paul: nuclear energy, water projects, farm programs, export programs, the space program, etc. In foreign policy matters, one Paul aide commented that “Mr. Paul would not urge [a specific matter on the President], because he doesn’t feel that the United States should be involved in the Middle East.” Yet Paul co-signed the letter by Rep. Larry McDonald (D-Ga.) calling for the elimination of nationalists in the Mexican government at the earliest opportunity.

Paul’s advocacy of a return to a gold standard is as dangerous as was the Specie Resumption Act in 1879. Paul intends his gold policy as a means of constricting the creation of the new credits the economy desperately needs. This approach would take any means for credit policy and credit creation out of the hands of the U.S. government, leaving the country at the mercy of the international financial oligarchy.

Opponent: Nicholas Benton (D).

Richard Gephardt (D-Mo.): Gephardt is being groomed as an up-and-coming leading figure for that wing of the Democratic Party which the Rooseveltian Democrats have termed the “Atari Democrats,” and which the National Democratic Policy Committee calls the “Mussolini Democrats.” For the last two years Gephardt has sabotaged efforts to mount attacks on Paul Volcker and high-interest rates from within the Democratic Party, arguing that budget deficits, not Volcker, are the problem. Gephardt told *EIR* that he works closely with the St. Louis Federal Reserve Board, and said openly that wages and living standards must fall.

Gephardt’s voting record confirms his orientation to a post-industrial policy for the United States. He has voted against the breeder reactor, the Tennessee-Tombigbee water project, and almost all water development or farm support programs. He has endorsed the *Global 2000 Report*.

Opponent: Richard Foristel (R).

Newt Gingrich (R-Ga.): From first glance at Gingrich’s voting record, which appears traditional, (such as his advocacy of an expanded space efforts,) one could get the mistaken impression that he is a normal American—little realizing that Gingrich is from “inner space.” Gingrich is one of the leading figures of the Congressional Clearinghouse on the Future, an outfit that was set up to propagate the outlook of the kooky “Aquarian Age” and post-industrial society into the U.S. Congress. Similar to the futurist groups working on such projects as using brain waves to stop incoming ICBMs, the Clearinghouse on the Future has aspects of a cult.

One of the “down to earth” examples of Gingrich’s evil orientation is his co-sponsorship of New York Rep. Jack Kemp’s “Free Enterprise Zone” legislation, (see below), and his co-signing of Rep. Larry McDonald’s letter calling for the removal of the nationalists from power in Mexico.

Opponent: Jim Wood (D).

Leon Panetta (D-Calif.): Panetta is another major promoter of cultural pessimism and the “death culture” into U.S. society. Panetta was the primary sponsor of the legislation to set up the hospice movement in the United States. Panetta has explicitly endorsed the *Global 2000* perspective for population reduction, and votes in a similar way on matters key for continued economic growth: consistently opposing nuclear energy, voting nearly consistently against water development projects, voting against funds for capital goods exports from the United States, and has generally supported deregulation approaches that will undercut key sectors of the economy.

Opponent: G. Richard Arnold (R).

Stephen Solarz (D-N.Y.): A House Foreign Affairs Committee subcommittee chairman, Solarz represents no policy interest of the United States, but those of the Anglo-Americans and the Socialist International. In the Malvinas war between Britain and Argentina, Solarz pushed a resolution through Congress calling on the United States to ignore the Monroe Doctrine and to side openly with the British, providing unlimited military assistance to London. Solarz has been part of the Socialist International group that has challenged the more traditional orientation of Chairman Clement Zablocki and succeeded in voting out two higher-ranking members from subcommittee chairmanships.

Solarz has endorsed the *Global 2000 Report* for population reduction, and votes in a similar way on domestic programs: opposes nuclear energy, opposes water development, takes a “consumerist” view against farm programs, and co-sponsors legislation to decriminalize marijuana.

Opponent: Dr. Leon Nardowski (R).

Sidney Yates (D-Ill.): Yates is a consistent proponent of an “environmentalist” perspective in the Congress, and has consistently opposed nuclear energy and water development (unless backed into a political corner). Yates votes anti-farm, and supports the deregulation efforts that are ruining the U.S. trucking-transportation system.

Yates demonstrates his moral unfitness to hold public office with his support for programs of general cultural degeneration. As a member of the Board of Trustees of the National Endowment for the Arts, Yates has promoted through government funding the most swinish “popular culture”—like the racist “Jump Street” program, jazz, rock and roll, and so on, and has slashed funding for the classical arts. He voted for the proposed D.C. “sodomy bill.” He has also proposed such measures as one that would provide financial benefits to any family whose elderly ill members sign a contract to “die with dignity” and “consume” no medical care except for pain-killers.

Opponents: Sheila Jones (I); Katheryn Bertini (R).

Robert Edgar (D-Penn.): Edgar is the chairman of the Northeast-Midwest Coalition, a position from which he has promoted the deindustrialization of that region. Edgar has

endorsed a commission report which would force workers to pay directly into a fund that would be used to finance their “relocation” as up to 15 million industrial jobs are eliminated. He has co-sponsored Rep. Jack Kemp’s “Free Enterprise Zone” legislation.

Edgar is one of the House’s leading opponents of water development, and is pushing legislation which would allow the triage of basic infrastructure to occur in a more orderly way.

Opponent: Steve Joachim (R).

Larry McDonald (D-Ga.): If there ever were to be an “Assassination Committee” established in Congress, Larry McDonald would be its chairman. McDonald was picked up early in his congressional career by the network of British intelligence which sent triple agent Kim Philby into the Soviet Union. McDonald’s role is to flood the *Congressional Record* and conservative networks with painstaking analyses of KGB-infiltration into the left, conveniently avoiding the higher-level British control of both left- and right-wing terrorism. Exemplary of McDonald’s true colors is his chief associate in the Roy Cohn-connected Western Goals, Inc., John Rees—a man who was responsible for the creation of Newark rioter Leroi Jones and who was in part responsible for the 1967 Newark riots.

McDonald’s latest atrocity was the authorship of a two-page ad in *The New York Times* which called for the “elimination” of Mexican nationalists, led by President José López Portillo, who was responsible for the recent banking nationalization in that country. That bloodthirsty intention as well as his association with gangster Roy Cohn put McDonald high on the list of suspects in the current assassination threat against Lyndon and Helga Zepp-LaRouche.

