

# EIR

Executive Intelligence Review

November 9, 1982

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Executive Intelligence Review  
(ISSN 0273-6314)  
*is published weekly (50 issues) except for the second  
week of July and first week of January by  
New Solidarity International Press Service  
304 W. 58th Street, New York, N.Y. 10019*

**In Europe:** Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
Dotzheimerstrasse 164, 62 Wiesbaden.  
Tel. (06121) 44-90-31.  
Executive Directors: Anno Hellenbroich,  
Michael Liebig

**In Mexico:** EIR, Francisco Dias Covarrubias 54 A-3  
Colonia San Rafael, Mexico DF, Tel: 592-0424.

**Japan subscription sales:**  
O.T.O. Research Corporation, Takeuchi Bldg.,  
1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160.  
Tel: (03) 208-7821

**Brazil subscription sales:**  
International Knowledge Information System Imp.  
Rua Afonso de Freitas 125, 04006 Sao Paulo Ltda.  
Tel: (011) 289-1833

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Second-class postage paid at New York,  
New York and at additional mailing offices.  
3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10  
Academic library rate: \$245 per year

# EIR

## From the Managing Editor

**R**ecent events have proven that there exist men and women in public life who refuse to put up any longer with the policy outlook dominating Western institutions, a policy of eliminating billions of human beings in the Southern Hemisphere, and of suppressing and dismantling the technological prerequisites for future population growth. With great happiness *EIR* brings you this week a Special Report on the founding conference of the Club of Life in Rome last month.

At the same time, we report in our National section, spokesmen linked to U.S. intelligence and defense traditionalists have begun a mass-publicity campaign for the alternative to the devastation which, as they state, would certainly ensue from the spate of "limited conventional wars" which Malthusian strategists like Robert S. McNamara plan to conduct under an illusory "nuclear-freeze" umbrella. Dr. Edward Teller's counterproposal, enunciated Oct. 26, is to develop advanced anti-missile beam-weapons systems which can effectively wipe out an enemy's nuclear-attack force—freeing nations to fulfill "the common aims of mankind," the development of the post-colonial world.

A challenge has also been delivered to the "freeze" crew by Leonid Brezhnev, whose statement on Oct. 27 to the Soviet military that the U.S.S.R. will pursue the most advanced technologies in its military buildup has already registered in some quarters as a thunderous announcement of the end of the McNamara "systems analysis" faction's influence in Soviet policymaking. The bankruptcy of Kissingerian game-playing as a substitute for serious economic and military power is beginning to be acknowledged.

Next week, *EIR* will present further analysis of the Soviet policy direction and the related matter of the current Anglo-American intelligence infighting. We will also examine the parlous political conditions in Western Europe after the electoral victory for the Socialist International in Spain, and the ascendancy within the German Social Democracy of partisans of "green" fascism.

*Susan Johnson*

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## Ditchley bankers launch showdown with the LDCs

by Renée Sigerson

Ignoring all warnings that ill-conceived actions could plunge the world credit system into depression collapse, the leading policy-making institutions of the international banking apparatus have now resolved to launch a head-on confrontation with developing countries which are in arrears on debt payments to the banks. The policy, which involves the creation of a visible "cartel" of private banking institutions that will "stick together" and cut off all credits to any country refusing to meet debt payments, was spelled out Oct. 26-27 in a closed-off conference room in New York's Vista Hotel.

Closeted in that chamber for the two-day session were the leading officers of 31 top commercial banks, including Chase Manhattan, Morgan Guaranty, National Westminster, Lloyds and some representatives of German banks. Also in attendance were "observers" from the International Monetary Fund (IMF) and the U.S. Federal Reserve System. This group has been acting as an informal policy coordinating body since last May, when it first gathered for a planning meeting held on the premises of the London-based Anglo-American Ditchley Foundation. Following that event, the group has adopted the "Ditchley" name for its proceedings.

The "Ditchley II" gathering, having occurred in tandem with similar high-level meetings of bankers in Europe the same week, marks a turning point in the financial/political crisis of 1982, a crisis over the \$700 billion, usury-based international debt owed by the developing sector. Despite a series of leaks to the New York and London press prior to "Ditchley II", that the high-level bankers group was primarily concerned with avoiding an international credit crisis, and, to that end, was committed to maintaining emergency credit flows to countries already sorely in arrears, there is

evidence that in the past 10 days international banks have been pulled into line to attempt a massive "chicken game" with their borrowers. Its outcome could be a financial blow-out of unprecedented proportions.

In addition to the meeting in New York, the gameplan now under way was also discussed the last week in October at a London event sponsored by the European Banking Forum, a discussion group run by the London *Economist* and private Italian banks. Outlined there was a blueprint for a complete reorganization of Third World economies to enforce murderous contraction in the aftermath of a credit cutoff.

In Paris, at a closed-door session leaked to the French press, banks with large outstanding credits to Zaire decided that they will refuse to reschedule \$500 million in loans due from the Zairean government this year, although these loans have been stretched out several times in recent years. The banks in question know Zaire has no funds with which to meet payments. The crackdown, which is expected to plunge Zaire into economic and political chaos worse than anything the country has experienced in the past decade, is the model for a dozen or more developing countries.

### The Ibero-American question

While the war of financial triage has already been launched against Africa, Ditchley representatives have confirmed that their greatest concern is to break Ibero-America, where political resistance spearheaded by Mexico is threatening over the coming months to collapse the banks even before they can force payments from their debtors.

According to a top aide to Dennis Weatherstone, the British subject who chairs Lower Manhattan's Morgan Guar-

anty, the objective of the Ditchley group is to force the Ibero-American countries to hand the management of their economies over to the IMF, which will squeeze debt payments out of reduced living standards, the shutdown of industrialization projects, and by claims on foreign-exchange earnings from all exports.

"Our entire approach," this Ditchley insider told a journalist Oct. 25, "is to get the IMF to negotiate for us and impose conditions [i.e., genocidal levels of austerity] on these countries." Since Mexico has refused to sign a financial reorganization accord with the IMF, he noted, the banks will "starve Mexico" until it learns to comply. Mexico "is the first test case," he noted, "although not the only one. We're going to keep pushing them to sign an IMF agreement until they run out of spare parts for all their tractors, which has already begun to happen. . . . Mexico won't get a cent more until it comes to some sort of terms with the IMF."

At the time of these remarks, Weatherstone's aide was still being careful not to mention the Ditchley group's intention to announce creation of their own "private IMF" at the close of their meeting. The secretiveness around the creation of this institution is easily explained by the fact that since early September, the same international bankers' group has been carefully cultivating a public-relations road show, aimed at convincing Mexico, Argentina, Brazil and other debtors either in negotiation with, or considering going to the IMF, that the lending windows of the private banks were still open to them.

Among the chief spokesmen for this public relations line have been U.S. Secretary of State George Shultz and former Secretary of State Henry Kissinger. In "prestigious" public appearances in September and October, Kissinger publicly warned that an open, head-on confrontation with Mexico and others ran the risk of triggering a banking crisis whose consequences could be dangerous for the West. Shultz has been working overtime to orchestrate U.S. diplomacy to Brazil, to give that country the impression that Washington is prepared to go to great lengths to assist Brazil in ironing out its payments crunch, expected to hit during 1983.

Similarly, in the week leading up to the Ditchley gathering, Chase's William Ogden made a round of New York press interviews and public appearances, where he urged central banks to announce a policy for making funds available to banks that might suddenly find themselves in major losses due to the rapidly accumulating arrears on their developing country loans.

## **Speculative bubble in U.S.**

There is only one pathway through which the international banking community could avert the crisis they have now set up for themselves. After admitting (as is well known) that the collapse of developing countries' payments ability is primarily the result of these banks' own support for high interest rates since 1979, as well as for zero-growth economic policies, they would have to grant at least 6- to 10-year moratoria

to their borrowers and shift their loans onto a long-term basis geared toward real industrialization. This is the solution generally outlined under developing countries' demands for the creation of the kind of New World Economic Order which would allow them to develop their population and energy resources to the maximum extent.

What the Ditchley meeting signals is that just at the moment that the policy of usury and Malthusianism is about to come crashing down on the international banks themselves, the financial institutions have decided to stick to their impotent, failed ideology, which dictates that their control of world monetary relations must be maintained at any expense to human life and economic development.

Although there is no question that sticking to this policy will destroy numerous Third World countries, these banks—unless they reverse their pact—will face the full vengeance due their own stupidity.

The latest estimates of the World Bank soberly reveal that no fewer than 40 countries internationally are now in arrears. This represents a fantastic sum of backlogged debt, reaching into the \$50 billion range. Also, quite in contrast to Kissinger's propagandistic counsel that banks should not shut off credit lines to countries in arrears, the truth is that in recent weeks there has been a virtual suspension of new credit syndication lines to any countries outside of what one financial newspaper called "civilized" Europe.

Moreover, Western Europe itself is being deprived of credit. From all over the world, funds have been pouring into the United States, grabbing at speculative earnings from the stock-market bubble and from increasingly dubious real-estate speculation. Between January and September, \$1.2 billion of such funds went straight into the stock market, triggering the boom with so many eerie similarities to 1928-29, when disinvestment in Europe, in favor of capital inflows to New York, finally collapsed the German and then the world banking system.

The stock-market boom has temporarily boosted U.S. liquidity by drawing in foreign funds. However, on another end, U.S. commercial banks' subsidiaries in offshore banking centers from the Cayman Islands to Luxembourg—where a large proportion of Third World lending is booked—are now going through a tremendous drain of deposits. For the first six months of 1982, there occurred a \$7 billion rise in foreign deposits in the domestic U.S. banking system compared to 1981. This represented another part of the large inflow onto U.S. shores, as foreign funds sought the safety of American home branches and escaped from the unprotected offshore havens where, when a bank goes bust, nobody knows who's responsible for its funds.

There is obviously a time fuse on this situation. While the Ditchley policy is not irreversible, even if Third World resistance to austerity-based debt refinancing is broken by early 1983, victims of the Ditchley stupidity will be the bankers duped by the oligarchic strategists who, as in 1932, are quite content to see Western financial centers crumble.

# Mexico's leadership prepares for economic confrontation

by David Goldman, Economics Editor

The International Monetary Fund, with the support of bankers who stand to lose \$90 billion should the gambit backfire, decided Oct. 22 to push Mexico to the wall, confident that they can break any Mexican resistance within months. They may be unpleasantly surprised by the results.

Before Mexican Finance Minister Jesús Silva Herzog and central bank governor Carlos Tello returned from Washington Oct. 23 with no agreement from the IMF, whose approval of Mexico's economic policy supposedly would open the tap for new private credits, senior Mexican officials were hoping against hope that the IMF would grant the \$5 billion, three-year loan under negotiation with attached "conditionalities" not much different from the already austere status quo of Mexican policy. Until the last minute, both President José López Portillo and the central bank chief he installed Sept. 1 to run the exchange-controls and bank-nationalization program he had announced believed that the IMF would lend on what amounted to Mexico's terms. Apparently, the IMF's negotiating team in Mexico City had tentatively agreed to such a package. But when Tello and Silva Herzog arrived in Washington, following semi-official press leaks that a package would be signed within days, the Washington staff of the Fund went back to square one: Mexico would dismantle its system of controls, or there would be no money.

A senior Mexican source close to Tello—who has been wrongly characterized as a "Marxist" in some Western press accounts—had said in a recent discussion, "The IMF is going to have to retreat. If they don't, they will push us into a debt moratorium. They can't want to blow up the world banking system. At least this seems logical. But there could be one flaw in my logic; I assume the other side is not insane."

Nonetheless, the IMF and the banks have decided to take the risk of a world banking crash, and strangle the Mexican economy by shutting off imports until López Portillo, or his successor after Dec. 1, Miguel de la Madrid Hurtado, capitulates. The reduction in imports, which provide intermediate goods for 70 percent of Mexico's manufacturing industry,

has already begun widespread plant closures and layoffs, and the cumulative effects could become disastrous within weeks. In most of the country, the private industrial companies—one-third of which were owned in any event by the nationalized banks—have turned against the government, and are doing everything possible to make the economic crisis worse.

"Even if they don't come to an agreement with the IMF," a senior Federal Reserve official said, "it won't really matter. We will break them, and they will have to come crawling back to us within six months." On the surface, it would seem that the bankers have a strong hand to play: the doubling of Mexican industrial employment over the past decade was an impressive achievement, but seven-tenths of it occurred in industries which do little but import parts from the United States and assemble the final product in Mexico.

The 10 to 12 percent of Mexico's industry that reflects advanced technology and capital-intensive production methods—steel, fertilizers, petroleum, and electricity—is burdened by a swollen expansion of import-dependent, labor-intensive, consumer-oriented manufacturing. The private industrialists in the latter sectors have enjoyed 20 to 30 percent rates of return on investment, the highest in the world, and identify more with the source of their imports than the purchasers of their final product, to the extent of removing over \$20 billion in flight capital in the two years up to Sept. 1. Leaning against Mexico's "Great Projects" development approach, the proprietors of the country's weakest industrial sector have been able to hold their share of the total economy for a decade, riding the back of the petroleum boom, delaying urgent infrastructural improvements to maintain the consumer-oriented expansion.

## Private sector on strike

Virtually the entire private sector has gone on strike. Although the newly nationalized Mexican central bank has offered a reduction in interest rates for investment credits, there are few takers among private-sector firms. On the con-



trary, large commercial bank depositors have been withdrawing funds from the banking system in cash, and smuggling much of that over the border to exchange for dollars at about 120 to the dollar, against the official rate of 70 (and last year's rate of 26). The refusal to invest and the withdrawals from the banking system have caused a sudden contraction of liquidity in the banking system, causing acute distress for small-business borrowers, who have had virtually no access to funds in the past month. This has happened faster than Tello's central bank has found the means to react.

I asked a top state official of the governing party, the Revolutionary Institutional Party (PRI), in a large border state city, how Mexico would respond to the banks' threat to choke the economy into submission. He responded, "You have to understand how Obregón [Alvaro Obregón, revolutionary leader and President 1920–1924 [bypassed the federal garrison in Guaymas in 1913." Obregón had to get vital railroad rolling stock around the heavily-fortified Gulf of California port, but the single rail track through the difficult surrounding terrain ran straight into the mouths of enemy cannon. Obregón's engineers diverted a section of track, leapfrogging the rails from the rear section to the front, and moving his troops and heavy equipment in a flank around the Buaymas fortifications by laying and re-laying the same rails. "And Obregón did this in 10 days," the PRI official concluded the story. "By our current work standards, the same job would have taken six months. We know that Sept. 1 was the beginning of a war. We know we have enormous problems. But we can win, if we can mobilize the population this way."

Mexico's ability to stand off the International Monetary Fund and survive depends on access to other sources of technology than the United States, especially the other Ibero-American nations, and most of all Brazil. The still-inconclusive negotiations between Brazil and Mexico over an oil-for-technology transfer denominated in pesos and cruzeiros are a critical test-case for the "Ibero-American Common Market" initiative that summarizes Mexico's best change to fight. A critical issue for the projected Common Market may be Mexico's food-import requirements for 1983; poor rainfall this year and low levels in irrigation reservoirs may imply an 8 to 10 million ton import requirement for grain, costing \$3 to \$4 billion that Mexico presently does not have. However, the Ibero-American continent, including grain-rich Argentina, has always been self-sufficient in food.

## Dollar blockade

Mexico's economy is already reeling under the impact of a de facto blockade of foreign currency. Imports during September, following the cancellation of \$18 billion of bank trade-credit lines, ran at *one-fifth* the previous year's level. Imports have fallen by much more than the country's trade deficit, because private-sector exporters are using a variety of means to keep dollars outside the country. Oil revenues expected for the last quarter were, for the most part, factored

to the banks during the June-to-September period, including contracts to France, Japan, and Spain. The cash raised from the sale of oil contracts went out in the form of capital flight before the Mexican government finally stopped it with the Sept. 1 controls. According to some bankers' estimates, Mexico will receive little oil money until the March-June period of next year.

No short-term trade credits are available, following the early-September three-month moratorium on payment of principal. One West Coast banker fulminated, "It shows the irresponsibility of the Mexican government, to have let the short-term trade and credit financing situation break down. Not even Argentina has done that. Argentina has at least kept the banks current, so as not to lose the short-term lines of credit. Not even Bolivia has done what Mexico did. Only Mexico and Costa Rica pushed it to that extreme. Now it's a psychological disaster. Who will extend credit short-term if he knows he may have to face a situation where the government suddenly comes to him and says he has to agree to restructure it over a 10-year period? I see very ugly effects on world trade patterns from this kind of thing."

Although American bankers, from David Rockefeller on down, have consumed acres of Mexican newsprint in reassurances that the banks will continue to support Mexico, Mexican firms have heard a very different message in private. At a recent private meeting at the Mexican resort of Ixtapa of a hundred Mexican and American businessmen two weeks ago, one senior U.S. banker said, "The Mexican government has permanently forfeited the confidence of the business community. You have to live with it, just as you have to live with financial, political, and regulatory instability."

## Mexico's enemies

Both at the national and local level, the leadership of the PRI is coming to the grim conclusion that the banks are not first interested in getting their money back, but want to break the Mexican political system—with the collaboration of considerable elements in the private sector. That adds a bitter irony to charges circulated by some U.S. "neo-conservatives" to the effect that the bank nationalization measures represented a "socialistic" attack on private enterprise.

Private enterprise in Mexico, which rode the economic boom rather than building it, scampered into the safety of Houston real estate and Swiss bank accounts, diverting profits from their enterprises and bank loans into \$22 billion in flight capital; the expelled leadership of the Bank of Mexico complacently borrowed an additional \$20 billion above and beyond Mexico's financing needs to finance the flight capital, ruining Mexico's credit standing. The only "irresponsibility" of the Mexican government was in delaying the actions it finally took Sept. 1, to the chagrin of the banks. American bankers' criticism of the Mexican government's handling of a problem they helped organize should not be taken seriously.

Despite the Mexican government's decision not to pub-

lish the list of *sacadólares*, or those who speculated against the peso, it is evident that the same private firms that complain most loudly against the shortage of dollars, and demand acceptance of the IMF conditions, control most of the \$22 billion in bank accounts still held by Mexican citizens outside the country. If they brought these funds back into the country, they would triple their investment, since most of the dollars were bought at 26 pesos per dollar, and the current official rate of exchange is 70. However, the private sector is not disposed even to take advantage of the spectacular undervaluation of the peso, which they could do with impunity. The business associations seem most concerned with the opportunity to clear more funds out of the country.

As President López Portillo implied in his Sept. 1 State of the Nation speech, the liquidity crisis is the result, at least in the very short term, of the private sector jumping ship. Less than a government attack on the private sector, the events of the past several weeks represent a private-sector strike against Mexico.

### Polarization

The resulting level of polarization in the country's political life is unprecedented in the post-war period.

In Sonora, the northwestern state which produces the bulk of the country's protein foods, the private business sector has not only abandoned the governing PRI in favor of the neo-fascist Partido Acción Nacional (PAN); they have stopped talking to the PRI except through newspaper declarations.

The head of the local business association, PAN official Vidales Vidal, hailed the government's decision to establish exchange houses on the frontier Oct. 20 (to encourage Mexicans to return their flight capital) as "the beginning of the end of exchange controls." Vidales endorsed, in effect, the large black market in currency shipments across the border, and expressed hope that it would break the government's controls program. Meanwhile large commercial agricultural producers are offering bribes equal to 10 percent of their products' value in return for export licenses for products needed inside the country. Sonora's case, like that of other border states, is extreme; but the process is not much different elsewhere in the country.

The confrontation between Mexican officials and the International Monetary Fund the weekend of Oct. 22 may have represented a turning point for the Mexican leadership. The cost of an economic confrontation with the United States would be terrible; but if the United States supports its bankers at the expense of its own more basic economic interests, Mexico will have to deal with the confrontation forced upon it. IMF officials who believe that Mexico's leaders will pawn the country's future prospects for development in return for an indistinct promise to relieve the short-term pressure may have miscalculated badly.

Mexico is preparing for economic war.

## The Mont Pelerin Society determination to crush

In a rare break from its secretive policies, the Mont Pelerin Society made its latest conference in Berlin this September a forum to announce publicly just what its members intend to force upon the world economy. The Society, founded in 1947 out of the Vienna School, is committed to forcing Malthusian economic policies on national economies under the banner of "free-market" policies, i.e., destroying the centralized generation of credit for industrial and infrastructure development that was Alexander Hamilton's American System.

The most recent "national experiment" of the Mont Pelerin Society, the fascist economics imposed in Chile on the advice of the Chicago School's Milton Friedman, vice president of the Mont Pelerin Society, ended recently with Chile's industry and labor destroyed, and the country forced to ask for a moratorium on its debt principal. Chilean dictator Pinochet has kicked his Chicago School advisers out of the country.

Although most of the presentations at the Sept. 5-10 Berlin conference were delivered in abstract jargon, their meanings would be clear to anyone with a grasp of the fundamental difference between American System and fascist economics. Lest any *EIR* reader think this publication exaggerates its characterization of Mont Pelerin policy, we present here excerpts from the speech of Prof. Herbert Giersch, president of the Institut für Weltwirtschaft of Kiel University. Giersch's speech was a task-oriented statement of what the Society wants.

We spare you the experience of the presentation by Mont Pelerin *éminence grise* Friedrich von Hayek. His "philosophical" statement bordered on outright psychosis. Giersch's speech is sufficiently damning.

Giersch spoke on "Socialist Elements as Limits to Economic Growth" during a session on "Socialist Thought as a Challenge for Western Societies." His definition of "socialist" was anything remotely related to economic leadership by a national government; Giersch made it clear that, beyond the destruction of the welfare state, the Mont Pelerin Society is looking to destroy nations themselves.

# spells out its industrial growth

In his general observations, Giersch established his conception of what he termed “natural growth,” the “average growth rate which would come about under *laissez-faire* conditions in a stable monetary framework. Such growth would reflect the rate which individuals and families desired, given natural constraints. An acceleration beyond the natural rate can be achieved by propaganda, coercion, or inflationary monetary policies, albeit only for a limited period.”

As all three methods of violating the “natural” growth rate have been used in post-war economic policies, Giersch expounded, “acceleration will be followed by deceleration, or growth slower than the natural rate because of lagged negative effects of propaganda, coercion, and inflation. The deceleration may be accentuated, entailing stagnation or persistent absolute decline, if the preceding [“forced”] acceleration enabled or induced the expansion of bureaucratic government, the development of a transfer system [i.e., compensating labor] depressing the natural motivation level, or the implementation of wasteful projects and policies that cannot be terminated or reversed without heavy cost. . . . Futile collectivist actions [anything remotely dirigistic or interfering with the fixed order of the *laissez-faire*, *laissez-mourir* world of the Mont Pelerin Society] will have a tragic outcome.”

Professor Giersch then came to the point, in attacking all accelerated economic growth as unsustainable and inevitably fated to collapse. To prove this, he proceeded to lump together all sources of economic expansion, classing such scientific “driver” forces for industrial and technological development as the U.S. space programs, with Vietnam and the “Great Society” of the Johnson administration, which in actuality represented the first wave of the zero-growth “post-industrial” society.

“While economic growth in continental Europe’s post-war reconstruction period had been fairly natural in the sense that it was neither much encouraged by macro-economic policies nor severely braked by institutional rigidities, the West in the early 1960s embarked upon a demand-side policy of accelerated economic growth under the leadership of the

United States. Whether the driving force came from the Sputnik challenge (landing a man on the moon), the post-Keynesian full-employment gospel (fine tuning), a kind of social imperialism (the Great Society), or a war effort (Vietnam and subsequent moral equivalents to war), the economic success depended upon the existence of monetary illusion, including exchange-rate illusion.

“The overvaluation of the dollar, which favored Europe’s industrial integration, came to an end with an excess of dollars. The excess U.S. demand and induced general demand, which Europe fueled by importing *Gastarbeiter* [foreign labor] generated too many dollars. The Bretton Woods System collapsed.”

But it was not these monetary policies which led to the current crisis, Giersch asserted. He laid out the ultimate restriction on expanded economic growth—the utterly bankrupt policies of Parson Malthus and Adam Smith:

“The more spectacular limits to accelerated growth emerged in the form of a temporary shortage of land, or, more specifically, of natural resources, including energy and the environment. Even if both labor and natural resources had been in unlimited supply, the period of accelerated growth would have come to an end. The major bottleneck would have been the supply of capital. Capital formation is bound to fall behind if the additional growth is due to collective demand and therefore serves public consumption rather than private investment. Private savings are impaired when the government takes more care of private health and *old-age security*. . . .” [emphasis added].

## Attack on wages

In short, the capital shortage arose and was aggravated by excessive increases in real wages “when they should have fallen relative to the price of energy and natural resources and relative to capital. . . .”

“Populist policies conducive to the ‘euthanasia of the rentier’ [Giersch finds euthanasia for old people preferable—L.M.] led to an overvaluation of present labor at the expense of past labor and thus to an undervaluation of capital and of the future. . . .”

What now, little man? Paragraph 16 of Giersch’s *précis* for euthanasia makes it clear, and is quoted in full below:

“The collectivist acceleration of growth of the 1960s—supported by moral suasion, guideposts, and price and wage controls (under Nixon, when he also declared himself to be a Keynesian)—made growth a sort of public good. Such growth, together with inflation and a graduated income-tax system, automatically widened the scope for collective action. . . . Despite international differences, there were common features. They include:

- “Public investments with doubtful productivity (or excessively long-term returns) such as space exploration, nuclear energy promotion, and pompous public buildings (profane cathedrals);

- “Excess expenditures for so-called ‘merit goods’ such as public education, public health, and hospital buildings;
- “Subsidies to private capital investment leading to excess capital intensity (as under regional policy to compensate for excessive real wages in backward peripheral areas);
- “Subsidies to ailing private firms in the name of providing job security, which again means subsidizing capital in order to compensate for excessive wages;
- “Capital assistance to regional governments with matching conditions, inducing them to embark upon capital-intensive projects and maintain inefficient, interventionist systems;

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*Says the Mont Pelerin society’s Herbert Giersch, growth is inherently limited. There is somehow a finite amount of capital in the world, and the living standards of wage-earners and pensioners are a regrettable deduction from that capital. A second drain on capital, he asserts, is infrastructural and scientific projects, including nuclear-energy development. Mont Pelerin’s goal is to slash real wages and eliminate useless eaters, under the slogan of laissez-faire, which in all but vocabulary is the same policy as Adolf Hitler’s.*

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- “Soft loans to socialist countries, thus augmenting their resources and enabling them to start (often without completing them) projects involving excessively long-term means of production (heavy industries) or to accelerate military spending or postpone adjustment to a changed external environment;
  - “Subsidies to the social security system which induce people to underestimate the private cost of social security and to ask for more of it.”
- Giersch proceeds to make an outrageous reference to Council of Economic Advisers Chairman Martin Feldstein’s 1974 study on the “cost” of public social security, which was based on fraudulent statistics.
- “Social welfare payments and unemployment benefits which, apart from helping those who really cannot help them-

selfes, are likely to impair individual foresight and the propensity to save, and which certainly reduce individual efforts to search for jobs and to adjust to structural change in the labor markets.”

Giersch calls for letting all “useless eaters” fend for themselves: “Socialist critics ignore the spontaneous supply of insurance and the existence of the family as the framework for implicit inter-generational contracts to care for the future . . . and the time preference of individuals living in an inter-generational system of family ties where the time horizon ends shortly before the concern for those who will probably never be born or will never be known to anybody now on earth.

“Looking back over the last two decades and taking a broader view, we observe: acceleration has led to deceleration; the labor shortage to mass unemployment; the exploration of the universe and the exploitation of the environment to a pantheistic adoration of the earth; the pursuit of quantitative growth to an emphasis on idyllic qualitative growth; the fascination with grand designs and big public investment projects to a preference for what is small and beautiful; the concentrated funding of huge research projects to technological pessimism, the explosion of public education to mediocracy; the quest for equality of opportunities to an excess supply of intellectuals hating the material advance that produced them; the overexpansion of the welfare state to a decline of work ethics and of self-reliance, private charity, and the family. Intergovernmental development aid has led to an increase in the number of countries depending on it; the abundance of capital after Europe’s post-war reconstruction to a capital shortage and what is being called ‘Eurogloom’; the cheap-money policy to exotic interest levels; the exploitation of money illusion to negative money illusion; the exploitation of tax illusion to taxpayers’ revolts; the excess application of the Keynesian medicine to a superclassical condition of the body economic.”

The worldwide economic situation is comparable to that of Germany in the 1920s, Giersch stated—and then proceeded to lay out the solution that Hjalmar Schacht, finance minister for Adolf Hitler’s Nazi government, put into effect in Germany in the 1930s: “Natural growth may be resumed when factor prices have been brought back to balance [as if laissez-faire conditions prevailed]. This means a *fall of real wages* until classical unemployment has been fully absorbed, fairly high rates of interest . . . until the capital shortage has been overcome, and higher profits . . . to match the high level of uncertainty which prevails in periods of subnatural growth and increasing state interventionism [emphasis added].”

This is fascist economics—the refinancing of massive debt through the cannibalization of the productive economy. The only unique thing about Professor Giersch’s presentation of the subject was that the Mont Pelerin Society could be so straightforward.

# The Club of Munich: a nasty little tool of the oligarchs of the southern tier

by Laurent Murawiec

“Where money is, you will find big names too,” Zürich’s leading weekly paper *Die Weltwoche* wrote—that journal is in charge of saying “amen” when the money leaves the room. On Sept. 24 in Munich, the former capital of the Bavarian kingdom, a throng of elite aristocrats and financiers was congregating at what was described as “the workshop of the rich, the shop where higher yields are prepared, the VIP lounge for the jet set,” in a word, Munich’s brand-new “Finance Club.”

And there they were, these creatures let out of their family vaults and crypts, the names which have left trails of blood, famine, and poverty in European history: Prince Fugger-Babenhause, whose ancestors, the Augsburg bankers, bankrolled imperial Spain’s looting of South America and the extermination of its native population; Prince Thurn und Taxis, whose family ran Venice’s intelligence services, the world’s best and deadliest, for several centuries, and whose family fortune is counted in billions of dollars; Franz von Bayern, of the Royal Family of Wittelsbach, which ruled that south German province for one thousand years—until 1918.

