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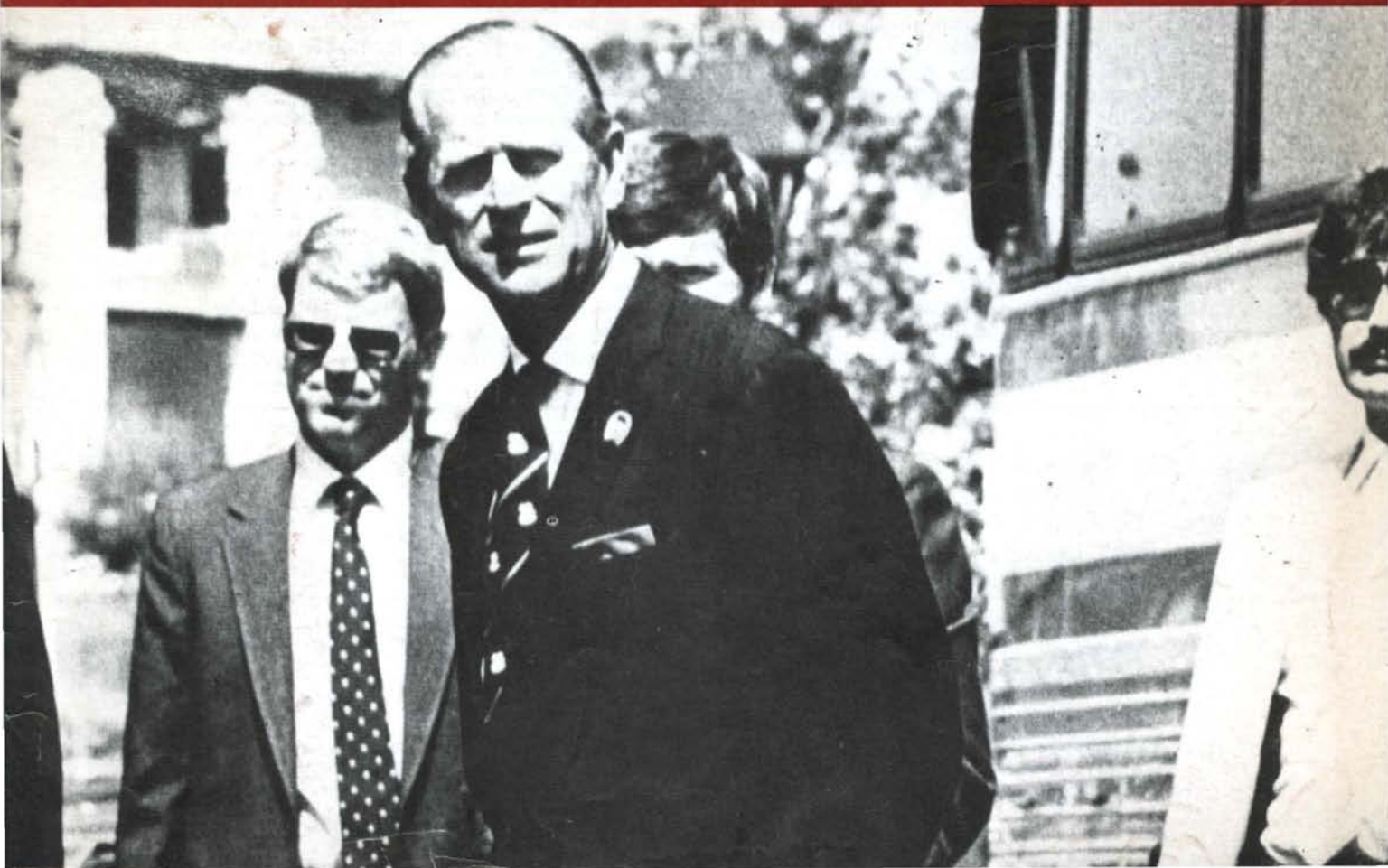
Executive Intelligence Review

November 16, 1982

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hereditary oligarchs**



EIR

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EIR

From the Managing Editor

Our Special Report this week outlines the capabilities and programs of the international oligarchy which created the First Great Depression—then fascism—and now the Second Great Depression. Naturally, the report raises the question of how Westerners have allowed this to occur. It is an acute question for Americans, whose nation was created by an explicitly anti-oligarchic force.

The oligarchs continue to regard Americans as a lesser species, which should be compelled to live or die in such a way that tarantulas, coyotes, and titled bipeds may dwell undisturbed by human progress. Unfortunately, Americans, in turn, delude themselves that the oligarchs are an inferior group—rich, enviable, but basically unimportant society-page adjuncts of the real powers-that-be, like Henry Kissinger. In reality, however, it was the oligarchs who created not only the Kissingers of this world, but the soap-opera substitutes for political deliberation in the United States which have done so much to extinguish economic progress and individual morality.

The cleverness of the oligarchs in manipulating populations to accept the depression levels already reached is commensurate only with the insanity of their basic policy of a New Dark Age. In this issue's Economics section, we counterpose the fundamental realities of economics as they can be applied in Mexico—where if that nation does what it *must* to combat International Monetary Fund blackmail, it will also do what it *should* to ensure an industrial growth rate no one would have thought possible even in the “boom” days.

There are a number of political bombshells concerning Henry Kissinger in the National section, which will be further elaborated next week, including his secret London itinerary this month, focused on wrecking the Reagan administration's Mideast initiatives, and his involvement in a plot with Israeli Defense Minister Sharon's faction to resell vast tracts of West Bank land belonging to forcibly expelled Arabs. We will also publish an exclusive report on how the universal deference heretofore accorded Britain's Prince Philip gave way, during his trip to the United States this month, to a series of on-the-spot challenges to his sponsorship of mass extermination.

Susan Johnson

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Correction: Shown at right in our Nov. 9 cover photograph of the Club of Life's founding conference was, not Alberto Piñero, as the caption stated, but Signor de Mattè Modesto, secretary of the Farmer's trade union, FISBA-CISL, Italy (affiliation for identification purposes only).

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How Mexico's weakness can be converted into strength

by David Goldman, Economics Editor

LaRouche-Riemann analysis of the Mexican economy was conducted by a combined EIR-Fusion Energy Foundation-Mexican Association for Fusion Energy team in New York and Mexico City under the direction of David Goldman.

Every conversation on the subject of Mexico's debt crisis, quickly approaching a moment of truth with the Nov. 23 expiration of the three-month moratorium on Mexican debt principal, seems to turn on the following question: can the International Monetary Fund, with the cooperation of the United States and other industrial nations, crush the Mexican economy and force Mexico to crawl to the IMF? Since the IMF's executive directors vetoed the package negotiated between the Mexican government and the IMF's own Mexico City team Oct. 25, the pretense of amicable negotiations has evaporated, and the question has come down to simple strategic capability. Since the question remains unresolved, credit may be given to the impression that neither the IMF (nor the U.S. administration), nor the Mexican government is entirely confident of the answer.

Last week, I reported the mood of preparations for economic war now apparent in Mexico's governing Institutional Revolutionary Party (PRI). However, the Mexican government's correct identification of the short-term origins of the crisis—the tripling of interest rates since most Mexican debt was contracted, the drop in recession-hit oil prices, the \$22 billion in flight capital—still falls short of a full analysis of the weaknesses in the Mexican economy even during the late 1970s boom, and the means of correcting that weakness.

In 1980, the Mexican Association for Fusion Energy, in cooperation with its American sister organization, the Fusion

Energy Foundation, and this publication, used the LaRouche-Riemann computerized economic model to project forward to the year 2000 an optimal path for the industrialization of Mexico.

Here, we apply the same methods in a critical view of the 1970-1980 period, and present a summary of our conclusions. While the criticism is devastating with respect to the investment decisions pursued during the past decade, it points to a *hidden economic potential* which might surprise even the present Mexican leadership, and decisively answers the question underlying the stand-off with the International Monetary Fund: Mexico's economy has been so distorted by the growth of consumer-goods industries feeding non-productive consumption that a total reorientation of investment policies toward basic development requirements would enable Mexico to grow even under conditions of total American trade boycott, and virtually no trade with the other nations of the Organization for Economic Cooperation and Development (OECD). Moreover, the quality of growth under the mooted transformation of investment policy would be more sound than the middle-class-oriented growth of the past ten years, and create a solid foundation for industrialization.