Opponent: Dave Sellers (R).

Jack Kemp (R-N.Y.): The former professional football quarterback, is the darling of the international banking cabal that controls the Bank for International Settlements and the International Monetary Fund. He is widely acknowledged to be the inventor of the anti-dirigist tax-cut program which bears his name, the Kemp-Roth bill, and is a longstanding spokesman for the discredited monetarist, “supply-side” economic theory. Kemp has repeatedly proposed a gold-based monetary system, not as a way to provide cheap credit for industrial development projects, but to further discipline the economy, as demanded by his masters at the BIS.

The “true conservative” Kemp, has lifted the centerpiece of his urban program—his free enterprise zone legislation—from the British Fabian Society. Should Kemp succeed in pushing this disastrous piece of legislation through Congress, it would turn the nation’s ghettos into sweat-shop economies, explicitly modelled on the dope-infested Hong Kong economy. Kemp, who professes to be a friend of working people, would use this legislation to bust union wage scales, especially in the municipal sector.

Opponent: Jon Fossil (D).

Senatorial candidate: 'Volcker is a disaster'

Anna B. Bourgois is the independent National Democratic Policy Committee-endorsed candidate for the U.S. Senate from North Dakota. She faces a three-way Nov. 2 election against incumbent Democrat Quentin Burdick and Republican Gene Knorr. Bourgois talked with EIR's Frank Bell on Oct. 9 from her farm near Bismarck.

EIR: What sparked your decision to run for the U.S. Senate?

Bourgois: When Gene Knorr (the candidate who stunned GOP traditionalists when he bought the Republican nomination) said that he was a friend of [Federal Reserve Chairman] Paul Volcker's, and that Volcker was a nice family man, that sent terrible shocks through my system. When I called people in the state legislature who initially told me about the Federal Reserve and told them of Knorr's comments, they said, "Don't worry, he'll never get the nomination."

When I announced my candidacy, it was like a bomb that hit North Dakota. Republicans called from all over saying, "You are going to be taking votes away from Gene Knorr." There has been a lot of pressure for me to pull out of the race. The Republicans had what they called a "head honcho" meeting to try to stop me from getting my signatures (to qualify for the ballot as an independent candidate).

Then when I put out a statement on the platform the Democrats adopted at their Philadelphia mid-term convention, the Democrats thought that Knorr had hired me to run. But I'm independent. That's why I have been involved with the NDPC and support its four-point program, the Anti-Drug Coalition, and the Fusion Energy Foundation.

EIR: What do you see as the outcome of this election?

Bourgois: Anything can happen. The two other candidates are not presenting any issues whatsoever; they are just fighting over who has the most money to spend to attack each other.

The primary issues are development, the high interest rates, the farmers and small businesses that are being foreclosed on, and the building industry collapse. I've been to farm rallies for people who have been foreclosed on and they tell you that they are going hungry.

I've asked the governor [Republican Allen Olson] to get off his laurels and declare a moratorium like Bill Langer did in the 1930s. When I put out that news release it was covered for two days. The press asked his office, but he refused to

comment. I said he should implement a moratorium or resign. He went to Red China. But I call it a hoax. What farm products is he going to be selling from North Dakota, when the farms are being foreclosed on?

EIR: Tell our international readers what has happened to North Dakota in the recent period.

Bourgois: North Dakota is a Midwest state on the Canadian border with a population of just over 650,000 people in an area of more than 70,000 square miles. It is mostly an agricultural state. It has suffered a real blow. We have lost more than 10,000 farms since 1967. From Oct. 1, 1981 to July 31, 1982, North Dakota lost about 20 farms a month just on Farm Home Administration foreclosures alone.

The cost per acre for planting spring wheat—the break-even—is \$3.20 a bushel. That does not include the cost to farmers for labor or debt payments. The price paid this year was \$3.20 per bushel. So most farmers worked for nothing and went further in debt. Last year's price was \$3.90.

The break-even cost for sunflowers is 7 cents a pound. This also doesn't include the cost of labor or debt payments. The price paid this year was \$8.50 per hundred weight. Last year it was \$11.

Dairy products have a parity support this year of \$12.50 per hundred weight. Last year it was \$13.25. Beef steers' price last year was 80 to 85 cents a pound. This year it is 70 cents a pound. But we sold a young steer not too long ago for only 45 cents a pound.

EIR: Why hasn't the Garrison water project, which you support, been completed?

Bourgois: Well, we have the Audubon Society and the Committee to Save North Dakota that have been trying to block it. This project includes one of the world's largest earth-filled dams. Its reservoir has a water capacity of 24.5 million acre/feet in a lake 200 miles long. It's a multi-purpose project. The canal is supposed to go over into eastern North Dakota from its start on the Missouri River.

EIR: What do you think of the integrity of the people who define themselves as the leadership of the right-to-life movement?

Bourgois: They compromise. For example, the right-to-life movement and the Catholic Conference in North Dakota are involved in the hospice movement.

I sent information to the national headquarters of the American Life Lobby about my campaign. They have not even called. If they are looking for a strong, pro-life candidate, I'm the only one. They've shown themselves to be another false front.

They are planning to put out an attack on Lyndon LaRouche in the next issue of their publication. This is another hypocrisy. They have been using information from the NDPC without giving the NDPC credit, and now they are planning a slander of LaRouche.

Murdering useless eaters: the Nazis' euthanasia comes to the United States

by Kathleen Klenetsky

On July 30 of this year, the *New York Times* published an op-ed which, in terms chillingly reminiscent of the Nazi regime's methodical extermination of what it labeled "useless eaters," called for the outright murder of millions of American citizens. Written by Harry Schwartz, an economist, intelligence agent, and writer-in-residence at Columbia University's prestigious College of Physicians and Surgeons, the commentary proposed to deny "free" medical care (i.e., that provided by Medicare, Medicaid, and other government-financed programs) to several categories of patients, including the elderly and ailing infants, because it "costs too much" to keep them alive.