The princes had brought their hired pens with them, such as Henri Nannen, chief editor of *Stern* magazine, a former member of Mr. Goebbels’ wartime staff; and their house servants, such as one Mr. Strachwitz, of the Wittelsbacher *Vermögensverwaltung* (Property Management).

Especially imported from America for the club’s opening celebration was Alexander Haig, whose topless quality was referred to with respect to what is above his shoulders. The club’s plush quarters and their awesome contents of computers and oligarchs thus enjoyed a spectacular, much-publicized startup with the benediction of Mr. Haig, who is a lower-level asset of the Italo-German Freemasonic cults.

## Finance Club of Munich

Located in one of Munich’s posh areas, the club offers its members (at present about 150)—who pay an annual

membership fee of 2,250 marks (\$1000)—a series of services: computer and screen-display access to a great number of economic-financial data banks and monitor services, as well as media and other sources of information. Plugging his personal chip into the computer terminal, the member can use the data and the programs to model his own investment strategy, calculate the returns, vary the options, etc., i.e., play with electronic gadgetry and fill the role usually played by his investment adviser, the bank.

Were the finance club only that, it would barely deserve one paragraph. But, summing up the advice provided through the courtesy of several Munich-based financial experts, the chief stock-exchange operator of one of the city’s old private banks said, “We won’t touch it with a six-foot pole. The reputation of some of those associated with it is, let me say, dubious. There’s not one pro interested. We presume it’ll be a fiasco.”

This manager’s healthy views, however, remain too much at ground level; a scrutiny of the public and less well-known sponsors would change his views.

Running the Club is one Wolfgang Schoeller, an expert at designing tax shelters in the jungle of real-estate markets. A Munich financial insider described him as “a specialist in the grey capital markets, in operations that would not be transacted above the counter of a bank, without being necessarily totally black, but rather grey, just adventurous.”

Schoeller received his training in the 1950s as financial assistant to Richard Muenemann, the most celebrated financial swindler of the German post-war period. Muenemann owned the infamous Investitions- und Handelsbank (IHB) of Frankfurt, a bank that triggered a gigantic 1952-53 scandal for fraud on Jewish reparations money; Muenemann’s own collapse, bankruptcy and flight out of Germany in 1963; and the purchase of IHB by Walter Hesselbach. Hesselbach was himself a dubious financial czar of the German trade unions who re-sold a bank whose books had been carefully cooked

to the business partners of Tibor Rosenbaum (of Banque de Cr dit International of Geneva, and the notorious Investors' Overseas Service, IOS): the Hessische Landesbank of Frankfurt, Germany's sixth largest bank, which nearly went bankrupt as a result.

After Muenemann's discomfiture, Schoeller—who had escaped the sad fate of his boss—completed his apprenticeship by joining Bernie Cornfeld's IOS, the world's largest drug- and dirty-money-laundering machine. Its German branch was run by politico Erich Mende—the embodiment of continuity between the Nazi liberals of Hjalmar Schacht, and the modern liberal party—and banker August von Finck, of the all-important Merck, Finck private banking house of Munich, one of the individuals who own and run the Allianz insurance group. Allianz is the Central European representative of Venice's Assicurazione Generali, the largest landowner in Munich and a crucial control-point for the oligarchy's financial operations in Germany.

After IOS had gone the way of Muenemann, Schoeller, whose choice of sponsors obviously already formed a pattern, set up his own (small) shop in the real-estate advisory business—supermarket ventures and the like. No big fish, Schoeller's annual known turnover does not exceed 50-60 million marks.

How has this twilight-zone financier been able to bring together the millions of marks required to get the Club started?

### How to make friends

The Westdeutsche Landesbank provided loans for the venture—a decision that might be explained in terms of that bank's immoderate taste for loss-making propositions, a proclivity that has marked both the bank's vertiginous expansion under its former chief, Ludwig Poullain. Poullain had to step down after shady loan affairs were unearthed (the Poullain-Schoeller link already existed)—along with the above-average loan losses suffered by the D sseldorf-based bank. But the West LB, as it is known, is not a shareholder in the Finance Club partnership, just a lender of funds.

While names of the silent partners are not publicly known, some educated guess can be ventured.

To start with basics, the Maria-Theresastrasse of Munich, number 26, houses not only Schoeller Aktiengesellschaft on the first floor, but also Schoeller's private apartments above, and, on the penthouse, those of Schoeller's "close friend," Peter von Siemens.

### Friends like Siemens

Before laying out a few facts about the latter, one of Schoeller AG's main partners should not be forgotten: it is Caismir, F rst von und zu Liechtenstein—from the ruling family of that barbaric, feudal relic of a principality that houses a huge chunk of Europe's dirty-money operations. Even Swiss bankers blush when they think of goings-on there.

Herr von Siemens is the family dean of the dynasty that was developed by British intelligence as their German-based asset in telecommunication technologies, and is at present a curious pseudo-industrial organization: The so-called "Abteilung Z" (Department Z), controlled with an iron fist by the Siemens family, handles finances, long-term planning, political and educational activities—while a series of vertically-organized divisions are, in their own right, industrial corporations. There are very limited links between the horizontal, control-layer ("Z") and the other divisions. Peter von Siemens, one of the most ubiquitous presences in the boardrooms of German corporations and banks, is also the chairman of the "Society of the Friends of Bayreuth," the Nazi-loving Wagner cult organization.

True to form and family, von Siemens is also the financier for the Carl-Friedrich Siemens Foundation, the center-point for the articulation and propagation into European elites of the Nazi, neo-Nazi and post-Nazi ideologies. The foundation is run at present by former Waffen SS volunteer Armin Mohler, the herald of the so-called conservative revolution.

Herr von Siemens is not Schoeller's only friend. Who brought in such a prominent figure as Alexander Haig at Schoeller's club's opening? Munich sources report three names: Rolf Rodenstock, a Munich industrialist who doubles as Chairman of the German Industry Confederation (BDI); Ludwig Huber, the chairman of the board of the Bayerische Landesbank (a key channel of Wittelsbach royal power and money) who is a close friend of neo-conservative Franz-Josef Strauss; and August von Finck, Jr.—full circle, it seems, from humble IOS beginnings.

### The power shift

The *Weltwoche*, indeed, was right: many names and much money—to what end?

As the Bavarian metropolis's financiers are wont to explain, with depression wiping out the economic base of the traditional Rhine-Ruhr and Rhine-Main industrial areas, the "southern tier" of German business, the Munich-through-Stuttgart belt, with its "soft" technology base, is gaining dominance. And the banks associated with the old, collapsing heavy industries, are being fatally wounded by the de-industrialization.

But the post-industrial activities promote the fortunes of other banks—and power is shifting from the old Prussian-Rhineland axis to the southern tier—which has also scored an impressive political breakthrough recently in the Kohl cabinet (see *EIR*, Oct. 26). Representing a new, important operational and intelligence capability, the new Finance Club, that uncanny mix of twilight zone and aristocrats (not so weird, if one recalls that the Princess of Thurn und Taxis was recently caught by overzealous custom officers with a large chunk of hashish in her handbag), is part of the new apparatus now emerging to consolidate the financial and political takeover of Germany by the southern-tier oligarchical mafia.

# Third World projects: shutdowns multiply

by Mark Sonnenblick

Ibero-America's debt burden is killing its ability to import and to build for the future. In the short run, that means additional unemployment in the United States, as orders from what were America's most consistent customers disappear. In the longer run, it means the Ibero-American countries will not have the productive capacity and the productivity needed to service their debts. A glance around the continent shows the big infrastructure projects which provide the productivity boosts needed for industrial development are being put on ice.

## Mexico: nuclear slowdown, crippled ports

Nuclear plant construction at Laguna Verde is being phased out; the 75 percent finished first unit was to have been on line in 1983, but is now scheduled only for 1985; the second unit was to be ready six months later, and has been put off until at least 1987. Work has practically stopped, and the workforce at the site has been cut from 17,000 to 8,000. General Electric, prime supplier of generating equipment for the plants, will experience delays in payments which could force it to lay off workers in the United States.

Drastic budget reductions this year have forced cutbacks in port expansion on Mexico's Pacific Coast. Austerity measures have prevented the construction of new container facilities at the ports of Salina Cruz, Lázaro Cárdenas, and Manzanillo. These ports were intended to expand Mexico's trade with the countries of the Pacific Basin. Any rapid resumption of Mexico's growth will be stymied by immense bottlenecks in its obsolete ports.

The Council of the Americas, the organ of the multinational corporations, says in its October Washington Report, "At least one of the probable measures included in the IMF program will have an impact on the U.S. economy: reduced Mexican imports of almost \$18 billion worth of U.S. goods, nearly half of U.S. exports to Latin America." That \$18 billion figure was the U.S. share of Mexico's total \$24 billion imports in 1981. This year, Mexico will be lucky if its total imports reach \$18 billion; and for next year, all expectations are for much, much lower levels.

IMF Western Hemisphere Director Walter Robichek has spent the week haggling in Buenos Aires and is anxious to sign something with the beleaguered government in Argen-

tina. It would be a short-term deal: Argentina would be required to repay credits in 15 months.

## Argentina: strict conditionalities

Argentina will be subject to standard conditionalities. As reported by the Journal of Commerce, "Already strict import controls would probably have to be tightened even further, local economists warn. All but essential imports would have to be banned in an attempt to maximize the government's earnings from exports. . . ."

Major development projects, such as the expansion of the SOMISA steel mill and the planned Yacyretá hydro-electric dam, have been put on ice. Yacyretá is a 2.7 million kilowatt dam on the Parana River for which Allis-Chalmers of Milwaukee has practically clinched the generator contract before the United States sided with the British in the Malvinas War. For the IMF, turbines and generators are not "essential imports."

## Brazil: can't pay its bills

Brazil has applied the most advanced Harvard Business School "management techniques" on handling its debt, which will reach \$86 billion by the end of this year; now it may not even be able to pay its bills. The Brazilian Central Bank announced that it would, for the first time, keep secret its September foreign accounts balance, because of the widespread belief that its accounts are running dry (see *EIR*, Nov. 2).

The largest company insuring payments for U.S. exports to Brazil decided Oct. 20 not to issue any more coverage. Without such coverage, U.S. exports to Brazil will soon shrink to nearly nothing.

Delfim Netto has announced that Brazil will achieve a trade surplus of \$5 to \$6 billion next year, come hell or high water. He is promoting the line that the U.S. economic "upswing" from lower interest rates will bring higher prices and bigger markets for Brazil's exports. But the crunch is on the imports, which will be held at or below \$18.5 billion, compared with the initial \$25 billion target for 1982.

The Brazilian government has determined that the biggest import cuts will be taken against the high-technology capital goods imported by state agencies for use in development projects. Such imports were budgeted at \$3.8 billion this year, but will only be \$3.1 billion due to cuts already imposed. For 1983, only \$1.9 billion will be permitted. Equipment for nuclear plants will be halved to a mere \$50 million.

The government says it will allow some of the half-completed hydro-electricity and steel projects on which billions have already been invested to crawl ahead; but hundreds of other works will be triaged.

That means that Brazil's economic potential will be crippled in years ahead, just as the debts now being rolled over come due. The collapse, though delayed, will be bigger and more destructive.

# Belgrade undercuts itself with IMF policies

by Irene Beaudry

Anyone tempted to believe the widely circulated line that the growing momentum in Ibero-America toward formation of a debtors' cartel is "communist-inspired," should take a look at the case of Marxist-ruled Yugoslavia. Despite that country's self-proclaimed status as a leader of the Non-Aligned movement and champion of the New World Economic Order, Yugoslavia is shamelessly prostrating itself to the demands of the International Monetary Fund.

The additional, particularly cruel irony of the situation is that while Yugoslavia's leaders foolishly think that a national mobilization around paying the debt will override ethnic frictions, there is already ample evidence that the scramble for crumbs in a shrinking economy will heat the country's mixture of competitive nationalities to the explosion point.

The Sept. 24 meeting of the ruling communist party's Central Committee was entirely devoted to hammering home the point that Yugoslavia's number-one commitment is to pay off its \$18 billion debt to the West. Mitja Ribicic, President of the League of Yugoslav Communists (LCY), stressed in his speech that "the most important task of all organizations of associated labor, citizens and society as a whole is to ensure regular payment of our foreign debts." Ribicic warned that measures so far taken to manage the crisis were not only ineffective but were rapidly "transforming our economic crisis into a political one."

## 'A test of our openness'

Considerable tightening, over and above the existing austerity measures, must be carried out, Ribicic said. "This is a test of our openness and ability to be involved in the international division of labor and of our economic and political independence and prestige."

France Popit, member of the Central Committee Presidium of the League of Communists of Slovenia and the LCY Central Committee, told the plenum, "Whoever has incurred a debt must also pay back that debt. This is an axiom. Neither the party nor the pluralistic interests can write off the debt. We should intensify the responsibility in this respect, and then the situation will also be different."

The day before the Central Committee plenum, Sinan Hasani, president of Kosovo, Yugoslavia's most backward

province, under a state of emergency since March 1981 because of ethnic unrest, vowed in an interview with the journal *Komunist* that "lists must be opened and we must identify those who are in debt. These debts must be paid. If necessary, people should be expelled from the League of Communists and penal measures taken."

Yugoslav news service, Tanjug, reported Oct. 4, that Vice-Premier Zvone Dragan, in an address to a European parliamentary delegation, "resolutely denied this evening the possibility of general rescheduling of Yugoslav foreign debts and emphasized that Yugoslavia's foreign trade solvency and repayment of debts are the priority task of all economic factors in the country."

## The crisis management plan

Under the economic stabilization program Yugoslavia has drastically cut back on its imports while attempting to boost exports. The problem, however, is that Yugoslavia is heavily dependent on the West for raw materials, machine parts, and so forth; import cuts have brought industry to a virtual halt. The plan also calls for a drastic slowdown in investment—adding to the already burgeoning unemployment problem, and raising the possibility that in compliance again to IMF demands Yugoslavia will for the third time this year raise its interest rates above its top rate of 16 percent. This option is already being openly discussed by Yugoslavia's leaders.

The government's latest austerity measures include gasoline rationing, a tax on foreign travel (many Yugoslavs cross the border into Italy and Austria to purchase food staples that are exorbitantly priced in Yugoslavia or unavailable) and a 20 percent devaluation of the dinar.

## Ethnic pressures

In May a temporary law was passed which required the pooling of hard currency earnings in a National Bank account to ensure prompt foreign debt repayments. The law was opposed by the richer provinces, Slovenia and Croatia, who argued that they should not have to subsidize the poorer republics and provinces. Under the harsher measures of the International Monetary Fund-dictated plan, ethnic squabbling will only be exacerbated.

Signs of popular discontent have been reported in a second Yugoslav province, Voivodina, among the ethnically Hungarian population. In the predominantly Muslim republic of Bosnia-Herzegovina, Muslim fundamentalism is reportedly on the rise, being fueled by Croatian emigré circles in the West with close ties to Khomeini's Iran. The republic of Macedonia, perennially the target of Bulgaria's territorial claims, may now in the context of economic disaster, respond to heightened Bulgarian propaganda. In Kosovo, where martial law is still in force, ethnically Albanian Kosovars are now calling not only for republican status but for an ethnically pure Kosovo and the forced emigration of Serbs and Montenegrans.



U.S. Postal Service  
**STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION**  
 Required by 39 U.S.C. 3685

- 1A. *Title of Publication:* Executive Intelligence Review (EIR)  
 1B. *Publication No.:* ISSN 02736314  
 2. *Date of Filing:* October 22, 1982  
 3. *Frequency of Issue:* Weekly but for two weeks  
 3A. *No. of Issues Published Annually:* 50  
 3B. *Annual Subscription Price:* \$396.00  
 4. *Complete Mailing Address Known Office of Publication:* 304 West 58th St., New York, N.Y. 10019  
 5. *Complete Mailing Address of the Headquarters of General Business Offices of the Publisher:* 304 West 58th St., New York, N.Y. 10019  
 6. *Full Names and Complete Addresses of Publisher, Editor, and Managing Editor:* Publisher: New Solidarity International Press Service, 304 West 58th St., New York, N.Y. 10019  
*Editor:* Nora Hamerman, 304 West 58th St., New York, N.Y. 10019  
*Managing Editor:* Susan Johnson, 304 West 58th St., New York, N.Y. 10019  
 7. *Owner:* New Solidarity International Press Service; Nancy Spannaus; Edward Spannaus; Warren Hamerman; all of 304 West 58th St., New York, N.Y. 10019  
 8. *Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages or Other Securities:* None.  
 9. *For Completion by Nonprofit Organizations Authorized to Mail at Special Rates:* Not Applicable.  
 10. *Extent and Nature of Circulation*

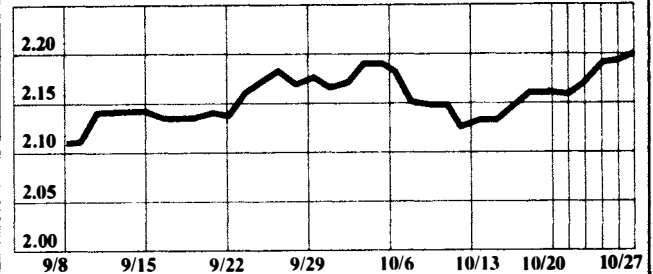
	Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date
A. Total No. Copies Printed	12,772	13,500
B. Paid Circulation		
1. Sales Through Dealers and Carriers, Street Vendors and Counter Sales	2,178	3,025
2. Mail Subscriptions	7,583	7,601
C. Total Paid Circulation	9,761	10,626
D. Free Distribution by Mail, Carrier or Other Means, Samples, Complimentary, and Other Free Copies	1,700	1,700
E. Total Distribution	11,461	12,326
F. Copies Not Distributed		
1. Office Use, Left Over, Unaccounted, Spoiled After Printing	1,311	1,174
2. Return From News Agents	0	0
G. Total	12,772	13,500

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# Currency Rates

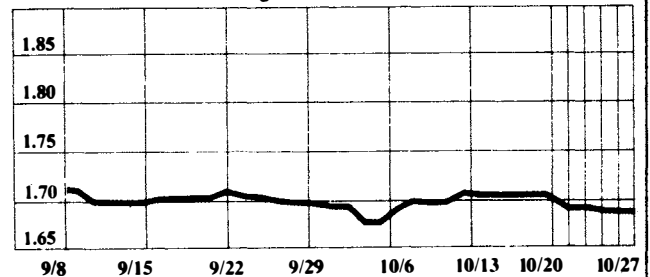
## The dollar in Swiss francs

New York late afternoon fixing



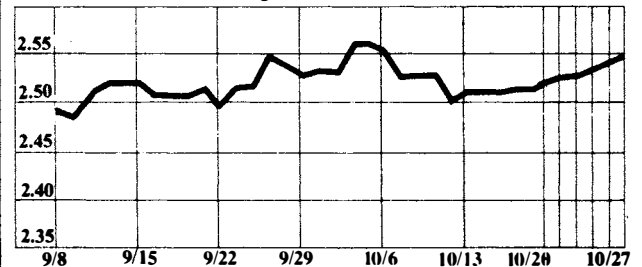
## The British pound in dollars

New York late afternoon fixing



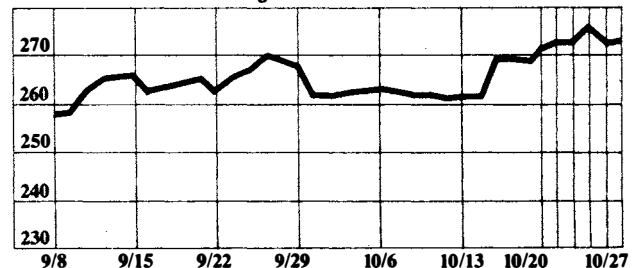
## The dollar in deutschemarks

New York late afternoon fixing



## The dollar in yen

New York late afternoon fixing



## Wharton calls off the recovery

*The influential, and habitually inaccurate, forecasters are bringing their projections closer into line with economic reality.*

**E***IR* has received the following brief announcement from Wharton Econometric Forecasting Associates, the commercial forecasting arm of the Wharton School at the University of Pennsylvania, under the title "Wharton Econometrics Predicts High Interest Rates Will Choke off World Economic Recovery":

"Sluggish U.S. economic performance, persistently high real interest rates (particularly in Europe and Canada), and continued pessimism among investors and consumers have combined to virtually choke off world economic recovery this year. Wharton Econometric Forecasting Associates [WEFA], which will be holding a conference in London, England this month to discuss the world economic outlook, is currently projecting a halting recovery in growth during the rest of 1982 and 1983, with lower than normal growth rates for a recovery in late 1984 and beyond. . . .

"There are several major risks to this outlook, however, notes World Service Director Roger Bird. The major risks are as follows:

"1) Unemployment-induced social unrest could lead to further pessimism among investors and consumers;

"2) continued high real commercial U.S. interest rates and an excessively strong dollar could lead to lower investment worldwide, and possibly to higher import costs outside the U.S., and lowered growth internationally;

"and perhaps most importantly,

3) an international financial crisis

could be sparked by 'interest holidays' and requests for debt reschedulings from financially troubled LDCs, which would hurt the liquidity of banks in the developed countries.

This in turn could result in a 'flight to quality,' higher commercial interest rates to LDC debtors, reduced LDC borrowing, increased LDC import restrictions, and increased barter-trade. The follow-up effects from this scenario would include lower world trade, investment, and growth."

In the past, *EIR* has covered Wharton's predictions only well after they had failed. Wharton predicted a recovery in December 1979, right before the economy went into its first tailspin following the introduction of the Volcker monetarist policy at the Federal Reserve. Wharton also predicted a 1982 recovery in its forecast published December 1981, whereas the economy (in terms of tangible output) fell by 7 percent over the year to date.

Indeed, *EIR* has criticized Wharton's consistently inaccurate predictions as a dangerous hoax, leading to policy blunders on the part of governments who (especially in the developing sector) use the Wharton report as a principal source of intelligence on the U.S. and world economy ("Wharton Econometrics Tries Forecasting Hoax," by Lyndon H. LaRouche, Jr.; *EIR*, Oct. 5, 1982). Most recently, *EIR* correspondents learned that top officials of one of the developing sector's biggest debtors had used Wharton projections of world economic re-

covery in 1983 to calculate that their country could manage to pay its debts that year.

Therefore, Wharton's turnabout, which received little attention in the daily press, has more than academic interest, since the forecasting service's international influence is a significant factor in decision making, for good or ill. In the past, *EIR*'s own forecasts for the U.S. and world economy, employing the LaRouche-Riemann economic model, jarred with Wharton's; in the two cited cases of Wharton error, *EIR* grasped the size and direction of economic trends, when Wharton's pointed in the wrong direction entirely. In the present case, the Wharton and *EIR* forecasts point in the same general direction.

Wharton officials were, at deadline, closeted in the London meeting cited in the release, receiving feedback on their present forecast; following the meeting, the forecast might be revised somewhat, according to a spokesman for WEFA.

However, some basic points must be made about the Wharton perspective as presented in the release:

First, it remains cast in terms of Gross National Product, and is hard to pin down in terms of real physical production levels.

Second, points two and three among the "risks" cited are contradictory. Point two, a strong dollar leading to lower investment, is not so much a risk as an assumption embodied in the no-recovery forecast.

That is the current situation; the draining of capital from the rest of the world in favor of a flight-capital bubble in the United States is the status quo. However, the financial crisis mooted in point three would—among other things—start a chaotic collapse of the dollar parity, accompanied by even lower levels of world output.

# Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$113 mn.	Mexico from Japan	Japan is providing its most advanced copper smelting technology to Mexico with long-term credit. Marubeni is managing the deal, and Mitsui Mining and Smelting is building the 180,000 tpy electrolytic unit for Mexicana de Cobre in Guaymas, Sonora. The world's third largest smelter will process all output of La Carida mine. When completed in 2½ yrs., Mexico will be a leading exporter of electrolytic copper, much of it going to the Japanese market. Credit terms include \$73 mn. at 7.75% for machinery and \$40 mn. at 1% over LIBOR for construction and other Mexican costs. Both loans have 2½ yr. grace periods with repayment over following 10 yrs.	Japanese see Mexico as excellent opportunity for their future growth plans. When others are cutting trade and even jeopardizing their foreign investments, Japanese have made arrangements to keep its industrial products—via even new investments like this one—going into Mexico.
\$109 mn.	Philippines from U.S.A./Japan	Japanese banks are providing low-interest credits to U.S. and British exports to Philippines in fulfillment of Japanese promises to help its competitors in "once-developed countries" export. Bank of Tokyo is leading a bank syndicate which will finance yen-equivalent loan for the Philippine National Power Corp. to import nuclear plant equipment from Westinghouse. 10 yr. loan will be at 0.3% over Japanese long-term prime rate for portion guaranteed by U.S. Eximbank and 0.5% for the part guaranteed by the Philippine govt.	Japanese agreed to such lending in May to blunt threats of import restrictions in the U.S. and U.K. Japanese financing Britain's Davy McKee export of steel plant for Philippines under similar terms.
\$45,000	U.K./Japan	Cambridge University has linked up with Dainichi Kiko, Japan's top specialized robot maker, to design intelligent robots for practical purposes.	Cambridge has considerable practical experience in creating intelligent robots, namely, finance ministers and central bank presidents throughout the Third World.
<b>UPDATE</b>			
\$2.2 bn.	Japan/U.S.A.	Mitsubishi group has proposed that Japanese govt. make \$720 mn. R&D commitment in each of next 3 yrs. for participation in NASA's space station program. Mitsubishi wants Japan to join NASA in developing manned and unmanned experimental stations and the space cabs which will connect them with permanent space stations.	Mitsubishi sees Japan's role as reducing current trade friction with the U.S. while assimilating U.S. space technology. Mitsubishi understands NASA experience that every \$1 invested on space brings about \$14 worth of increased productivity.
\$8 bn.	Poland from U.S.S.R.	Polish/Soviet trade is rapidly increasing as debt problems have caused Poland to lose trade credit lines in the West. This year Poland is importing \$8 bn. worth of Soviet products in barter for \$5 bn. Polish exports, if Poland can produce them. Under barter arrangements, Poland is shipping 960,000 tons coal and receiving 300 mn. cu. meters Soviet natural gas, 4,000 tons wood pulp, 1,000 tons rubber and some car tires. Soviets giving Poland soft long-term ruble credits for food and ammonia and other vital materials and has "loaned" Poland 460,000 tons grain—something Soviets have to import themselves.	Soviets have saved more than 1,000 Polish factories with deals such as shipping cotton for 10,000 tpy cotton thread, half of which is returned to Russia as payment. Polish industries also seeking joint ventures; Western interests willing to provide working capital and markets can get equity shares in Polish factories at auction sale prices.

# Business Briefs

## Real Estate

### Major Canadian group defaults in New York

Cadillac Fairview, the real estate firm owned 39 percent by the Bronfman interests of Montreal, Canada, defaulted Oct. 27 on an \$84 million mortgage on property bought last year from Citibank. Cadillac is walking away from a \$21 million down payment on the holding, which at the price of \$1,900 per square foot was a record for New York real estate values.

It is expected the assessment value will now be under \$1,500, less than Citibank needs to cover the unpaid \$84 million.

Although hitting one of the biggest operators in New York real estate, the announcement is hardly a surprise. As *EIR* documented last July, while pricing of floor space was rising nonstop in the midst of an office-building boom, the demand for leasing was already showing signs of collapsing due to the slowdown of overall economic activity.

What remains to be seen is exactly how major foreign investors in U.S. real estate will react in coming weeks to the shakiness of the market. According to London's *Daily Telegraph*, British investors have put over £700 million (about \$1.3 billion) into U.S. properties since January 1982. Britain's leading insurance firms, including Prudential and Eagle Star, are relative newcomers to the market and are showing no signs of waning interest. These U.K. investments are concentrated in seven cities, including New York, the Southwest, and Los Angeles.

## Steel

### Baldrige, Davignon, Morgan push 'trade war'

In the wake of the October agreement by the Europeans to cut steel exports to the United States by 8 percent, arranged by the Morgan-controlled U.S. steel industry, Count Étienne Davignon, the de-industrialization commissioner of the European Community, and U.S. Commerce Secretary Malcolm Baldrige, member nations have demanded

even larger restrictions on imports entering the European Community.

Germany has applied to the EC Industrial Commission for a 10 percent import reduction, while France and Belgium have asked a 12.5 percent import cut and Britain and Italy a 15 percent reduction. For the European Community as a whole, imports represent about 20 percent of all steel consumed.

The European move continues the process of exporting the depression in the world steel industry begun by the collapse of U.S. steel production beginning in September 1981, and will severely damage Brazilian, Argentinian, and South Korean exports to European nations.

European governments insist, conveniently, that they must reduce imports to countercascading unemployment. On a year-to-year basis, steel production in Germany is down 11 percent, but orders are down 24 percent, presaging far worse layoffs very soon.

## Debt Policy

### Polish economics official calls for moratorium

Polish Deputy Minister for Economic Reform Zdzislaw Sadowski stated in a late October speech that the "future course of economic reform" in Poland depends upon whether the nation is able to negotiate a moratorium on foreign debt "for a few years" or is forced to continue to negotiate debt rescheduling on year-by-year basis.

According to published calculations by the Polish government, the year-by-year course would lead to a \$100 billion debt by 1990, which would make it unlikely that the nation's creditors would ever be paid.

To date, neither Sadowski nor other government spokesmen have linked economic reform (or a potential moratorium) to a recovery of the Polish economy, but only to continued management of the current austerity program. The draft reform plan produced by Sadowski's department calls for banks to be given increased discretion in cutting off credit to companies deemed inefficient, which would "allow" them to cease production.

However, Finance Minister Marian Krzak, who was considered a supporter of Poland's joining the International Monetary Fund, was removed from office the week of Oct. 18.

## World Economy

### China fears new 1930s depression

Much of the top leadership of the P.R.C. fears that the United States and the remainder of the West may be headed toward a new 1930s-style depression, according to a top Japanese strategic planner who visited Peking recently. This is one of the main reasons for the cooling of China's previous eagerness for a strategic alignment with the United States, he told *EIR*.

"When I was in Peking, I met with Prime Minister Zhao Ziyang and many of the top economists. They told me they thought there were five possibilities for the U.S. and world economy: a new depression; a new oil crisis leading to a new depression; several more years of stagflation; very slow recovery; or a rapid recovery.