Leaving aside the extraordinary political nature of such a program, it is evident that the inherent growth-generating capacity of the Mexican economy can bring the economy through the present crisis. On first glance this might appear absurd, since 70 percent of Mexican industry (see *EIR*, June 29, 1982) presently assembles parts imported from the United States. Ignoring the problem of spare parts for a capital-goods base that is entirely American, cessation of American imports following a debt moratorium or similar action would imply

the cessation of 70 percent of Mexican production within days. However, assuming that Mexico could develop sources of technology, expertise, and capital goods outside the OECD area, particularly in the rest of Ibero-America, Mexico could meet this assault the way Kutuzov met Napoleon: walk away from its present industrial structure and create a new one better oriented toward its development requirements.

Before discussing the nature of such a program, let us examine the evidence generated by the LaRouche-Riemann model. The model's categories, which derive from the standard form of national-income accounting that prevailed before J. S. Mill and the marginal utilitarians, divide the physical product of the economy according to their impact on future growth potential. These are:

Tangible profit (surplus), or physical value added above the cost of labor, raw materials, and depreciation;

Variable capital, or Tangible Wage Costs, or the volume of physical commodities consumed by the goods-producing labor force;

Capital consumption, or the depreciation cost of using a given capital stock;

Circulating constant capital, or raw-materials requirements of industry.

and the divisions of Tangible Profit:

Reinvested profit, i.e. the fund of goods consumed by the existing stock of investment, raw materials, and consumption goods, and

Overhead costs, i.e. the fund of goods consumed by the non-goods-producing section of the population, as well as administrative expenses, military expenses, etc.

Not so much the absolute growth rate of these parameters as the change in internal economic relationships defines a healthy economy, in LaRouche-Riemann analysis. The three determining ratios are:

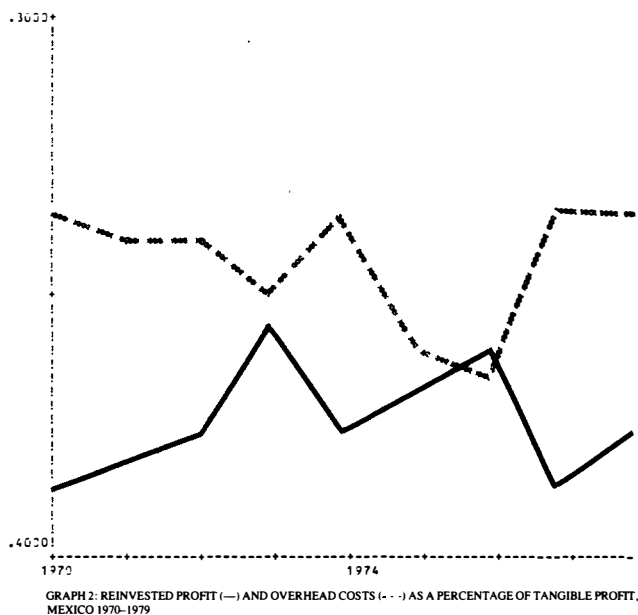
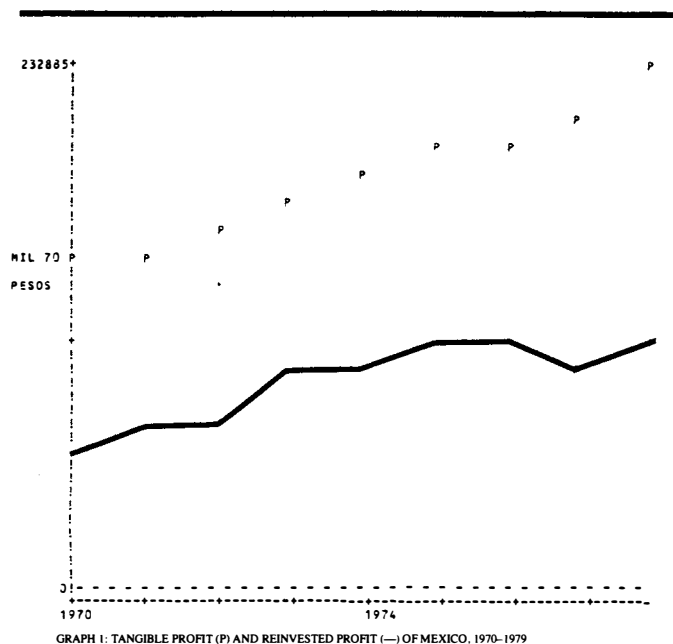
1) **Surplus generated per unit of capital plus labor investment** ($S/C + V$), the "total factor" or "thermodynamic" productivity. This measure is more useful than the conventional output-per-manhour definition, which ignores such problems as highly efficient production of totally useless items;

2) **The rate of reinvested profit** ($S'/C + V$), or the rate at which the surplus product can be ploughed back into productive activity;

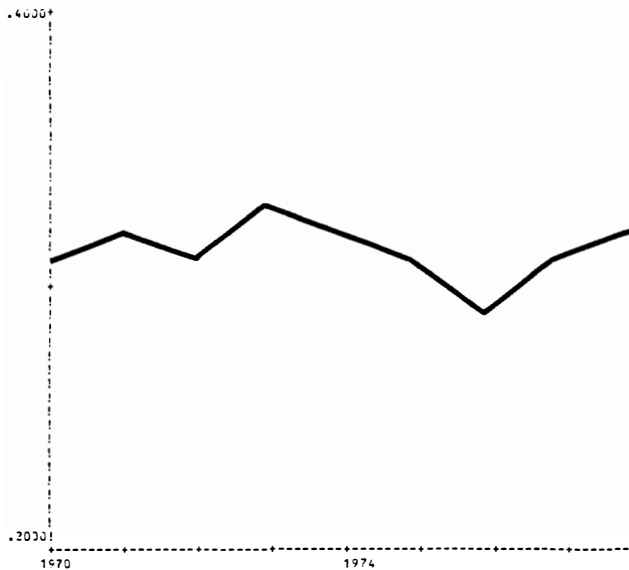
3) **The capital intensity of production** (C/V), or the ratio of "artificial" to human labor.

Figure 1 shows the total tangible profit of the economy and its reinvested component, in millions of 1970 inflation-adjusted pesos. Total output of the economy doubled over the decade, with a brief growth pause in the 1976-1977 period, largely due to the International Monetary Fund program accepted by the Echeverria administration. Growth picked up again dramatically after 1977 due to the boom in oil revenues. However, the component of tangible profit reinvested into goods-producing activity stagnated after 1976.

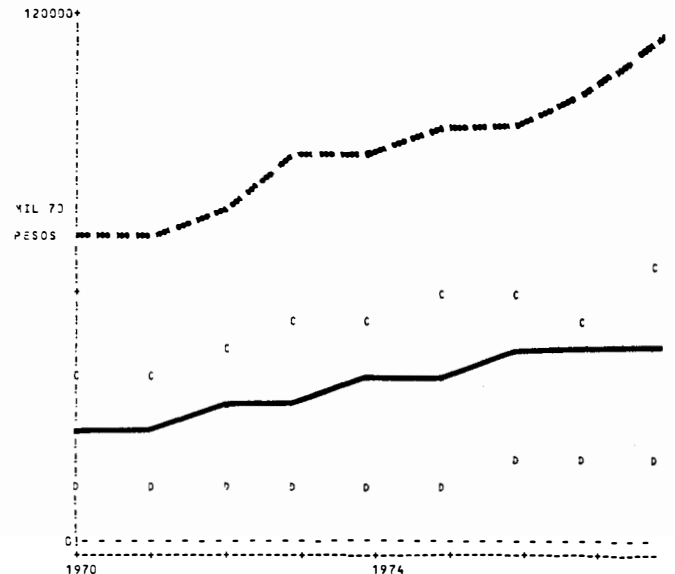
Figure 2 shows reinvested profit and profit consumed as



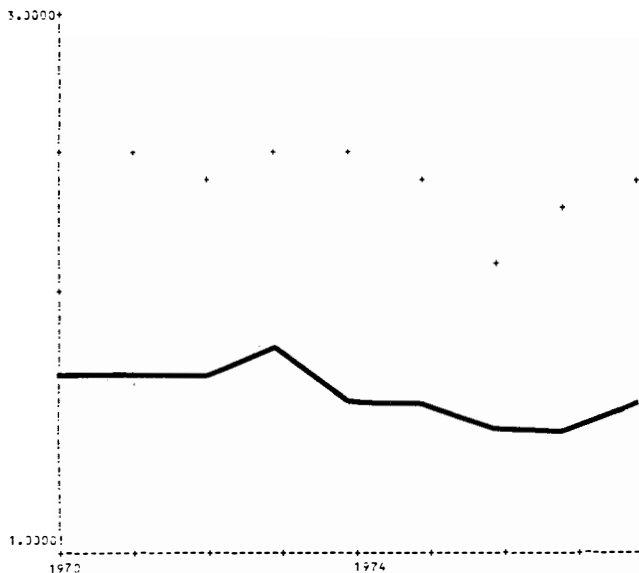
overhead on the same scale, as percentages of total profit. Except for a brief change during 1975-1977, overhead costs—overwhelmingly consumption of the non-goods-producing workforce, i. e. the middle class—consumed about 60 percent of total profit, against about 40 percent for reinvestment. By international standards, this is not bad; on the contrary, the best reinvested profit level the United States achieved during the past decade was one-tenth of overhead cost, and the best West German level was three-tenths of overhead costs. However, starting from Mexico's low level, the second graph shows an excessive diversion of profit into over-