Arguing that "finite and limited resources" make it impossible to meet all the demands for government-supplied health, education, and other social services, Schwartz demanded that the United States adopt a system of "rationing out our inadequate resources as best we can . . . among the many and diverse claimants." In other words, triage.

Initially, Schwartz suggested that the following restrictions be put on medical care: "No person shall be provided with 'free' medical care worth an aggregate of over \$1,000,000 in a lifetime or over \$100,000 in any 18-month period. No 'free' major surgery shall be done on any person 75 years or older. Admission to 'free' hospital care shall be denied to persons 85 or older. No 'free' intensive care shall be provided infants born weighing less than three pounds or having a major anatomic anomaly of the central nervous, cardiac, respiratory, or gastrointestinal system."

An estimate produced by the Fusion Energy Foundation indicates that a *minimum of 10,000,000 people* in the United States would literally be condemned to death if Schwartz's proposals are put into effect—a figure which rivals Hitler's mass murder.

It would be totally wrong to dismiss Schwartz as one isolated madman who somehow managed to sneak his murderous fantasies onto the pages of the *Times*. The truth of the matter is that his op-ed is a very accurate indication of what

is already happening in health care, as well as what is fast coming. It is also a reflection of the deliberate policy to radically increase the death rate, a policy which has been adopted by the oligarchical faction which controls much of U.S. policy making, and whose intent to eliminate 2 billion people over the next 20 years is clearly stated in the by-now-notorious *Global 2000 Report* issued for them by Jimmy Carter's State Department. Since medical care is such a crucial feature in maintaining the increase in human longevity achieved by the United States and other advanced industrial societies, it has been made a top target for destruction.

Upping the death rate

As a result, U.S. medical care has been put under a concerted assault, especially over the past few years. Beginning in earnest with the "death with dignity" movement, propaganda has been churned out by such institutions as the Hastings Center, the Society for the Right to Die, and the Kennedy Institute of Ethics at Georgetown University, aimed at brainwashing people into accepting sharp reductions in the quantity and quality of medical care available on the grounds that it is "unnecessary," "wasteful," "too expensive," "inhumane" or that "dying isn't so bad, anyway."

The insidious concept of a "life not worth living," i.e., a person in a coma or with a chronic, debilitating disease, or one who is mentally retarded or senile, has also been widely introduced, with the result that many of these people are denied medical treatment and, in some cases, food and water as well, in order to ensure that they die quickly and inexpensively.

The medical profession has been effectively blackmailed into going along with this trend. Many doctors who ordinarily would flatly reject the kinds of proposals made by Schwartz et al. have been so pressured by the threat of malpractice suits that they have begun to welcome the kinds of medical-care guidelines which are aimed at restricting or eliminating treatment.

As a result, the United States is moving dangerously close to the situation which prevailed in Nazi Germany where, under a secret program known as "Action T-4," the mentally ill, the retarded, the elderly, and infirm—what the regime called *Ballastexistenzen* or "dead weights"—were systematically carted off to special killing centers because they were deemed too great a burden on the state.

Those who are skeptical of this assertion would do well to ponder the words of Dr. Leo Alexander, an American physician who took part in the 1946-47 Nuremberg War Crimes trials, where Nazi medical officials who had carried out the annihilation of the mentally ill and retarded were charged with murder and hanged. In a 1949 article in the *New England Journal of Medicine*, Dr. Alexander wrote:

"Whatever proportions [Nazi doctors'] crimes finally assumed, it became evident to all who investigated them that they had started from small beginnings. The beginnings at first were merely a subtle shift in emphasis in the basic attitude of the physicians. It started with the acceptance of the attitude, basic in the euthanasia movement, that there is such a thing as life not worthy to be lived. This attitude in its early stages concerned itself merely with the severely and chronically sick. Gradually the sphere of those to be included in this category was enlarged to encompass the socially unproductive, the ideologically unwanted, the racially unwanted, and finally all Germans. But it is important to realize that the infinitely small wedged-in lever from which this entire trend of mind received its impetus was the attitude toward the nonrehabilitable sick."

Implementation

Recent developments in the United States underscore how closely it is paralleling Hitler's Germany:

- The U. S. Congress recently adopted a bill authorizing the use of federal Medicare funds to pay for hospice care for the elderly. The measure, originally introduced by Rep. Leon Panetta (D.-Calif.) as H.R. 5180, was attached to the Omnibus Tax Bill passed by Congress Aug. 19 and signed into law by President Reagan. According to the terms of the bill, any terminally ill American, 65 or over, who agrees to forego any life-prolonging treatment, and asserts that he or she has only six months to live, is qualified to receive funds for hospice or home-hospice care. Sold as a cost-cutting measure, it is officially estimated that it will save the federal government \$48 million in Medicaid expenditures.

Despite the carefully cultivated image of hospices as "humane" alternatives to "depersonalized" hospitals, they were devised as cost-reducing institutions where the terminally or ostensibly terminally ill are shunted off to die, with little or no attempt to prolong their lives or to apply new or innovative therapeutic measures. 50,000 Americans now die yearly in private hospices.

Given scant attention by the media, this move by the government of the United States to offer financial incentives

to the elderly to shorten their lives is one of the most acute steps to date in the institutionalization of a Nazi "useless eaters" policy.

- The same Omnibus Tax Bill also eliminated the tax deduction for medical insurance premiums and upped the amount Medicaid recipients have to pay for medical treatment. Both measures are aimed at discouraging people from seeking medical care.

- The use of "do not resuscitate" orders is rapidly proliferating. These are orders given by physicians not to resuscitate certain patients—usually older people or those suffering from terminal illness—if they suffer acute cardiac or respiratory arrest. Dr. H. Beeson, head of the American Geriatrics Association, noted in a speech last spring at Yale University that the use of DNR orders for elderly patients is becoming standard procedure.

On Sept. 20, the Medical Society of the State of New York issued guidelines for physicians and hospitals on the use of DNR orders. The guidelines were interpreted by the *New York Times* as indicating greater application of DNRs, and hailed by *Newsday* as recognizing that prolonging life is no longer viewed as the ultimate objective of medical care.