"I told them to expect either no recovery or slow recovery but not to expect either the extremes of depression or fast recovery. However, a significant number of the Chinese thought a new depression was very possible, and were concerned about its consequences for world power balances."

## Anti-Development Policy

### World Wildlife Fund: save 'creepy-crawlies'?

The leadership of the World Wildlife Fund, the elite organization led by Prince Philip of Britain which is committed to "protecting the environment from the ravages of economic development," is engaged in an internal debate.

Prince Philip is currently leading an international campaign to shut down entirely the development projects in the Amazon region of Brazil, which include the Carajás

mine containing the world's largest known iron ore deposits. The International Monetary Fund has stated that the same projects must be shut down if Brazil is to get further credit.

"There is something of a factional issue here regarding just which kinds of public relations campaigns are best to raise money and support for the World Wildlife Fund," the head of New York's largest accounting firm, who is a Fund board director, told a reporter recently. "Prince Philip wants to protect the Brazilian rain forests, and he says that we have to campaign to protect even the 'creepy crawlies' there.

"That is a nice idea, but I'm not so sure people will give money to do that. It has been my experience that people would rather give money to help the 'cuddly-wuddlies,' nice furry creatures like tigers and royal lion marmosets. People get more sentimental about them.

"Of course, I'm all for shutting down development of the Brazilian jungle," the executive stated, "but I'm trying to be cost-effective, and furry animals just raise more money."

## IMF Policy

### Zaire threatened with economic destruction

A restricted meeting in Paris of a group of private bankers decided in early October to send the economy of Zaire over the brink, "to make an example" of that nation, according to leaks in the Paris press.

Earlier this year, the IMF suspended a three-year \$1 billion package with Zaire because of Zaire's failure to meet IMF conditionalities. The IMF credit cutoff, plus drops in the prices of copper and cobalt, Zaire's main export earners, put Zaire in very dire financial straits. Lehman Brothers Kuhn Loeb, Lazard Frères, and S. G. Warburg, Zaire's financial advisers, known as the Triad group, threatened to stop advising Zaire on its debt problems after Zaire missed the Oct. 1 payment.

Zaire may now be declared in default on its debt, after having paid only \$3 million of a \$31 million debt service payment due on

Oct. 1. Debt service for 1982 of \$770 million was considered for rescheduling to the \$200-\$250 million Zaire was considered able to pay, until the private banks at the Paris meeting decided not to reschedule the debt.

Credit Commercial de France, Citibank, and Grindlay's Bank of London have been appointed to initiate bankruptcy proceedings on Zaire's privately held debt, which will be discussed at a London meeting Nov. 3. A spokesman for the "Triad" banks told *EIR* recently, "We will only come back to Zaire the day they give us full powers, with a mandate signed by Mobutu."

Zaire is facing generalized food shortages, with a 30-40 percent collapse of agricultural production in this once food-exporting nation over the past two years. Use of industrial capacity has sunk to 25 percent. Factories are being closed as neither oil nor industrial spare parts can be imported. Exports have dropped by 50 percent over the past year.

## U.S. Stock Market

### Wage cuts are key, says Morgan banker

The bubble on the Wall Street stock market can be maintained as long as Federal Reserve Chairman Paul Volcker succeeds in his strategy of smashing wages, the head of Morgan Guaranty's investment division reported Oct. 26, he said. "Volcker has already succeeded in using unemployment to bring average wage increases during the September 1981-September 1982 period down to 6 percent, from 8-9 percent a year."

In fact, Fed figures show that wage increases during the August-October period averaged closer to 1.5 percent.

Volcker's "new monetary policy" is also based on only lowering interest rates to the degree wages can be slashed, the Morgan banker added. "Real interest rates have not fallen at all, despite the 4-point fall in the prime rate over the last three months. When the prime rate was 16 percent, wage increases and inflation were up to 9-10 percent. Now, with the prime at 12 percent and wage and inflation increases much lower, the difference between the two, 7 percent, remains the same.

## Briefly

● **THE ENTIRE** Argentine province of San Juan went on a 24-hour strike Oct. 20 over the collapse of the domestic economy, with 25,000 marching with tractors and trucks, and on Oct. 28 the province of Mendoza did the same. Future action is planned soon by the province of Santa Fe, like the others an agricultural state whose economy was devastated by six years of Friedmanism. The alliance of agricultural producers, industrialists and workers that ran the San Juan strike has warned President Reynaldo Bignone that if he takes no decisive action within 15 days to resolve the economic crisis, it will begin to coordinate actions with other provinces in protests that could include the entire northern part of the country.

● **AMERICAN EXPRESS** estimates that Mexico will register a \$4 billion trade surplus in 1982 and a \$6 billion surplus in 1983—meaning the Mexican economy is now subsidizing the United States.

● **LAWRENCE KLEIN**, Nobel Prize-winning econometrician from the Wharton School, told *EIR* in London that Wharton's new "no-recovery" forecast and warning of a world financial crisis does not mean a "change in Wharton's outlook."

● **BANK** for International Settlements President Fritz Leutwiler told a press conference Oct. 28 that the world economy "will get worse before it gets better."

● **FEDERAL TRADE** Commission data show the worst liquidity position on record for U.S. corporations as of the second quarter, notes Robert H. Parks Associates in a recent commentary.

● **HARRIS BANK's** announcement Oct. 27 that it would reduce commitments to foreign borrowers is expected to accelerate a wave of credit contraction in lending to developing countries.

## The Club of Life: new global command center against genocide

by Christina Nelson Huth, Features Editor

A new global institution was created in the third week of October whose job is, in the words of its founder, to “become the general staff to combat the forces of evil which want to use the present economic crisis to implement a Malthusian world order.” Speaking at the Wiesbaden, West Germany conference of the approximately 40 members of the institution’s founding committee, West German political leader and Club of Life initiator Helga Zepp-LaRouche termed the establishment of the Club of Life an “historic event” whose consequences will “decide the fate of humanity and nothing less.”

Mrs. Zepp-LaRouche was not exaggerating, as was shown by what emerged from the discussions in the Club of Life’s series of simultaneous founding conferences in 11 major cities of the developed and developing sector nations from Oct. 19 to Oct. 22. The participants were about 1,000 of the political, scientific, trade union, industrial and scholarly humanist leadership from nearly every continent. Commenting on the hitherto unmatched collection of individuals that had been drawn into the battle against Malthusianism since she proposed the founding of the Club of Life in January 1982, Mrs. Zepp-LaRouche said, “The Club of Life is like a fisherman’s net, fishing out the world’s best minds and pulling them together.”

The gathering of these individuals from all corners of the globe to engage in debate of the principles on which the future survival of mankind depends came at a time of striking conjuncture in world developments. A collapse to depression levels of world production and trade has reduced many nations of the developing sector to starvation, thrown the industrialized nations into unemployment and economic collapse, and threatens the entire world with financial and monetary panic. Yet this crisis has impelled leading nations of Ibero-America to press ahead with plans for the implementation of a new world economic order, taking their first step by following *EIR* founder Lyndon H. LaRouche, Jr.’s advice to force the renegotiation of their unpayable foreign debts through the wielding of the so-called debt bomb against the International Monetary Fund and the Swiss-centered bankers who stand behind its murderous austerity policies.

As Mrs. Zepp-LaRouche emphasized in discussions with the Club of Life’s



NSIPS/Philip Ulanowsky

*Club of Life initiator Helga Zepp-LaRouche following her address on the significance of Cardinal Nicholas of Cusa's conception of natural law, to the July 1982 conference of the International Caucus of Labor Committees in New York.*

founding members, humanity will be turned from the path of global economic holocaust and steered in the direction of a just new world order only by new institutions, capable of generating and spreading strategies which can defeat the genocidal "cultural pessimism" of the Club of Rome and its co-thinkers.

### **The road to the Club of Life**

The American civil-rights leader Roy Innis, founder of the Congress on Racial Equality, told the Club of Life founding convention in Rome Oct. 20 that the new organization was "an idea whose time has come." In fact, the Club of Life is the culmination of a decade and more of efforts by Lyndon and Helga Zepp-LaRouche to create an institution with the power to conduct and win a struggle for global economic development.

As far back as 1970, when the Malthusian NATO elite grouped around the Club of Rome issued its fraudulent *Limits to Growth* report by calling economic development not only undesirable, but impossible because of scarce resources, it was Lyndon LaRouche and his immediate collaborators who rigorously refuted the report's retreat of the Malthusian dogma of "overpopulation." LaRouche initiated an international campaign warning that the Club of Rome's zero-growth hoax indicated that leading rentier-financier families intended to pursue a policy of dismantling the industrial capacities of nations, and impose genocide on the developing sector.

Those warnings were confirmed by the convening of the 1972 Stockholm United Nations conference on the Environment, where Club of Rome spokesmen, including Aurelio

Peccei and Alexander King, subjected numerous government representatives to Malthusian brainwashing and launched the zero-population growth and environmentalist movements.

In 1974, Helga Zepp conducted a memorable intervention at the Bucharest United Nations Population Conference, which was intended to introduce Third World leaders to the idea that they must savagely reduce their populations in accord with Club of Rome dogmas. The future Mrs. LaRouche confronted John D. Rockefeller III in front of developing-sector representatives on the conference floor, demanding to know why he persisted in advocating policies which he knew "mean the mass murder of billions of people!"

Then, in April 1975, Lyndon LaRouche formulated and introduced the proposals for a New World Economic Order that now constitute the economic program of the Club of Life. At a press conference in Bonn, LaRouche proposed the creation of an International Development Bank (IDB) or similar institution to replace the bankrupt system based on the International Monetary Fund. The new IDB-based system would pool the credit-creating powers of the industrial nations to finance major development projects in the backward nations based on high-technology transfer.

That widely studied proposal was partially incorporated into the 1976 Colombo Accords of the Non-Aligned Nations, and also influenced the 1978 efforts of West Germany and France to create a European Monetary System and a European Monetary Fund as a "seed crystal" form of what LaRouche called the International Development Bank system.

In 1976, as a candidate for the U.S. presidency, LaRouche gave a nation-wide television address in which he

warned the American population that the Club of Rome and the forces backing Jimmy Carter's presidential campaign intended to implement genocide against the world's populations, including the exemplary "Paddock Plan" (after United Brands employee William Paddock), which proposed the elimination of 30 million Mexicans within several years, through famine, disease, and political strife. When the Carter administration took office, LaRouche's warning was proven timely. Carter and his State Department formulated and promoted the *Global 2000 Report*, a blueprint for the elimination of 2 billion of the world's people by the turn of the century.

### **A global action program**

With the founding of the Club of Life on Helga Zepp-LaRouche's initiative, the LaRouche-led battle against global depopulation now has an institutional center. The conference held in Rome, Italy, with about 500 participants, set the pace for ten additional assemblies in Europe, Ibero-America, and North America, and elaborated an agenda for the Club of Life's future activity.

As this Special Report on the speeches and deliberations leading up to the Club of Life's successful founding goes to press, the Action Program drawn up by initiating members is reaching the first stages of implementation. The proceedings of the conference, including greetings to the conference from international leaders and discussion reports from the founding members' meeting, will immediately be produced in book form in five languages. A regular newsletter will be created to keep members informed of activities globally, and a large number of follow-up conferences are now in the planning stages for five continents. The new organization will seek observer status at the United Nations. Founding members such as Ernesto Poblet, editor of the Argentine news analysis monthly *Búsqueda*, are concentrating their efforts on mass circulation of the Club of Life's initiatives through the press and media.

Four major resolutions passed at the conference, and later discussed by the organization's founding members' meeting in Wiesbaden, will be the immediate focus of activity.

One of the most urgent of these concerned the rehabilitation of the youthful victims of the oligarchy's drug subculture, a problem addressed by Muriel Mirak of the European Anti-Drug Coalitions, Don Redento Tignonsini, director of the CEIS drug rehabilitation center in Brescia, Italy, and Lucien Engelmajer, the well-known director of the chain of therapy centers called "The Patriarche" of France. Dr. Mirak, whose presentation is excerpted below, proposed the rehabilitation of former drug addicts by providing them with productive skilled labor in developing-sector nations. Such a program, said Mirak, would efficiently transform the victims of the drug-pushing oligarchy into the deliverers of that oligarchy's doom: the high-technology industrial development of the Third World, which they have suppressed for centuries to maintain their feudal hunting preserves and looting rights.

### **A North-South Labor Committee**

Four other resolutions were adopted at the end of the Rome proceedings. One of these was the call for the formation of a North-South Labor Committee within the Club of Life, which would be dedicated to "winning the support of workers and labor unions throughout the world to . . . the fight for the founding of a new humanist world order." This resolution was proposed by Pedro Rubio of the executive committee of the Colombian trade union confederation UTC.

As a means to uplift the populations of Africa, and through them the global population, Fiorella Operto, General-Secretary of the Partito Operaio Europeo, called for the creation of study centers in Africa dedicated to the study of the thought of St. Augustine. "St. Augustine," she explained, "destroyed piece by piece the cultist creeds on which the barbarism of the Roman Empire was based. He was a man of black skin. I propose that he be the patron of Africa, a cultural reference point for a new humanist tradition."

Other resolutions adopted included the launching of a NASA-style effort to discover the causes of degenerative diseases such as cancer and heart disease. This was proposed in Rome by Nancy Spannaus, representing the executive committee of the International Caucus of Labor Committees founded by Lyndon LaRouche. The next day, at the Wiesbaden founders' conference, Dr. Jürgen Spahn announced that efforts were already underway to launch such an international project, that would enlist the efforts of leading cardiologists and others, along with financial resources in necessary quantities, to "defeat all untreatable diseases."

A fourth resolution adopted in Rome was inspired by American Jewish leader John Weber's presentation. It stipulated that a Nuremberg Tribunal should be reconstituted. "Those who have played a leading part in organizations such as the Club of Rome, spreading genocide and despair, must be brought to account," Weber said.

LaRouche the next day told his Wiesbaden audience, during a discussion, that the Club of Life is not a "gnostic" institution, and must not fall into the trap of refusing to attack its enemies by name. He was endorsed in this regard by another Club of Life founding member, Antonio Piñero, the vice-president of the Spanish Right to Life organization. Piñero spoke of the danger of "being too ecumenical" and thus risking being misunderstood. He proposed, as was later heartily adopted, that the stricture of the Book of Genesis, that man must "be fruitful and multiply, and subjugate the earth," be the criterion for membership in the Club of Life.

Helga Zepp-LaRouche, referencing John Weber's endorsed resolution to convene a new Nuremberg Tribunal to judge today's mass murderers, later suggested that a specific list be drawn up for circulation. That list, she said, should include Club of Rome founder Aurelio Peccei and Henry Kissinger. "We must reestablish justice," she noted. "It is the only way to get sovereign republics" and ensure their development.



# International leaders greet Rome meeting

*During the Club of Life's two-day founding conference in Rome Oct. 21 and 22, messages of greetings to conference participants flooded in from across the globe. A sampling follows. (Affiliations for purposes of identification only.)*

**M. Bakkalbasi**, former Undersecretary of Information of Turkey, presently with the Turkish Embassy in Paris:

I extend to you my wishes for success in the work of the Club of Life, which, in my personal case, has contributed to my discovering new perspectives on world problems. I am sure that this Club is destined to play an important role in international affairs.

**The Secretariat of the Conference of Bishops of Spain:**

The Secretariat of the Spanish Conference of Bishops, faithful to the Catholic doctrine of the sacred value of human life, wishes to encourage the participants in the conference of the Club of Life held in Rome on Oct. 20 and 21, and requests that God bless its labor in favor of progress and peace for all men.

**Monseñor Jesus Pla**, Bishop of Sigüenza:

I extend cordial salutations to the Club of Life, which I hope will continue to defend life as it has done up to now. Life is the greatest gift of God which comes from Him alone. No man has the right to strike at life, nor to act irresponsibly in a matter of such fundamental importance for humanity, no matter which aspect is considered. That which comes from God must be left with full confidence in His hands. As instruments of God, man and woman must continually work in harmony with those laws created by God, and not for egotistical reasons whatever doctrines opposed to this may exist, be it Malthusianism or Marxist materialism, which attack life within the mother.

**Laureano López Rodo**, former Minister of Industry of Spain, presently a lawyer residing in Madrid:

I wish to express my intense satisfaction at the founding of the Club of Life. To my mind, it is of vital importance to defend human life from the moment it is conceived. Any form of abortion and any form of euthanasia strike directly at the highest of all human rights—the right to life. In the face of materialist outlooks and selfish aims which attempt to limit the right to be born and the right to live, the eminent worth of human life must be reaffirmed.

Allow me, therefore, to congratulate the promoters and founders of the Club of Life for their happy initiative, and to wish them the greatest possible success for this new scientific and cultural institution.

**Dr. Octavio Aguar**, scientific collaborator of the United Nations, Dr. of Pharmacy, Spain:

I deeply regret that the Spanish elections prevent me from being present at this conference of the Club of Life, since in my country there are differences of opinion concerning the legalization of drugs, and I would have liked here to strongly attack any attempt to legalize narcotics, which are driving our youth to destruction.

I wish to encourage the participants in this conference for which I hope the great success in the struggle against the partisans of economic and moral zero growth.

**Luis Magana Martinez**, Director of National Energy Plan, President of the National Energy Board, Spain:

My best wishes for the future to the nascent Club of Life with the conviction that maintaining faith in man will break the artificial barriers to progress for humanity and the extension of a better standard of life to all our universe, which is already too small for us.

**Prof. Xavier Hervada**, Human Rights Commission of Pamplona, Spain:

I congratulate you for the efforts in favor of human life which is humanity's most precious asset, the basis for all development and the principle for true solidarity between men and nations.

**New St. Peter Missionary Baptist Church**, Chicago, Ill.:

We are sending you our greetings and best wishes on the historic founding of the Club of Life, after our discussion with Chicago congressional candidate Sheila Jones, who has worked for the creation of the Club of Life.

**Miriam Ewing**, Lincoln-Wildner Chapter, National Democratic Policy Committee:

We, in the shadow of the nation's greatest capital, greet you in the Eternal City, in the hope that the Club of Life will mark the opening step toward a more fruitful and peaceful world. Being so close to the nominal leadership of our country, we know how badly your uplifting leadership is needed.

**Mother Seton Chapter, Catholic Daughters of America**, Baltimore, Md.:

We salute the courageous actions of Helga LaRouche and the Club of Life. Human life must be respected.

**George Wiley**, President, English Consul Democratic Club, Baltimore, Md.:

My congratulations to the first world meeting of the Club of Life. My prayer is that it will be the first of many more to come. Continue the great work.

**Tom Kersey**, President, Georgia State American Agriculture Movement:

I, as a very concerned citizen and as a farmer support the efforts being made at this conference.

**Sister Jacqueline Rotkowski**, St. Patrick's Church, Baltimore, Md.:

May God bless your efforts in Rome. *Global 2000* must be repudiated by all men and women of good will.

# A statement of the Club of Life's founding principles

*We, the undersigned, declare:*

**1** Never before has the existence of human society been more threatened than today. The danger of global nuclear war as well as regional wars in the developing sector potentially threatens life on all continents of this earth.

**2** A new world economic crisis and the effects of an unjust world economic order have massively increased hunger, epidemics, social chaos and regional wars throughout the world, particularly in the developing countries, and threaten the physical existence of more and more people.

**3** Through the concurrence of a new world economic crisis and a growing cultural pessimism, there exists a great danger that the value of the life of the individual and the dignity of man should no longer be held inviolable. The brutality which de facto relegates whole groupings of men to the category of "useless eaters," whether they be old and sick people or people in the so-called Third World, reveals the danger of a new fascism.

**4** While the physical existence of mankind is threatened militarily, economically and morally, the "spiritual death" of a greater and greater portion of the population, particularly of the youth through drug addiction, consti-

tutes an evil of the first order, which places in question the reproduction of the humanity of the human species, since an unacceptably large part of the next generation is spiritually destroyed.

*We, the undersigned, therefore agree to the following principles:*

**1** The inalienable right to life for all the peoples of our planet must be defended. This means not only averting the danger of a global war as well as regional wars in the developing sector, but also averting the dangers and conflicts that arise from a lack of economic development.

**2** Human society has reached the point where only a just new world economic order can secure peace. The absolute sovereignty of nations, their absolute political and economic self-determination and the safeguarding of their legal equality by international treaties must be guaranteed. The legitimate pursuit of national interest should not contradict the interest of the world's population, but must contribute to an order of international cooperation which promotes the interest of all for freer, more sovereign development.

**3** We require the renaissance of a new worldwide humanism, which revives the best of Judeo-Christian humanism developed in Europe and echoed in other civilizations in India, Asia, and Africa, since only in this way can the inviolability of the individual once again become self-evident. These principles are an embodiment of the principle of the Book of Genesis which commands man "to be fruitful, multiply and subdue the Earth." We reject as evil and unscientific the ideas of Malthusianism and its modern imitators. The belief that today we can solve some of the most pressing problems in the economic crisis and underdevelopment, through technological development goes hand in hand with the belief in the perfectability of man. Only man's stress on his own spiritual nature, the cultivation of the gift of reason in all men, can create an atmosphere of cultural optimism, in which the highest good of man—life itself—is held inviolable.

October 22, 1982  
Wiesbaden  
West Germany

*A commission is now reviewing further suggestions for an extension of these principles.*

# The philosophical foundations of a just international order

If one examines the world today, one finds a reality that makes one shudder. Right before the eyes of the world public, genocide is committed repeatedly, such as in Ibero-America or Beirut, without the responsible personalities of the world being able even to comment on it. Politics is often identical to gangsterism; terrorism serves the naked whims of political circles; people tear each other to pieces in long, senseless wars and civil wars; children are born, only to then die immediately of hunger; many so-called people demonstrate a brutality of which no beast is capable. Evil governs in many ways. It is a poor, tortured world. Humanity finds itself now in its most fundamental crisis, and I am deeply convinced that we will only survive if we are now able to establish a just world order in time.

This is an immensely important matter. The disorder in the world has reached the point at which it is no longer possible to solve problems and conflicts individually. Indeed, if one examines the matter closely, one sees that most of the conflicts of this world can no longer be solved at the local or national level. Pragmatic agreements and *realpolitik* no longer help a degenerated system.

Overcoming the crisis can only occur on a global level. The preservation of world peace and the establishment of the new world order must be built upon the highest philosophical foundations. The new political order which we must create must be in accordance with the lawfulness of the universe in which we live. Up to now, all cultures and civilizations which have violated this lawfulness have all inevitably collapsed, while others survived. But today, the world has reached a degree of interrelatedness that the collapse of one part of humanity would lead to the collapse of the whole.

To state the matter clearly at the beginning, only a "plan for the universal and common progress of all," as it is demanded in the encyclical *Populorum Progressio*, is in accordance with the laws of the universe. And that is also the answer to the question of the meaning of human life.

## The purpose of man

The purpose of man is the continuous transformation of humanity to a higher level, and the task of policy, or, better said, of statecraft, is none other than the ennoblement of the character of the population.

It is easy to imagine the cry of outrage from the average

politician today, when he is confronted with this notion.

It is precisely the connection between politics and morality which is so vehemently contested nowadays, for only by denying that the connection exists can such a politician rationalize his own injustice. But each step in politics, and in the economy, each act of omission, has an effect, and it is for this reason that the proponents of a wrong economic policy will be made morally responsible for the consequences of their policies.

To my knowledge, the wise Solon of Athens was the first to define the task of politics in his legislation, such that policies must promote a definite purpose of mankind, and he asserted that this purpose was nothing else than the perfection of all of the powers of mankind.

Plato developed that principle further, and showed that it is the very essence of statecraft to realize justice, which means to achieve the highest potentiality of the minds of men as the expression of their perfected education. For the founders of the school which followed in his steps, the right to development was a natural law, which means that there exists an inalienable right of mankind, ordained in the divine order of things.

I know quite well that this right to life as a process of perfection also found expression in other cultures in the world. For example, in Hinduism, in Judaism, in the tradition of Philo of Alexandria, or in the Islam of Avicenna, and it will be one of the foremost tasks of the Club of Life to seek out this crucial conception in all civilizations of this world, to make it conscious, and thus to write a complete universal history. But Neoplatonic Christianity has a special importance, because through the Son of God becoming man, this idea has obtained a more comprehensive authority.

In Christ's being part of the divine Trinity, an equal part of that Trinity, and in his also being an actual human being, he makes it possible for all people to be *corpus Dei*, to participate in the divine, on condition that they behave themselves *imago Dei*, as the image of God. The Holy Spirit, however, issues not only from the Father, but rather, also from the Son, as it is said in the doctrine of the *filioque*. That means that the person takes the divine will into his own precisely when he replicates God's foremost qualities, namely, his creative capacities, and thus continues the process of creation on Earth.

I am not speaking of the theological significance which this has in the Catholic Church, but rather of the historical and present-day importance of the *flioque* and the *corpus Dei*, because it is this which is manifest from an ecumenical standpoint. As long as the human being, through his creative activity, participates in the divine, then his dignity and the inviolability of his life are guaranteed. The human being alone is the image of God, as no animal is, however cute it might be, and as no plant nor mineral is.

It is just this absolutely privileged status of human beings, all human beings, which the Club of Rome and the diverse environmentalist groups are attempting to eradicate with old gnostic and stoic arguments, because they can only implement their program of population reduction if the moral barriers that hold most people back from committing murder are also eradicated.

Once the human being is put on the same level as the rest of nature, instead of dominating nature, then the theorists who have done so may insist upon their ostensible right to a mystical experience in the wilderness and the preservation of trees, and this becomes more important than the preservation of the lives of many people in the developing sector. This is to say nothing of the completely inadequate way they are trying to preserve nature itself.

Augustine also spoke of divine law corresponding to natural law, and said that it had been cast into our hearts as an eternal law, by which he meant the exact opposite of what the gnostics mean.

### Cusa and the idea of progress

The Neoplatonic humanist tradition becomes clearest to me in the work of a thinker who I think lays bare all of the foundations for a just world order in the most profound way. This is Nicholas of Cusa, the great humanist and Cardinal of the 15th century, who not only founded the modern sciences as a forerunner of Leibniz, but who also developed the conceptual basis for an ecumenical order of peace in the world. I would indeed go so far as to say that a just world order can only come into being if the people of the 20th century rise up to the spiritual heights of this thinker of the 15th century.

Nicholas proceeded from the conception of a lawful correspondence between the macrocosmos, the total physical universe, and the microcosmos, which is human reason.

His astoundingly modern conception of the universe was based on the notion that cosmogenesis and the history of mankind have a common foundation, a common dynamic, in that both are a development from chaos into meaningfulness. Everything is in movement in that it develops. Nicholas proceeded on the basic conception that there is progress (*progressio*) in the cosmos, a development out of confusion and darkness into determinate forms, and an elevation (*ascensio*) from that which is more imperfect towards that which is more perfect. He even spoke of a natural drive toward form, of the potentiality for unlimited and continuous form-giving process. Modern natural science has in the meantime often pro-

vided the proof that the universe is not, as Newton or the Club of Rome claims, finite, but quite the contrary, that it is a self-developing negentropic process, in which multiply-connected manifolds continuously rise up to higher forms of order.

But Nicholas of Cusa saw already that nature indeed followed this evolution from chaos toward meaningfulness, from the mineral world, into the plant world, and into the animal world; that, however, only with human beings did this idea, this meaningfulness, become conscious, that since human beings exist as beings of reason, progress occurs through the creative activity of human beings.

On the other hand, the human spirit is oriented to the content of the manifold of the universe, which provides the knowledge which makes it possible for human beings to continually progress in their knowledge, and there is in principle no limit to this process.

Nicholas of Cusa then says that the concordance in the macrocosmos is only possible if all of the microcosmi fully and totally develop themselves. That is the central conception of Nicholas of Cusa. He says that peace, the concordance, can only be sustained, if the ontological structure of development is carried over into political reality.

At the same time, he emphasizes that this concordance can not be established on the foundation of a partial order of heterogenous elements, even if these elements mutually enhance each other. It is rather necessary that all of the microcosmi together, even if in a division of labor and in counterpoint, have a common principle as their reference point. This principle can only be the highest, reason as the correspondence of the lawfulness of the universe. Only at this highest level does the *coincidenti oppositorum*, the unity of opposites, occur.

Nicholas saw this as a totally practical, political matter. Peace between individual human beings, and between nations, is only possible if each develops all of the capabilities he embodies, and at the same time sees it as in his interest that all others are able to maximally develop. Thus he proposed concretely that each new scientific development should be made available to all nations of the world, in order not to hold up their development. Nicholas of Cusa thus provided the crucial argument for transfer of technology all the way back in the 15th century.

If, however, as he explicitly says, harmony is possible between the people of the East and of the West, between North and South, this is by no means because the one merely brings that which the other lacks (i.e., raw materials or technology), but rather because of that which the human beings working together mutually contribute. This is nothing that is external to them.

Rather, each part, each microcosmos, participates in the small, in principle, in the immanent whole, and contains in the pre-form all potencies through which real harmony between groups and individual beings become possible, as manifold as their forms may appear.

Therefore, von Cusa argues, the people of the North can trade with the people of the South because they too have speakers, jurists and theologians. Indeed, Nicholas of Cusa went so far as to say, as Wilhelm von Humboldt later emphasized, that no person can fully develop himself if he does not come into contact with other persons by traveling.

I know of no more powerful reason for the equality of all people, regardless of race and sex. It is this *spiritus universonum* which is the mutually enriching multiplicity in unity, which is what brings the human species together. The system of Cusa is the deeply founded ontological precondition for a just world order.

I am naturally quite aware that today's reality is very far from this necessity. There is nearly no sovereign developing country. Colonial status has been formally lifted, but in its place oligarchical institutions like the International Monetary Fund and GATT dictate conditions which no one in developing countries would ever choose of their own free will.

The reason why the world is in such a miserable condition is directly connected to the fact that nearly all of the leading institutions are dominated by oligarchical circles, by the despotic and arbitrary whim of a small power-elite which tramples the dignity of man and his right to life and fulfillment.

As long as oligarchical forms of government exist, world peace is in increasing danger, because, as even Immanuel Kant correctly observed, war is the most unobjectionable thing in the world for these oligarchs. Wars have been decided upon as though it were a party game, and then it was left to the diplomatic corps to dream up a reason for them. The war over the Malvinas shows clearly how real this is today.