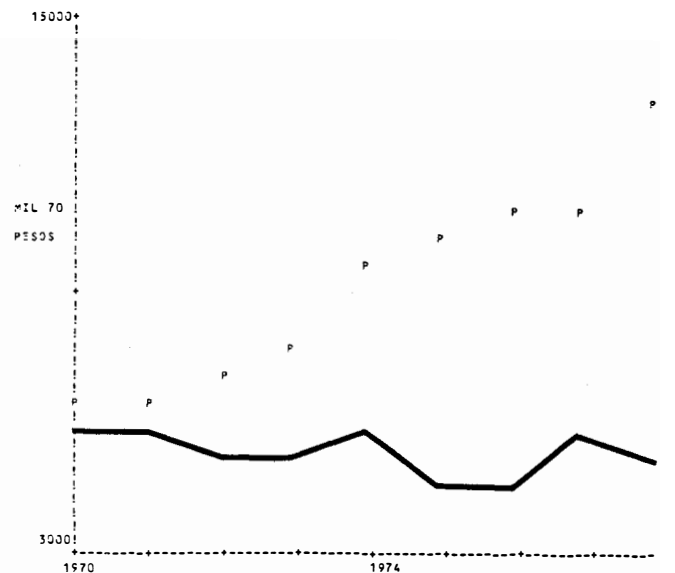
GRAPH 3: CAPITAL INTENSITY OF MEXICAN ECONOMY (DEPRECIATION COSTS OF CAPITAL STOCK LABOR COSTS, 1970-1979)



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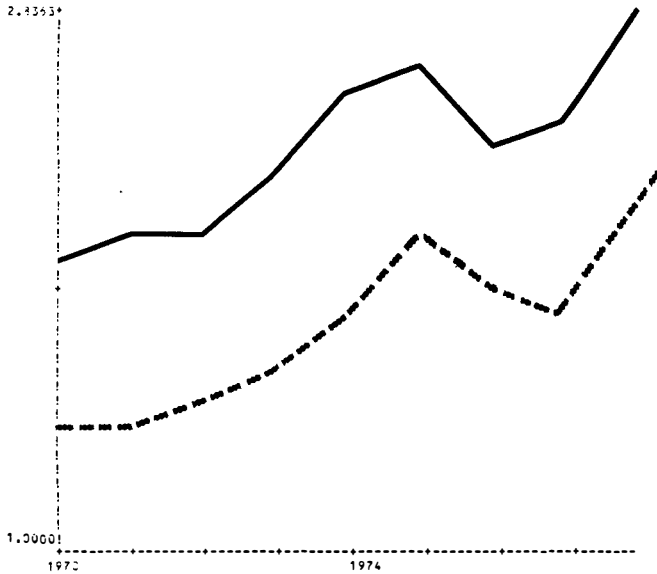
head expenditures. (This category does not include government-sponsored projects, which, if they produce goods or provide transport, are counted as reinvested profit; it is essentially identical to middle-class consumption in the Mexican case).

Figure 3 shows the capital intensity of production, which does not change over the decade. This is not as surprising a result as it might seem; since 70 percent of the Mexican industrial boom, which doubled the size of the economy, occurred in the lower end of the technology scale of U.S. industry, assembling parts imported from the United States,

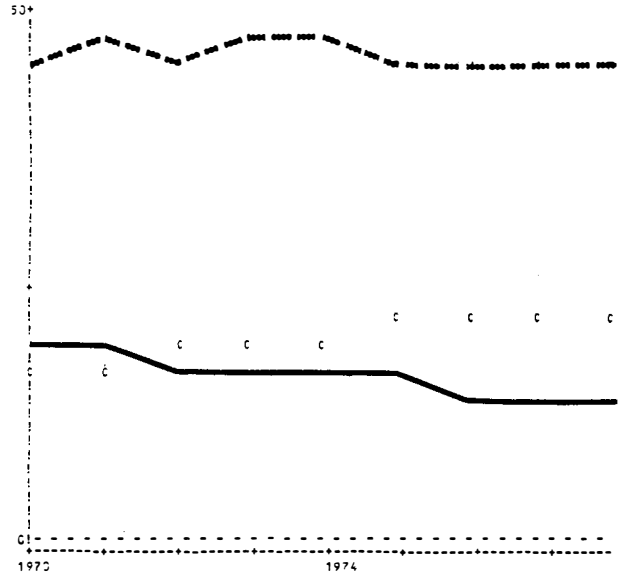
there was no need for capital per worker employed to augment. However, it is a fundamental sign of stagnation.

Figure 4 shows the total-factor, or thermodynamic, productivity measure $S/C + V$, along with a measure of the productivity of labor S/V , or tangible profit over labor costs. Both measures actually decline over the decade, indicating a situation worse than stagnation.

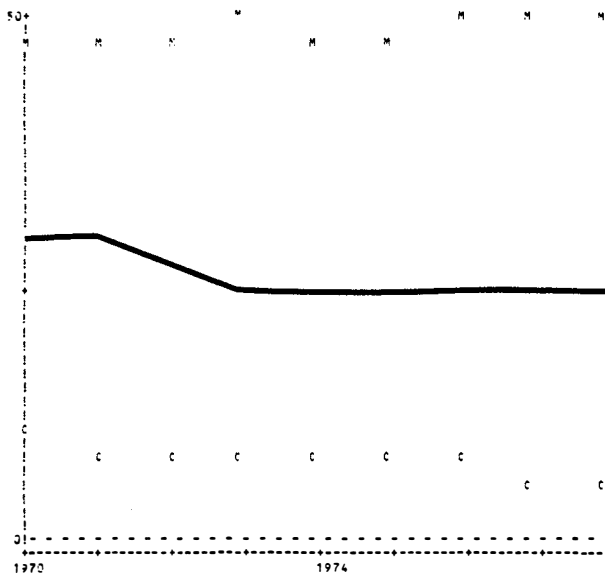
Figure 5 shows the tangible profit, net capital investment (above depreciation costs), and tangible labor costs of the economy. It is necessary to further disaggregate the economic results to locate the source of the stagnation within the



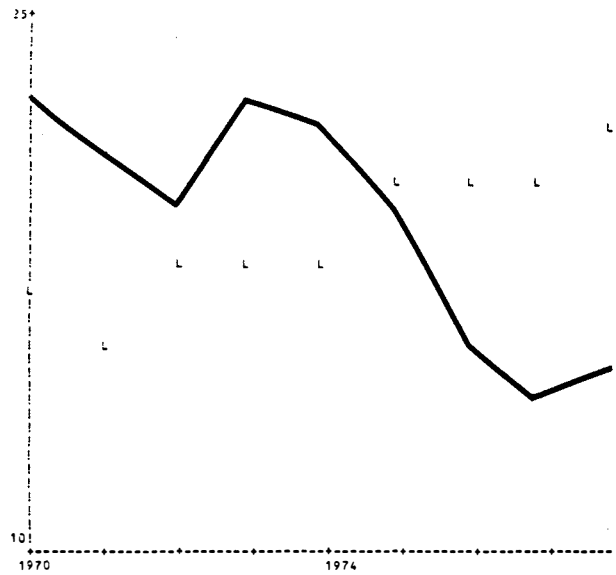
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productive sector.