- In Los Angeles, two medical doctors affiliated with the Kaiser-Permanente Health Maintenance Organization (HMO) were recently indicted for murder after one of their patients died of starvation. The patient, Clarence Herbert, lapsed into a coma after undergoing intestinal surgery. Although his brain still showed activity, one or both of his doctors sought and obtained permission from the patient's family to remove him from his respirator. When Herbert continued to breathe on his own, the doctors ordered the discontinuation of all food, water, and medication. It took six days of total starvation to kill Clarence Herbert, but he finally did die. The doctors have defended their action by claiming that what they did was "within accepted medical practice," a claim which, unfortunately, is probably true.

It is not surprising that Herbert should have died in an HMO. As Harry Schwartz notes in the interview below, one key aspect of HMOs—which are rapidly growing in number, thanks to the encouragement of the insurance companies and such liberal politicians as Sen. Edward Kennedy and the Harriman wing of the Democratic Party—is that they provide an economic incentive to limit the care provided to members.

- The insurance companies are promoting several other cost-cutting schemes, centered on a radical restructuring of health-insurance plans. The major thrust is to make participants pay more out of their own pockets, under the assumption that this will discourage their use of medical services. Methods under consideration include raising the per-person deductible to \$1,000 or more from the current average of \$100; having participants pay a greater proportion of any treatment they receive; and putting caps on the amount for which a plan will reimburse a patient for a particular procedure, no matter how much the hospital or doctor providing

treatment charges.

• The Abrams Commission, established by Jimmy Carter to produce recommendations on a slew of medical issues, will release its final report in December. The Commission has provided a public forum for proponents of both “passive” and “active” euthanasia. Last January, for example, the Commission serenely heard testimony from San Francisco State philosophy professor Mary Anne Warren that “defective newborns” be given lethal injections at birth.

The Club of Life

These genocidal measures which are now being implemented against the U.S. population are not going unopposed. Harry Schwartz’s op-ed became a central issue of the recent

Democratic primary for U.S. Senate in New York, when Mel Klenetsky, the National Democratic Policy Committee-backed challenger to Sen. Daniel Moynihan, publicly demanded that Schwartz be fired from his post at Columbia. The Los Angeles murder case has also become a focus for the Committee Against Genocide, a national organization which was formed this year to wage a political fight against all forms of genocide, from forced sterilization to euthanasia. And the Oct. 20-21 inaugural meeting of the Club of Life, founded under the initiative of European Labor Party Chairman Helga Zepp-LaRouche, is expected to mobilize the most significant force yet in the battle to wipe out the last vestiges of the Nazi “useless eater” mentality and re-establish an unyielding commitment to protect and foster all human life.

Interview: Writer-in-Residence, Columbia University Medical School

Harry Schwartz: ‘The ultimate economy in medical care is death’

The author of a July 30, 1982 *New York Times* op-ed calling for severely restricting medical care to significant portions of the American population, Harry Schwartz has been one of the key writers on medical costs and practices since the early 1970s, although he has no medical training or background to speak of. He told *EIR* that the death of his son through a brain tumor was what convinced him that too much money is spent on medical care.

Schwartz was trained as an economist at Columbia University and served in the Office of Strategic Services during World War II, becoming a specialist in the field of Sovietology.

He joined the *New York Times* editorial board in 1951, remaining a member until he took his present position as writer-in-residence at Columbia University’s College of Physicians and Surgeons in 1979. He says that the most important editorials he wrote while on the *Times*’s board were those denouncing the Ford administration’s swine-flu inoculation program.

With the publication of his 1972 book *The Case for American Medicine: A Realistic Look at Our Health Care System*, Schwartz began to promulgate methods of rationalizing medicine and reducing its cost, persistently making the point that “the ultimate economy in medical care is death.” Schwartz’s prescriptions have become increasingly blatant, with the collapse of the U.S. economy and greater public acceptance of medical cost-cutting. In a commentary published in the Feb. 8, 1982 issue of *Newsweek*, for instance, Schwartz held up

the British national health care system as a model for the United States, applauding the fact that it recognizes that “free health care must be rationed” and has instituted a “planned inadequacy of resources. This, he explained, means that there is “rationing by age, exemplified by the fact that most people over 50 in Britain needing renal dialysis are denied it and instead condemned to death from uremia.”

Schwartz gave the following interview to *EIR* after the publication of his *New York Times* op-ed:

EIR: Do you consider your proposals for withholding free medical care to premature infants and people over 85, and for severe restriction on access to medical care for other types of patients, to be acceptable to the majority of Americans?

Schwartz: My proposals are not politically acceptable at all! But then again, how acceptable was abortion-on-demand 50 years ago? The point is to get ideas discussed, even if they’re not going to be immediately accepted by the majority of the population. I’m not going to go around killing people personally; I’m just making certain suggestions that I think should be discussed. You’ve got to realize that we have rationing of medical resources now. Every time a clinic shortens its hours or a hospital cuts back its staff or the government makes cuts in the medical services budget, you’ve got rationing. People die. But the problem is that it’s done irrationally; there’s no logic to it. We have to introduce logic into our medical rationing. People don’t get what they want the way things are, but not by any logical principle.

EIR: Can you elaborate on the sort of logical principle you advocate for rationing medical care?

Schwartz: For instance, why spend so great a proportion of the national health budget on the elderly when they're going to die soon anyway? We should be spending the money instead on youngsters. Of course, there are very difficult decisions to make—who should live and who should die. All I want to do is stir up discussion. We've not wanted to discuss these issues, but the time has come when you have to. Think about the unthinkable. . . . It seems to me that we have to look at utility as a guiding principle. Whose life has the most utility, both to society and to its possessor? These are the people who should have first claim on medical resources. But as things stand now, we're doing the opposite. We have an open checkbook for old people under Medicaid.

EIR: Do you put any other individuals into this same category as premature infants and old people?

Schwartz: You have these children with deformities who are being kept alive. Some of these should be allowed to die—as humanely as possible, of course. Same thing with Karen Quinlan cases. Should these people really be allowed to continue to metabolize, even though they are using scarce resources and will never recover? It's madness! Then you've got the Reagan administration telling hospitals they've got to keep these deformed infants alive! It's crazy!

EIR: How must Americans change their basic views on medical care?