Kant also remarked that evil not only has the tendency to want to destroy the good, but also that it seeks to destroy other evil. Now, we might just wait around until all of the evil persons had torn each other to pieces, if only a sufficient number of people would remain to carry on the game. That, however, will not be the case after a nuclear war. We are at the absolute point of decision.

We urgently need a reform of the world order which takes into account the human rights of all people.

### Changing 'human nature'

That brings us precisely to the point to which Schiller referred to in his *Aesthetic Letters*. If the improvement of policies is supposed to proceed from the ennoblement of the character, how then is the character to be ennobled under the influence of barbaric conditions of states?

And, with Schiller, I answer: "Of everything which is positive, and of everything which human convention has invented, art and the sciences are free, and both enjoy an absolute immunity from the arbitrariness of men. The political legislator may erect barricades against them, but he can not thereby rule them."

Here lies the essential task of the Club of Life. In addition to refuting the cultural pessimists and working out concrete programs for development, most urgently, the world today

needs a new humanism. As Pope Paul VI called for in his encyclical, *Populorum Progressio*, one must seek for the wise ones who in turn seek the new humanism, which can help humanity back to itself. Or, as Pope John Paul II said, "Wisdom is called upon to unite itself with science."

Herein lies the important reason for the hope that we can still overcome this crisis. Although the Club of Life today only consists of some one hundred persons from four continents, we must remember that the human species has overcome each preceding dark ages only due to the initiative and the passionate commitment of a few individuals, and through a new renaissance.

Up to now, it has always been only the few, the better part of humanity, who have struggled in their lives for reason and truth, and who often paid for this goal with their lives. And so now it must be the same, it must be that at the beginning only a few want to confront the truth, so that then the light of wisdom may proliferate in millions of beams throughout the world.

I would like to quote Schiller: "Be bold enough to be wise. The energy of courage belongs to this. The energy of courage is necessary to struggle against the obstacles which the stubbornness of nature and the cowardice of the heart



**Helga Zepp LaRouche** was born in Trier, West Germany, in 1948. After college graduation in 1968, and training as a journalist, she became the first female German journalist to travel to China after the Cultural Revolution.

Mrs. LaRouche has worked intensively, since the beginning of the 1970s, on questions of development policy, and programs for the industrialization of the developing sector nations.

At the Population Conference of the United Nations in Bucharest, Romania in 1972, Mrs. LaRouche made her first public appearance, speaking against the genocide perpetrated against the developing sector by the population control lobby. In 1974, she was a co-founder of the European Labor Party, and is now the party's Chairman. In 1977, she married the American economist Lyndon H. LaRouche, Jr., who was a candidate for the Democratic nomination for the presidency of the United States in 1980.

In the spring of 1982, Mrs. LaRouche visited India where she and her husband met with India Prime Minister Indira Gandhi. Mrs. LaRouche's 1982 travels included a trip to Mexico, where the LaRouches met with Mexican President José López Portillo.

Mrs. Zepp-LaRouche first made her call for the founding of the Club of Life to the December 1981 conference of the International Caucus of Labor Committees in New York City. At that time, she stressed the urgent need for a global institution which could serve as a counterpole to Malthusian organizations such as the Club of Rome, and defeat the influence of cultural pessimism and zero economic growth ideology on an international scale.

erect. It is not without importance that the old myths portray the goddess of wisdom in full armament emerging from the head of Jupiter, for even her first act is warlike. Even in birth she had a hard struggle with the senses, which did not want to be torn from their sweet rest." Let us too be warlike angels.

A new humanism, through which humanity may find itself again: that means nothing else than that we strengthen humanity to develop and to unfold its full potential. We can only encourage humanity by presenting that which has already been achieved in human knowledge and the brilliance of culture, but that is only the means to awaken in humanity the yearning for more knowledge and wisdom. We can only strengthen in humanity the yearning to be what it can be.

Only the person who, out of his own volition, is committed to the interests of the world as a whole, possesses moral beauty. It only occurs when for him duty becomes nature, when he makes divinity into his own will, when he finds himself in accordance with the process of creation, and, happy and passionate, works further upon this creation.

Despite the fragmentation of humanity of our time, and the miserable condition in which our human race finds itself, we must not give up the unshakeable faith in reason and the perfectability of man.

Even if the New World Economic Order be implemented in a very short time, that does not automatically mean that the Age of Reason has been established, nor that the unique guarantee for a lasting and just world order has been erected. That the Age of Reason is secured is, after all, the only guarantee for a durable and just world order.

Therefore, it will be the noblest of our tasks to work for the building of humanity's education and to make sure that all the children in this world do not only have enough to eat and have a place to live in, but that the whole richness of human wisdom is spread before their eyes, that we invoke in them respect for the bold thrusts of mind of great scientists, that we educate them for tender loving of that which is poetically beautiful, that we awaken in them concern for the struggle and the efforts of all the generations which preceded us, and that we finally free them from the state of need and guide their eyes to the stars and the tasks which we will face there, in the expanse of the universe.

A just world order is not only necessary if we want to survive, or to make all the present unjust things disappear in order to make equality of man a practical expression. The great humanist and poet Friedrich Schiller, who like no one else understood that improving man is a question of culture and of the arts in the first place, would have gladly asserted that the temple of political freedom is the highest form of art man is capable of.

Therefore, let us fight for the realization of this plan for universal and balanced progress for all human beings, and if, then, beauty is defined as being the free and self-subsistent shaping of the inner necessity into a form, let us work for children in this world getting the chance of developing into beautiful souls.

## The hoax that people hinder development

Having seen this anti-natalist escalation which seeks to replace social and economic development with birth control, we must ask ourselves: What is the basic axiom of the anti-natalists? That population growth is a functional variable which causes backwardness and misery. According to them, the more population, the less development; and, the less population, the more development. In that way, every lack of satisfaction of social needs is the result of population growth, of the "demographic explosion," as they like to say.

But the simplest example shows that this inverse relation between population growth and development does not exist. In Puerto Rico, the guinea pig for birth control since 1925, they have managed to reduce population growth so much that instead of a projected 1985 population of over five million, they will really have less than four. Nevertheless, the U.S. colony shows all the problems of "demographic explosion." This proves to us that population is not the active variable in the process of social development. Everything indicates that population is more related to economic growth than to social development; but, even so, that relationship cannot be considered to be determinate. We must not fall into the foolishness of measuring growth or development with coefficients coming from dividing the volume of production by the number of inhabitants. On this point, the difference must be explained between economic growth—that is, expanded reproduction—and social development—which involves general increase in living standards and improvement of working conditions by means of the growing satisfaction of the material, social, and spiritual needs of the population. Therefore, it is totally possible for there to be economic growth accompanied by accentuation of backwardness or "underdevelopment." Inversely, it is possible that social development be accompanied by little—or even negative—economic growth, if there is a better distribution and utilization of the wealth created.

The case of economic growth without development is palpable in a country like Colombia during the 1970s, as we shall see. Likewise, Cuba shows the opposite case; during the 1960s and 1970s, Cuba had moderate economic growth

with accelerated social development, which let it put an end to unemployment and illiteracy. Cuba's infant mortality rate is now lower than that of most developed capitalist countries and Cuba definitively suppressed the exploitation of man by man and of the workers by multinational companies.

We can learn similar lessons by comparing income distribution with population growth. Argentina, Haiti, and Uruguay with their low levels of population growth have income distributions as unjust as those of Colombia, Brazil, Costa Rica or Venezuela, which are classified as having rapid population growth. Argentina, with its less than 1.5 percent population growth rate, had a \$2,280 per capita product in 1979, while Venezuela, with its 3.5 percent population growth, had \$3,130, with a less unjust income distribution. In Argentina, the oligarchy, with 5 percent of the population, held 30 percent of the wealth, while in Venezuela, only 23 percent. Likewise, although Colombia has less demographic growth than Panama or Costa Rica, it also has more unjust income distribution. In Costa Rica, the poorest 20 percent have 6 percent of national income and the richest 5 percent have 35 percent; in Panama, the 20 percent poorest have 5 percent of income and the 5 percent richest have 35 percent; in Colombia, which holds one of the world's least honorable income concentration patterns, the poorest 20 percent hold only 2.2 percent and the oligarchical top 5 percent have nothing less than 40 percent. According to the labile neo-Malthusian theories, Panama and Costa Rica, with their greater population growth, should have a more unjust income distribution. Each and every country, from Argentina and Uruguay to Panama and Costa Rica, has the same social problems: illiteracy, unemployment, high infant mortality, desperate housing shortages, hospital shortages, concentration of farmland and industrial property, looting of natural resources and excessive tribute going to the United States and other developed capitalist countries, etc. This proves for us that though population is a social phenomenon or fact, it is not the cause of injustice, backwardness, and misery.

The effects of the productive process cannot be analyzed by challenging population, which is only one of the material bases of society, but only by disentangling the process of production itself. That is, determining who produces, how, what, and for whom. The anti-natalist system does not ask these questions, which require a judgment of historical responsibilities. Instead, the anti-natalists take the easy way out: to increase per capita income, let's reduce the number of people. That is to say, "If there are not enough hats, let's cut heads," as Paul VI mockingly put it.

This hypothesis has never been proven historically. There is not a single country in the world which has developed due to population reduction. On the contrary, all the developed countries took off with an accelerated growth of their populations. The reduction of mortality and increase in living standards automatically reduce birth rates. Before they began speaking of coercive anti-natalism, during the brief period from 1957 to 1967, mortality fell from 12.40 per thousand

inhabitants to 9.35 and natality from 40.14 per thousand to 34.87; simultaneously, the marriage rate also fell from 5.54 to 4.32 per thousand people.

As is obvious, the years of the birth control campaigns rolled along and social problems not only went unsolved, but got worse. Thus, a new culprit was discovered in the import substitution model of economic development, and, as an alternative, the export-promotion model, with greater insertion into the extended reproduction mechanism of imperialist capital, was pushed. . . .

Through the efforts to impose a coercive limitation of the population or a political-economic model such as monopolistic neo-liberalism, the social situation will tend to grow worse and become more unjust. To fight against both, to achieve our full national independence and to put economic growth at the service of social development requires a New International Economic Order.

To conclude, we would say that to achieve a democratic restructuring of international relations that will encourage development and secure peace, the sovereignty and self-determination of peoples must be respected, both in the political as well as in the economic sense. The full right to autonomous exploitation of resources and nationalization of foreign capital and economic activities, as necessary, must be assured. World commerce must be reordered so that there is a just correlation between import and export prices. The international monetary system must be reformed on a realistic material basis so that the dependent countries can receive the necessary flow of non-conditioned financial resources to broaden their productive base and better the conditions of life and work for the laboring masses. Finally, the countries of the Third World must be guaranteed the right to an independent socio-economic development and access to the advances of science and technology.



**Julio Silva Colmenares** was born in 1938 in Cucuta, Colombia. His university experience includes an advisory position at the University of Incca in Bogota, economic research seminars at the Autonomous University in Bogota, and seminars on the industrial development of Colombia with the economics faculty at Indesco University in Bogota. He has also taught courses on theories of population and development at the University of Bogota's post-graduate school.

The published works of Sr. Colmenares include: *Verdaderos Dueños del País* (The True Owners of the Nation); *No Mas Hijos* (No More Children—Preventive Genocide of Underdeveloped Peoples); *La Crisis Economica Internacional y el Tercer Mundo* (The International Crisis and the Third World); and *El Neoliberalismo en Colombia* (Neo-Liberalism in Colombia).

## Medical science can prolong human life

There is no question that it is the moral obligation of mankind to apply scientific knowledge to extend life as long as possible. This is especially important in the current period where miseducation and the destruction of culture has left the most skilled scientific and educational manpower *unreproduced*. Dr. Moon has indicated the view that with current technology, mankind could already live for 200 years—and in order to carry out a massive re-education program for the currently lost generations, we may have to!

At present death by “natural means” takes one of three broad forms—50 percent by heart disease; one-third by cancer; and the third largest portion by stroke. Patients with heart disease and cancer are the prime targets for classification as “useless eaters” by the eugenicist lobby. Yet in both cases the technology or research protocols exist to immediately either provide a long-term cure, or provide patients with experimental care which will contribute to a rapid cure for the degenerative disease in question.

There is no reason for any patient with cancer to go to a hospice in order “to die with dignity.” Every patient can become part of a scientific process of finding cures for cancer, either thereby being cured and prolonged in productive life, or at least contributing to the knowledge which will allow future generations to avoid the fatality of that ailment.

There are currently 2.5 million people in the United States with cancer, and 800,000 new cases are diagnosed each year. Very few types of cancer have known cures at this moment and the majority of cancer victims being treated are receiving varieties of radiation therapy, drugs and surgery without much visible progress. In addition, however, there are 15,000 cancer patients who are in research protocols, undergoing treatment regimens that are in an experimental stage. So far there are 3,500 protocols—with the major problem being lack of sufficient patients enrolled and funds for research-compilation to be able to make the most rapid progress.

What we in the International Caucus of Labor Committees propose is a massive expansion of the number of patients in these research protocols. At \$1,000 per patient—basically the cost of data gathering—a mere \$800 million a year would

allow every new case of cancer to be brought under a research protocol as they are diagnosed. Already the National Cancer Institute has a pilot program which could be expanded.

The effect of massively expanding these research protocols would be similar in some respects to the shock effect on the expectations of the entire U.S. population, especially youth, during the NASA space exploration heyday. The second positive effect would be to radically change the attitude of the cancer patients who now decide that they “want” to die, or are willing to sign a living will, because they see no purpose in their suffering.

The third would be a rapid upgrading of the skills of doctors around the country, pushing many more of them into a position where they become research scientists as well as general “practitioners.”

A nequally significant kind of revolution could easily take place in the area of heart disease. At the time of the NASA heyday, a program for the development of a prototype self-contained implantable artificial heart was put together that could have been completed by the year 1980. Since the budget was cut from a projected \$50 million to \$5 million, progress has been considerably slowed. Yet the radiation specialist bio-engineer who developed the program believes that he has solved the major engineering problems such as developing materials for flexible ventricular chambers which can withstand repeated stretching without destruction, and problems with potential damage to the blood by the artificial element. Thus, only the last phase of testing, through a large number of animal experiments and human testing, remains. At present the device, powered by a plutonium pellet, costs only about \$1,000; with a massive approach on the order of \$50 million for four years the cost could be cut to one tenth or less through mass production!

Here, indeed, we see the real significance of natural law, not the cycle of endless repetition of the eugenicists and cultists, but the progressive increase in human powers through the social mobilization of human reason.



**Nancy Spannaus** is the editor-in-chief of the U.S. national newspaper *New Solidarity*, and a member of the National Executive Committee of the International Caucus of Labor Committees. She is a graduate of Bryn Mawr College and the Columbia University School of Social Work.

Mrs. Spannaus has studied economic science intensively for the past 12 years, and has lectured internationally on the contributions of the 17th century philosopher Gottfried Wilhelm Leibniz to economic science. She co-edited *The Political Economy of the American Revolution* (Campaigner Publications, 1977) and is a frequent contributor to the journal *Campaigner* and to *Executive Intelligence Review*.



# Special challenge for Jewish leadership

I want to speak today, as an American Jew, about the responsibilities of the Jewish leadership in this time of international crisis.

It is absolutely mandatory for the welfare of the world as well as for the survival of Jews, that the Jewish leadership take a leading role today in developing the means for the survival of the human species. Speaking from a religious point of view, Jews have a greater responsibility in this than others, because we first gave the world the philosophy of the dominion of one God. Under the influence of Judaism and Christianity, the ethic that man is responsible for developing nature has spread throughout the world. The fact today that Jews are dispersed throughout the world makes us well-positioned to hold hands and work with true Christian and other religious leaders to promote the welfare of mankind and the elevation of the human spirit.

The human mind is a divine creation. We must not allow the destruction of the mind so prevalent in our media and our institutions to continue. The media is so full of pornography, criminality, children killing parents, killing each other, minds washed out with drugs and propaganda. They tell us to save the lives of fish but where is the interest for the human species who were created to make the earth a garden, to develop the earth?

So many today act like animals, or even worse, like dumb beasts. Just before I left America for Rome I read in our newspaper about a new game that teaches children how to carry out arson. The winner is the person who sets the most fires and gets out on time. You may say this is a small thing, but it fits into the pattern of the oligarchy's policies around the world. It's a new religion. Call it the "destruction religion."

These sick minds are deliberately produced by plans and ideas of people who are bound and determined to get rid of half the human population of this planet. They are every day devising and conniving new ideas to destroy people. They are so bent on doing this that they don't realize they're destroying themselves as well.

The unfortunate fact, however, is that most of the institutional Jewish leadership in America today is sympathetic to the British approach to civilization—to the oligarchy. This stems from their historical connection as tools of the oligarchy in numerous regimes in history. Jews have degraded themselves in this way to the point where their very actions promote anti-Semitism. If we, as Jewish leaders, don't see clearly now our destiny and obligation as human beings to destroy the oligarchy and its racist, genocidal policies, we will pay dearly for our mistakes.

This generation of Jewish leadership, and those who came before, know very well that when an economy is on the downturn and people are in trouble, when the crash comes it falls on the shoulders of Jews as scapegoats. If Jews insist on supporting the oligarchist rule, the outcome will be this: at first those Jews who were the tools of the oligarchy will ride high with the power structure; they'll be used; they'll be at the zenith. When the crash comes it will be total disaster, as it was in Nazi Germany. They'll be held responsible by the people that put them in power.

Israel's situation today is a perfect example of the error of our ways. It was the vision of the founders of Israel to build a nation where we would have spiritual freedom to teach our philosophy and worship as we see fit, and to have a home where Jews would be safe from persecution. Today Israel is entirely different from that vision.

The British have kept the Middle East stirred up and promoted bloodshed on all sides. They use Israel as a power base of the oligarchy. As long as Britain controls the United States, Britain controls Israel. The Jewish leadership in America must understand this.

For 2,500 years, the oligarchy has kept the world in a state of war. Their method is divide and conquer, and this is what they are doing today in the Middle East and all around the world. This is totally against the Judaic ethic. We never idolized kings, and if we did Moses denounced us for it. Moses wrote the first constitution for a sovereign people. If Moses were to come to life now and sit in on a convention of American Jewish leaders, he'd excoriate them so that they'd be ashamed to show their faces in public. . . .

There is no reason why any Jewish leader should go along with the degeneration of the world economy that will starve half the world to death. If this isn't genocide, then what is? What was Auschwitz if not this?

If American Jews didn't have any power, I'd say OK. But I know they do! I've talked to the leadership of American Jewry. They could kick Kissinger out of power today. But instead, the Anti-Defamation League is giving him honors. . . .

Is this what the Jewish leadership should sanction? I urge the honest individuals in Jewish institutions to stop this smokescreen of so-called anti-Semitism and to start putting world civilization back together. Start bringing the world out of degeneracy. This is the solution to anti-Semitism, when a Jew can say to the world "We help the world prosper and the

human species to develop to raise its moral standard above the principle of mere self-gratification. . . .

It is a crime of omission for American Jewry to see the world set up for a holocaust many times greater than under Hitler, especially in view of the fact that they know very well that the climate for holocaust in Germany was set up by the same power element that is setting it up now. And this time they're trying to make it permanent! I charge now that if the Jewish institutional leadership does not take positive steps to stop this ongoing genocide and to make the world a fit place for human development; if they permit the oligarchy to commit genocide again, they too will die in the ensuing holocaust, and they will deserve to die.

This holocaust can be stopped. The Jewish leadership has a golden opportunity now to engage in the greatest ecumenical effort in history, using the Judaic principle of the sanctity of human life and the human mind, to enrich humanity's power to feed and develop itself and to end the genocide. . . .

I want to conclude by telling you about a conversation I had at Temple with a good friend about a month ago. We were talking about how the oligarchy is setting up the world for holocaust, for a depression to go through two or three generations or more so that humanity would forget the very idea of progress. My friend said they'll probably explode bombs and there will be a few survivors and they'll start civilization all over after a few hundred years of dark age. I said to him "How can you call yourself a Jew? You're talking inhumanism. If we aren't against this kind of thinking, if we don't get in the forefront of the fight, then when the holocaust comes, don't cry when it happens to you. Practice the Judeo-Christian concept of humanitarianism and the welfare of the human family and if there's a heaven you'll go there. Then you can regard yourself as a moral and honest Jew."

I want to leave you with this thought: to be a good Christian, you have to be a good Jew first. To be a good Jew, you have to be a good Christian. Thank you.



**John Weber** is the former Israel Committee Chairman of the Tarzana, California B'nai B'rith Lodge, in which he has been active for several years. Mr. Weber and his wife Gustine are "family" of the Hebrew Union College Jewish Institute of Religion, which has campuses in New York, Cincinnati, and Jerusalem.

Mr. Weber was born in Fruita, Colorado in 1908, and grew up in Chandler, Arizona. During World War II, he served in the Navy as a machinist second class, a tour of duty that took him abroad. Following the war, Weber and his family moved to California.

Now in active retirement, Weber devotes most of his efforts to promoting the politics of Lyndon H. LaRouche, Jr., whose 1980 presidential bid he energetically supported.

## Labor needs science and technology

I speak in the name of a sector whose deep and active interest in defending the principles embodied in the new institution we bring to the world today is perhaps the most evident. For the worker above all, defending the right to life today, in the midst of crisis in the world economy and in civilization itself, is a tangible and dramatic issue which faces us daily.

I do not wish to illustrate my words with some horrifying example of poverty in the so-called Third World. I prefer to talk about the workers of the industrialized countries, the workers of the U.S. in particular, who are victims of an irrational economic policy which is shutting down its sources of employment and food, the factories and the farms upon which depend the economic security of millions of families. Ten percent unemployment in the United States. For many, a new statistical watershed. In reality, one of the most brutal attacks on the right to life that the population of an industrialized nation has suffered in decades. An omen telling us that, if we do not act in time, the terrifying genocide which the countries of Africa are suffering today could become a universal holocaust tomorrow.

He who thinks I exaggerate should remember how mankind plunged into World War II, the concentration [camps], and the rest.

For the worker above all, the right to life is synonymous with progress, especially the progress of science, of technology, of culture. Not only because progress makes work less burdensome, more productive and creative; but also because the further we advance along this path, the more the true significance of life and man's work becomes evident and real. Human work is the continuation of the Creation, as that magnificent papal document we all know, the encyclical *Laborem Exercens*, expresses with such admirable wisdom.

From this point of view, the progress of science and technology is of vital interest to the worker because it not only enables us to feed and clothe our children, which is a condition of material existence, but also and above all to nourish and ennoble their spirits. In the end, it is this which

is truly important because it means cultivating, enriching, constantly elevating that which is divine in every human being, that which makes every human life an infinite treasure which only those beasts with the outward appearances of men could scorn.

But the ruling economic order, dominated by the Malthusian criteria of the Club of Rome, embodied in the International Monetary Fund, the World Bank and various other international financial institutions, denies precisely these elemental truths by ruining entire nations, shattering their economies, destroying the material sustenance of their families, shutting the doors of the future to their youth and preventing the advance of science and technology. This economic order goes against morality, against peace, against the very existence of the human species. It is especially for this reason that this hateful order has become the greatest obstacle in the way of progress and development.

It was that illustrious spokesman of Christian thought, Pope Paul VI, who posed nearly 15 years ago, in his encyclical *Populorum Progressio*, the alternatives facing humanity. His point of departure was that of John Paul II: "Be fruitful and multiply, fill the Earth and subdue it! The Bible teaches us that the entire Creation is for man, who must perfect it." His conclusion is simple, but profound: "Development is the new name for peace."

Paul VI proclaimed what the IMF denies: "Just as it is necessary for economic growth and human progress, industrialization is at the same time both an indication of and factor in development. Man, through the tenacious application of his intelligence and his labor, little by little extracts nature's secrets and makes better use of her riches. While disciplining (man's) habits, it also develops in him a joy for research and invention, the acceptance of calculated risk, audacity in enterprise, generous initiative and a sense of responsibility."

Paul VI proposed the creation of a world fund to finance development. "The rates of interest and duration of the loans—he said—must be allocated such that they are bearable for all, balancing the free aid, the interest-free loans or those with a minimal interest and the repayment schedule. To those who lend, they can receive guarantees on the use of their money, according to the agreed-upon plan and with reasonable efficiency, as long as it does not go to favor the lazy and the parasitical."

Today, thanks to the initiative of Helga Zepp-LaRouche, we are all gathered here to heed and multiply this call. If we carry out what we propose, we will not allow the words of Paul VI to be lost in the obscure night of a new and greater world disaster. . . .

We require cheap credits for industrial and agricultural production. We need cheap credits to acquire the latest advances in science and technology, and to educate our youth to advance that science and technology still further, to enable the honest worker and his fellow men to live, and not to live to work. We want a new and more just world economic order which will allow us to pay our debts: those we owe to the

past generations and which we can only pay by assuring the future of generations to come.

Because of this, I would like to propose the formation of a Labor Committee within the Club of Life, dedicated to winning the support of workers and labor unions throughout the world, without distinction of race, nationality, religious creed, or language, to fight for the founding of this new humanist world order. To be effective, this Labor Committee I propose must put aside any and all artificial barriers with which workers from one region have always been separated from those of another. I propose that this Committee be the North-South Labor Committee of the Club of Life.

Inside Colombia, the labor federation with which I am associated, the Union of Colombian Workers (UTC), has undertaken to bring the battle against Malthusianism in both its social and economic forms, to Colombia's three million organized workers, and through them to the rest of the population. At a Sept. 6 meeting between the country's organized labor spokesmen, private sector business representatives, and our newly elected President Belisario Betancur, the head of the UTC read aloud our program for the industrial development of Colombia, which declared the advance of science and technology as a prerequisite of a moral and progressive society. That program was warmly received by President Betancur and has received wide recognition across the country. With the creation of the Club of Life as an international institution, the efforts of the Colombian labor movement have been carried a giant leap forward.

I do not want to conclude without calling for a vote of appreciation of all those present here for Helga Zepp-LaRouche and for her husband, Lyndon H. LaRouche, for having made this historic meeting possible, despite the risks they faced for their own lives.



**Pedro Ignacio Rubio Romero** lives in Bogota, Colombia. He studied at the Andes University prior to attending seminars at numerous international universities and institutions, such as the American Institute for Free Labor Development (AIFLD), where he studied education techniques for the adult and labor instructor.

Sr. Rubio has held the positions of head of credit and collection for the Banco Indigeno Colombiano; Secretary-General for Banking, Securities and Business Affairs for the Union of Colombian Workers (UTC); member of the National Advisory Board of the National Training Service; member of the economic and social consulting committee for the Andean Group; member of the National Advisory Board of the Colombian Social Security Institute; and member of the 7th Commission of the National Chamber of Deputies. Sr. Rubio is now Secretary-General of the Union of Colombia Workers (UTC) federation in Bogota and Cundinamarca (Utraboc).

# Malthusianism vs. the right to life

We are confronting people

- who have sophisticated methods of mass manipulation,
- who have ensured for themselves a majority control of the media and who thereby control public opinion almost exclusively. Through this absolute or quasi-absolute control of public opinion, a nearly total power is ensured.

This is a form of totalitarianism.

- who approve or even better urge the premeditated murder of innocent, helpless beings (abortion). This in turn, in logical terms, leads to authorizing other murders, just as serious or less serious. All murders being logically authorized, it would be illogical and contradictory if they did not occur. Then the only defense left is force against force.

- who grant women the discretionary right to murder children. A single opinion suffices in this case, unlike in other juridical problems.

- who thereby grant to all, and so to themselves the discretionary power to murder non-guilty people. This is the way things stand *now*. The arbitrary and contradictory state consists in the fact that for the moment the only non-guilty ones murdered are innocent and helpless children.

This is what we face now. . . .

The essential fact is the following: A society using *the legal murder of non-guilty people* as an essential instrument is obviously and indisputably a totalitarian society. This disposition apparently allows it to eliminate any political enemy and to get rid of anyone, with no judicial problem. It begins by referring to the suffering of ill people that one should have charity enough to eliminate, and it ends by allowing the murder of anyone, according to the principle of the *legal murder of non-guilty people*.

This is an *absolute* totalitarian power, perhaps the greatest to have ever existed in human history, at least in such a complete and codified way.

This is not a society that kills episodically in order to take power or to defend itself, as past totalitarian regimes have often done, but a society whose essential permanent instrument is the legal murder of the non-guilty.

It is a super-totalitarian society. In past or present totalitarian societies where the murder of the non-guilty is frequent, it has never—with the possible exception of Pol Pot's socialist Malthusian Cambodia—been formulated in such clear, frank, and forceful terms. In that sense, there has been

a certain “improvement” over the past. The method itself is not new but was already used 40 years ago by the Nazis to kill about 300,000 Germans between 1939 and 1945, independent of other murders.

It is totalitarian

- by its absolute control of the media,
- by its psycho-political manipulations built up as systems,

- this society is even more so by the “legal murder of the non-guilty” established as a “permanent instrument.”

This is the type of power the international Malthusian clan proposes now and may deal out tomorrow, if we are not on our guard, or if, being so, we are not strong enough to oppose them.

Of course, as we have already seen, this totalitarian Malthusian society does not yet completely exist and is still partially only a project or the logical consequence of decisions which might be taken, such as the legalization of euthanasia.

But what is already in place and in the hands of the international Malthusian group is enough to ensure it a totalitarian power (with the appearances of democracy being kept up for the moment), and it is protected from change in public opinion precisely by its powerful and large control over the media and its systematic manipulation of minds.

From now on this is the power the Club of Life must take on, and the stronger the opposition of the ideas, the more violent will be the clash. The Club of Life will run up against these conditioned minds and this totalitarian model of the media.

We will succeed only when we have forced through a hole in this wall, breaking apart the totalitarian control over the media.

We will succeed only by reinforcing our own media and positioning them in such a way as to bring down our enemies' totalitarian wall.

We will succeed only in seeking new allies, and this is imperative.



**Emmanuel Tremblay** is a Doctor of Medicine and Professor of Demography at the École des Hautes Études Sociales of Paris. He has been Secretary-General of the French Right to Life organization Let Them Live since 1973 and is the founder and president of the Union pour une Politique Nouvelle (Union for a New

Policy).