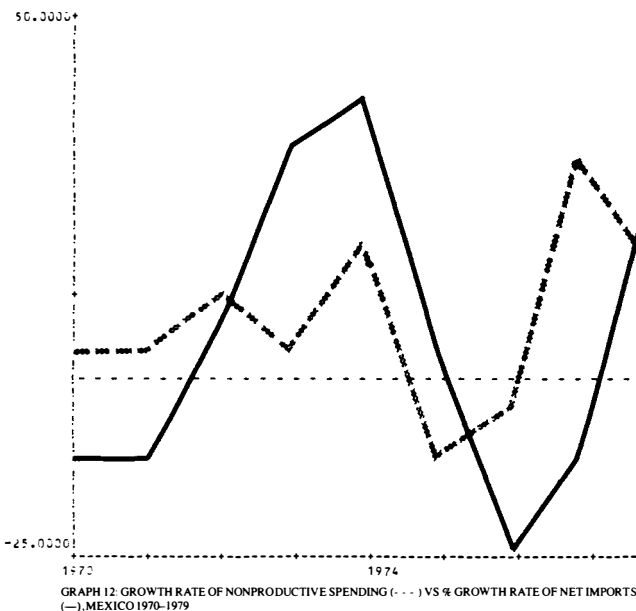
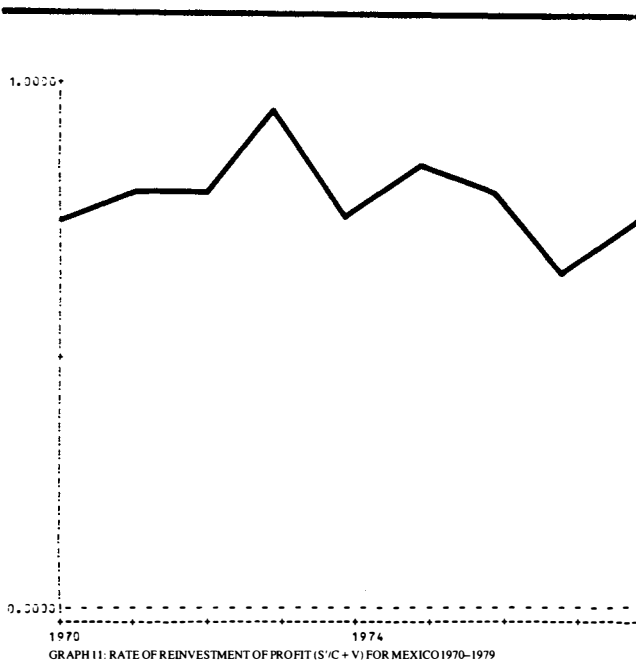
Figure 6 shows the rise of the tangible profit of the petroleum and mining sector of the economy, the most technologically advanced part of the Mexican economy;

Figure 7 shows the sharp rise in its productivity. While the performance of the petroleum sector represents an unquestioned success, its share of total tangible profit—only 6 percent of the total economy—is too small to influence the results of the total.

Figure 8 shows the tangible profit of three sectors, i.e. manufacturing, agriculture, and construction, as a percent of

total tangible profit. Noteworthy is that while the relationships remain fairly constant until the 1977-and-after boom period (except for an early-1970s decline in the relative share of agriculture), both agriculture and manufacturing decline at the expense of construction during the boom period. The rise of the construction sector's share of the economy is even more noticeable in Figure 9, which shows the portion of total tangible labor costs consumed by the three largest sectors.

Figure 10 shows what a drag on the economy this has represented; the labor cost of the construction sector has risen much faster than its profitability. In fact, the construction



sector's profitability collapsed during the late 1970's, as the construction labor force doubled to a peak of 1.8 million workers by 1980. The new employment was not matched by investment in capital equipment, and the already labor-intensive industry became virtually primitive in most applications.

The combination of a stagnant manufacturing industry riding the back of an oil-fed import boom; an agricultural sector that remained backward; and a labor-intensive production boom combined to outweigh the productivity growth in the efficient, but small, auto sector. Also important is the fact that the transportation sector's share of total profit rose from

8 to 13 percent of the economy during the decade, i.e. that the social cost of transportation rose by a clean 5 percent, coming out of potential growth in other areas. This reflected substitution of highly inefficient trucking for unreliable and slow rail transport, reflecting a higher average cost. The average length of a trucking haul in Mexico is several times larger than that of any other country, due to the lamentable state of the national rail system.

As noted earlier, the context for these adverse results had been a rising flow of profit into overhead consumption at the expense of productive consumption. **Figure 11** demonstrates that the rise of overhead spending led the import boom throughout the 1970s. It shows the growth rate of net imports against the growth rate of non-productive spending; the two curves are improbably similar. Since 80 percent of the import volume is listed as either "capital goods" or "intermediate" goods for industry, this relationship demonstrates what is otherwise obvious: that the growth of Mexican industry has been oriented to producing consumer-goods for the middle class.

Figure 12 summarizes all the above results in the crucial ratio $S'/C + V$, or the rate of reinvested profit; this ratio ends the decade below where it started. Despite the boom growth of the economy, the economy's *future capacity to grow* declined! This initially surprising result is not, after all, that strange; production of consumer durable goods for middle-class consumption does nothing to enhance future growth prospects, particularly when agricultural backwardness, primitive construction methods, and transportation bottlenecks continue to constrain the economy.

Nonetheless, these results have a decidedly positive content from the Mexican standpoint; read backwards, they show what the Mexican economy could do were it to do things right. First, the fact that the bulk of industrial production has serviced overhead expenditures shows that the country has much less to lose from a temporary, if massive, industrial shutdown than might seem apparent. It would mean the middle-class would have to use the same autos, refrigerators, toasters, and television sets they now own for the next several years. Second, much of the industrial base could be used for basic capital goods, e.g. construction and agricultural equipment instead of autos. Third, the major projects (e.g. the Northwestern irrigation system, or PLHINO) under construction might be accelerated and yield major productivity benefits in the next two to three years. Fourth, a really tough administrative reform of the rail system might yield impressive short-term results.

EIR will release the results of a computer-based study of the type of policy reorientation in the near future, after it leaves the domain of privileged discussions with experts now tackling the problem. However, it is worth emphasizing in conclusion that the type of errors that plague the economic methods employed by the International Monetary Fund may lead the IMF to false conclusions concerning its relative bargaining position in the case of Mexico.

Will the Polish government wield the debt bomb for national survival?

by Rachel Douglas, Eastern Europe Editor

The question of debt is increasingly being discussed in Warsaw as a matter of national survival. A stop-gap agreement will have been signed to reschedule Poland's 1982 hard-currency debt owed to commercial lenders, during the first week of November. Warsaw pays the banks \$480 million, which is 5 percent of the principal and one-third of the interest due, while approximately \$600 million remaining in interest due is recycled as trade credits.

This interim solution to a small part of Poland's 1982 cash problem (on the more than \$10 billion principal and interest owed to Western governments this year, there has been neither agreement nor negotiation, since the imposition of trade sanctions) leaves the debt looming all over the other issues facing Poland.

Polish estimates reported in the Swiss press are that, under rescheduling arrangements such as those worked out with the banks for 1981 and 1982, Poland's debt is headed from its current size of \$27 billion to \$100 billion by 1990, and that only if it were given a grace period of 15 to 20 years without paying principal or interest would Poland recover sufficiently to pay its creditors at all.

On Oct. 8, Poland's military ruler, Gen. Wojciech Jaruzelski, created an opening for a big shift in policy on the debt problem. That was the day he fired eight government ministers, including the country's most persistent advocate of joining the International Monetary Fund, Finance Minister Marian Krzak. It was Krzak who oversaw the debt renegotiation from the Polish side. Following his dismissal, a rash of statements came from senior officials, driving toward the conclusion that payment of the debt—however rescheduled—might not be compatible with the national interest. Whereas Krzak had reportedly said in August that nobody in Warsaw wanted to freeze payment on or repudiate the national debt, and told the *Financial Times* of London that "we still want to become a member of the International Monetary fund," officials in more recent statements suggested otherwise.

In October, Prof. Zdzislaw Sadowski of the government department for economic reform said that a moratorium on debt payments "for a few years" would be prerequisite for carrying out any serious economic reform. Then, withdrawal of Poland's Most Favored Nation status by the United States prompted a more militant assertion of the moratorium option,

by Deputy Prime Minister for trade matters Zbigniew Madej, who said: "The question arises of whether we should and whether we can continue our present policy of fulfilling our financial obligations, if the U.S. government is hampering our exports to America."

On Oct. 27-28, a plenum of the communist party was devoted to the progress of economic recovery and reform. It began with a Politburo report by Central Committee Secretary Manfred Gorywoda, who said that "settlement of debts must not . . . be made at the cost of depriving Poland of its production capabilities," a reference to the drastic cuts in imports that have been made in order to raise even partial payment of the debt. Diversion of funds into interest payments has meant a shortage of money for food imports and for buying parts needed to keep industry producing.

There is heated debate in Poland over what parts of the national economy will be put on the chopping block. Prof. Sadowski, who advertised debt moratorium as the door-opener for economic reform, explained that reform to a West German conference Nov. 4 as a matter of more austerity—a cut-back of the standard of living and of industry in which only the military and the transport sector would be spared.