Schwartz: The bottom line is this: You can't meet all the demands for medical care. People have got to understand this. The belief that any Tom, Dick, or Harry can get whatever medical care he wants is a terrible problem. People have to be shown that this isn't true. Part of the problem is health insurance and Medicaid. People are going to the doctor or into the hospital all the time, and someone else is footing the bill. This gives people a totally false sense of the realities of medical economics. We should do away with medical insurance completely. People should have to pay for whatever care they get out of their own pocket.

We have to bring market economics to medical care. If you can't afford to pay for it, it's like anything else: you don't get it.

EIR: What do you think of the case of Drs. Robert J. Nejd and Neil L. Barber, who are now under indictment for conspiring to commit murder after they denied life-support medication and food to Clarence L. Herbert?

Schwartz: That's a fascinating case. You see, the doctors had an economic incentive for killing the patient. The hospital he was in was the Kaiser Permanente HMO [Health Maintenance Organization]. You know that HMOs are pre-paid. That means that members pay so much in advance every year, and in turn are supposed to get full medical coverage,

as much as they need, without paying anything additional. But of course, that's not what happens. It couldn't be or they'd all go broke. So you have a situation where if a patient X paid his HMO \$500 for the year for medical care, but then got cancer and began costing the HMO hundreds of thousands of dollars, the HMOs directors would have every reason for cutting back on the amount of care given to this patient. That's probably what happened in the Los Angeles case. The patient would have gone on metabolizing for years, costing the HMO huge amounts of money, and never paying an additional dime. The doctors figured they had to kill him!

This is one of the issues that I think has to be discussed. We have to talk about what is untalkable. What does it mean, for instance, that with the growth of HMOs, there is a greater incentive to kill patients in them? *After all, the ultimate economy in medical care is death.* We have to look at this thing, develop general principles and guidelines. I can assure you that if Karen Ann Quinlan had been cared for in an HMO, she wouldn't be metabolizing now.

EIR: What has brought us to this situation?

Schwartz: What has brought us to this situation is that medicine is making so much progress. The outlook for the next 20 years is one of even greater medical breakthroughs. We'll probably cure cancer, mechanical hearts will become commonplace. We're entering the most rapid period of medical breakthroughs yet. But this just means that medical care will get more costly, that it'll eat up greater and greater amounts of the GNP. . . . You could take the position, as Ivan Illich does, that the only solution is to stop all medical progress—do away with medicine, let nature take its course. I don't agree with this approach. I think medical research is very useful, but that what we have to do is to decide who gets access, how often, and under what circumstances.

There's an article in the current issue of *New Republic* which says essentially the same thing. Medical care in America is too cheap for the individual person! We've got to do something about this immediately! People have to understand that there are limits to what they can get in the way of medical care. . . .

EIR: Do you think these issues are being adequately discussed?

Schwartz: There are some people who are seriously discussing these questions. The Abram Commission, the President's Commission on Medical Ethics [where Mary Ann Warren testified] has been doing some good work, but they're now having a big fight over what their final document on health care and economics will say. They may have to water it down. But then there are others, like the directors of Beth Israel Hospital in Massachusetts, for instance, who are saying what I'm saying. . . . That there are more people out there who want help than society can afford to help. Handicapped people, all kinds of people.

How British intelligence shaped the U.S. 'entertainment industry'

by Michael J. Minnicino

For the first thirty years, American filmmaking—and through it, most continental European filmmaking—was openly controlled by representatives of the British Secret Services and of the British Royal Family.

The most important figure in this period was Sir Alexander Korda, less influential as a director than as an organizer of film trends which swept the world. Born in Hungary as Sandor Kellner, Korda started as a director during World War I. When Bela Kun set up the Hungarian Soviet immediately after the war, Korda was asked to sit on the People's Directory for the Film Arts (along with an actor, Arisztid Olt, who later became known under the stage name Bela Lugosi). When the Kun regime was overthrown by the fascist forces led by Admiral Horthy, an arrest order was put out for Korda. Korda went to the station chief of British intelligence

nership of the British community in California, including Douglas Fairbanks, Sr.; Fairbanks's wife, Mary "America's Sweetheart" Pickford; and Charlie Chaplin. United Artists was effectively controlled by Lord Louis Mountbatten, the current Queen's cousin and the man who sponsored Chaplin's immigration to Hollywood. (Chaplin, actually made a short "Home Movie" in the early 1920s starring Lord and Lady Mountbatten.) It seems that the Royal Family used Alexander, and his filmmaking brothers Vincent and Zoltan, to "launder" money to Churchill, and at one point the film producer paid the Opposition leader £10,000 for the rights to a book that was never seriously considered as a film.

The Kordas' Hollywood circle

The Kordas' task was to generally develop a pro-British current in America and to plump for cultism. They hired Aldous Huxley to write the screenplays for the two-hit *Star War*-style fantasy pictures of the 1930s, Kipling's *Jungle Book* and *The Thief of Baghdad*, in the process making Huxley's name as a scenarist. (When the Kordas stayed in Hollywood they usually housed with one of a British clique there which included Huxley, the modernist composer Igor Stravinsky, and Tavistock psychologist Humphrey Osmond.) They kicked off the wave of historical epics which dominated the United States and Europe in the 1940s; Hitler, in fact, had their *Rembrandt* re-made under his own aegis. This historical series included two films that were never completed: *Lawrence of Arabia*, which was shelved when T. E. Lawrence, the British intelligence agent who was the subject, died in a motorcycle crash on his way to Korda's home to discuss the film; and *I, Claudius* based on Robert Graves's weird Isis novel, which collapsed when the star, Charles Laughton, went insane. (Public Television later made a cult hit out of the novel.)

In the late 1930s the Kordas were recruited directly into British intelligence by Churchill, and started making overt propaganda in America. Their epic *That Hamilton Woman*, starring Laurence Olivier, a Korda protégé, contained patriotic speeches written by Churchill. When Sir William Stephenson, the notorious "Intrepid," set up his operation to control American public opinion after 1939, the lease for his Rockefeller Center headquarters in New York was held by Alexander Korda.