Dr. Tremblay is also President of the National Association for Anti-Leukemia Research and President of the European and International Association for Hematology Research. He is the author of numerous books, including *Croître ou Mourir* (Grow or Die).

# Population increases and economic growth

*We have excerpted here an article written by Mr. Innis for Ebony magazine, 1974. It shows some of the research used in Mr. Innis's speech, and demonstrates the direct connection between a country's ability to be economically viable and the necessity for it to achieve its full population potential. The article shows the reader a partial picture of the intense battle that Mr. Innis waged during the early 1970s for the growth of integration and economic justice for the black minority in the United States.*

. . . In 1970, in Ghana, one could purchase a complete Emco Foam Kit for as little as thirty-five new pesewas (which was the equivalent of thirty-five cents U.S.) while the same product was being retailed in the U.S.A. for about \$3.00. At the same time, in Ghana, other imports (primarily foodstuffs such as canned milk, etc.) were selling for more than four times the U.S.A. retail price.

Question—who is subsidizing population control and directing it towards Africa and other non-white countries?

Before we can answer this question and evaluate and judge the assumptions and conclusions of the populationists, we must examine some demographic factors affecting the dynamics of populations and nations.

A productive nation or viable population needs a proper balance between its land mass and population size, the relative percent distribution of this population between rural and urban areas, and the population concentration within these urban areas.

There is a desired range for these factors that we can call: (a) the optimum national population density, (b) the optimum urban population density and (c) the optimum population distribution ratio between the urban and rural areas. The correct combination of these optimum ranges, for a given population (nation), determines its **“true population potential.”**

Demographic comparisons of relatively developed countries have (a) high urban and national population densities and (b) large percentage of population distribution. Nations with relatively high standards of living have over 50 percent and up to approximately 85 percent of their population in urban areas.

With proper planning and management the minimal re-

quirements, rural food production can support most of the demands of the entire country while the urban sector produces products not only for domestic consumption but also for exportation.

This relationship between urban and rural population distribution is the basis for Europe's success in feeding its people while maintaining its high living standards. The average world population density is 70 inhabitants per square mile while the European average is 250. Belgium, a European nation with a total population of nearly 11 million (1973 est.), has a population density of 931 which is approximately thirteen times the world average and nearly four times the European average.

If the population control and zero population growth prophets of doom are right, Belgians should be fighting in the streets for crumbs and the populationists should get on the ball with proposals to curb population there. . . . Belgium, with a total land mass less than any African country except Gambia (the smallest), has a high urban population distribution that approaches 86 percent of the total population and a rural population of 14 percent. Thus, Belgium's 210,000 people working in agriculture supply enough food to feed its urban population with a surplus to export. . . .

Similar analyses can be made for most of Europe with little variance. Outside Europe we can point to an equally dramatic example, Japan. Japan enjoys a population density of 750, has a GNP of \$225 billion and per capita income of \$1,555 (1970 est.). With 86 percent of her population in the urban centers engaged in industry and commerce, Japan boasts of a \$4 billion trade surplus for her 107,069,600 inhabitants. . . .

Professor Maazu Bekele, an Ethiopian scholar, points out whereas Africa in 1670 housed 20 percent of the world's population, today it accounts for, at best 10 percent occupying a little more than 20 percent of the world's land. The average population density for Africa is less than 30 persons per square mile. This figure is less than one-half the world's population density, while Europe's (250) is more than four times greater than the world's. When one considers the vast irrigable, uninhabited areas of Africa one must conclude that Africa is underpopulated.



**Roy Innis**, a nationally known U.S. civil rights leader, is the Chairman of the Congress on Racial Equality (CORE). Innis, who resides in New York City, is a founding member of CORE, one of the major civil rights groups in the United States. In the 1940s, CORE initiated the first “sit-ins” to integrate a restaurant in Chicago. Later, in the 1960s, CORE initiated voter registration drives and “Freedom Rides” across the South.

# Argentina's effort to end backwardness

. . . I am from that suffering and patient nation which has had to endure more than half a century of recurring military dictatorships, with their corresponding recessionist monetarist policies, which have systematically prevented its desired leap toward the goal of development. Another, clearer example can hardly be found of the application of the policies of zero growth to a nation that heroically refuses to die.

Already in the 19th century, the British rulers established as a natural law that Argentina should . . . become the farm of Europe, and the mere provider of meats, leather, cereals, oils and fats. They went to the extreme of constructing a network of roads and railroads, of a radial nature, all of which converged on the Port of Buenos Aires to facilitate the shipment of raw materials to British ports. They usurped through simple acts of piracy the Argentine archipelago in the South Atlantic, expelling its native population.

Since the last century, the British trained in their universities those individuals later imposed as Finance Ministers in Argentina, and who became the hardened defenders of free trade and the saboteurs of all industrial protection. . . .

Today in Argentina, 17 percent of the economically active population is unemployed—with no unemployment insurance. The gross industrial product in 1981 was equal to that of 1964. The gross national product for 1981 was equal to that of 1961. Investment in reproductive equipment in 1981 was the same as that of 1960. These are dramatic figures—we are talking about a nation that has not grown for almost two decades. . . .

In 1977, those champions of Friedmanism imposed a financial reform, in which the State guaranteed all forms of speculation that took place in the financial entities. This adventure cost us \$9 billion dollars as a result of the State's intervention into the banks and financial entities. That amount is the equivalent of the exports for one entire year. The efforts and the labor of the entire nation were lost to the financial adventurers. In 1980 alone, Argentine tourism abroad, subsidized by an absurd exchange-rate policy, cost the nation the sum of \$5 billion dollars. When a foreign firm deposited one million dollars in the Argentine financial market in 1977, with no effort at all, because of the high interest rates, it became three million dollars two years later. That is, the speculative investment tripled, constituting a tragic bleeding of the country. . . .

Reality today is that workers in Argentina cannot work. Never have there existed so many unemployed, and under-employed. There have been cases where a judge denounced the fact that the families of the unemployed textile and metallurgical workers handed their children over to the judge because they couldn't provide for them. Thus monetarist policy destroys the very institution of the family. . . .

The implementor, and individual primarily responsible for this policy of destruction, is the former minister José Alfredo Martínez de Hoz, linked to David Rockefeller's banks. It is no accident, therefore, that after these fateful years, during which the nation not only did not grow, but dropped to negative rates of growth in all categories, we are today confronted with a foreign debt of \$40 billion dollars, of which \$7 billion pertains to the commercial balance—that is, to 35 percent of the gross national product. Each inhabitant of Argentina is a debtor of \$1,250 dollars, the highest per capita rate in the world. The payment of debt service for 1982 amounts to 50 percent of total exports. Of this monstrous, and totally useless debt—because, I repeat, the country did not grow—\$8 billion dollars can be computed for the category of "commissions" alone.

This means, therefore, that financial power, aside from the implicit corruption of its activities, seeks the death by famine of the underdeveloped nations of the periphery. The obscurantist financial powers represent today this danger: subjugating nations through swelling of the foreign debt with usurious interest rates; or atrophying and stupefying youth through the diffusion of drugs; strengthening and supporting the arrogance of decrepit colonialism; inventing wars in the most dissimilar places in the world. It can only be stopped by an intrepid mission of clarification throughout the world and the constant denunciation of Neo-Malthusian genocide, which has become the center of a new fascist conspiracy on a world scale.



**Dr. Ernesto Poblet** is a lawyer graduated from the University of Buenos Aires. He held the chair of Public International Law on the faculty of Law and Social Sciences of the same university. Dr. Poblet was an advisory lawyer to the oil company of the Argentine state for 15 years, and served as an advisor to the cabinet of the

Public Works and Services Ministry of the Argentine Republic.

He is a member of one of the principal political parties of Argentina, the Movement for Integration and Development (MID), led by former President Arturo Frondizi.

Dr. Poblet, the author of numerous political works, is editor of the magazine *Búsqueda de un País Moderno* (In Search of a Modern Nation), a monthly of critical commentary and analysis.

# Why Nigeria requires nuclear energy

Coming now to the main topic of my talk—the role of nuclear energy in Nigeria's development—it is necessary to explode some widespread myths and prejudices often voiced in Europe against the use of nuclear energy in developing countries.

1. It is often maintained that the Third World countries, particularly the African countries, do not *want* nuclear energy. This is not true. In fact:

(a) Nigeria, my country, has established in two of her 18 universities, institutes for the training of nuclear engineers. Only 2 to 3 years after their foundations, these institutes have attracted a record number of students—120 in all. I have had the opportunity to visit one of these institutes and have extensive discussions with the faculty and students. These people are working hard and with great enthusiasm; I would say that the time is ripe for Nigeria to begin going nuclear.

(b) . . . Nigeria has, with a population of 80 million, only three main power generating stations (compared with several hundred power stations in the Federal Republic of Germany, a country with only 60 million inhabitants). This has proved to be totally insufficient for Nigeria's needs. . . .

Nuclear energy is regarded very seriously by the Nigerian government as a future source of energy supply, alongside coal and other sources. Nigeria has accordingly made moves to obtain a small research and training reactor, as a first step in this direction.

2. In the industrial countries of Europe one often hears the argument that developing countries such as Nigeria do not *need* nuclear energy.

It might seem that these countries are still thinking in the old colonial way, as if they still had the right and duty to dictate our needs and desires. . . . For us, nuclear energy is important as a strong basis for the industrialization of the country. Nigeria is rich in raw materials, and we want to build up all sorts of industries, from the small-scale to the gigantic, to process those raw materials ourselves. Such a program is only possible with a stable, secure energy supply. A few coal and hydroelectric plants are not sufficient for assuring a stable, growing energy supply. . . .

Of course, building up the nuclear industry in Nigeria and other developing countries would also mean an export boom for the industrial countries. Isn't it shortsighted of some

industries to artificially maintain a market for mediocre products such as the above-mentioned small generators? Are they too lazy to move to higher technology exports?

Other factors that support the need for a sound nuclear energy program in Nigeria include the following:

(a) Nigeria supplies the Niger Republic presently with electric current from the hydroelectric station at Kianji on the Niger River. This is fine, but the supply could be massively expanded, and extended also to the Chad republic if large nuclear plants were installed in Nigeria.

(b) At present, uranium mined in Nigeria is processed outside the country. We should build up our own processing industry, to process the uranium to fuel our nuclear plants and for export to other countries developing nuclear energy.

3. In the effort to discourage the transfer of nuclear technology to African countries of the Third World, it is often argued that we Africans cannot develop the skills and know-how to operate nuclear technology. This is also wrong. The problem here is quite simple: When the Colonialists departed, they left us with practically no institutions of higher studies. Since then, we have been able to build universities and expand educational facilities to meet our demands. . . .

Experience has proven, in the case of countless other modern technologies, that Nigerians are capable of mastering such technologies whenever the opportunity has been offered to them. So, they will do well in nuclear technology, too. A good example of this is my own person—I am a Nigerian who has been able to master nuclear engineering. Several other of my countrymen have succeeded in their nuclear engineering studies in the United States, and many more will follow, now that nuclear science is being offered in Nigerian universities. A big nuclear program in Nigeria means not only a guaranteed energy supply, thereby boosting the country's economy, but also means job opportunities for many people. . . .

All those who are still skeptical about our ability to learn and operate nuclear technology had better come and help us carry out our programs. Many of our people who want to study nuclear science lack the means to do so. Why don't you help us?



**Nicholas Uwazie** is a Doctoral Research Member of the Institute for Nuclear Engineering at the Technical University of Berlin. He was born in 1942 in the town of Ahiara in the state of Imo in eastern Nigeria.

Before taking up advanced studies in West Germany, Uwazie completed college in Nigeria and worked for some time as a primary school teacher. He presently leads a research team studying techniques for raw-materials processing.

# A strategy to defeat the drug epidemic

Last year, here in Rome, the Anti-Drug Coalition launched the proposal for a Narcotics Enforcement Treaty, to wipe out drugs at the source. I want to reiterate that concept here, specifically to propose that the Club of Life endorse it explicitly. The NET proposal calls for:

1. the coordination, with the full respect for the national sovereignty of each participating country, of information on and repression of drug-dealing organization;
2. the imposition of economic sanctions (including embargoes and boycotts and political sanctions up to the break of diplomatic relations) against *any* nation which promotes or approves, on its national territory, cultivation, diffusion or trade of narcotic substances;
3. the emission of long-term, low-interest credits to developing sector nations, so that drug plantations be destroyed, through the application of chemical substances like paraquat, and productive agricultural activity be promoted. To that end, the NET calls for the transfer of advanced technology to the developing sector, that the process of rapid industrialization be enhanced.

If this approach to wiping out drugs at the source can be implemented, in the context of the New World Economic Order, we will have destroyed the "supply" side of the drug problem, thus eliminating it. But that does not solve it entirely. What, then, of the hundreds of thousands, nay, millions of drug addicts in the advanced sector? Must we resign ourselves to consider them lost, casualties of a drug war with no perspective of productive contribution to make to a post-war, re-ordered world? I firmly believe that these victims of Dope Inc. can be fully rehabilitated, and I base my conviction on the encouraging results that dedicated antidrug fighters in the field of rehabilitation like Don Redento Tignonsini and Lucien Engelmajer have obtained. But, even more, I believe that former addicts have a very special role to play in the world, in exacting "poetic justice" from those, in the Dope, Inc. apparatus who tried to destroy their lives. . . .

There are two ways of approaching a solution.

First, given the overwhelming negative pressure an ex-addict is subjected to by the prevailing culture as well as by former acquaintances, the only way he or she can stay "clean" is by actively engaging in the fight against drugs. Experience in drug rehabilitation shows that the best personnel for therapy centers are ex-addicts, because they have a profound personal motivation to free others from drugs. . . .

Can the addict population today numbering in the millions be seen as a population to be transferred from the cities

to rural communities and nothing more? Is it not crazy to think that the mere proliferation of, albeit excellent, rehabilitation communities can "solve" the problem? Obviously, the creation of "ghettoes" of former addicts, however healthy internally, becomes an absurdity. What is required is a solution that utilizes the positive features of community experience to go beyond the ghetto and contribute to society as a whole.

Therefore the second approach I want to suggest (in addition to the necessary ongoing efforts of ex-addicts in the field of rehabilitation and especially prevention) involves a much broader perspective. Ex-addicts should be provided technical training in the community setting, to acquire advanced industrial skills. Instead of limiting activities to small scale activities, rehabilitation centers, if adequately staffed and funded, could train teams of skilled industrial cadres and define for them much larger responsibilities than those available in the centers. I am talking about large-scale development projects which the nations of the so-called Third World will be undertaking in the immediate future, for which teams of dedicated, highly skilled industrial cadres are required. This solution provides the appropriate task orientation that, we have seen, is necessary to successful rehabilitation, while at the same time dedicating labor activity to the necessary task of building where it is most needed. The same dedication shown in repairing and renovating buildings in rehabilitation centers should be mobilized to build new cities, infrastructures and agricultural projects through Africa, Ibero-America and Asia. This approach, combined with a continued political offensive to wipe drugs out at the source—which is those same developing sector countries—could finally open up for the thousands of otherwise wasted lives of youth a perspective which will allow them to live meaningful lives, meaningful as they are providing the productive activity necessary to rebuilding the world economy. . . .



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Since 1978, Ms. Murak has been President of the Italian Accademia Umanistica, and is the director of its journal *Il Machiavellico*. She is the author of numerous articles on Italian culture,

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A founding member of the Anti-Drug Coalition in Italy, Ms. Murak edited the Italian edition of the American best-seller *Dope, Inc.*, *Britain's Opium War Against the United States*. For the past two years, she has been coordinator for the European Anti-Drug Coalitions, and directs their various language publications of *War on Drugs* magazine.

She has been a member of the Executive Committee of the International Caucus of Labor Committees since 1973.



# India's agriculture: output could triple

*Col. R. Rama Rao is with the Birla Institute for Scientific Research in India.*

India's economy is largely based on agriculture. During 200 years of colonial rule the process of systematic deindustrialization of the country had been completed. As a result, India, though reasonably well endowed with resources, became one of the poorest countries in the world . . . .

It was under the compulsions of the First World War, when sea communications between Britain and her Indian Empire became vulnerable, that the cotton and jute industries were allowed to sprout. . . . The Second World War provided conditions for setting up facilities for manufacturing a few items. At the end of that war, when the country became free, enabling the people to plan the course of their future agricultural and industrial development, the process of reindustrialization began.

Although 35 years have elapsed, industrial progress in

the country has not been as rapid as many would have liked. The national economy is still largely agriculture-based. The standard of living of the vast majority of people continues to be low. Even so, progress has been made, overcoming severe odds. . . .

By proper planning and management, agricultural production can be raised three- or four-fold. Since attaining freedom the country's agricultural output has been stepped up by a factor of two . . . . With better irrigation facilities, more liberal provision of high-yielding and disease-resistant seeds, optimum doses of appropriate organic and inorganic soil nutrients, and more effective crop protection measures, India's farm output could be very high indeed. . . . India would take its place as an important granary for the world. Among the measures already . . . . are: (1) increasing the area under cultivation; (2) extending irrigation facilities to land now dependent entirely on rains; (3) deriving high yielding varieties of seeds and steadily extending the area under high yield varieties; (4) improving crop protection. . . .

In India's case, agricultural development based on increased inputs of science and technology is but the first, though very important, step toward all-round economic development.

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# Cultural pessimism holding back Spain

*The following is a translation of the remarks of Alberto Piñero summarizing a longer written speech. Piñero, an official of the Spanish Institute of Labor Studies, has taught sociological mathematics at the University of Barcelona and statistics at the University of Madrid for several years.*

In a recent survey carried out by the National Statistical Institute, we learn that since 1975, there has been a sudden worsening in the decline of all the indicators of natality and fecundity. The average number of children per woman was 2.76 in 1975; it stands at 2.29 in 1982. There has been a steep drop in fecundity, and the most conservative estimates are that, at best, 1987 is the year in which the replacement of generations will no longer be ensured, while other estimates give this date as 1983. . . .

Economic growth has stopped, and there is no unanimous call for it to take off again. Many demand that population growth be strictly kept to a quasi-stable GNP or that it be allowed to grow only slightly. Many political figures say that inflation should be contained using monetary measures, which have the effect of smashing the development of both industries and the nation.

What is the cause of these phenomena?

Spain has not escaped the onset of what John Paul II has called "an anti-life mentality" (*Familiaris Consortio* No. 30). Various factors have contributed to this: Neo-Malthusian propaganda, infiltrated through various specialized United Nations agencies such as UNESCO and other multinational institutions such as the Club of Rome, which has been echoed in the daily press and in pseudo-intellectual circles, as well as the current Spanish political trend, which is increasingly oriented toward accepting a type of socialism which advises that energy-dense energy sources be limited in their development and that antipopulation measures be taken. Our horizons have further been darkened by the growing impact of monetarist liberalism.

What can we do to respond to this? There is only one way to improve the situation in a democratic society. The population must be shown that the enemy's arguments are false, and that ours are correct and good. We must therefore:

1. Study the economic system and its capacity for development.
2. Study the social system and uncover the deeper causes of the social responses observed, like the continual drop in fertility.
3. Elaborate a theory or model to allow the economic system to be apt to correct disfunctioning of the social system.
4. Demonstrate to the public that there must be a change in orientation, that fear of development leads to disaster.
5. Train social leaders able to push ahead political, economic, and social projects deduced from the above theory or model.

## The stakes in Reagan's trip to South America

by Christian Curtis

Barely 48 hours after the State Department let out the news that George Shultz was about to embark on a tour of Ibero-America, the White House announced Oct. 26 that Shultz will be accompanying President Reagan on an official visit to Brazil and Colombia beginning Nov. 30, with a brief stopover in Costa Rica. The apparent lack of coordination has nothing to do with bureaucratic snafus. It has everything to do with the fact that the United States, along with the international banks, will very shortly be dragged into total depression at a point when most of the other nations in this hemisphere are close to cutting off their creditors. And there is certainly plenty of disagreement in Washington on what to do about it.

The strategic stakes of the President's trip are these: If the agenda of the talks with Ibero-American leaders is defined by Shultz, Reagan will wind up with inter-American relations even more hopelessly damaged than they were by the Malvinas crisis, with chances of American economic recovery reduced to nil, and prospects for social chaos—including assassinations of important Ibero-American figures—extremely likely. On the other hand, if the President overrides the State Department and opts for a policy centered upon Lyndon LaRouche's Operation Juárez proposal for an overall debt reorganization for Ibero-America, he could return with a quarter of a trillion dollars in export orders and thousands of new job opportunities for Americans.

At this point, Shultz, by default, has the initiative. His proposal, hammered out with Henry Kissinger to conform

with the guidelines handed down by the so-called Ditchley Group of bankers, who met recently in New York (see article, page 4), is to demand 1) that all renegotiation of foreign debt by Ibero-American nations be carried out on a bilateral basis only; all discussion of a multilateral "debtors' cartel" against the banks is to stop; and 2) that Ibero-America support the State Department's plan to militarize the Caribbean basin.

Any number of threats and promises will be proffered to get these points across; delivering on any "deals" is irrelevant. The bottom line for Shultz and the region's creditors is that they must have the hemisphere under political control when the world economy goes into its expected final dive. By the time Ibero-Americans wise up to the fact that whatever Shultz promised will not be forthcoming from a ruined American economy, it will be too late: Henry Kissinger's friends in the "wetworks" business will begin murdering Ibero-American leaders who dared buck the Bretton Woods system.

### **OAS denounces coercion**

The haste with which the presidential journey has been arranged corresponds to the momentum of Ibero-American sentiment in favor of some form of joint debt negotiations, which in effect would mean the end of the political and financial power of the patrons of Kissinger and Shultz. On Oct. 22, by a vote of 20-1, the Inter-American Economic and Social Council (CIES) of the Organization of American States passed a resolution denouncing the conditionalities policies of the International Monetary Fund and took steps toward a

continent-wide debtor's front.

The resolution, of which the sole opponent was the United States, put the OAS on record as "rejecting the imposition of embargoes and economic blockades, the freezing of funds, the suspension of credits, and all other measures of a coercive economic nature directed against any developing country for the purpose of undermining or obstructing the full exercise of its sovereignty over its territory or natural and economic resources." The one-sidedness of the vote reflects the lessons of the Malvinas war and its aftermath. Ibero-America, regardless of so-called objective creditworthiness, is still on a bankers' blacklist for supporting Argentina, and loans to the continent have fallen off dramatically.

With Andean nations' heads of state due to meet in La Paz, Bolivia to map out a collective debt renegotiation strategy, the OAS action is a new step toward extending such a policy to other Ibero-American states.

A companion OAS resolution, still to be acted on, established that "any situation created" by exercise of such methods of economic warfare "be defined as a grave economic emergency" that will open access to special channels of joint action and redress within the OAS at large. Ibero-America's future, said outgoing Venezuelan OAS ambassador Hilarion Cardozo at the opening CIES session, "lies in its capacity to cooperate and unite . . . protecting the vulnerable of its economic security."

Cardozo, widely recognized as the architect of the CIES meeting, introduced another resolution which would set up an inter-American conference, at the ministerial level, to meet in April 1983 in Caracas on the subject of foreign financing—the debt issue. The Venezuelan proposal specified that the meeting would seek "alternatives for the reactivation of productivity throughout the hemisphere."

Similarly, at a conference sponsored by the Third World Social and Economic Study Center (Ceestem) in Mexico City Oct. 26, former Mexican President Luis Echeverría also called for unity against the murderous austerity of the banks. "The countries urgently needing foreign financing must unite in a strategy against international financial institutions like the International Monetary Fund and the World Bank," he said. "The impositions of those organizations must by no means be accepted, because they generate inflation and unemployment."

### **No open arms**

If Washington hopes to be able to maintain embassies south of Texas, this is the Ibero-American sentiment Reagan must address. Already it is clear that America's southern neighbors are not exactly waiting for the President with open arms. The Colombian government leaked a report, once Shultz's dishonorable intentions were known, that it would prefer a brief chat between Reagan and President Belisario Betancur at the airport on Reagan's way back home. The report, of course, was denied, and Reagan and Shultz will

spend a full day in Bogotá, but the point of the rumor was not lost in other Ibero-American capitals.

Despite the storm warnings, Shultz is doing his utmost to be provocative. He has pulled together a separate summit for the heads of English-speaking Caribbean countries to take place in Jamaica Nov. 15-18, where, say Jamaican sources, Shultz will be pushing the same line he hopes the President will take to Brazil, Colombia, and Costa Rica.

According to reliable information, Shultz wants American bases set up in Jamaica, in Haiti, in Guatemala near the border with Belize, and, even more outrageously, on San Andrés island. San Andrés belongs to Colombia, one of the scheduled presidential stops, which is claimed by Nicaragua. Shultz in effect is throwing down the gauntlet to Betancur, because Colombia, much to Washington's surprise, recently announced its intention to join the Non-Aligned movement. If Colombia even so much as sits down to discuss the setting up of a superpower base on its soil, it will be barred from membership in the Non-Aligned, according to the movement's own rules.

Shultz's attempt to "break" the conservative nationalist Betancur is getting substantial inside help from Foreign Minister Rodrigo Lloreda Caicedo. Lloreda told a Colombian radio network late last month that Colombia should enter the continent's "arms race" and prepare itself for possible war against its neighbors over territorial disputes. On Oct. 20, Lloreda made another overt attempt to sabotage Betancur's policies when, after a meeting in Washington with Shultz and David Rockefeller, he stated that the idea of joint debt renegotiation is "not convenient at this time." Betancur has repeatedly expressed support for joint renegotiation and is the Andean leader giving the strongest public support for Bolivian President Hernán Siles Zuazo's call for this policy.

### **Kissinger in Mexico**

While Shultz targets Brazil and Colombia for official pressure, Kissinger and Rockefeller suddenly arrived in Mexico City the same day the Ditchley Group was winding up its New York meeting—which was sponsored by Rockefeller's Chase Manhattan Bank. Kissinger and his companion are said to be delivering the message from the Ditchley meeting that Mexico, which has led the developing-sector offensive against the banks' depopulation policies, is to be "starved out." According to Mexican press reports, Kissinger and Rockefeller both met with President José López Portillo as well as with incoming President Miguel de la Madrid.

The Ditchley program, according to one of the organizers of the New York meeting, is "to keep pushing Mexico to sign an IMF agreement until they run out of spare parts for all their tractors, which has already begun to happen." Like a mafia godfather, Kissinger smilingly relayed this line at a press conference upon his arrival. "Mexico is supported by the U.S. banks and the IMF," he said, "an organization which in no way tries to profit by the misery of different countries."

# Soviet strategic edge dawns on Westerners

by Rachel Douglas

A mid-November plenum of the Soviet Communist Party Central Committee is likely to bring adjustments in the committee's Politburo and Secretariat that will reveal more of the contours of the new leadership emerging as the Kremlin loses its old guard. As this Soviet succession unfolds, a recognition has belatedly gripped some Western monitors of Soviet affairs, that, even with severe economic problems, the Soviet Union is becoming stronger every day, relative to the collapse of the economy in the United States and Western Europe.

One result of this realization, compounded by the news of an upturn in Soviet-Chinese probes for improved mutual relations, is agitation both by Henry Kissinger's wing of the Republican Party and by the aged W. Averell Harriman among Democrats, for a revival of the "managed" confrontation with the U.S.S.R., which they refer to as *détente*. Both Kissinger and Harriman have exposed their commitment to a global design of "controlled disintegration," as the Council on Foreign Relations' infamous blueprint for the 1980s called it, which requires either Soviet collapse or Soviet agreement to play by the rules of that blueprint.

On Oct. 9, the London *Economist* ventured hopes that former KGB chief Yuri Andropov would become a Soviet party General Secretary with the degree of malleability needed to respond to "economic containment" (trade sanctions, especially on high technology) by scaling back Soviet overseas commitments, instituting economic reform, and spending less on defense. Was the *Economist* not indulging in wishful thinking?

Better-informed people in secret services acknowledge that Andropov, for all the "Hungarian model" market economy reforms and restraint in the Middle East he may seem to promise, is no guarantor of the strategic goals of world "controlled disintegration"—especially when it comes to Soviet military and strategic interests.

## The military and the technocrats

Speaking as the guest of Marshall Shulman at Columbia University's Russian Institute Oct. 19, the senior Soviet affairs observer of the Swiss *Neue Zürcher Zeitung*, Ernst Kux, pointed to Andropov's efforts to reach out precisely to military men and to some "more modern" heavy industry specialists in the party leadership, in order to bolster his power.

An alliance of military men and technocrats of the younger generation (men in their fifties), under Andropov's political umbrella, would stand a chance of mustering the resources and morale necessary to take the Soviet Union through the succession period, even in the face of economic crisis.

This is the alignment that may be strengthened with the November plenum, which in any case will be dealing with the 1983 economic plan. On Oct. 26, East European diplomats in Moscow began to tell Western contacts that Politburo member and Central Committee Secretary Andrei Kirilenko, one of Leonid Brezhnev's oldest associates, would exit from both posts soon. Even within the coterie of Brezhnev's close allies, Kirilenko has yielded prominence in recent years to Brezhnev's aide, Konstantin Chernenko; this year, the 76-year-old Kirilenko has undertaken fewer and fewer activities, and finally disappeared from public view.

If Kirilenko vacates the Secretariat, among the candidates for the job of senior secretary for economic matters as well as Kirilenko's Politburo seat will be Vladimir Dolgikh, 58, a heavy-industry specialist on the Secretariat since 1976 with a background in the Siberian nickel industry. On Oct. 22, Dolgikh stepped into prominence with a visit to Tula province, where he delivered an aggressive speech endorsing a controversial incentives program to promote labor productivity and calling for a "mass movement" to economize on fuel and resources.

That Dolgikh—or other incoming "modern" industrial manager—would not readily lean toward cutting the defense sector is rather plain to be seen. He, for example, has spent the past decade of Soviet build-up to strategic preeminence in a Central Committee spot where closest coordination with the defense industry's order departments is normal.

At the mid-October convention of the American Association for the Advancement of Slavic Studies, in Washington, British and Canadian intelligence specialists, and some Americans, focused on the Soviets' possibilities for carrying out a major economic mobilization without cutting the defense sector. D. R. Jones, a Canadian specialist on the Soviet military, attacked the idea that the Soviet Union can be wrecked by being forced to spend more on the military. He was seconded by a senior official from Britain's Sandhurst Academy, who highlighted the growing campaign by the Soviet military to draw on pre-revolutionary nationalist traditions to mobilize both army and population.