The debt bomb

Would Polish default lead to wrack and ruin? Not necessarily. On Oct. 11, *EIR* founder Lyndon LaRouche suggested that what Poland most needs now is to approach its debt burden the way Ibero-American countries, starting with Mexico, began to deal with theirs. Polish national interests would be served, said LaRouche, not by knuckling under to the austerity demands of the IMF, but by using the debt as a weapon to fight, along with Ibero-Americans, for a new monetary system geared to enabling recovery of national economies and world trade.

The goal for anyone truly concerned about the fate of Poland, LaRouche said, should be to free the country from southern German imperialism as well as from Russian domination—without demanding that Poland leave the Warsaw Pact. He pointed to the south German oligarchy's encouragement of Poland's destabilization during the past two years—through such agencies as the Bavaria- and Vienna-concentrated Catholic oligarchical faction's input to the Solidarnosc

movement—as evidence that Poland has the same enemies as Ibero-America. The debt weapon could be used by them both in a fight for “sovereign nation-state republics, and . . . the establishment of a world order dominated by a community of principle among such sovereign republics,” which La-Rouche defined last year (*EIR*, June 30, 1981) as the solution to the question, “Can Poland Yet Be Saved?”

British banking sources have said privately that they are watching the pattern of collaboration among debtor countries, concerned that Poland might be attracted to those efforts. Tours of Ibero-America in recent weeks by Polish trade officials and by Foreign Minister Stefan Olszowski have resulted, thus far, in several barter deals of Polish coal for grain and oil (see article, page 35).

The British sources expressed the intention of offering Poland an individually tailored solution, even at the price of more rescheduling and *de facto* moratoria, in exchange for “constructive” reform—putting consumption and sections of industry on the chopping block in order to pay debts.

Wrangling over the economic reform occupied much of the Central Committee plenum. The first phase of reform, instituted in January 1982, consisted solely of crisis-management: drastic price hikes and rules for accountability of companies is to turn a profit or face being disbanded.

One purpose of the price hikes, coming after wage increases won by Solidarnosc, was to limit consumption (some products were rationed), so as to reduce imports. But the plenum heard recriminations against price-setting officials for callousness with regard to the population, the purchasing power of whose currency fell by 30-40 percent since Jan. 1. While fending off criticism, the government has yet to fashion a more comprehensive economic program.

There was some attempt by party members to make political capital of the anger about prices, at Jaruzelski's expense. The most extreme challenge to Jaruzelski's competence came from Tadeusz Grabski, an ousted Politburo member who boasts connections in Soviet and East German party circles, in a letter circulated to his co-thinkers—and, assiduously, to Western reporters. Grabski's attack on over-concentration on the economic reform as a detriment to the party's ideological integrity received wide publicity in the Western media, even though it did not make it onto the floor of the plenum of debate. Grabski is also marching under the standard of “debt moratorium,” according to reports of his opinions circulating in Europe; but for him, this would be aimed not at the goal of a reorganization and revival of world trade, but at shutting down relations with the West and wreaking as much havoc as possible while doing so.

According to government spokesman Jerzy Urban, the government hopes to end martial law by January 1983. Both Urban and Jaruzelski, however, said that an outbreak of strikes and demonstrations would change that timetable once again. This condition will be tested on Nov. 10, by the scale of response to a call by underground leaders of the banned Solidarnosc organization, for an eight-hour strike.

DOE admits sabotage of U.S. fusion power

by Paul Gallagher

Thermonuclear fusion energy and related plasma-age technologies are the frontier of technological breakthroughs and future industrial strength for both the superpowers, and other nations of the world. Until early October of this year, the Department of Energy (DOE) and the office of the President's Science Adviser (OSTP) maintained that the United States was pursuing fusion as rapidly as its scientific progress justified, despite failure to carry out the Magnetic Fusion Energy Engineering Act of 1980. The Act's mandated goal was commercial fusion by the year 2000; the DOE and OSTP under Reagan have continued the Carter policy, in late 1980 and early 1981, of denying that such a goal was possible *or necessary*.

Now, following embarrassing exposures during recent months of ongoing sabotage of the rate of progress of fusion R&D, including exposés by *EIR* and by *Fusion* magazine, the DOE has admitted to Congress that the United States is needlessly delaying fusion development.

On Oct. 1, members of Congress received the DOE's Program Management Plan for the future of the American magnetic-fusion effort. The plan suddenly abandons the past year's figleaf of attacks on the scientific and engineering “readiness” of fusion by White House Science Adviser George Keyworth and the Office of Management and Budget. It admits that those agencies' sabotage will probably delay commercial fusion energy by at least a decade, in violation of Congress's mandate to develop this technology on a crash basis.

The effect of this report to Congress is akin to the point in the old television courtroom dramas when the guilty party was forced to rise, admit the crime, and blurt out what delusion led him to commit it. The Oct. 1 plan lists clearly, in a section on “Options, Risks, and Benefits,” the major areas of difference *as to effects* between the current austerity program, and one which would actually follow through on the 1980 Act. It shows in detail how the recommended DOE “option” will fail, and implementation of the Act would succeed.

No engineering stage

Without going into technical detail in this space: the DOE plan apologetically restates the decision *not* to build an engineering-center facility to ignite fusion plasmas, generate

reaction products and power, and test the results on materials, fuels, and various reactor designs for magnetic-confinement systems. Such a facility, based around the essential development of such "systems-integrating devices," was the central feature of the 1980 McCormack Fusion Engineering Act. The plan lists the dubious "benefits" of dropping the legislative imperative as merely "minimizing near-term costs" and "not requiring input from outside the U.S. fusion program [sic]".

The plan proceeds to list its own effects as "risks": first, future decisions on reactor designs will be made with inadequate information; second, long delays (delays of up to a decade) are virtually certain in construction of an engineering test reactor, which is the next step after a general fusion-engineering center program; third, such a reactor is likely to fail to meet its performance goals; and fourth, no proof-of-principle is likely for any alternative design other than the mainline tokamak. The tokamak, while clearly the most developed reactor, is known to be by no means the most advanced fusion facility design.

In closing, the plan presents as an "option" the re-establishment of the national mission orientation and timetable to "reach a fusion demonstration reactor . . . during the late 1990s to demonstrate economic feasibility." The missing ingredient, of extreme importance for national economies and populations throughout the world, is identified as "the level of funding specified in the Magnetic Fusion Energy Engineering Act of 1980."

The only justification even referred to in the plan for delaying fusion energy far into the 21st century, is "the condition of the national economy." But by postponing fusion power to at least 30 to 40 years from now, the administration's new substitute for a policy forfeits fusion as the 1995-2000 "horizon point" for an immediate recovery of the world economy from depression, which would be effected by broad infrastructural-development projects and worldwide electrification.

So vast is the current electrical energy deficit of the underdeveloped world (now estimated at 3 million megawatts of capacity), and of the "formerly industrialized nations" like the United States, that to close this deficit a world nuclear revival will have to lead very rapidly, by the end of the century, to the development of thermonuclear fusion reactors, with far higher power densities and with many more applications to increasing human productivity.

A recent economic/demographic study by the Fusion Energy Foundation proved that this overwhelming energy deficit in the developing nations, due to the denial of nuclear energy while fossile fuel costs escalated over a decade, cost the lives of 115 million people, 75 million of them children who died needlessly before the age of 15.

Political effects

The DOE's extraordinary admission of footdragging on fusion points the finger at Science Advisor Keyworth, and

the Friedmanites who have undercut what remained of scientific dirigism—government guidance of the pace and direction of scientific and technological development, as in the NASA program.

Under Jimmy Carter, the DOE tried to dismiss the McCormack Magnetic Fusion Act as "permissive legislation."

President Reagan, by appointing Keyworth, visited even worse leadership upon the fusion program. Himself a plasma physicist, Keyworth wielded budget cuts to try to force laboratory directors and experimentalists to admit the "scientific unreadiness" of the program for the engineering stage of development; Keyworth has repeatedly claimed that there is no need for a new energy source for the foreseeable future.

Keyworth is, in turn, being programmed by the Friedmanite Heritage Foundation controllers of OMB Director David Stockman. On Oct. 14 he told a Wall Street audience: "Government displays notorious ineptness when it tries its heavy hand at accelerating the development of technologies. The number-one example was the federal attempt to speed up energy technologies."

Obtaining the confession

The Program Management Plan itself came out of meetings of the Magnetic Fusion Advisory Committee, made of DOE fusion officials and leaders of the program from the nation's national laboratories. The early-June 1982 meeting of MFAC was dominated by an opening presentation by Keyworth, retailing these falsehoods. DOE officials used Madison Avenue language to glorify postponing the fusion engineering and development stage "while we better define our product in the perception of the country." They recommended a kind of five-year "contest" among experimental reactor designs, from which only one design would survive, to go on to engineering development. While this was going on, they said, any attempt at engineering-testing of power-reactor conditions, materials, and so forth would wait. It was clear that one or more lines of experimental reactor design was to be terminated immediately.