The movies: psychological warfare as a fine art
Fourth of a six-part series

in Bucharest, a British brigadier general and widely reputed to be the very man who had engineered Horthy's coup. The Englishman warmly greeted the young director, admired his work, and arranged for him to slip out of the country, ultimately to America. There, a job was waiting for him at First National Studios owned by Joe Kennedy, then beginning his attempt to turn "legitimate businessman" after making his fortune in the Canadian bootlegging trade.

At the beginning of the 1930s, Korda returned to England where he became the most powerful filmmaker on the Continent, backed by the Sutro financial clan of the City of London, Louis B. Mayer of Metro-Goldwyn-Mayer in Hollywood, and by Prudential Life Assurance of London. Simultaneously, Korda developed close ties with the British Royal Family and with Winston Churchill, then an Opposition leader. He was brought onto the board of the Hollywood-based United Artists Corporation, the film production part-

But the self-described masterwork of propaganda of the Korda brothers was their *Shape of Things to Come*, the scenario for the creation of a “new Dark Age” written by H. G. Wells. In an unheard-of move in film production, the Kordas allowed Wells to personally supervise production, and brought in Hungarian Futurist Moholy-Nagy to create the fantastic sets. The film, which opens with London obliterated by bombs, created such powerful images that the Nazis later had several prints bootlegged into Germany so that they could be shown to Luftwaffe pilots before they went on their raids over England.

Alfred Hitchcock presents

The Kordas and the rest of the British community in Hollywood also were responsible for bringing in the other major trendsetter of the 1940s, Alfred Hitchcock, who was himself tied to British intelligence. Since Hitchcock’s films are very well known, it is easily seen that he was an exponent of Münsterberg’s theories of how the film can brainwash via fixation and shock. As Hitchcock said himself in 1947:

I aim to provide the public with . . . shocks. Civilization has become so protective that we’re no longer able to get our goosebumps instinctively. The only way to remove the numbness . . . is to use artificial means to bring about the shock. The best way to achieve that, it seems to me, is through the movie.

Or in 1952:

I don’t care about the subject matter; I don’t care about the acting; but I do care about the pieces of film and the photography and the sound track and all the technical ingredients that made the audience scream. I feel it’s tremendously satisfying for us to be able to use the cinematic art to achieve something of a mass emotion.

Hitchcock was also explicit about his training:

I was put into . . . a Jesuit school in London. . . . It was probably during this period with the Jesuits that a strong sense of fear developed.

A little less well known was Hitchcock’s early training in Germany with the Expressionists. In his early days as a director, Hitchcock spent half his year doing German-language versions of his English mysteries. In fact, despite their intense public nationalism, German studios were financially controlled by the British and Americans. UFA, the German studio where Hitchcock worked, was directed by Alfred Hugenberg, otherwise known as the leader of the German National Party which formed the Harzburg Front, an electoral coalition that was vital to the success of Hitler’s National Socialists; the Nazis later had to spend some time covering up for the fact that UFA was owned by the “Jewish” moguls of Hollywood.

Hitchcock had gotten his start as assistant director to Michael Balcon, one of the sponsors of Eisenstein in England. He was most deeply influenced by D. W. Griffith’s close-up technique, and by the late 1920s, he was already famous for mysteries which were dominated by what he called his “McGuffins”—ordinary objects turned sinister by lighting or montage. Hitchcock used ordinary objects—as *The Birds*—to realize Münsterberg’s concept of shock effect:

Knowing what to expect . . . the audience . . . waits for it to happen. This conditioning of the viewer is essential to the build up of suspense.

Hitchcock often gave the following example of how this worked. You show two men at a table having a mundane conversation. Then you pan to show that there is a bomb under the table timed to go off in moments. Then you go back to the conversation. The audience becomes anxiety-ridden listening to the conversation (“Don’t you realize you’re about to be blown up?!”)

For Hitchcock, this is the epitome of filmmaking, the creation of a sort of super-reality to which only the audience is privy. However, this is also identical to Wilfred Bion’s discussion of group dynamics brainwashing techniques developed during World War II at British Secret Intelligence Service’s London Tavistock Institute. Bion, the mentor of the Wharton Schools’s Eric Trist as well as other leading social control theoreticians, determined that small groups could be manipulated if an astute leader (director) could convince them of a shared reality superior to the one they were discussing.

Hitchcock was brought to the United States in 1939 by David O. Selznick to direct *Rebecca*, with Laurence Olivier starring, and screenplay adaptations by Robert Sherwood and Thornton Wilder, both of whom would head the U.S. Office of War Information within a couple of years. Hitchcock stayed in the United States owing to the lavish funding he could get for his projects, including his psycho-active films like *Spellbound*, with a screenplay by Ben Hecht (collaborating with leading U.S. psychoanalysts) and set designs by surrealist Salvador Dalí. *Spellbound* was the first U.S. film to have Satan cult imagery, something not seen since the heyday of the German Expressionists.

After the war, Hitchcock became a fixture of American life via his long-running TV series, *Alfred Hitchcock Presents*, which gave many young people, most notably Robert Altman, their start as directors.

The effect of Hitchcock on subsequent movies cannot be over-emphasized. The entire French “New Wave”—François Truffaut, Eric Rohmer, Claude Chabral—wrote their first books about him. Every director of the mind-destroying low budget horror films today openly points to Hitchcock, particularly to his *Psycho* and *The Birds*, as giving them the license to graphically terrify their audience.

(to be continued)

National News

Keyworth leaves energy development to Wall St.

Reagan administration Science Adviser Dr. George Keyworth, speaking to the New York Society of Security Analysts in New York City Oct. 13, announced that strong government involvement in technological development was a thing of the past, since it "depended on many years of a booming economy."

Resorting to Milton Friedman's "magic of the marketplace" economics, Keyworth stated that there would be no more NASA-type programs, because they "consumed more than we were producing."

"Government displays notorious ineptness when it tries its heavy hand at accelerating the development of commercial technologies," Keyworth continued. "The number-one example was the federal attempt to speed up energy technologies."

Asked by Fusion Energy Foundation Executive Director Paul Gallagher if he were writing off all NASA-type development efforts, which have been the driving force behind those years of economic growth, Keyworth stuck to his free-market cult rhetoric: he claimed that there was no energy technology which required or justified the kind of federal effort made for NASA.