In a debate on *détente* at that conference, Harriman protégé Shulman teamed with William Hyland, who was on Henry Kissinger's National Security Council staff, to boost a revival of the kind of negotiations with the Soviets pioneered by Harriman and Kissinger.

Shulman's Russian Institute is soon to be renamed for Averell Harriman, who has just endowed it with \$10 million. Now, after years of cultivating the image of "Russian-handler," in the midst of a succession that may not turn out as geopoliticians calculated, Harriman discerns the need to spend much more on profiling the U.S.S.R.

# A British-U.S. intelligence clash, and deployment of Moscow gold

by Criton Zoakos, Editor-in-Chief

Not without reason has the U.S. Secretary of Defense, Mr. Caspar Weinberger, characterized the crisis in relations between the British and American Intelligence services as "serious," respecting the so-called Geoffrey Prime scandal.

According to American intelligence officials, the "Prime Affair" proves no more and no less than that every piece of information regarding the top Soviet leadership which Britain supplied to the United States throughout the 1968 to 1977 period, i.e., the entire "Kissinger era," was fraudulent. All that the public has been allowed to know is that, through the agent Geoffrey Arthur Prime, placed at Great Britain's center for global electronics and communications espionage at Cheltenham, a 10-year-long program for monitoring the communications of Soviet leaders had been compromised. As a result, according to American claims, British-Soviet collusion is occurring at the expense of United States interests.

## Redrawing the map

This matter is not irrelevant to the negotiations between the United States and the Greek government of the British-influenced socialist Mr. Andreas Papandreou regarding the future fate of American military bases in Greece. Those negotiations opened on Oct. 26, and the Greek government is presenting the following novel argument: American military bases in Greece were constructed and made available in the 1950s, during a period in which the then-existing military technologies made such bases necessary to U.S. defenses against the potential threats represented by the U.S.S.R. Now, in the 1980s, according to the Papandreou government, the technologies involved in any potential military conflict between the U.S. and the U.S.S.R. are so advanced that they make the geographical contribution of Greece irrelevant. The military/geographic relevance of Greece, the argument goes, is only with respect to the military equation in the Middle East, where the Papandreou government wishes to have its military posture (and that of the U.S. bases in Greece) harmonized with Arab interests, at the expense of Israel.

Such Arab interests, however, since the spring of 1982,

have increasingly fallen under the influence of British policy as outlined by Lord Carrington and pursued by Francis Pym. In point of fact, since approximately May-June, Great Britain has virtually supplanted American influence throughout the Middle East by reviving its old intelligence networks among Arabs and "blinding" the remnants of U.S. diplomatic and intelligence capabilities.

The military arrangements of the Gulf Cooperation Council are under London's control. Iraq's defenses are increasingly dependent on London. Israeli Defense Minister Ariel Sharon's activities during the latest invasion of Lebanon were designed to maximize the dependence of Arabs on British diplomatic initiatives.

Britain, in short, under the Carrington Plan, is in the middle of attempting to remake the world political map in a way that has not been attempted since the 1815 Congress of Vienna. The centerpiece of this effort is the eventual emergence of Europe as a "Third Force," strategically equivalent to and equidistant from both the United States and the U.S.S.R. It is in this broader policy context that various cooperation arrangements between Soviet intelligence and British and allied intelligence services have been made.

## The publishing arena

One such area of cooperation involves the flow of propaganda funds going out of the Soviet Union into various Western European publishing ventures. Extensive funding has been reported to be flowing into the West German environmentalist and peace movement from various Soviet KGB sources over the last two years, for example. There are similar reports of Soviet funding of magazines and newspapers in West Germany, Sweden, Italy, and Greece, among other locations. The General Secretary of the Italian Communist Party (PCI), Enrico Berlinguer, has charged that the new ownership of the newspaper *Paese Sera* is under the financial influence of certain Soviet political interests attempting to influence PCI policies.

The case of two Greek publications allegedly financed by

certain Soviet interests is more politically instructive. The Communist Party daily *Rizospastis* received a multimillion dollar gift in the form of a loan from a dummy Luxembourg corporation owned and operated by the financial director of the East German Communist Party. When the story was made public in the beginning of October by the Athens correspondence of the *New York Times*, it was discovered that the incorporation papers of both the Luxembourg company and its two holding companies in Switzerland and Sweden had disappeared from the public record. Investigators were told that "major Western intelligence services" interested in the case had retrieved these documents, presumably for the purpose of protecting the Soviet-connected money conduiting channels.

A similar mysterious protection of Soviet money conduits appears to be at work with the funding of another Greek daily, *Ethnos*, whose publisher is a businessman with diversified dealings with the Soviet Union, including the handling of the Greek-language translation and distribution of the Great Soviet Encyclopaedia.

The first accounts of *Ethnos'* being funded by Soviet interests appeared in the London *Economist's Foreign Report* and the *Daily Telegraph*, both conduits for British intelligence. The British sources, however, have declined to either document or identify the source of their information, pending certain trial proceedings on this matter in Greek courts.

### Sharon and the KGB

Their reluctance to divulge should be viewed against the following background: toward the end of August, Ariel Sharon held a very compromising meeting, under British sponsorship, on the island of Cyprus with certain high-ranking Soviet intelligence officials. The purpose of the meeting was to coordinate clandestine activities throughout Western Europe of Mossad and Soviet networks. One aspect of this arrangement was that the funding would be Soviet and that it would be conduited through three specific British banks from London.

There is no inconsistency in British intelligence's simultaneously exposing and protecting these covert Soviet funding activities.

Part of Britain's long-term perspective for establishing a Third Force in Europe involves maneuvering to have such a redefined Europe be ruled by a series of restored monarchies.

Therefore, as far as Whitehall is concerned, the Papandreou government of Greece, no matter how obediently pro-British, is viewed as a temporary arrangement while the decoupling from U.S. interests is being conducted. Once that is completed, a series of maneuvers is projected whose eventual outcome is expected to be the restoration of King Constantine to the Greek throne. Mr. Papandreou, who knows about these matters, should not trust his Foreign Minister, John Charalambopoulos, any more than he trusts parliamentarians Bouloukos and Chondrokoukis. They are all pulled by the same long string which goes from Athens to London.

## How Great Britain is the Americans in the

by Judith Wyer

Since the tour of British Prime Minister Francis Pym to Syria and Egypt in October, London has redoubled its objective of recovering its colonial domination of the Mideast at the expense of the United States. British sources say that London is quietly strengthening its influence in Oman, Iraq, Bahrain, and Egypt as part of its intentions "to get the Americans out of the region."

Oman has delivered a humiliation to the United States by suddenly declaring its unwillingness to participate in the third annual Rapid Deployment Force (RDF) Bright Star maneuvers. Oman, a territory administered de facto by Britain's Foreign Office and Special Air Services, has been touted as the closest Arab collaborator of the RDF. Oman's Masirah Island, into which the United States has already put millions of dollars for building base facilities, was to be the staging ground for maneuvers.

In an interview with Kuwait's *As Syassah*, Oman's ambassador to that country, Saud Salem al-Ansi, stated that his country had called off the exercises because of opposition from the Gulf Cooperation Council (GCC), an alliance of six Arabian peninsular states.

London's ally George Shultz, according to Arab sources, quietly gave a "blessing" to Oman to call off the exercises. Shultz and Henry Kissinger are U.S. ringleaders of the "Third Force" policy for the world as a whole, in which the United States and its potential for an economic development push are subordinated to a "multi-polar" order in which the British neo-colonialists are assigned control over the Mideast.

A high-level U.K. military officer boasted last month that the GCC, which came about in response to the British-run Islamic revolution in Iran, is itself a British creation: "The GCC intends to be independent of America, especially in the context of the anti-American mood in the region. In this arrangement, the British play a key advisory role, a role that is not advertised. The idea is to push the Arabs to the forefront and make it appear that it is all their doing."

Oman reinforced its humiliation of the United States when *Al Ansi* revealed that the erstwhile anti-Soviet Oman is now considering relations with the Soviet Union. Days later the Foreign Ministers of Oman and its long time rival neighbor, the Marxist People's Democratic Republic of Yemen (PDRY),

# double-crossing Middle East

opened a dialogue to resolve disputes and normalize relations.

Pym's mid-October visits to Egypt and Syria were aimed at embarrassing President Reagan by putting forth a European plan for solving the Palestinian problem that surpasses the limited concession the White House has made to the Arab world on the Palestinian issue. Less than a week after the British Foreign Secretary's departure, a spokesman for the Palestinian National Council told the press that the Arabs preferred the stance of England and France over the United States for resolving the Middle East problem.

As a source with the Congressional Research Service who lived in the PDRY and garners his own ties with British intelligence put it, "The Gulf is London's territory. . . . We can't go in there without their approval."

There is evidence that London is seeking a quid pro quo with Moscow to force U.S. influence out of the Mideast, beginning with the Persian Gulf. Kuwait, the only member of the GCC with relations with Moscow, is a key asset of London in this endeavor. Kuwait is the mediator of the Oman-PDRY negotiations and is the headquarters for the GCC.

In this game, Shultz and his anglophilic cohorts themselves may have to make sacrifices for London. A source with the British-controlled Heritage Foundation in Washington, D.C. recently stated: "The trend in the Mideast is definitely not in the favor of the Americans. . . . I think it is not an exaggeration to project that the large U.S. companies with billions invested in Saudi Arabia may one day get their walking papers as they did in Iran." Bechtel, the multinational company Shultz left to become Secretary of State, was one of the concerns which, as the source noted, may lose its multibillion-dollar investments in the Persian Gulf.

## Pushing out Aramco

In recent weeks Britain has also intensified an operation to break the longstanding relationship between Saudi Arabia and the American partners in the Arabian American Oil Company (Aramco), the symbol of U.S. regional influence.

Britain has been covertly helping both Iran and Libya to sell high volumes of oil at prices undercutting Saudi Arabia. According to a Mobil Oil source, the drop in oil prices, in part caused by the Iranian and Libyan oil dumping, has made

it very difficult for the American-based majors to market the higher-priced Saudi crude. As a result, whatever oil the American majors are marketing is being sold at a very high loss, contributing to the record red ink of the American multitis. According to a British oil analyst in New York, this "phenomenon" is fraying the U.S.-Saudi relationship.

According to *Petroleum Intelligence Weekly*, Libya is selling twice its OPEC quota at drastically discounted prices, and recently British Petroleum negotiated to sell oil tankers to Iran in order for the Khomeini regime to deliver crude to buyers outside the Iran-Iraq war zone and thereby step up sales. Over the past four months, oil analysts report, British Petroleum has gained unprecedented contracts with the Saudi state oil company Petromin, a development viewed as a "big foot in the door" for Britain as the U.S. oil companies' share of Saudi exports of crude declines.

## The Pakistani Pretorian guards

Another actor on the Persian Gulf stage is the regime of Pakistani dictator General Zia al Haq, who has effectively acted as a British colonial commissioner for the Muslim world by supplying Pakistani mercenaries to countries as far away as Morocco. Zia, a puppet of the British Foreign Office, commands a Pretorian guard on behalf of the British commonwealth.

Zia's former foreign minister, Agha Shahi, is cited in the October edition of *Asia* magazine as saying that Pakistan now has military "missions" in 22 countries. Pakistani forces are reported to be in Sudan and Libya, whose air force is manned by Pakistani pilots.

But the most important positions occupied by Pakistani soldiers are in the Gulf. The militaries of all the member states of the GCC are in varying degrees dependent upon Pakistan. There are an estimated 10,000 Pakistanis in Saudi Arabia, in addition to an undisclosed number guarding the Saudi oilfields. Pakistan and Britain Special Air Services jointly command the Omani military and the security apparatus which guards the strategic mouth of the Gulf, the Straits of Hormuz.

Following a meeting of Interior Ministers of the GCC, Saudi Interior Minister Nayef declared that the six were closer than ever to signing the long sought Gulf Security Pact.

Since as early as 1976, when the first meeting of the Gulf states occurred, Britain has been an active behind-the-scenes supporter of such a pact as the foundation for a broader Mideast economic and military bloc. The British intelligence entity Lonrho has even designed a regional currency, the Arab dinar, for the bloc. Kuwait has been the Arab dinar's strongest promoter. The Lonrho circle, including Henry Kissinger's business partner, Lord Carrington, views a Mideast bloc as a vehicle for reclaiming not only the Gulf, but the entire Mideast. A British dominated Mideast will invite the same kind of British-created Khomeini anti-rationalism which prevailed in the 19th century throughout the region.

# The Navon option surfaces in Israel

by Nancy Coker

The Israeli state commission hearings on the September massacre of Palestinian civilians in Beirut have revived the opposition to Defense Minister Ariel Sharon that swept Israel following the massacre, and have brought to the fore the possibility of a challenge by President Yitzhak Navon to the Begin coalition. Sharon appeared Oct. 25 before Israel's state commission of inquiry to admit that he had personally authorized the Falangist militias to enter the Palestinian camps in Beirut and that he had anticipated that civilian casualties would result.

"Sharon is finished," was the assessment of one high-level Israeli Labour Party source. "I hesitate to predict any imminent collapse of the Begin government, but I do not hesitate to say that Sharon's career is definitely over. He will either be forced to resign as a result of the inquiry into the Beirut massacre, or, if he manages to stay on, he will be morally ostracized and effectively neutralized."

Despite Sharon's insistence that the hearing be held behind closed doors, the commission overruled Sharon and opened the session to the press for half of the interrogation. Sharon's strategy appeared to be to place the responsibility for the massacre on the cabinet and the military.

However, the defense chief's efforts to protect himself through linguistic somersaults and lies are boomeranging. The army in particular is enraged by Sharon's attempt to pin the blame on them, and Sharon finds himself more isolated than ever.

"After the commission of inquiry publishes its findings, all hell will break loose in Israel," said Ido Dissentchik of the Israeli daily *Maariv* in a recent interview. "Sharon will probably be forced out. But he will not go quietly. He will try to avenge his downfall, and will do his utmost to bring the rest of the government down with him."

"What happened in Beirut has become the determinant henceforth for all politics in Israel," commented the Labour Party source. "The fact that new elections are on the horizon is not because Begin wants them, but because they have been forced upon him by events in Beirut. Even if Begin wins those elections—and there is a good chance that he will,

despite everything—the Likud government that he forms will not be the same government that exists now. It will be weaker, shaped by the Beirut massacre."

Many Israelis, as well as Jews outside Israel, are looking to Yitzhak Navon to run for the prime ministership in next year's national elections. Navon, a Labour Party leader who served as personal secretary to Israeli founding father David Ben-Gurion, is respected throughout Israel by all political factions because of his level-headed approach to national and regional problems. As prime minister, Navon, who is of Sephardic Jewish origins, would be particularly effective in rallying behind him Israel's large, economically underprivileged Sephardic majority, the bulk of whom have been manipulated by Begin's and Sharon's demagoguery into serving as the "base of support" for the Begin government's military adventurism and irresponsible political brinksmanship. Navon also enjoys the trust and respect of Israel's Arab population.

Despite his reluctance to plunge into the "cold waters" of Israeli politics (the Israeli presidency is purely a ceremonial position), Navon has hinted that he might be considering "responding to necessity," as one close supporter put it. In a speech Oct. 20 at an Israeli kibbutz, Navon said that he would make his final decision in February or March on whether he would return to politics. The elections are slated for the spring.

In his address, Navon made it clear that a peace treaty is more than a list of synthetic bilateral arrangements. "Peace does not mean tourism or commercial agreements," said Navon. "Peace means that our sons will not lose their lives in wars."

## A compartmentalized society

In a speech a few days earlier in Tel Aviv, Navon deplored the closed nature of much of Israeli society as contributing to many of Israel's larger political problems. "Because of the system of education prevalent in Israel," said Navon, "the children of religious and secular parents are growing up in separate compartments, leaving little room for mutual contacts. If people came to know each other better, much of the friction marking human relations would be eliminated."

"If Jews were to know Arabs better, they would be surprised to learn how great the similarities are between the two," he added.

The organized crime-linked mafia behind the Begin government is frantic about the possibility that Navon may challenge Begin's continued rule—and win. Until now, Begin's Likud has been smugly confident that they can defeat the Labour Party and its lackluster leaders, Shimon Peres and Yitzhak Rabin. A Navon-led Labour Party, however, would be another story.

In an effort to stop Navon, the Begin crowd is attempting to push a bill through the Knesset to make it illegal for a former president to run for the prime ministership until five years have elapsed since the end of his presidency.



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## Investigative Leads

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# Terrorism and the 'New Right' in France

by Dana Sloan

The indictment of Frenchman Olivier Danet by the Italian magistrates investigating the 1980 Bologna train-station bombing has focused attention—only some of it official—on the connection between terrorist killers and the so-called New Right in Europe, which is ostensibly concerned with abstractions of a political-philosophical nature.

Danet is a member of FANE, the *Fédération d'Action Nationale et Européen*, headed by Marc Frederikson. FANE was on the edge of the "respectable" New Right until it was banned after the Rue Copernic synagogue bombing in Paris in October 1980. Danet was chosen for the bombing by Stefano Della Chiaie, who worked for the Bolivian Interior Ministry (providing protection for the cocaine trade) until the recent change in government there, and is still a fugitive from Italian justice.

Another suspect in the Bologna bombing is Marco Affatigato, a one-time member of Ordine Nero (Black Order) who had moved to Nice, France in 1979 where he organized the local branch of the FANE out of a network of another barely legal New Right group, Pascal Gauchon's Parti des Forces Nouvelles (PFN). Affatigato was arrested for questioning by the French police within days after the train station massacre, but was inexplicably handed over to the authorities of Monaco, who released him.

In France, the combination of magazines, institutions and individuals that make up the New Right is centered around Alain de Benoist, former chief editor of the neo-Nazi "Europe-Action" grouping of the early 1960s. It consists of GRECE (Research and Study Group for a European Civilization) and its magazine *Eléments*, a theoretical review *Nouvelle Ecole*, a civil service infiltration think-tank called the Club de l'Horloge and a mass-circulation weekly edited by the pagan occultist Louis Pauwels, *Le Figaro* magazine.

Both the FANE and PFN have publicly boasted of their affinities with the New Right. Marc Frederikson declared on July 1, 1980, "we take our roots in the writings of Alain de

Benoist and the work of GRECE," while Pascal Gauchon of the PFN is known to have organized joint conferences with Louis Pauwels and GRECE in 1975. Further, a 1974 PFN pamphlet stated that "GRECE spread Anglo-Saxon scientific contributions in France."

That the PFN and FANE serve as shock troops for the New Right is not denied by Alain de Benoist, who otherwise claims his objective is to take over France from a cultural standpoint. On the contrary, de Benoist has asserted that "it is perfectly clear that movements of ideas in society will one day have effects which touch upon the political sphere."

De Benoist admits that he has also gotten involved in leftist causes, such as signing petitions in favor of the "Larzac autonomists."

Marco Affatigato had told a Genoese newspaper in May 1980 that his extreme-right organizations had carried out "joint demonstrative actions" with the leftist Italian Red Brigades. And he affirmed that in the case of the kidnapping and assassination of former Italian Prime Minister Aldo Moro, "the action was carried out but not organized by the Red Brigades. . . . The act of murder was a joint one. The kidnapping was carried out thanks to secret financing. He was executed by the Red Brigades, but it was not organized by them." The occult financing, it was only later revealed by Italian investigators, came from Licio Gelli's Propaganda-2 Freemasons, the same grouping that ordered the Bologna massacre.

Left also meets right in France in the case of Action Directe, an organization which has recently undergone a reorganization which makes it a very close French equivalent of the Red Brigades. On Oct. 13, Frederic Oriach, a leading member of Action Directe who had been granted amnesty by the Mitterrand government in September 1981, was arrested as he was picking up documents from a locker at the Gare du Nord train station.

He will be defended by Jacques Vergès, who had previously served as attorney for Bruno Breguet, a pro-Palestinian Swiss terrorist arrested last February in Paris on charges of transporting explosives. Since 1970, when he was first picked up in Haifa with two kilograms of explosives, Breguet's support committees have been financed by the Swiss banker, François Genoud, a leading figure in the neo-Nazi "Malmö International" and a former associate of SS generals Wolff and Ramke.

It was the events that quickly followed the Breguet arrest that first convinced certain members of the French government to rethink their attitude on terrorism. Shortly after the arrest of the Genoud-protected Breguet, the notorious "Carlos" resurfaced after years of eclipse to personally threaten the lives of Interior Minister Gaston Defferre and President Mitterrand. This threat brought to a head the already simmering fight in the cabinet between Defferre and Minister of Justice Robert Badinter, a former attorney whose list of clients included a number of those released in the amnesty after May 1981.

# Racial violence explodes in Sweden, with Social Democratic help

by William Engdahl from Stockholm

On Aug. 4, a leading newspaper of the city ran a front-page story featuring an interview with the alleged leader of the Ku Klux Klan. The interview features the KKK leader proudly claiming responsibility for the dramatic burning of a huge wooden cross in front of the house of an Ibero-American immigrant family. The story also includes the newspaper journalist's own encounter with the KKK gang that perpetrated the act of terror, and a detailed description of how to do it. In the following days and weeks, the city is shaken by an unprecedented wave of racist violence, with brutal street fighting occurring between youth gangs, ethnic groups, and police.

This true story did not happen in Atlanta, Georgia. It happened this fall in the archetype of peaceful and quiet capitals, Stockholm, Sweden. And the newspaper exploiting its special connections in affording such generous advertising for the previously obscure KKK was *Stockholms-Tidningen*, the mouthpiece of Social-Democratic Prime Minister Olof Palme.

How is it that a newspaper of Olof Palme's Social Democrats, who loudly profess themselves to be the friends of the immigrants, lends itself to propagate such racist ideology?

## Palme newspaper paid the KKK

Some may think the newspaper did not mean to actually support the KKK, but merely to objectively report reality, ugly as it may be. However, during the days following this free publicity for the KKK that sparked race riots heretofore unseen in Sweden, investigators discovered that not only was the publicity free, but *the KKK had been paid by Palme's newspaper for the story*. A newspaper, whose "ideological purity" prevents it from accepting even paid political advertisements by Palme's opponents, itself pays hard cash to the KKK for the dubious privilege of promoting first-hand its racist filth!

As we shall see, the race riots that have recently transformed the quiet streets of several Swedish cities into violent scenes of brutal fighting, far from being a merely natural, "sociological response" to the deepening depression, in-

creasing levels of unemployment, and so forth, are demonstrably provoked by a multi-level network seeking to whip up support for the zero-growth politics of Olof Palme and throw an entire generation into destructive irrationalism.

Aside from Olof Palme's mouthpiece *Stockholms-Tidningen*, this multi-level network includes scores of other Social-Democratic press-outlets and journalists, Social-Democratic city council members, as well as some sections of the radio, TV, and film industry. Working on the model of the Anti-Defamation League's notorious swastika-painting thugs, who stir up Jews' sense of paranoia in order to enforce the ADL's own role as "protector" (i.e., controller) of the Jewish community, these Palme-linked newspapers, individuals, and institutions have wilfully acted to whip up the current—artificially created, but nonetheless very real—spate of riots and violence against ethnic minorities.

## Export product from Britain

A major role in the violence against immigrants in Sweden is being played by the so-called skinheads, an export product of Great Britain. The British skinheads were formed around the fascist platform of Anthony Burgess' infamous novel *A Clockwork Orange*, and recruited largely from violence-prone gangs of soccer fans—a kind of groupie from the world of spectator-sports.

More recently, a major source of fresh recruits to the raving mad skinheads has been provided by disaffected punk gangs, after a film had conveniently "exposed" punk rock to be a creation of British commercialism. Using the case of the manager of the British punk band "Sex Pistols" as an example, the film argued that those behind punk rock weren't sincere, but instead the tools of commercial interests. In reality, of course, both the punk and skinhead gangs are social engineering products off the shelf of the London's Tavistock Institute social control laboratory.

The punk rock gangs themselves, which were created by the mid-1970s, included such curious varieties as "Rock against Racism," out of which quickly evolved the nasty habit of wearing swastika symbols, allegedly to remind adults of

what once happened. This quickly turned into its presumable opposite: open support for an identification with Nazi ideology.

### **The Psychological Defense Council**

This transitional process of recruiting new skinheads out of the punk ferment of recent years has been aided by the psy-warriors of the mass-media, in Sweden controlled by the Orwellian Psychological Defense Council set up to oversee the "loyalty" of press, radio, and TV.

Exemplary is a radio program titled "Ny Våg" ("New Wave"). "Ny Våg's" moderator is both secretary of the so-called Black Army—the most violent ice-hockey supporter gang of all, well known for its recurring vandalization and assault of objects and people alike—and editor-in-chief of the leading punk paper *Anarki & Kaos* (Anarchy & Chaos), as well as himself a skinhead. This radio program has been permitted, and indeed promoted, by the Swedish radio monopoly to direct and spur the growth of this wicked youth cult.

As one of the next major steps in this process, the film company United International Pictures is distributing a film featuring the Pink Floyd group titled *Pink Floyd: The Wall*, which is to be the focus for this emerging pro-Nazi mass ferment. United International Pictures is owned in part by the Rolling Stones company, Columbia Pictures, and by Paramount, which in turn is owned by Carl Lindner of the United Brands branch of the international drugs cartel, Dope, Inc.

Also key in this respect has been another of Olof Palme's rags, *Aftonbladet*, which through its weekly supplement for youth has heavily pushed the punk-skinhead counterculture. *Aftonbladet* "youth" journalist Marina Stagh, in the midst of the riots engulfing the streets of Stockholm, invited gangs of skinheads into her editorial office for "discussion."

This same approach to fueling the growth of the punk-skinheads disease has also been taken by the Stockholm City Councilman responsible for social affairs, Social-Democrat Mats Hulth, who has sent out squads of social workers in the night to "talk to" the skinheads who are running amok. Hulth also has provided funds for a punk study-project carried out by sociologists at the Stockholm University's Tavistockian pedagogical department, where one of the leading lights is Palme crony, Thorbjörn Stockfeldt, better known as Tavi-Stockfeldt. The study purports to show that the problem of increasing portions of youth turning into punk-skinhead zombies can be solved only if adults show more "understanding" toward the "youth culture," i.e., grant more money to punk-run youth centers and other infrastructural facilities for the new fascism.

### **The role of television**

Yet another contribution to fomenting racism and xenophobia has been delivered by Jan Guillou, the man behind a TV play titled "The Breakthrough." The TV play is the story

of the leader of a protest party who is to be interviewed on national TV, ostensibly to "expose" his racist ideology. However, as it turns out, once the live interview show is on, the racist protest party leader takes over the show, proposing to create "400,000 new jobs," by sending 400,000 immigrants back home!

The TV play, first aired in October 1981 and run in repeat on Aug. 20 of this year, has a large portion of the population enthusiastically supporting the scheme, overnight catapulting the formerly obscure political extremist into national prominence, much like the case of Denmark's Mogens Glistrup. This of course gives credibility to the notion that the population at large is racist, encouraging thereby each and every potential racist to "come out of the closet."

The play's author is Jan Guillou, whose wife is the same Marina Stagh who invited skinheads to her *Aftonbladet* editorial office. Guillou himself came into prominence by revealing aspects of the Swedish secret intelligence organization IB, for which he was sentenced to prison as a spy some ten years ago. Upon leaving jail, rather than being expelled from the country as is customary, given his French citizenship, the government of Olof Palme curiously awarded him a Swedish citizenship, despite (or, because of?) knowledge of Guillou's role as part of a Palestinian terrorist activist group based in Damascus, Syria.

### **Assyrians targeted**

In 1979, Guillou lived for one month with a gang of *raggare*, that is, youth who drink hard and roam around the city in old American cars. Just after Guillou left the scene, the *raggare* launched a series of vicious physical attacks on the predominant ethnic minority of Assyrians (Mideastern Christians residing in Europe and the U.S.) in the city of Södertälje 20 miles south of Stockholm, which since that time has been periodically hit by nasty race riots of *raggare* against Assyrians.

Lending her helping hand in this process, Swedish TV journalist and "expert on Italian terrorism," Birgitta Bergmark, the daughter of two top Social-Democrats close to Palme, has charged the Assyrians with being major drug-runners that are trying to buy up large chunks of the city using the money allegedly obtained through the sale of drugs.

The Assyrians, who are harsh opponents of Syria's President Assad, have so far declined all leftist proposals for launching counter-violence against the *raggare*, and have instead begun to politically expose the network of dirty journalists and others that has put them under racist fire. This network includes Sweden's First Embassy Secretary in Damascus, Ingemar Karlsson, who wants to send them back into the arms of the Syrian regime. Characteristically, the Assyrians have been systematically denied any Swedish press access whatsoever for their defense. The Swedish press, it appears to anyone who experienced the 1930s, has chosen sides once more in the fight over racism.

## **'Cabinetitis' grips the country**

*It's too early to tell yet who will be the buenos for de la Madrid's cabinet, but some of the losers can already be spotted.*

**T**he feverish period of behind-the-scenes deals and power plays when an incoming cabinet gets selected is now at its height. Some posts in the cabinet have already been pretty well locked up, I am told by knowledgeable sources. Others—particularly the powerful Interior post—are wide open, and probably will not be decided until the eve of the unveiling of the cabinet on Nov. 30, just before Miguel de la Madrid's inauguration Dec. 1.

At least four lists of "surefire leads" on who will *quedar* and who will not be coming out each day. Three-quarters of the names are there because the reporters were paid to put them on a list—either to boost a name or burn it.

I can't give you my own list of *buenos* at this point. But I can give you some idea of who's in trouble.

First of all there's the current mayor of Mexico City, Carlos Hank González.

There are those who still maintain that Carlos Hank only copped a top post in this past cabinet because certain messages were received after the attempted kidnapping of President López Portillo's sister, Margarita, in the cabinet countdown period of 1976.

Certainly the pressure is no less at the current time. Security experts state that the country is passing through a "very dangerous" period. Enhanced security for potential cabinet members is a standard matter.

At the same time Hank has trotted out a Freemasonic organization that he built up and paid for as his personal

political property and incorporated into the PRI a few years ago as the National Confederation of Liberal Organizations, under the direction of a certain Carlos Vázquez Rangel.