Executive Intelligence Review exposed that meeting in its Aug. 17 issue as destruction of scientific morale through budget chiseling. *Fusion* magazine published a special issue demonstrating how the fusion timetable could actually be further accelerated by exploiting new innovations in fuels and reactors. At the MFAC and international fusion meetings in early September, that special issue was much commented on by American and visiting scientists. The environmentalist British magazine *New Scientist* admitted in mid-September that Keyworth had failed to get the scientists to police themselves by deciding which of their programs to eliminate. The program's leaders in government and private-sector laboratories are insisting on what they knew to be the truth: the scientific feasibility of fusion has in fact already been demonstrated.

Now, as a result, the DOE has admitted to Congress that the "Apollo Project" for fusion could succeed.

The silver boomlet

Is the doubling of the silver price since June a signal of a turn in metals prices, or just a maneuver?

Until the Nov. 2 elections had passed—and the stock market appeared to be grabbing all the headlines on speculative money flows—major financial journals had given barely a word of coverage to the 100 percent rise in the price of silver from July to the end of October.

On Nov. 4, the press playdown ended. Dow Jones headed its morning market report with a 13 cent rise in the silver price which had just occurred in the first hour of trading. The same day, the leading Swiss financial daily commented, "Were there only a shift in the market mood . . . considerable rises" in metals prices might occur.

What has happened is that silver, which was sitting at a four-year low last June at \$4.98, is now trading at \$10.60. A big part of that rise occurred in a few weeks, between Oct. 4 and Oct. 22, when the price rose 32 percent. Copper has also gone into an upswing: end of October, three month cash bars were trading 11 percent higher than at the beginning of the month. These compare to a gold price rise of 12 percent during October.

Various rumors are circulating as to why metals prices have shifted.

According to a financial source plugged into Switzerland, "There is a group of people trying to put a squeeze on December silver." A Wall Street brokerage house reports "a strong underlying demand by investors for physical silver."

These fellows explain the demand by referencing that old yarn about a "recession-based recovery": the met-

als market has been in a slump for so long, that there's no bottom left. Also, secondary supplies (scrap, jewelry), have already been consumed. "Metals are so depressed," the Wall Street source laid out, that "even in the absence of a demand recovery, the downturn in supply could promote a substantial price recovery."

On copper, Switzerland's *Neue Zürcher Zeitung* suggests that a major copper-for-oil deal may have just been executed by a top copper producer. Copper producing countries, *NZZ* notes, are now working up annual contracts for delivery, and there is nothing they would like better than to post a price rise on the London exchange as a reference for pricing.

Most sources downplay the rumor circulated in the *Wall Street Journal* Nov. 1 that the Soviets induced the silver price rise. It appears that the Soviets did in fact buy 10 million ounces of silver on the London Metals Exchange during October, but came on board after somebody else was already in on the market.

Who will benefit from the silver and copper price rise?

Silver is a favored speculative investment among a readily identifiable group of international investors. They have a preference for silver because it is a "monetary" metal, which, similar to gold, is a convenient stepping stone for shifting portfolios out of one speculative area into another. When short-term considerations are dominating investment shifts, silver is even preferable to gold, because it is cheaper,

and therefore can be deployed with smaller sums.

Around the City of London, there are plenty of investors who are convinced that, somewhere down the line, the only investment that will be worth anything is investment placed in raw materials. One of the chief spokesmen of this group, Sir George Boulton (who died recently), a director of the Lonrho mining interests, proposed a few years ago that a new international monetary arrangement should be set up, linking the value of all currencies to nations' raw materials output.

Sir George typifies both the thinking and milieu of investors who have a particular affection for silver as a vehicle for shifting portfolio investments.

The dilemma this London circuit faces is that at some point soon, they must move substantial margins of funds. They've watched multi-billions going through the stock market, U.S. real estate, and into purchase of Treasury bills. With the exception of T-bills, which will remain safe longer than the rest, the stock market and real estate bubbles are heavily overplayed, and certainly will not last forever. A silver price rise becomes a convenient vehicle for this crowd in preparing their next round of speculative ventures.

Note that if the copper price rise sticks, we can be sure a lot of high-level, political deal-making will follow in its stead. Developing country producers of primary metals are in a big debt squeeze. Their bank creditors have told them that a U.S. economic recovery will improve their balance of payments, by upping demand for primary metals. If the absorption of secondary supplies helps bolster metal prices, we can be sure the creditors will hold this up as proof that a settlement of the debt crisis on the banks' terms is feasible.

Compromise on U.S. water

Higher irrigation costs and lack of a development push characterize the new reclamation act.

The final form of the legislation to amend the 1902 Bureau of Reclamation Act that President Reagan signed into law Oct. 7, rather than setting any long-range water development policy, is a compromise between the needs of farmers, and the industry-wrecking policies of the free-market proponents and the environmentalists. As the National Grange asserted about the reform, it violates the intent of the original legislation by putting greater economic pressure on the family farm, rather than assuring its capability to produce.

Title II of the amendment changes the amount of land an individual farmer or small corporation owns that is eligible for federally subsidized irrigation from 160 acres to 960 acres. Corporations with 25 or more shareholders are limited to 640 acres. The same regulations apply to leased land. For use of water from federal projects for any acreage over these amounts, the farmer will pay "full cost."

Despite the nominal expansion of acreage eligible for subsidized irrigation, the law actually, for the first time since the Bureau of Reclamation was established, limits the size of eligible farms. The 1902 law, established for what was at the time a good-sized farm, was over its 80-year history re-interpreted and ultimately not enforced, to allow farmers to expand their irrigated acreage.

This policy, in conjunction with such massive water-development projects as the Hoover Dam, made the productivity of California's Imperial

Valley possible. That area supplies 50 percent of American fruit and vegetables.

The number of farms over 960 acres is small, only 3 percent, but these farms are concentrated in California. Ninety percent of the over-960-acre farms are family-owned and-operated.

Although the Interior Department was willing to continue non-enforcement of the 1902 law, the environmentalist group, Land for the People, won a suit in the Supreme Court in 1977, to force strict interpretation of the law. Congress was eventually forced to amend the law, to prevent the destruction of all support for large-scale agriculture. But the opportunity was not taken to introduce any long-range water development policy. Organizations such as the National Water Resources Council, the Grange, and the Farm Bureau compromised with environmentalist and free-market advocates.

"I agree with you, a water resources Council spokesman told *EIR* when reached for comment Nov. 1. "We should have fought for much more. But under Carter we had nothing. At least now we have something."

But this bill, although it appears benign at present, could do a great deal of harm. For the next four years farmers who have long-term contracts with the Bureau of Reclamation will be able to keep them, and only new contracts will come under the amended regulations. But then, all existing contracts will have to be renegotiated.

This will hit the farmers in two

ways. First, contracts are set on the basis of current interest rates. This means that farmers who contracted for water over 20-year periods will face a large increase in the cost of their water, even if it is subsidized. Worse, there is now a demand to abolish all long-term contracts, and review them all on an annual basis, to prevent "unfair" pro-rating of water costs. Under the old law, short-term or new users paid higher rates to make up for "losses" due to lower rates for longer-term users within a district.

Charges to users are based on original construction cost and maintenance of the water project. The farmer pays interest, up to the current 13.5 percent, based on his acreage.

Lack of cheap water will affect both crop abundance and variety. Senator Lugar of the House Water and Power Sub-Committee defended the new bill to *EIR* in an interview Oct. 28, stating, "In our free-market system, rather than tell the farmer what to grow, we are telling him how much subsidy he gets, and to let economics, not the government, determine how much land will be irrigated and what crops to grow."

But lack of water will rapidly reduce the fertility of the soil, because reduced irrigation means that mineral salt deposits will not be flushed from the soil. And many crops, such as lettuce and soybeans, which can be produced as second crops because they require only a short growing season, will not be profitable for farmers when water costs rise.

With next to nothing appropriated for actual water resource development in this bill—Title I allows only \$106.7 million for the improvement of the Buffalo Bill Dam in Wyoming—the ultimate effect of this "reform" will be to diminish water resources vital for American agriculture.