Buckley links to Rev. Moon exposed

The Oct. 8-10 Fifth World Media Conference sponsored by Rev. Sun Myung Moon was attended by numerous leading lights of the American "conservative" movement, including William Rusher, editor of William F. Buckley's *National Review* magazine, Leonard Theberge of the Washington, D.C. Media Institute, Reed Irvine of Accuracy in Media, and Major-General John Singlaub.

Both Moon and these Buckley conservatives come from the same circles. After receiving his initial funding from George Kennan's Committee for a Free Asia and

from Japanese mob leader and convicted Class A War Criminal Ryoichi Sasakawa, (who later went on to become the Honorary Founder of the Draper Fund/Population Crisis Committee), Moon, a product of the same pro-Nazi Moral Rearmament and World Anti-Communist League networks who produced the Buckleys, rapidly began to establish links with the latter's organizations in the United States.

For example, the "American Council for World Freedom," which coordinates Buckley operations in the Americas, is headed up by Georgetown University economics professor and "captive nations leader" Lev Dobriansky, who has been a frequent participant in Moon's "Unity of the Sciences" conferences, and includes on its board Lee Edwards and David Rowe, both top leaders of Moon front organizations (the Freedom Leadership Foundation and Asian Peoples Anti-Communist League), as well as Neil Salomon, the head of the Unification Church in the United States.

Buckley's chief editor, William Rusher, has made the pilgrimage to Moon in Seoul many times, and Buckley's chief fundraiser, Richard Viguerie, is also the chief fundraiser for Moon's Cultural Freedom Foundation. Moon recently was able to place the editor of his New York newspaper as a senior official of the Buckley-British intelligence-run Heritage Foundation.

Moon's personal attorney in the United States is none other than Buckley's crony, drug-Mafia lawyer Roy Cohn. Cohn reportedly receives \$150,000 a year from Moon, and is one of the few who have ever been invited to dine with the cult leader on his huge private estate on the Hudson.

President's Commission calls for euthanasia

The President's Commission for the Study of Ethical Problems in Medicine, chaired by Morris Abrams, a former member of the Committee for a Free World and chief of staff for New York Sen. Daniel Patrick Moynihan from 1978-79, met in Washington, Oct. 8 and 9. The meeting was called to discuss the commission's draft policy

guidelines for the United States, titled "Deciding to Forego Life-Sustaining Treatment."

The draft urges "recognizing that patients are entitled to choose to forego any treatment, including those that sustain life. . . ." that a "health care institution may justifiably restrict the availability of certain options in order more effectively to use limited resources or to enhance equity in allocating them. . ." and endorses hospices.

An aide to Sen. Jesse Helms (R-N.C.) spontaneously burst out, after a "medical historian" argued for allowing euthanasia on "economic grounds," that his own father would be dead if such a policy prevailed.

Sen. Moynihan and his staff, however, have a rather long history of efforts to revive Nazi practices, principally at the behest of the pro-Hitler family of former New York governor W. Averell Harriman, who brought Moynihan into politics as an aide during the 1950s. The Harrimans were "pioneers" in the doctrines of eugenics that became notorious as Nazi race science.

Donovan gets strong show of support. . .

Speculation about whether the "political boys" in the White House will be able to force out Secretary of Labor Raymond Donovan continues, despite (or perhaps intensified by) the massive "friend of Ray Donovan" tribute dinner held in Washington's Mayflower Hotel Oct. 13.

A crowd of over 1000 people—with more reportedly turned away—showed up to hear Donovan blast the low-lives whose charges were the basis for allegations against him ("Those who commit perjury can't be allowed to go free"), and hear praise of the Secretary from Presidential Counselor Edwin Meese. White House Chief of Staff James Baker—one of the people known to be less than committed to Donovan's tenure with the administration—also showed up, as did several other cabinet members, although the President himself begged off to deliver his pitiful address to the nation on unemployment. Although most of the reporters which have been badgering presidential spokesmen on the allegations against

Donovan for months stated that "most" of the attendees were from New Jersey, *EIR* has learned that the majority were from Washington. Also unreported in most media was the fact that many union officials came to express support (including representatives of the police, firefighters, Teamsters, pilots, locomotive engineers, and various construction trades).

Despite having been cleared twice by Special Prosecutor Leon Silverman of charges relating to an alleged bribing of a union local president when he was Executive Vice-President of the Schiavone Construction Company in New Jersey, Donovan continues to be under severe media attack and is thus generally portrayed as a "political liability." However, sources in the Young Americans for Freedom organization, which sponsored the Oct. 13 event, told us that "the White House was shocked at the turnout—they were very surprised at how many people actually came in support of Donovan."

Sources familiar with Donovan's relationship with the President have told *EIR* that the President's respect for Donovan as a self-made businessman and principled (but not ideological) conservative is underestimated by those who think Reagan could be easily convinced to drop him for supposed political expediency. However, in the aftermath of what could be an electoral disaster for the Republicans this November, Washington insiders expect that Reagan will be susceptible to almost anything packaged as "politically expedient."

After two years, an anti-drug campaign?

Having announced plans on Oct. 5 for a major new governmental effort against illegal narcotics, the administration fleshed out its initiative in a "big publicity" speech delivered by President Reagan at the Justice Department on Oct. 14, expanding the program into what the President billed as a "major and sweeping effort . . . to cripple the power of the mob in America. . . . I believe this program will prove to be a highly effective attack on drug trafficking and the even larger problem of organized crime."

Crime being a perennial election issue, Washington insiders are discounting much of the attention now being focused on this issue by the administration as seasonally related. But the fact that White House spokesman Larry Speakes confirmed that significant amounts of "new money" (i.e., not just raiding existing law-enforcement program budgets) will be requested, and that certain specific actions were announced by the President indicate that this new initiative will not completely fade after November. Among the concrete steps announced by Reagan are the establishment of 12 additional anti-crime task forces around the country utilizing resources from diverse federal agencies; the creation of "a panel of 15 distinguished Americans" to investigate organized crime; the setting up of a cabinet-level committee under Attorney General William French Smith to deal with crime and drugs; establishment of a national center for law-enforcement training; and a series of "anti-crime" legislative initiatives.