At the Oct. 12-15 "Mexican Grand Masonic Convention '82" run by Vázquez Rangel, Hank received the 33rd-degree rank as a Mason, amidst much publicity. Vázquez Rangel admitted to investigators last year that he was close to the infamous Propaganda-2 Lodge of Italy's Licio Gelli, and knew of 17 members of the P-2 Lodge in Mexico. He refused to reveal whether Hank González was among them.

At the beginning of 1982, Vázquez Rangel traveled to centers of terrorist Cuban exile organizations in Florida and New York to enlist the participation of their "Masonic" branches in his Mexican effort.

It is reported that fewer showed up than he hoped. But certainly some less-than-wholesome activity was under discussion: *EIR* journalist Hector Apolinar was detained by police acting on Vázquez Rangel's orders when Apolinar showed up to cover the event.

However for all his shenanigans, Hank looks like a loser this time around. De la Madrid wants nothing to do with him; Hank's notorious corruption (including the famous house in Connecticut) would make him a big liability for de la Madrid's pledge of "moral renovation." The two have been enemies for some time, an antagonism which flared in public early in the year when Hank organized Roman

circuses to boost his own image, such as the celebration of the opening of one of Mexico City's subway lines, while arranging virtual boycotts of de la Madrid's campaign appearances in the capital city.

Another loser will likely be Jorge Díaz Serrano, the Pemex chief who was dumped in mid-1981 because of unrestrained presidential ambitions. This deal-making friend of Occidental Petroleum's Armand Hammer made a national come-back as a senator from Sonora in elections in July, and had ill-concealed ambition to regain his powerful Pemex fiefdom under de la Madrid.

All that has come crashing down with the scandal of Pemex corruption, spreading from Houston grand jury investigations of kickbacks on over \$250 million in Pemex contracts in 1977-79. Though Díaz Serrano has not been personally implicated, close lieutenants have been, and you would have a hard time finding anyone here who thinks he wasn't either in on the scam or knew about it and refused to act.

Some have begun to wonder again if Díaz Serrano's interest in refineries began with alcohol or petroleum.

Not yet in public hot water, but perhaps getting there, is former Interior Minister Jesús Reyes Heróles. His agreement to serve on a new "Inter-American Dialogue" committee set up by David Rockefeller has certainly not raised his standing with many mainline PRI figures at a time when Rockefeller is a name roughly as endearing as that of the International Monetary Fund. Reyes Heróles may be aware of this fact, for he did not show up at the inaugural "Dialogue" meeting in Washington on Oct. 15-16.

The elderly Reyes Heróles himself is in any case a long shot to resume a cabinet post, but a cluster of his eligible protégés stand to slip a few points.

## **A new 'neighborly' diplomacy**

*Involving India, Pakistan, Vietnam, and probably the Sino-Soviet about-turn, it is more important than Washington says.*

Not only the Soviet Union, but also China's southern neighbors have picked up something new in the wind of Chinese diplomacy. Diplomats from countries with enduring suspicions of China, such as India and Vietnam, see a recent Chinese attempt to portray itself as somewhat less strident, and are not sure what to make of it. They wonder what relationship China's new diplomatic flurry has to the ongoing Sino-Soviet talks. Certainly no one in these countries believes China has "changed its stripes," but Peking appears at the very least to be trying out new tactics. Policy makers in Washington—who blithely insist nothing is changing in China's foreign policy—had better take a new look at this diplomacy.

In mid-October, former Indian Ambassador to Peking G. Parthasarathy, a close personal aide to Prime Minister Indira Gandhi, made an "unofficial" visit to China. At that time Deng Xiaoping told Parthasarathy that there was no reason why outstanding disputes between the two countries could not be resolved if both sides showed the desire and good will. Foreign diplomats in New Delhi are now saying that they expect Peking to make a "new initiative" to resolve the long-standing border dispute at bilateral talks which could be held as early as December.

Dr. K. Subrahmanyam, Director of the Institute for Defense and Strategic Analysis (IDSA), told a recent seminar in Delhi that there may well

be a policy dispute inside the Chinese leadership on policy toward India. He urged a careful, unhurried look at any Chinese overtures, noting that Deng Xiaoping had compared China's 1979 invasion of Vietnam with its earlier "punishment" of India in 1962.

Another Indian analyst pointed out that China's conciliatory statements toward India in its English-language publications have not been echoed in the Chinese-language ones.

Nonetheless the Indian analysts note China's attempt to at least portray itself as more conciliatory and are trying to decide the best response.

Similarly, Vietnamese diplomats note that in the weeks since the beginning of the Sino-Soviet talks, the number of military incidents along the Sino-Vietnam border had decreased markedly.

However, they warn, temporary decreases in Chinese attacks have occurred before. Currently, the top three leaders of Vietnam, Truong Chinh, Le Duan and Pham Van Dong are all in Moscow for "health" reasons.

Clearly, the consequence of Sino-Soviet talks for Sino-Vietnam and Soviet-Vietnam relations will be discussed.

Only a month ago, on the occasion of an earlier Truong Chinh visit to Moscow, Vietnam and the Soviet Union signed a joint communiqué saying that improved Sino-Soviet relations were in the interest not only of those two countries, but also of Vietnam.

However, the Vietnamese well know that Chinese-Vietnamese enmity long predates communism, and they remain both cautious and suspicious.

Perhaps the next indication of what is in store for Chinese diplomacy may be the Asian tour of China's friend, Pakistani President Zia ul-Haq. Several days before the Parthasarathy visit to China, Zia arrived in Peking. While there, he made conciliatory remarks about India in an interview with the BBC. Moreover, Zia commented in Peking that "If Sino-Soviet relations improve, I think it will contribute to world stability and peace, and we cannot but appreciate the efforts the Chinese leadership is making in a dialogue with the Soviet Union to normalize relations."

Particularly striking was the fact that in all the references to Afghanistan, the Soviet Union was not attacked by name.

Pakistan's Zia and the Chinese leaders went out of their way to praise each others' countries as supporters of the Non-Aligned movement, at a time when Peking is trying to build up its "Third World" credentials and diminish its image as an ally of the United States.

Following the China trip, Zia went to North Korea, a country friendly to Peking that also happened to hold membership in the Non-Aligned.

At the beginning of November Zia leaves for another trip, this time to India for talks with Prime Minister Gandhi—the first Indian-Pakistani summit since the early 1970s. He then moves on to the Southeast Asian nations, countries Zia has not traveled to before. In addition to whatever efforts Zia makes to boost his own status internationally, one cannot help believe he will also talk to his hosts about his own recent discussions in Peking.

# International Intelligence

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## ***New calls for joint debt renegotiation***

Speaking before an International Conference on Construction Oct. 27 in Mexico City, President López Portillo repeated the message of his U.N. speech: a full agreement between the industrialized countries and the developing countries to renegotiate the form of payment of their debts and the establishment of a New World Economic Order is "unpostponable," according to a paraphrase in the Mexico City press Oct. 28. The developing sector cannot accept responsibility for the crisis that did not originate with them, López Portillo stated.

SELA Secretary-General Carlos Alzamora arrived in Mexico City yesterday for the founding of a Latin American organization for the Development of Fishing, and took the occasion to press again for a joint debt renegotiation. Many fronts for the "defense of our common interests" can be formed in Central and South America, he told the press, and "although the debts have been a taboo subject," here too there is a common interest.

Nicaraguan Junta member Sergio Ramirez announced yesterday that Nicaragua will join Bolivia in negotiating their debts with others in Ibero America. The creditors have no other choice but to "accept the Latin American demand that a global debt renegotiation be carried out," Ramirez stated.

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## ***Argentine journalist detained by Navy***

Horacio Salduna, sub-director of *Búsqueda* magazine and a member of the recently founded Club of Life chapter in Argentina, was placed under 10-day preventive detention Oct. 26, reportedly on orders of Navy commander-in-chief, Admiral Ruben Franco. The arrest was made after Salduna wrote an article expressing his support of Adm. Horacio Zarategui, a commander in southern Argentina who was jailed a month ago after criticizing the Navy high-command for its conduct in the Malvinas War.

Salduna is the sixth military officer de-

tained or placed under house arrest in the past three months for criticizing the military conduct of the war, as a faction of the armed forces attempts to suppress sweeping changes in policy and institutions demanded for the eradication of the Friedmanite economic destruction begun in 1976.

Upon learning of the arrest, founders of the Club of Life, to whose principles Salduna has expressed his adherence, expressed their concern that his civil rights be respected.

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## ***Argentine bishops defend 'primacy of man'***

In a policy document issued Oct. 23, the Argentine Conference of Bishops condemned the "spirit of coups" reigning in that country, and urged the citizenry to defend the "process of institutionalization" intended to lead to national elections and handing over of power to civilian political parties in March 1984.

With the issuance of "Principles of Civic Orientation for Christians," the Church joins with those factions within the military and civilian political parties who are organizing to guarantee a return to democratic rule, and to rid the country of the military repression and Friedmanite economic policy it has suffered.

The document deplors "assassination, physical torture, terrorist acts . . . physical disappearances," as "forms that injure life and the human being. . . ." It is the duty of the faithful, it notes, "to value, to study and to disseminate the National Constitution. . . . The State of Law is to be valued as the natural framework for the ordering of social existence."

Above all, the document states, laymen must "project their creative and technical capabilities in search of a transformation that guarantees sustained economic development, as well as participation of the population in the benefits of development." Those Christians who vote must opt for parties that "protect life in all its extension . . . and defend the primacy of man in all his economic and social activity, and have clear esteem for human work as the key to all social questions."

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## ***Colombia to obtain nuclear technology***

Colombian President Belisario Betancur last month signed a "letter of intent" with the Argentine government giving Colombia access to the nuclear technology Argentina has aggressively developed on its own territory. The agreement creates a "bilateral commission" to work out the terms under which Argentina will provide Colombia with both equipment and technical assistance for construction of an experimental nuclear reactor, a plant to produce radioactive isotopes, and a pilot plant for processing of radioactive minerals, permitting greater exploitation of what are believed to be substantial Colombian reserves of uranium.

Although Colombia already has one small experimental reactor donated by the United States in 1965, the agreement with Argentina is broadly viewed as a first big step from the experimental phase to actual application of nuclear energy. The work with radioactive isotopes is expected to be of great value in medical and scientific research, as well as agriculture and industrial processes.

At the time of the signing of the "letter of intent," the Japanese government also announced that it plans to donate a "hot cell," a specialized apparatus for handling radioactive materials, to the Colombian nuclear program. The cell will be installed at Colombia's Institute of Nuclear Affairs.

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## ***Club of Rome's growth limited in South America***

The radically anti-growth Club of Rome has found its plans to set up chapters in Ibero-America blocked by the influence of Lyndon H. LaRouche, whose representatives have demonstrated the need for economic and demographic growth to South American leaders.

Monseignor Restrepo Uribe, the rector of the Pontifical University of Medellin, Colombia, announced that a late November conference by Club of Rome founder Aurelio Peccei was cancelled because of the

university's "limited resources." The Andean Labor Party (PLAN) ran a conspicuous campaign against what it termed the "genocidal and cannibalistic" doctrines of Peccei which had alerted Catholics, academics and the labor movement to the danger to civilization posed by the invited speaker.

*EIR* editors Uwe Parpart and Dennis Small poisoned the well for the Club of Rome at Brazil's Superior War College, the strategic planning center of the continent's most powerful military elite. During their September conference at the Rio institution, one of the War College professors prompted them to give a scientific refutation of the Club of Rome's "limited resources" doctrine.

When a Club of Rome member, Ivan Mesarovic, spoke to the same group a few weeks later, he made his presence conditional on members of LaRouche's International Caucus of Labor Committees not having a chance at rebuttal. In any event, he was "badly received" by the generals, who found his talk "insipid" and who were impressed only with his inability to answer any of their challenges to his "limits to growth" thesis, according to a participant.

### ***Cardinal Benelli was an oligarchic operative***

A protégé of the oligarchic Colonna and Palavicini families, Cardinal Benelli of Florence, died on Oct. 25. Benelli was for many years the principal opponent of Popes Paul VI and John Paul II. He was viewed as a possible successor had assassination attempts against the current Pontiff succeeded.

Benelli, called the "Cardinal of the P-2," a reference to the Freemasonic lodge which ran terrorism, drug-traffic, and flight-capital operations until its shutdown following the first attempt on John Paul II's life, represented the most reactionary faction in the Vatican until 1977, when Paul VI kicked him out of the state secretariat by appointing him Cardinal of Florence.

A friend of the Jesuits, Benelli extended his protection to a conference of Otto von Hapsburg's Pan-European Union in Italy; there, Benelli called for creation of a European Catholic Party under the leadership of Germany's Franz-Josef Strauss, a spokes-

man for Bavaria's "black triangle" families, Italy's late Amintore Fanfani, and similar politicians.

### ***Brezhnev pledges Soviet strength***

The Soviet Union absolutely will not imitate the nations of the West who are putting themselves through a process of Malthusian economic and military decline. That was the message contained in a politically significant address Oct. 27 by Soviet President Leonid Brezhnev before a first-of-its-kind military ceremony in Moscow.

The speech has hit the ranks of NATO "Kremlinologists" like a shock-wave. It means that their hopes for "collapse of the Soviet empire," in step with the continuing collapse of the West, have to be dumped. It also suggests, as a British analyst put it, "The McNamaras of the Soviet Union have been dumped."

Brezhnev's speech emphasized the Soviet Union's commitment to scientific and technological advance, to military strength through such progress, and to full integration of the country's scientific, military, and industrial leadership for such purposes. "Competition in military technology has sharply intensified. . . ." stated the Soviet leader. "A lag in this competition is inadmissible. We expect that our scientists, designers, engineers and technicians will do everything possible to resolve the tasks connected with this successfully. It is necessary to be able to operate with due account for the latest achievements of science and the art of war. . . ."

Years ago, *EIR* founder Lyndon LaRouche began issuing warnings to the Malthusian elite of NATO that if they persisted in their policy of "controlled disintegration" of the industrial Western economies, and genocide in the developing sector, they would drive the world toward either nuclear holocaust or Soviet rule by the end of the 1980s. In this respect, the Brezhnev speech, in content and in its bearing on the much-discussed question of the leadership succession in Moscow, represents a rude awakening for many NATO policymakers to the correctness of LaRouche's analysis.

## ***Briefly***

● **LANE KIRKLAND**, AFL-CIO president, arrived in Mexico Oct. 27 for a meeting of the Inter-American Regional Labor Organization (ORIT). Sources inside Mexico have told *EIR* that the two top items on the meeting's agenda are: 1) how to prevent formation of a debtors' "cartel" among Latin American nations, and 2) how to contain the influence in that regard of U.S. economist Lyndon H. LaRouche, *EIR*'s founder.

● **HELMUT SCHMIDT'S** decision not to run for West German Chancellor again enabled his SPD opponents to secure the selection of West Berlin mayor Hans-Jochen Vogel as the Social Democratic candidate. Vogel is of the party's "ecologist" faction, and supports an "opening to the greens," West Germany's Nazi-modelled environmentalist movement.

● **RUDOLF HESS** should be awarded the Nobel peace prize, according to Rep. Larry McDonald (R-Ga.), who startled the audience at a Oct. 29 debate in Marietta, Georgia with that statement. Presumably lauding Hess for his efforts to repair the Anglo-Nazi alliance in 1940, McDonald said "His background and knowledge would be very helpful in the fight against communism."

● **GILES GERVAIS**, a candidate for mayor of Montreal who leads the Movement for the Commonwealth of Canada, was interviewed Oct. 23 by the *Montreal Gazette*. Wrote the city's only English-language daily, "Gervais speaks of the need to silence Henry Kissinger, build a huge aqueduct from Western Canada into the United States, try all Nazis in hiding, get a new constitution, outlaw marijuana for good, and—it had to be—reform the banking system. . . . He thinks the city could also become a center of the nuclear industry, building nuclear facilities that could be towed across the oceans to countries that need them."

## Teller spurs beam-weapon policy in strategic debate

by Paul Gallagher

A political battle over U.S. defense policy has broken into the open, upon which the survival and recovery of the United States as a major industrial power may depend. Two diametrically opposed strategies, for both military deployment and scientific and technological development, are being fought out.

The factional forces of Robert S. McNamara, Henry Kissinger, and the “nuclear freeze” spooks typified by Daniel Ellsberg, are demanding a *conventional military buildup* which would drive the United States back to an electronic parody of a 19th-century colonial naval power, fighting murderous British-style wars against developing countries. One congressional source characterized this policy as leaving the United States with no survivable land-based ICBMs, nor defense against ICBMs, left with only the naval leg of its “TRIAD” standing.

Spearheading the opposing policy course—a dramatic shift of U.S. defense efforts to anti-missile “beam weapons” and energy-beam technologies development—are Dr. Edward Teller and his colleagues at Lawrence Livermore National Laboratory, and *EIR* founder Lyndon LaRouche, Jr. and his associates at the Fusion Energy Foundation. They propose an open “beam-weapon ABM race” by the United States and the Soviet Union until ICBMs are no longer a credible threat from any source. In the process, the next frontier of science and technology—plasma technologies including fusion energy—would be crossed.

Speaking to the American Stock Exchange Oct. 25 in

Washington, Weinberger answered a carefully highlighted question on ABM systems, calling them a very promising field which could lead to protection against ICBMs from “the Soviet Union or other countries.” Weinberger on Sept. 20 had told Dr. Richard DeLauer, Undersecretary for Research and Engineering, to pursue technologies for space-based laser defense as rapidly as possible.

Dr. Teller, addressing the National Press Club the next day, attacked McNamara, whose legacy of “systems analysis” networks in the Pentagon will fight to block any serious implementation of beam weapon development. Teller said that “eighty percent of Americans are not for or against the ‘freeze,’ but are extremely frightened, justifiably. . . . The 25-year mutual balance of terror is no longer balanced, only terror. The particular person responsible for this policy of mutual terror was a defense secretary, Robert Strange McNamara.”

McNamara, Kissinger, and company are “unbalancing” that terror as economic depression sweeps the NATO countries. “The Soviets are quite aware of the concepts [for beam weapon development] we are pursuing,” Teller continued. He urged an immediate shift in U.S. defense spending toward, as soon as possible, “spending 95 percent on defensive weapons,” centered on ABM systems. More fundamentally, he posed the choice: “If the freeze people prevail and we don’t submit [to the Soviets], then war would be likely. If we behave more reasonably . . . we would have a good chance to postpone a confrontation . . . and do much more than



avoid war. We can improve the horrible way of life in the Third World, by using technology, and create a situation where the causes of war can be eliminated.”

### **McNamara and the “freeze”**

It is reliably confirmed by a number of sources that President Reagan has personally placed himself behind the U.S. commitment to develop beam weapons, and that Teller has informal leadership of that effort. Teller’s emphasized warning, that McNamara and his co-thinkers are now “unbalancing” the balance of terror they created, has been underscored in Fusion Energy Foundation policy documents in Washington all year; it is one important factor in rallying traditionalist military circles to the beam-weapon effort.

Congressional “freeze” advocates are mounting a campaign to demand defense budget cuts which would fall precisely on advanced nuclear strategic technologies in general, and ABM systems development in particular. The nuclear-freeze movement is now demanding a devastating “package”: no ABM testing, no space-based systems testing, no new strategic systems (MX, etc.) and no further underground testing, the basis for peaceful nuclear-explosives development.

It has now become public knowledge that McNamara, along with former CIA Director William Colby and others who planned and ran the Vietnam War, are running the nuclear freeze; day-to-day coordination is handled by McNamara’s former Pentagon weapons and warfare specialists like Daniel Ellsberg and Henry Pollard of the Union of Concerned Scientists.

Fusion Energy Foundation spokesman Dr. Steven Bardwell, currently on an extremely successful tour of West Coast and Southwest campuses promoting beam-weapon development, has stripped campus “freeze” leaders of their support by forcing admission of their links with the hated McNamara and Colby. UCLA Professor Dr. Theodore Forrester, debating Bardwell, shocked the student audience by welcoming McNamara’s leadership of the freeze as a “man of peace.” Another “freeze” proponent in the debate, Dr. Stanley Wolpert, then endorsed Bardwell’s beam-weapons development approach.

California Institute of Technology President Dr. Marvin Goldberger, one of the country’s leading academic “freeze” spokesmen, saw a major CalTech address on the “freeze” Oct. 27 reduced to 40 students by FEF leafletting of the campus on the McNamara connection. Even that remnant was hostile to Goldberger as his efforts to defend McNamara and prove that beam-weapons development was impossible, were routed by Bardwell speaking from the floor.

The effect achieved by FEF spokesmen is magnified by the fact that they are not restrained, as Teller is, by British-imposed layers of classification restrictions. Bardwell has explained, as Teller may not, the potential of energy-beam technologies to students, reporters, and military and govern-

ment circles. This enables him to make clear how a frontier-technology “military” crash effort, will directly assist the development of energy supplies for Third World development, and raise scientific and technological levels throughout the U.S. economy.

### **Turn in the administration?**

The widely-reported turning point unleashing this open debate, was the September White House meeting of Teller and his Livermore colleague Dr. Lowell Wood, with President Reagan, Dr. DeLauer and others. Following that meeting, sources report the President has gotten behind acceleration of beam weapon development, in particular Livermore’s “x-ray laser” development effort. Congressional and military sources differ widely on questions of increased funding levels and emphasis. But there is evidence the White House has embarked on its first serious move toward a scientific frontier, one which is being fiercely opposed in Congress and by the “systems analysis” crowd.

There have been repeated outbreaks of hysteria in the major liberal press as Teller, LaRouche, and the FEF have reached larger and larger audiences. These demonstrate the top environmentalists’ fear that the genie of “relativistic” laser-, particle-, and plasma-beam technologies may be getting loose. The *New York Times*, *Post*, *Los Angeles Times* and *San Francisco Chronicle* have all run major, serialized denunciations of Teller in the past month.

The President’s shift will be resisted even from within the Defense Advanced Research Projects Agency (DARPA), the DOD unit under Dr. DeLauer which is charged with beam-weapon development. DARPA director Dr. Richard Cooper told an *EIR* reporter in Houston Oct. 26 that the U.S. had no need to move faster on beam weapons, since Soviet progress would also be very slow.

### **The strategic unbalance**

It has been publicly known, since at least 1977 reports by the FEF (“Sputnik of the 80s”) and retired Air Force Gen. Keegan, that the most intense and advanced area of Soviet science effort, is high-energy pulsed power and plasma-beam technologies. The Soviets have begun deployments of short-range but powerful laser weapons on their Kirov-class battle-ships, and have successfully tested beam-weapon destruction of an incoming ICBM from the ground. On Oct. 25 *Aviation Week and Space Technology* reported the Soviets are conducting “pointing and tracking tests” for space-based laser ABMs from the Salyut 7 space station. Veterans of the development of atomic power, ICBMs, and NASA’s space technologies, like retired Air Force Gen. Bernard Schriever, Teller and other presidential science advisors, have recognized that the revolutionary potential of beam-weapon technologies equals that of the advent of nuclear energy, and can exceed even NASA’s impact on the economy over decades. The immediate objective is to protect populations from nu-

clear bombardment and stop nuclear blackmail by small "out-law states." But the breakthroughs flowing from this effort promise a new industrial revolution, centered on successful early development of fusion energy.

These leading figures' drive to change U.S. policy was preceded, in February 1982, by Lyndon LaRouche's call for a "Manhattan Project" for beam-weapons technology in a major Washington, D.C. political address. LaRouche then released a book on beam-technologies and military policy through the National Democratic Policy Committee which circulated 15,000 nationally. The FEF's educational campaign to teach all of Washington about beam weapons, followed LaRouche's speech.

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## Documentation

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# What the 'freezers' are saying now

The transplanting of the European "peace movement" to the United States in its "nuclear freeze" form, as documented by *EIR* in a March 1982 Special Multi-Client Report, was a project of Robert Strange McNamara and the RAND-Pentagon "systems-analysis" war-planning networks involving Daniel Ellsberg, William Colby, and Henry Pollard and Marvin Goldberger of Union of Concerned Scientists. We further showed that its objectives, then not publicly stated, were worldwide elimination of nuclear energy, and a U.S.-European conventional arms buildup for wars of depopulation and neo-colonial subjugation.

On Oct. 4, the Einstein Peace Award for 1982, the annual award administered by the Union of Concerned Scientists and its parent, the Pugwash Conference of Scientists, was bestowed on McNamara and McGeorge Bundy.

On Oct. 19-20, an international "Fate of the Earth" environmentalist conference with particular focus on the nuclear freeze, was held at New York City's Cathedral of St. John the Divine, under the sponsorship of the Friends of the Earth. There the previously hidden agenda of the "freeze" was made public to its supporters. At the main nuclear-freeze organizing session, Hampshire College Dean Arthur Westing spoke for other leaders present: "A successful nuclear freeze will involve an increase in military spending. . . . Nuclear weapons have given war a bad name. So we have to increase conventional weapons to deal with the Soviet threat. Disarmament should not be our goal: we must deal with the national-security issue." The concluding conference resolution called for "a world constitutional convention for a democratic

federal world government, whose first duty would be to control, dismantle, and destroy all the nuclear weapons, nuclear waste, and nuclear material in the world." Another resolution stated: "We recognize the inseparable link between nuclear-reactor facilities and nuclear-weapons proliferation."

In California last month, with a nuclear-freeze referendum on the state election ballot, former CIA Director Colby emerged as a public "freeze" spokesman, made available for radio and TV debates by the Californians Against Nuclear War. A spokesman for that organization at its Los Angeles headquarters, questioned about the incongruity of Colby's prominent role in the dirtiest war in U.S. history, replied: "The butchery Colby was involved in before was different—it was not here. This [nuclear war] would be here, and in the Soviet Union." Asked if butchery against non-white populations in the Third World was therefore tolerable, the spokesman said: "I don't mean to say that. But let's just say the Vietnam War was different from what we're trying to stop now."

In a pre-referendum speech on Oct. 27 promoting the nuclear freeze at California Institute of Technology in San Diego, CalTech President Dr. Marvin Goldberger asserted to an incredulous audience of students that "McNamara and his associates are true advocates of peace." Goldberger had been challenged by Dr. Steven Bardwell of the Fusion Energy Foundation, but refused to debate him.

Daniel Ellsberg, who for 10 days had also refused to debate Bardwell, ended up in a confrontation with the physicist on Oct. 29 at San José State College. At a press conference Ellsberg had delayed while trying to have Bardwell removed from the room, the "freeze" spokesman was besieged by reporters asking him why he refused to debate, and finally yelled that Fusion Energy Foundation co-founder Lyndon H. LaRouche, Jr. and his associates are "political disrupters and provocateurs." While Ellsberg was screaming and sputtering, Bardwell briefed the audience of 200 and debated with them; the freeze organizers again ordered Bardwell kicked out, and, with cameras rolling, he continued to answer questions about Ellsberg's designs for cluster bombs and so forth as he left. Ellsberg proceeded to attack Dr. Edward Teller and technology in general; students demanded that Ellsberg address the question of McNamara and a conventional buildup; finally, a 15-minute "floor fight" ensued between Bardwell and Ellsberg.

In an earlier debate between Bardwell and UCLA nuclear-freeze advocate Dr. Theodore Forrester, the latter insisted that both McNamara and Colby were "men of peace," and that their leadership of the nuclear-freeze movement was welcomed.

Speaking to students at the University of California at Irvine Oct. 26, Dr. Bardwell recounted that he had taken part in peace movements and efforts to prevent nuclear war for 15 years. "If someone told me they had a new peace movement . . . led by McNamara, Colby, and Maxwell Taylor, I would say, 'Do you think I'm a fool?'"

# The so-called NATO conventional buildup

by Lyndon H. LaRouche, Jr.

*The following statement is reprinted from the Nov. 1 issue of the U.S. newspaper, New Solidarity.*

Let us call things by their right names. The so-called "Conventional Military Build-Up" policy is purely and simply a build-up for colonialist wars against developing nations. In other words, "NATO Out-Of-Area Deployment."

The argument made by the supporters of the "conventional build-up" policy is simple. They say: the existing strategic thermonuclear deterrent of the United States is enough to stop the Soviets. They say: stationing nuclear weapons in Western Europe is unnecessary, except for bargaining purposes. They say: the wars which are going to be fought during the 1980s will not be between the NATO and Warsaw Pact forces. The wars of the 1980s, they say, will be colonial wars, fought with "conventional weapons," against the nations of Latin America, Africa and Asia.

On military policy, we happen to agree with Niccolo Machiavelli, Oliver Cromwell, Lazare Carnot, Benjamin Franklin, and General Scharnhorst. In our opinion, this is one thing the Swiss do right: universal military training and a weapon of national defense in the trained citizen's home. Such policies inspire second thoughts in the minds of ambitious aggressors and shatter the arrogant dreams of plotting tyrants, contributing to peace, and to true democracy.

That republican military policy is not what the backers of "conventional build-up" are proposing. Retired U.S. General Maxwell Taylor says it all quite plainly. The purpose of the "conventional build-up" is what Taylor calls "population and raw materials wars."

Taylor may be evil, but he is not confused. He has a map of Africa, for example. As he describes this map, he intends to wipe out most of the population of black Africa, except for the population of Nigeria, which he generously recommends be reduced only by one-half.

If Taylor's policies remind one of the Eastern European practices of Adolf Hitler, the resemblance is not accidental. Taylor, together with retired General William Westmoreland, is a spokesman for the Draper Fund's Malthusian lobbying organization, the Population Crisis Committee. General William Draper, creator of the Fund, was earlier a leading booster of Hitler's rise to power in Germany, together

with the family of Governor W. Averell Harriman and other blue-blooded luminaries of the New York American Museum of Natural History. What the Harriman family and Draper stated that they admired most about the Nazis was Hitler's "racial purification" policies. By adopted political pedigree, General Maxwell Taylor has turned himself into a neo-Nazi mass murderer.

This is the policy of the Club of Rome, of the World Wildlife Fund, of the "blue-ribbon" Committee for the Year 2000, of the "Global 2000 Report" and the "Global Futures Report." This is also the population-policy side of the "conditionalities" policies of the International Monetary Fund, the World Bank, and sundry allied institutions. It is also the policy of practice flowing out of the neo-Malthusians of the "Nuclear Freeze Movement."