Business Briefs

Real Estate

The U.S. market fizzes downward

Top New York real-estate sources see prices and rents "in the doldrums for at least the next three to five years," after sharp reductions in portfolio valuations in New York and most other urban centers during the past six months. The inability of real estate developers to continue to float a \$2.5 million overhang of unleased office space nationally finally brought down the highest-priced real estate deal ever, the \$1,900 per square foot Cadillac Fairview purchase of a Citibank property.

The Bronfman-controlled company walked away from a \$21 million down payment last month, leaving the property to return to Citibank in lieu of its mortgage.

Commercial banks still have \$100 billion in unfunded real estate loans, i.e. development loans not yet retired through mortgages.

Since mortgage rates remain higher than other fixed income rates, however, some of the larger life insurance companies have reentered the mortgage market as lenders.

This has not been sufficient to boost the investment market in urban or suburban properties, industry sources say, but the flow of new mortgage funds has been adequate to forestall a wave of bankruptcies among top-name developers.

Corporate Strategy

Big dealers vie for small companies

A private investors' group of four concluded on Nov. 1 purchase of the Bunker Hill Company of Idaho, producer of 20 percent of U.S. primary refined silver, from its previous owner, Gulf Resources and Chemicals of Houston, Texas.

The quiet completion of the transaction concludes a years-long saga, in which several competing investment groups maneuvered to gain control either of the parent company or its silver-producing subsidiary.

The sell-off of Bunker Hill follows by give months an unfriendly takeover executed against Gulf Resources by an unusually high-level investors' group. Heading the group is British subject Alan Clore, heir to the fortune of his fabulously wealthy father, Sir Charles Clore, creator of Britain's dry-goods empire, Sears.

Clore was aided in his bid for control of Gulf Resources by a top Wall Street banker, Kenneth J. Bialkin, lawyer with Wilkie, Farr and Gallagher, and director of Shearson/American Express.

Another member of the group, Averell Harriman Fisk, is the conservatively bent grandson of Democratic Party figure Averell Harriman.

In accumulating shares of Gulf Resources, Clore made use of an account with Shearson/Amex's Paris office, which is run by the cousin of one Guy Naggar, chairman of the Geneva-based Keyser-Ullman bank. Keyser-Ullman, one of London's dirtiest investment banks, apparently helped coordinate the group's joint acquisition of shares in Gulf Resources.

Wall Street analysts have voiced mixed reactions to this heavy-handed takeover.

Some praise Clore as a "serious investor with the brains to recognize the value of basic materials, despite the recession;" others are laughing at him for acquiring a firm with heavy losses.

The Bunker Hill subsidiary meanwhile has been shut down for a year now, and its new owners say there are no current plans to reopen the silver mines until a solid economic recovery is underway.

Academia

The heritage of Prof. Abba Lerner

Queens College economist Abba Lerner died Nov. 3, leaving a gap in the American economics profession's study of totalitarian economies.

Lerner emerged in 1975 as a leading proponent of what *Challenge Magazine*, which Lerner advised, called "Fascism with a Democratic Face." A founder of the Initiatives Committee for National Economic Planning, Lerner associated himself with a

perspective for economic controls that *Challenge* magazine approvingly described as "the acceptable face of fascism."

In 1946, Lerner had published a treatise entitled *The Economics of Control*, advocating an explicitly totalitarian economy in which the state controls each facet of economic life.

It was Milton Friedman who argued, in his review of Lerner's treatise, that "totalitarian direction might achieve the same allocation of resources as a free price system," and "achieve a reasonable approximation of the economic optimum," recalling that the ultra-right Chicago School has not hesitated to oversee dictatorships like Pinochet's.

Conference Report

Cini Foundation: 'End Third World growth'

A three-day conference on "Cooperation and Development" held by the Giorgio Cini Foundation of Venice, reached the "consensus" that economic policy for the Third World had gotten "very bad results . . . with forcible industrialization, one deprived of the graduality required to eliminate the vicious cycle of hunger, low productivity and underdevelopment. . . . Cooperation for development must be based on micro-interventions and the boosting of agriculture," in the words of French economist Pierre Uri, a top adviser to the Mitterrand regime now wrecking the French economy.

The Cini Foundation is the "cultural" headquarters of the ancient Venetian financial oligarchy.

Italian Foreign Minister Emilio Colombo cited "the grave problem of external debt, which threatens to provoke a series of defaults in countries such as Mexico, Argentina, Brazil, Peru. . . . The problem becomes intractable. . . ."

Colombo proposed a European Community conference on debt, to include the United States and Japan, based on principles he proposed at the Ottawa summit "to reduce aid [for development] to give greater room for the autonomous resources of the Third World. . . ."

Trilateral Commission member Piero Bassetti, head of the IPALMO institute,

Briefly

criticized "the trauma caused by overhasty industrialization too concentrated on a few poles of development." We must end, Bassetti said, the illusion that "the key to development was cheap credit."

Banking

BIS's Cooke Committee planning bailouts?

The Bank for International Settlements' "Cooke Committee" on bank supervision and regulation met in Basel, Switzerland Nov. 5 to discuss world arrangements for "lender of last resort" by central banks to private banks, a source close to the Bank of England told *EIR*. The Group of Ten central banks "have already worked out contingency plans for the big ten industrial countries, such that they have agreed to bail out their banks. The state of the world banking system is too precarious" because Mexico and others are not paying foreign debts, he said.

The Group of Ten met in Basel Nov. 5 with other central bankers from Luxembourg, Hong Kong, the Grand Caymans, and other leading offshore centers, to "lay down the law" on how offshore centers are to be treated.

International Credit

Funding crisis in interbank market

The interbank market continues to face a funding crisis, according to an official of the New York Federal Reserve bank, although no pullouts of funds are expected. But an emergency situation is developing in branches and agencies of major U.S. banks in Mexico and other nations facing debt crises. Offshore depositors, starved for cash by the shift of flight capital to the American markets, are removing their funds from these subsidiaries, and head offices are unable to cover the loss.

If the crisis continues, it could become the first situation in which American banks abandon their subsidiaries anywhere.

Otherwise the interbank market is re-

maining stable, although anticipation of massive financial crisis is demonstrated by the unprecedented decline in the growth of the market in 1982, reported by the Bank for International Settlements for the first two quarters of the year.

Total new net lending for this period, at \$69 billion, is drastically below the 1981 figure of \$94 billion.

This decline subsumes a major shift of activity to the United States banks, whose total external assets grew by \$37.5 billion while those of European and Japanese banks fell by \$4.7 and \$8.4 billion, respectively. According to the *Neue Zürcher Zeitung*, the BIS attributes this shift to the opening of International Banking Facilities in the United States in December 1981.

This tremendous growth of U.S. interbank lending came in response to the massive inflow of European, Japanese, and Ibero-American flight capital to the United States, and the virtual collapse of the old, London-centered system of redistributing cash to other banking centers.

Domestic Credit

Foreign funds edge out of market

European money managers who began buying U.S. equities in May, during the worst of Wall Street's dog days before the 250-point runup of the Dow-Jones average, are now cautiously liquidating stocks.

Foreign money, which poured into American investments at an unprecedented rate during 1982, left the real estate market in May, after building prices and rents collapsed by 40 percent from their beginning-of-the-year peak, and shifted into equities.

A poll of European fund managers who handle large investment trusts shows a range of expectations that begin with a prediction of big trouble within the next two years, to predictions that the present boom will turn out to be the equivalent of the pre-1929 bubble.

Large European investors have not fled the market en masse, but most of the European managers appear to be liquidating cautiously, anticipating a big market downturn in the foreseeable future.

● **JAPAN'S EXPORTS** fell again in October, as measured by export letters of credit, contracts that indicate what the level of export shipments will be 2-3 months hence. Export L/Cs fell to \$7.9 billion, almost 6 percent below the level of October 1981. This is the tenth month in a row that exports have fallen below the year-before level. Japanese officials foresee continued world recession, but say the export plunge of spring-summer has now stopped and exports will "scrape the bottom" for a while.

● **LORD NICHOLAS Kaldor**, 74-year old Hungarian veteran from the team of Maynard Keynes' young apostles, and himself a later chief advisor to Harold Wilson, accurately denied a *New York Times* report that he was the man behind Mexico's aggressive policy of bank and central bank nationalization, and the debt bomb.

● **MAHBUB UL HAQ**, former World Bank vice-president and Deputy Chairman of Pakistan's Planning Commission, announced Oct. 26 following a five-day visit to Tokyo that Japan will extend \$158 million in economic assistance to Pakistan this year. Japan is considering a long-term commitment of aid for Pakistan's Sixth Five-Year Plan.

● **THE PHILIPPINES** will need more than 90 percent of its projected export earnings this year to cover debt service on combined short- and long-term outstanding debt. Should export earnings continue to fall, a restructuring as much as \$500 million in credits falling due, "may be inevitable," according to Wharton Econometrics.