The give-away on the program's nature, however, is that the model for it, constantly upheld by the administration, is the South Florida Task Force on Crime.

The administration credits the South Florida Task Force, announced by Reagan last January, headed by Vice-President Bush, with having wiped out a significant portion of the importation of illegal drugs into the U.S. through southern Florida. Our sources point to the crucial—though not generally admitted—fact that shortly before this task force was put into operation, the key point of dope trafficking into the U.S. was shifted from the Florida Keys to new areas, including Atlanta Airport (which is now the second largest air-cargo port in the world!). And although the Task Force went after some relatively small though important banks involved in laundering dope money, the international institutions that really keep dope flowing have been thus far left alone.

For George Bush's future, the South Florida Task Force represents more than just a means to a "tough-guy" reputation; he is reliably reported to have used his added presence in the Miami area to cultivate Cuban exiles there, partly for personal political reasons, but primarily because it is through this channel that the Kissinger/Shultz crowd running Reagan's foreign policy are attempting to cut a deal with Cuba's Castro.

Briefly

● **FRITZ MONDALE**, whose presidential preference rating among Democrats hovers in the mere teens, is trying to build a new image for himself as a "tough guy" against imports from Japan and other foreign countries. Mondale has made protectionism the central theme of his three most recent speeches to large trade union organizations.

● **W. AVERELL** Harriman has donated \$1 million to establish a think tank at Columbia University, the W. Averell Harriman Institute of Russian Studies. Harriman, an early supporter of Adolf Hitler, plans to use the Institute to plot ways of inducing the Soviet Union to agree to a policy of mutual deindustrialization with the West. Dedicating the Institute at its Oct. 21 opening ceremony will be global depopulation advocate Cyrus Vance.

● **MARTIN FELDSTEIN**, the economist exposed two years ago as having committed "computer fraud" in his study on Social Security, was granted a "recess appointment" on Oct. 14 by the President as Chairman of the Council of Economic Advisers (the Senate recessed before acting on his confirmation). Feldstein stated that the gloomy forecast by the Fortune 500's "Business Council"—released the day unemployment officially topped 10 percent—that unemployment will not soon go anywhere below 9 percent was "in the right ballpark."

● **FORTY BRITISH DOCTORS** crowded around Nancy Kissinger in the delivery room, waiting to see if the embryo transplant from the chimpanzee had been successful. "It's coming out bottom first," one shouted. In an expectant hush, they waited to see the head, anxious to determine the resemblance to the Nobel Prize winner. Unfortunately, where the head should be, was another posterior. "Well," Henry muttered, "at least it was a boy."

Andean Pact moves toward *Populorum Progressio*

Fifteen years ago, in 1967, Pope Paul VI issued his celebrated encyclical *Populorum Progressio*, enunciating the principle that "development is the new name for peace." The Pope's appeal for a new, just order in international economic relations which would exorcise the hideous spectre of war by making economic development primary over debt collection, took its deepest roots in the nations of Hispanic and Portuguese America. This process was reinforced by Paul VI's 1968 visit to Colombia for the conference of CELAM, the Latin America Bishops' Conference he had founded.

Now an important step has been taken toward realizing the new order of economic relations between the industrialized nations of the "North" and the developing countries of the "South" envisioned by the late Pope Paul VI. On Oct. 14, the newly inaugurated President of Bolivia, Hernán Siles Suazo, announced that *joint* renegotiation of the Latin American foreign debt would occur, stating that he had discussed the proposal with the chief of state of Colombia, Belisario Betancur. Siles invited the five nations of the Andean Pact plus Panama "as soon as possible" for a presidential summit "to take coordinated action to renegotiate their foreign debts."

The Andean countries are Venezuela, Colombia, Ecuador, Peru and Bolivia, with a combined foreign debt of \$50 to \$70 billion. Bolivian authorities noted that "the creation of an Indo-American Association of Debtor Countries would be unprecedented even in the history of the continent and would strengthen its position in the international community."

The Andean announcement, made by the first civilian government of Bolivia since the 1980 "cocaine coup," is a challenge to the international oligarchy, which is determined to crush the New World Economic Order with assassinations and coups d'état.

It is extremely relevant that on Oct. 11, three days before the Bolivian debt announcement, Bolivian authorities arrested and extradited to Italy terrorist Pier-Luigi Pagliai, who is wanted for the 1980 bombing of the Bologna train station that killed more than 80 peo-

ple. According to the Italian daily *Corriere della Sera*, Pagliai had plotted to assassinate President Siles before his inauguration. Pagliai was a member of the fascist group Ordine Nuovo, and a leader of European death squads deployed to protect the cocaine traffic out of Bolivia since the 1980 coup which put the former military government into power. Moreover, in official Italian investigations, the 1980 atrocity in Italy has been traced to an international Freemasonic network around the Propaganda-2 and Comité de Monte Carlo "lodges" of Italian fascist Licio Gelli, in which the name of Henry Kissinger has repeatedly surfaced.

The Bolivian moves against Dope and Murder, Inc. caught the international banking community by surprise. While the bankers were focused on the big debtor countries, such as Mexico, Brazil, and Venezuela, suddenly the small, impoverished nations have moved into place in support of Mexico's demand for a New World Economic Order. On Oct. 11, the president of Mexico's ruling PRI party, Pedro Ojeda Paullada, addressed the Commission of Latin American Political Parties in La Paz, Bolivia. He called on all the countries of the continent "to exploit the possibilities of establishing the mechanisms of coordination among the region's debtor countries in order to look for the best overall solution to the financial situation confronting us."

One of the places where the fight will surely erupt next is the meeting of the Economic and Social Council of the Organization of American States in Washington during the third week of October, where it is expected that the Andean countries will organize to extend the concept of an Ibero-American "debtors cartel" to all of the continent. This is the reality the bankers must confront. They can continue to try and impose IMF "conditionalities" and send killers like Pagliai to enforce them—guaranteeing a crash of the entire international banking system. Or they can sit down to the negotiating table and work out the terms of a new monetary system. *EIR* has repeatedly urged the latter approach; once again we can only appeal to reason, and reality.

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