The alternative to the evil of the "conventional build-up" is the policy of Dr. Edward Teller presented to an audience at the Washington, D.C. Press Club Oct. 26: a combination of advanced military technologies and fulfilling the "common aims of mankind," the economic development of the Third World's nations.

For 35 years, Dr. Teller emphasized, the world has lived under the balance of terror of nuclear warfare. With aid of advanced anti-missile technologies, he stated, we can eliminate that age of terror, and free mankind from the evil doctrine of "mutually assured destruction" orchestrated by the rabid neo-Malthusian, Robert Strange McNamara.

As we have been insisting since 1977, science has the knowledge to develop space-based beam-weapons, to destroy nuclear missiles in the stratosphere. Earlier this year, the U.S. National Democratic Policy Committee published a policy-design, stating the feasibility of developing and deploying such weapons, and also linking that policy to Third World technological development. Dr. Teller and U.S. Secretary of Defense Caspar Weinberger agree with such new military policy, along with a growing number of others.

Now is the time for the United States to resume the policy-outlooks for which it fought World War II. Let us join with Dr. Teller, and resolve to follow his lead, to bring to an end the age of mutually assured destruction.

If NATO were to continue the "conventional build-up" and related policies, which the faction of Lord Carrington has been pushing, the combination of savage weakening of the OECD economies and North-South "population and raw materials wars," means almost certain nuclear warfare between the superpowers. Teller warned of this sort of danger and rightly so. Hence, we must insist, the overlap between the Malthusians of the nuclear-freeze and so-called peace movements is the greatest single cause of actual outbreak of general nuclear warfare over the period ahead.

The "nuclear freeze" and "conventional build-up" movements are not only evil, but apocalyptically imbecilic. Let the OECD nations come to their senses, before the recent drift into a "post-industrial society" puts us irreversibly on the slide down into nuclear apocalypse.

# How the U.S. film industry was subleased to the Mafia

by Michael J. Minnicino

After World War II, the film industry was effectively “subleased” to the Mafia. The industry had been honed into a psychological warfare instrument while it was under direct British intelligence control; then the Mafia was shamelessly invited in by the biggest Wall Street and Boston financial institutions to transform film into part of their growing “entertainment” combine. Mafia control of film remains to the present day.

## The movies: psychological warfare as a fine art *Fifth of a six-part series*

Organized crime had been in and around film from the beginning. In fact, Hollywood has occasionally celebrated this. Mr. Lucky, the charming professional gambler “with a heart of gold” whom Cary Grant played in the movie of the same name is typical. Who else is Barbra Streisand as the entertainer Fanny Brice singing about in *Funny Girl* than Nicky Arnstein, the murderous swindler who was part of Arnold Rothstein’s mob? Even in the twenties the enclaves of Beverly Hills mansions of the greatest stars always contained a complement of “sportsmen” as they were euphemistically called, the men without visible means of support, like Abner “Longie” Zwillman, Johnny Roselli, and Benjamin “Bugsy” Siegel, the local reps of the mob.

The cult conception of “entertainment” is of course a Mafia concept. Long before Warner Brothers diversified into sports, casinos, and pornography, the Mafia had established such a combine. Criminal elements in the United States have always inclined toward the “human services”: prostitution, gambling, alcohol, and dope smuggling, in furthering of hedonistic outlooks. At the turn of the century, the mob controlled many of the best restaurants and night spots in America’s major cities—they were excellent for conducting business and acted as a cover for the introduction of their clients to less licit activities. Almost as soon as spectator

sports became popular in the United States, the Mafia stepped in, quickly reaching a point such that in 1919 Arnie Rothstein fixed that year’s World Series with ease.

When the motion picture became popular, the mob saw it as yet another possible shill, and moved in. The largest film union, the International Alliance of Theatrical Stage Employees and Moving Picture Operators of the United States and Canada (IASTE), was controlled by mobsters Frank Nitti and Louis Lepke almost from the beginning. Loew’s Inc., the largest motion picture theatre chain and the financial backbone of the Metro-Goldwyn-Mayer empire, was largely owned by the mob led by Arnold Rothstein. Twentieth Century-Fox, set up in 1933 by Warner Brothers’ Darryl F. Zanuck, was financed by mob money laundered through Loew’s; part of the deal was a contract transfer for “Blonde Bombshell” Jean Harlow, who was Longie Zwillman’s mistress at the time. Zwillman was also the bookmaker for big-time gambler Harry Cohn, who borrowed one million dollars from Zwillman in 1932 to buy out his partners and become president of Columbia Pictures.

It is alleged that one of the reasons filmmaking moved from its original home in New Jersey and New York to Hollywood was not for more sun but because the small California village was close to the Mexican border, a useful precaution given the “no questions asked” financing arrangements of most early films.

This arrangement took a qualitative leap at the end of World War II. The American population—organized by the struggle against fascism into the most potent force for technological progress and decolonization in the world—had to be demobilized *psychologically*, and turned in upon itself with the ages-old sop of “bread and circuses.”

It was also clear that the media would be the method. For one thing, Anglo-American intelligence services had studied the effect of the radio and film during the war among both the Allies and the Nazis, and confirmed their devastating success. For example, it has been claimed that the obvious intense dependence which Americans developed on their radios (for news of loved ones in battle, etc.) opened whole new opportunities in what Winston Churchill described as the campaign to “out-Goebbels Goebbels.”

The Mafia was the one institution which had already built

an infrastructure of media-centered "bread and circuses." This was simply legitimized.

The first step in this legitimization was the construction of Las Vegas. Despite severe shortages of men and material, federal officials looked the other way as Bugsy Siegel and his colleagues took the almost-nonexistent village in Nevada and turned it, even as Americans were still dying in France and Belgium, into the gaudy Sodom we see today. With winks from state officials, the IRS, and so forth, they arranged for the full legalization of high-stakes gambling (heretofore only possible in certain Mafia-run resorts in Mexico) and prostitution. Big-name film and radio stars were shipped in to act as shills and were given "a piece of the action," a piece which some, like Frank Sinatra, retain to this day.

### **The age of the media conglomerate**

Film content, in turn, immediately became much more "liberated," acting as public relations for these newly legitimized entertainments. At the same time, great waves of "diversification" took place linking together various Mafia-dominated enterprises in the general entertainment area into giant media combines.

Within this process, divisions of labor were established. The new field of television (a technology that had been known for well over a decade) was immediately established as an outgrowth of the radio networks, themselves, like early film, then directly under the control of top-level British intelligence agencies. The radio-television combines were also allowed a majority share of America's publishing industry. The film combines were handed the American record business (i.e., what gets played on the radio stations), a solid footing in spectator sports, the rest of U.S. publishing, and the long-term "option" of any relevant new techniques—options which they have exercised so far on video games and cable television.

This process culminated in what today we call the "entertainment industry."

The plump Mafiosi of the Thirties would have drooled. There is no vice, no addiction, no inclination to break the laws of God and man that this empire cannot service at a moment's notice. And if a vice is not sufficiently in demand, then it can be brainwashed into the population almost overnight.

The typical conglomerate relies on a conception of "cradle-to-grave entertainment." This means that the combine holds not only a major studio with distribution network, but also a toy or electronic games manufacturer, a soft-drink distribution system, book and record publishers, and possibly some local television or radio stations. If such a conglomerate wants to create a "trend" they first put out a highly advertised "blockbuster" film and coordinate the release with so-called "tie-ins": their book-publishing wing transforms the film into a bestselling paperback; their record division releases the soundtrack recording; the toy department puts out dolls and video games based on the film's characters; and finally their

candy or soft-drink operation puts out promotional pieces tying in their product with the film.

The majority of these activities are aimed at children. This is one of the major reasons why, in the aftermath of World War II, children aged nine to seventeen years have outstripped adults as moviegoers.

In a breathtaking textbook case of cartelization, this entire structure is controlled by six corporations. There are many independent film-production companies, but the only way for a film to be actually distributed and publicized is through this six-fold combine.

### **The Warner axis**

The largest is **Warner Communications**, which owns:

Warner Brothers

Orion Pictures

Warner Brothers Records

Elektra Records

Asylum Records

Atlantic Records

Atari video games

DC Comics

Mad Magazine

Knickerbocker Toy Corporation

Wolper Organization (a documentary TV producer)

New York Cosmos soccer team

Warner Book (250 paperbacks a year)

Coca-Cola's New York-area bottling operations

Warner also shares with American Express total ownership of Warner-Amex, which operates the Qube system. Currently in test marketing in Ohio, Qube is the pioneer "talk-back" cable television system. In perhaps the most ominous development in the history of media brainwashing, Qube has started a special soap opera, which differs from the others in that it has three or four alternative endings filmed beforehand. At a crucial point in the showing, the Qube audience is asked over the screen how they want the tale to turn out; they "vote" via the talk-back devices attached to their sets, these votes are computer-tabulated, and the majority-desired ending is run.

Today's Warner Communications was set up in the 1960s through combining of the shards of the 1940s Warner Brothers with Seven Arts, originally a small Canadian television production company. Seven Arts was owned by Louis Chesler, an underling of Meyer Lansky, who also controlled Universal Controls, which manufactured the pari-mutuel betting machines used at racetracks. Chesler and Seven Arts got big enough to buy Warner via a deal by which they set up the Grand Bahama Development Company, itself a dummy corporation which was attempting to build a casino in the Bahamas for Meyer Lansky, head of the Midwest mob and Chesler's business partner.

The unsecured loans and high-risk investment for the Development Company were provided by the old Boston Brahmin-controlled First National Bank of Boston and by

Charlie Allen of the Wall Street investment firm of Allen & Company. The propaganda cover for the deal—which included the bribery of the entire government of Bahamas—was provided in part by William Safire, then a public relations man for the Development Company, later a speechwriter for President Richard Nixon, and now resident right-winger for the *New York Times*.

### **Columbia: coke goes better with Coke**

Allen also figures heavily in the modern development of **Columbia Pictures**, the fifth-largest combine, with ownership of several radio stations, Arista Records, and D. Gottlieb, the major pinball game manufacturer. Columbia's chairman is Herbert Allen, Charlie's son, and Allen & Company owns 6.2 percent of the corporation's stock. Three years ago a scandal broke when one of Columbia's properties, actor Cliff Robertson, accused the corporation's president, David Begelman, of embezzlement. The sum, less than \$100,000, was insignificant by Hollywood standards, but the whole case threatened to expose the well-known methods by which Columbia's management was involved in laundering drug funds; the *New York Times*, in an article calling Charlie Allen "The Godfather of the New Hollywood," started hinting as much. Particular fear was voiced concerning the role in all this of the owner of 5 percent of Columbia's stock, Carl H. Lindner, a well-known associate of Meyer Lansky's in Ohio.

Begelman stepped down to become head of United Artists; the *Times* was sued, stopped its series and settled out of court; Robertson was blackballed from film. In mid-January of this year it was announced that Columbia would be acquired by Coca-Cola, the Atlanta-based firm which provided much of the personnel for the Carter administration, and which has been accused of involvement in cocaine traffic. Coke's already accepted offer will mean about \$80 million profit to be shared by just Allen and Lindner.

### **United: still flying 'suckers'**

As is usual in these operations, Begelman was protected for keeping his mouth shut and "taking the rap." His transfer to **United Artists** was ensured by Kirk Kerkorian, who owned 25 percent of Columbia at the time Begelman was there, but sold out to take control of Metro-Goldwyn-Mayer Film Company, which doesn't make films itself but in 1981 bought United Artists from Transamerica, Inc. Kerkorian started in the entertainment business in 1947 when he operated a one-airplane "airline" whose only flight was from Los Angeles to Las Vegas, transporting "suckers" for the new pleasure palaces. Kerkorian's sponsor was Charles "The Blade" Tourine, who served as a manager for several of Bugsy Siegel and Meyer Lansky's casinos both in the United States and Batista's Cuba.

In 1968 Kerkorian sold his airline to Transamerica, the empire created by the Bank of America, and then got Bank of America to give him \$73 million in unsecured loans which he ultimately used to buy MGM—which he then completely

liquidated in order to obtain the money for the construction of the Grand Hotel, Las Vegas's most sumptuous new casino-hotel. The Grand Hotel is built on land sold to Kerkorian by his old friend Moe Dalitz, Lansky's colleague in bootlegging. Kerkorian is known to have been criticized in certain mob circles for being so blatant about the connection between Hollywood's tinsel and the thinly veneered mob fronts in Las Vegas.

The other film giant deeply involved in Las Vegas is **Gulf and Western**. Gulf owns over 350 companies, including:

- Paramount Pictures (the second largest filmmaker)
- New York City's Madison Square Garden
- New York Knicks basketball team
- New York Rangers hockey team
- Roosevelt Raceway
- Simon & Schuster (the leading producer of "Gothic romance" novels; its editor-in-chief is Michael Korda, a nephew of British psywar specialist Alexander Korda)
- Famous Music Corporation
- Schrafft Candies
- Seaga, the electronic games maker

This monster was put together to a large extent by its current chairman, Charles G. Bluhdorn, with the assistance of his lawyer, Sidney Korshak. Korshak's first footnote in history derives from a 1942 report by the IRS intelligence division which states that "Our informers have stated that Sidney Korshak, a lawyer in Chicago, Illinois, is often delegated to represent the Chicago gang, usually in some secret capacity." Twenty years later Korshak became involved in a scandal concerning the parking franchise for the Dodgers Stadium in Los Angeles. Later, Korshak got deeply involved in Bernie Cornfeld's Investors Overseas Service swindle. These days, he concerns himself with representing several major film stars and negotiates their booking contracts in the major Las Vegas casinos.

Last year, Paramount's head of production, Robert Evans, the man responsible for such movies as *The Godfather*, *Urban Cowboy*, *Love Story*, and *Popeye*, was convicted in a \$19,000 cocaine-pushing deal.

The last two of the big six—**MCA, Inc.**, which owns Universal, and **Twentieth Century-Fox**, purchased last year by Denver oil baron Marvin Davis—are still under investigation. Both have heavy holdings in Coca-Cola (MCA owns Coke's West Coast shipping system; Fox runs the Midwest system), and both had mob financing during the 1940s and 1950s.

It is often mentioned in the trade press that the independence of the film industry is guaranteed by the independent producers who buck the trends and convince the big six to distribute their films. This too is fraud.

Analysis Film Releasing has been praised for its "bold" new film about incest, *Butterfly*. Analysis is controlled by Meshulam Riklis, the chairman of Rapid-American Corporation, a conglomerate which holds the old rum-running

Schenley liquor company. Rapid is suspected by U.S. customs officials of currently running drugs across the Canadian border—suspicions that are not helped by the fact that 40 percent of Rapid is owned by Carl Lindner, the big Columbia stockholder and Meyer Lansky's Cincinnati frontman.

Or take Keith Barish, who the *Washington Post* once praised as the man "who found literature and bought it for Hollywood." Barish gave us *Endless Love* and will soon present us with films based on two very popular current bestsellers, *Sophie's Choice* and *White Hotel*. In the late 1960s this highly cultured individual set up Gramco, an off-shore mutual fund openly modelled on the Investors' Overseas Service swindle. Gramco, which had former Kennedy press secretary Pierre Salinger and eight other former members of the Kennedy staff on its board, collapsed in 1970 after the West German government, smelling a scam, suspended selling of the fund.

Even the schools that train college students for the next generation of filmmaking are not exempt from organized crime's hold. The Annenberg Center of Communications at the University of Pennsylvania, one of the more popular film schools, was bequeathed by the largesse of Moe Annenberg and his son Walter. Moe made his money as the founder of the Nation-wide New Service, and later the Continental Press Service. These were the services by which bookies throughout the country were informed of racing results. In 1951, Sen. Estes Kefauver, the chairman of the Senate Crime In-

vestigating Committee, called Continental "public enemy number one." Son Walter was indicted for sending obscene literature in the mails in 1932, but the charges were dropped. In 1969 Walter became President Nixon's ambassador to England; he is now a sometime advisor to President Reagan.

### It's time for . . .

The goal of the film creators is nearly achieved. The overwhelming majority of the adult population of the greatest nation in the world are "dullards" so stupefied that nightly they hand their children over to the evil creatures that made them stupid. These creatures tell the children that drugs, sex with anybody or anything, and extreme violence are merely "alternative lifestyles."

Weekly the children go to the temple to see murders so graphic as to be indistinguishable from the real thing. Not very long ago, parents felt that such sights might traumatize a child. Today we "know better."

And as the generation changes, the children get stupid too, even more stupid than the adults. The adults at least knew who Beethoven and Shakespeare were; the children don't seem to recognize the names. That's all right. A U.S. Army general tells the newspapers that it is okay that young recruits can't read or write; they can play video games very skillfully and that is very similar to handling our weapons.

The children seem ready to explode. But not now; they're smiling. They're being entertained.

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Since at least May 1982, following an underpublicized visit to London, Henry Kissinger has been coordinating a drive to consolidate control of the Reagan administration for the Trilateral Commission wing of the Republican Party. Secretary of State George Shultz is fully collaborating with this effort, which will put Kissinger in charge of enforcing the "controlled disintegration" economic collapse and depopulation of the developing sector. This EIR Special Report, written by EIR's Washington Bureau, provides the details of Kissinger's drive, including the implications for domestic and foreign policy. Includes profiles of Kissinger's collaborators, especially Helmut Sonnenfeldt, and the role being played by the Jack Kemp-led "opposition." Profiles of recent administration appointments also included.

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# National News

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## Teller caught 'peace movement' off guard

A spokesman for the Harriman-dominated Congressional "peace" group, Congress for Peace Through Law (CPTL) admitted Oct. 29 that the Washington-based "peace movement" had been caught off-guard by the recent offensive on behalf of beam-weapon development led by scientist Edward Teller.

"We miscalculated badly," said the CPTL spokesman. "We didn't realize that Teller had the ear of the President or that it would get that far.

"We were counting on [Defense Secretary] Weinberger to foul things up like he always does. He is our number-one asset—every time he speaks for something, he convinces people that the administration is crazy and gets the freeze movement more support.

"Teller is another story. He speaks from the authority of a scientist and a patriot."

The CPTL is thinking about a campaign to portray Teller as a "Dr. Strangelove" figure.

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## Philip and terrorist funder to be honored

The Congressional Awards Foundation will honor Britain's Prince Philip and W. Clement Stone, the Chicago insurance executive who created the Black P. Stone Rangers youth gang, at a dinner in Washington, D.C. on Nov. 6. The Foundation was set up in 1979 to recognize "achievement with youth."

The Prince, who had established a similar foundation in Britain, initiated the Awards Foundation in the United States. Capitol Hill operations for the U.S. foundation are run from the office of Wyoming's Sen. Malcolm Wallop—himself a blood relative of Queen Elizabeth and New York Episcopalian Bishop Paul Moore. Wallop's office told a reporter that the Prince was "very

helpful" in setting up the foundation.

Philip's fellow honoree, Clement Stone, is most noted for his long-term funding and sponsorship, with Saul Alinsky, of the P. StoneNation gang, currently named El Rukn. The gang receives Libyan funding through Chicago's National Black Lawyers Guild, Dr. Charles Knox of National Community College of Law, and Ibn Sharrif of the Tri-City Journal. During the 1970s, leaders of El Rukn were deployed to other cities and currently control the "Say Yes" gang in Los Angeles, the House of Umoja in Philadelphia and the 20,000-member Inner City Roundtable of Youth (ICRY) in New York. ICRY was founded by Ramsey Clark and former Ranger president Carl Chinn, a.k.a. Nizam Fatah, an ex-con, self-avowed Black Liberation Army member and associate of fugitive Joanne Chesimard. Most of the Stone-spinoff gangs are now seeking association with the president's Task Force on Volunteerism.

Stone is also on the board of the New York Theological Seminary's Institute of Religion and Psychiatry and its "pastoral counseling" satellite, the Wainwright House Guild for Spiritual Guidance in Rye, New York. Wainwright House, also an affiliate of the UN's Temple of Understanding, is a religious-kook factory which has been linked to the Son of Sam cult murders of 1976 and 1977.

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## Shultz lies that Ibero America debts bleed U.S.

Dropping in on Sol Linowitz's Inter-American Dialogue meeting Oct. 15, Secretary of State Shultz provoked even the most servile Ibero-Americans in attendance by charging that Ibero America's over-extension of debts drained U.S. domestic savings—causing the U.S. economic crisis, *Latin American Weekly* reported this week. His underling Thomas Enders delivered the same message during a speech before the Inter-American Press Association Oct. 1, where he "chastised" the Latin Americans for overborrow-

ing some \$28 billion in loans in 1982, mostly from the U.S., while net U.S. savings totaled only \$147 billion dollars.

Shultz and Enders, told the Latin Americans as well that Ibero-America is a low priority for the administration, and their economic problems the lowest concern of all. Enders announced that arms supplies to Ibero America are much more important—as a "solution to the danger of territorial wars, the strategy argued by the RAND Corporation in its 1975 report on the War of the Pacific, authored by Luigi Einaudi. The United States will provide "additional arms transfers" in order to avoid "sub-regional imbalances of power," Enders said. On Oct. 28, he elaborated the policy in a speech in Canada.

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## Times insert fit to print?

New York City political and media insiders are speculating that the media reaction and the D.A.'s investigation of a bogus section of the Sunday, Oct. 24 *New York Times* may well be a publicity stunt designed by the *Times* to prop up its flagging circulation. This is one of several theories regarding the appearance of a section entitled "Profiles of the Times," which the newspaper claims were fraudulently inserted in its weekend edition.

The insert, which bore a striking resemblance to its Book Review section, contained what the newspaper called "scurrilous attacks" on organized-crime attorney Roy M. Cohn, on New York Republican gubernatorial candidate and Cohn crony, Lewis Lehrman, and on New York Mayor Edward Koch.

A copy of the insert examined by *EIR* contains a highly credible series of exposés substantially founded on fact. The supplement alleges that: if elected, Lehrman plans to open the Catskill region to casino gambling; Cohn is attempting to duck a \$1.2 million lawsuit by getting a "bought and paid for" judge to hear the case, but that New York State Supreme Court Judge Conway is



resisting Cohn's ploy; and that Cohn used his business partnership with Paul Dano, his occasional bodyguard and alleged homosexual lover, to swindle a client, Eugene Skowron, out of the Universal Money Order, concern, among other charges.

A New York media expert commented that the *Times* is the most likely suspect in the operation. Asked why the material in the insert contained such devastating revelations, the commentator stated, "If the information is accurate it is because the *Times* wanted to avoid a libel suit."

## U.S. ban on DDT takes further toll

"Two hundred million people are suffering from malaria as a result of the anti-pesticide campaign by the environmentalist groups in the United States." This is the estimate of entomologist Gordon Edwards, a professor at San José college in California and a world-renowned expert on DDT. Edwards made his statements in an interview with the newspaper *New Solidarity*.

Edwards described how, in 1954-55, the World Health Organization embarked on a malaria-eradication program using DDT. But within a few years, the anti-DDT movement, boosted by the 1962 publication of Rachel Carson's book *Silent Spring*, led to a U.S. export ban of this safe and vital pesticide. After that, malaria cases worldwide shot up dramatically. In Ceylon, for example, the DDT campaign had brought the number of malaria cases down from 2 million cases to 17 cases in 10 years, and the number of deaths from malaria down from 12,000 a year to zero; after the ban on DDT, malaria rose again from 17 to 3,000 cases, to 1 million and then to 2.5 million by 1969.

Two years ago, the World Health Organization certified this situation as acceptable by dropping its concept of eradication and settling for a program of "controlling" malaria. The current number of worldwide cases is 210 million, 160 million in sub-Saharan Africa alone.

## Files subpoenaed on Iranian terrorism

Attorneys for *EIR*'s publisher, Campaigner Publications, and related organizations served subpoenas at the end of October to five U.S. government intelligence agencies seeking files related to Iranian-Muslim Brotherhood terrorism in the United States. Subpoenas were served on the U.S. National Security Council, State Department, Central Intelligence Agency, Federal Bureau of Investigation, and National Security Agency, requiring those agencies to produce all documents concerning Khomeini agents Cyrus Hashemi and Bahram Nahidian.

Hashemi, an Iranian national living in the United States, sued *EIR* and related organizations after he was identified as the financial conduit for funds from the Khomeini regime to Iranian terrorist groups in the United States. One of the people alleged to have been funded by Hashemi was Bahram Nahidian, widely reported to be one of the top controllers of Muslim Brotherhood terrorist groups inside the United States. Nahidian's personal bodyguard was one of the individuals indicted for the 1980 assassination of Ali Tabatabai, a prominent anti-Khomeini spokesman who was gunned down in a Washington, D.C. suburb in July 1980.

The government files which are now under subpoena are expected to show that Hashemi and Nahidian were being protected by the Carter administration as part of the deal involving the hostage crisis and entire British-intelligence orchestrated "fundamentalist" destabilization of Iran. A subpoena has also been issued by the federal court in Washington, D.C. requiring Nahidian to appear for a deposition in that city on Nov. 16.

Hashemi himself has failed to respond to interrogatories submitted over two months ago. Attorneys are now filing a motion seeking severe sanctions against Hashemi for his defiance of an Oct. 16 court order which required him to hand in his answers the court by Oct. 25.

## Briefly

● **EDWARD TELLER**, appearing on ABC's "Nightline" program Oct. 28, forced the *New York Times* to report for the first time official confirmation of the feasibility of advanced defensive strategic weapons.

● **GEORGE SHULTZ** invited Averell Harriman and his wife, Pamela Churchill Harriman, to present awards to the U.S. foreign service October 19. Mr. Harriman presented the "W. Averell Harriman award for distinguished writing" to one Hugo Gettinger, "junior political officer in beleaguered El Salvador." Mrs. Harriman presented her award to Mrs. Murphy, wife of the U.S. ambassador to Syria.

● **MEL KLENETSKY**, the National Democratic Policy Committee-backed candidate who received 200,000 votes in New York's Democratic Senatorial primary, spent the last week before Nov. 2 campaigning against GOP candidate for Governor Lew Lehrman. Klenetsky has concentrated in his radio and TV appearances on identifying Lehrman's ties to organized-crime groupings around Roy Cohn, Max Rabb, and William F. Buckley.

● **CASPAR WEINBERGER** will travel in mid-November to Australia, New Zealand, Singapore, Thailand, and Indonesia. With the exception of Indonesia, each of these countries is currently allied to the United States in some military pact, and that pressure is building on Indonesia to formally affiliate.

● **RUPERT MURDOCH**, New York's leading British political pornography magnate, has endorsed organized crime candidate Lew Lehrman for Governor of New York. Murdoch also endorsed for Congress Jack Kemp and Guy Molinari, a pro Volcker republican who was installed in his seat when the press used Abscam to frame and unseat incumbent Democrat John Murphy.

## Editorial

# Time to kick Dr. K.

Henry Kissinger has been hogging the limelight. He was in China, then Japan, trying to sell the Japanese on the not very convincing idea that the moves toward a Sino-Soviet rapprochement in no way undermine the U.S. strategic alliance with Peking. On Oct. 27 he suddenly showed up in Mexico City, with his traveling piggybank David Rockefeller, and due to an "error" of the pilot of their plane, the two debarked at the main terminal and not the presidential hangar where they were expected; the result was a burst of publicity from waiting reporters. Henry did his best to convey the impression that his arrival with Rockefeller meant he was there to make a "deal" on Mexico's debt.

The same day, the *New York Times* splashed a lengthy article about Henry on its society page—the kind many "celebs" pay to have written about them—portraying the abrasive, charming, "powerful" Henry Kissinger.

Henry is saying two things. One is that the advanced sector should not give the impression of "leaning on" Third World governments too heavily for debt repayment. The "conditionalities" policy of the International Monetary Fund must be rigorously enforced, Henry reiterated in Washington Oct. 22 before the U.S. Perspectives II conference in Washington, sponsored by the American Stock Exchange. But, this must be handled "politically." Henry's other point is that the United States is finished as a world power. In July he told the American elite gathered at the occult Bohemian Grove retreat in California that the U.S. should conduct a foreign policy "more like that of Britain" in keeping with the fact that it has gone from controlling some 55 percent of the world's GNP at the end of World War II to 25 percent today.

Is there a thread connecting Henry's lucubrations on the descent of the U.S.A. into the status of "once-developed nation" like Britain, and his daily increasing prominence as the self-proclaimed arbiter of U.S. policy toward developing nations with huge, unpayable debts?

Consider another aspect of the matter. U.S. intelligence and security circles in Washington are up in arms over the refusal of Great Britain to cooperate in provid-

ing information on the extent of damage done to the two countries' intelligence estimates on the Soviet Union by the recently exposed Soviet agent Geoffrey Prime. From 1969 to 1977—years that correspond to Kissinger's tenure as National Security Adviser and Secretary of State—Prime was an encoding clerk at Britain's top secret electronic spy station at Cheltenham, England. He passed on to Soviet intelligence the codes that enabled Moscow to know every time the British were listening in on their policy discussions. The British have not only refused to inform their U.S. CIA and NSC counterparts on the damage, but allowed Prime to plead guilty to espionage charges, thereby avoiding a public trial.

The deeper issue evokes a long history of British "spy scandals." At strategic junctures, highly placed British intelligence officials were "exposed" and seconded to the Soviet Union, starting with the late 1950s Kim Philby affair. During this entire period, according to his own boasts last May in London, Henry Kissinger was acting as the faithful servant of the British Foreign Office. Now, thanks to a Middle East policy which Kissinger brags to the *New York Times* he is guiding, the U.S. is well on the way to losing any remaining shreds of influence there. It may be the rising climate of anger and suspicion in Washington about whom Kissinger is really working for that made Dr. K. lose his composure when *EIR*'s Ron Kokinda questioned him at the "Perspectives" conference on his role in the judicial murder of Pakistan's last elected President, Zulfikar Ali Bhutto. Kokinda asked Kissinger if his alleged "soft line" toward debtor nations today was not in fact designed to buy time to give them the "Bhutto treatment": Bhutto wrote that Kissinger had threatened to "make a horrible example" of him for his nation-building efforts. Under Kokinda's questioning, Kissinger screamed that Bhutto's written statements were "a total lie."

How many more U.S. allies in the developing sector will Henry be allowed to destroy, and how many more assets will he deliver to America's adversaries, before somebody wakes up in Washington and makes the questions stick?

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