● **THE HONG KONG** stock market has fallen by 30 percent, and the Hong Kong dollar has lost 10 percent of its value since the September talks between British Prime Minister Thatcher and the P.R.C. leadership on the future of the crown colony.

The hidden power of the hereditary oligarchs

by Criton Zoakos, Editor-in-Chief

The greatest political problem of the United States today is one which most citizens hysterically refuse to admit: old Europe's British-centered oligarchy has, increasingly, been running all of our monetary and financial policies and large parts of our foreign policy. This publication's principal adopted objective is to provide American citizens with the information they need in order to reach for their pitchforks and hound these oligarchs and their American allies and in-laws out of this Republic. In a nutshell, either our project will succeed, or the United States will soon cease to exist as an organized democratic republic, to be replaced by something too hideous to contemplate.

Increasingly since the end of World War II, we have been functioning less and less as a republic because a) information necessary for policy decisions was made less and less available to our citizenry because of the oligarchy's control over the information media and b) on matters of science and technology policy, the central matter of post-World War II politics, our citizens increasingly lost the faculty of judgment, because the oligarchy controls the long term policies of our educational system.

To state the case in summary form: From the latter half of the 19th century to this day, the long-term grand strategy of Great Britain has been controlled by a continuing policy group variously identified as the Cecil Group, the Milner Kindergarten, the Cliveden Set, the Round Table organization or simply "Us." It is dedicated to the establishment of a worldwide imperial order under the general scheme of a "Commonwealth," whose unifying element will be the British world outlook and the "British way of life." The founding documents of this group are two books, Arnold J. Toynbee's *Study of History* and Lionel Curtis's *Civitas Dei*. Lionel Curtis was the founder of the Royal Institute of International Affairs, the "mother" organization of the New York Council on Foreign Relations and of the Institute of Pacific Relations (of "who lost China" fame).

Target: American System of economics

The origins of this group go back to a series of lectures delivered at Oxford



Queen Elizabeth of England, head of the most powerful of the continent's royal houses, with Royal Canadian Mounted Police escort during 1978 tour of Canada. Canada's April 1982 official proclamation of Elizabeth as Queen of Canada is leading an oligarchical effort to recolonize North America.

University's All Souls College by John Ruskin and Arnold Toynbee during the latter half of the 19th century. To this day, All Souls is the center of British grand strategy along with its sister outfits, the Royal Institute of International Affairs (Chatham House) and Princeton's Institute for Advanced Studies, also known as "All Souls West."

We can assert that most of 20th-century history of the Western world has been dominated by this group. The story will require a few volumes to adequately present all the facts. The revelation will be a bitter pill to many, but that is another story. Original documents and speeches of the Round Table founders indicate that their sole purpose in proposing this British-dominated world commonwealth was to prevent the spread in the world of the American system of economics as it had then been successfully applied in the industrialization of the United States, Germany, and Japan, and was threatening, from the 1880s onward, to be applied in Count Sergei Witte's Russia.

Throughout the 20th century, every single British cabinet was dominated by this so-called Milner Group, regardless of whether the ruling party was Tory or Labour. This group planned and launched World War I; it dominated and determined the outcome of the Versailles Peace Conference; it ran the German war reparations racket; it put Hitler in power; it launched World War II; it imposed the Cold War between the United States and the Soviet Union; it launched the anti-nuclear movement with Lord Bertrand Russell's Operation Dropshot; it was the brain behind the "Kim" Philby spy caper; it launched the counterculture, environmentalist, and new left movements of the 1960s; it managed the "detente" era of

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the 1970s; and it is now pushing the genocidal *Global 2000* policies of the 1980s.

Ordinary citizens miss the point because they do not possess the training which would inform them that grand strategy in the 20th-century is determined by one overwhelming consideration: science policy. This case became even more emphatic since the detonation of the first A-bomb in 1945. The central objective of the grand strategists at All Souls, over all these decades, has been to put the genie of science back in the bottle. American policies, especially since the assassination of President Kennedy, have been dominated by the allies of All Souls and of Chatham House.

Henry Kissinger, recruited to public life by Sir Isaiah Berlin, an old member of the Milner Group, is an agent of Chatham House, as he himself proclaimed in a speech at Chatham House this May 10. But he is merely one of the many Americans in the service of the British oligarchy and its policies.

The real problem of the American Republic is that all of the country's "old families" which were on the Tory side during the American Revolution, are now in command of most of the nation's positions of influence in banking, industry, education, and what passes for culture. The Cabots and the Lowells and the Lodges still control everything of consequence in New England, including Harvard; the Mellons control everything of note in Pennsylvania and elsewhere; the State of Texas is still controlled by the "old money" behind the Texas Railroad Commission which goes back to Prince Talleyrand de Perigord; a cursory review of the situation with Weyerhaeuser, Field, Biddle-Duke, Du Pont, Harriman, Moore, Peabody, Hanna, Vanderbilt, et al., will further demonstrate the point.

The case of Morgan Guaranty

Morgan Guaranty Trust, whose Chief Executive Officer Dennis Weatherstone, a British subject, issues daily marching orders to George P. Shultz, our present Secretary of State, is a most instructive case in point. It is the only bank on Wall Street which flies the British flag at its corporate headquarters. The late Representative Wright Patman had established, in his controversial "Patman Report," that Morgan Guaranty controls the policies of all other New York banks by means of its control of virtually all "old money" trust funds which are invested in the voting shares of all other New York banks. Representative Patman made the argument that there is no such thing as 12 separate and independent New York banks, but rather an equal number of corporate subdivisions of one single corporate entity presided over by Morgan.

Morgan's policies are dictated by the Bank of England and are conduited to New York via Morgan Grenfell Ltd. The Board of Directors of the Bank of England follows the policies of the British Royal Household, as set by the Scottish Rite Grand "Mother" Lodge of London, presided over by the Duke of Kent.

Our public life is permeated by the influence of the British oligarchy's agents. For instance, how many citizens know that the founder of the CIA, Allen Dulles, was a leading member of the London Royal Institute since at least 1935, during which year he presided over the congresses and conferences of that institute? Or, how many Americans know that General of the Armies Douglas MacArthur was unceremoniously cashiered on orders from London, carried out by Averell Harriman (now married to Pamela Churchill) and Thomas Cabot of the venerable, opium-trading Tory family?

Or, how many Americans know that every single British Ambassador to Washington, from Lord Halifax during World War II to Sir Nicholas Henderson during the Falklands War were all members of the inner core of the so-called Milner Group?

The current betrayal of American interests to the Soviet Union by the British, as epitomized in the Geoffrey Prime spy scandal of late October, goes back to the origins of the Milner Group deployment into the United States. The Prime Affair is the direct continuation of the Philby Affair, which had been set up by Lord Halifax and by Sir Isaiah Berlin. In this sense, it will soon come to public light, both affairs are linked to the Kissinger affair. Back in 1945 at Oberammergau, Germany, associates of Isaiah Berlin, including Fritz Kraemer, arranged with John J. McCloy for young Henry to be a commonly shared asset of the Milner Group and Soviet intelligence.

Henry Kissinger's oligarchical script

At this time, Kissinger is following a public script written for him by Lord Home of Avon.

Henry has been reading this script to every public event since May 10. The United States must withdraw from positions of influence around the globe. Commanding no more than 24 percent of world GNP, as compared to over 52 percent in 1945, the United States no longer possesses the preconditions for playing a leading world role, Kissinger argues on advice from Lord Home. Therefore, we should revamp our foreign policy by allowing London's expert advice. As a result, U.S. influence in Latin America has been wiped out; in the Middle East it has all but disappeared; United States policy in the Pacific, beginning with the "China Card" has collapsed; Western Europe, according to the plan of Lord Carrington, is making its separate arrangements with the Soviet Union.

More ominously, since May 1982, with the constitutional change in Canada, Elizabeth II of England has become Elizabeth I of Canada, the person legally embodying the sovereignty of our northern neighbor.

This is the first time since the execution of Maximilian Hapsburg by the Mexican republicans that a monarchy has been restored in the Western Hemisphere, an act contrary to the Monroe Doctrine.

Return of the monarchs: the politics of a New Dark Age

by Scott Thompson

Ruling houses



1. *Great Britain*: House of Guelf; also, House of Wettin (Saxe-Coburg-Gotha) known as Windsor. Head of the House, H.M. Queen Elizabeth II, also Queen of Canada and Australia, Sovereign of the ten Commonwealth countries. All members of the Royal Family play roles in governing oligarchic institutions. Edward, the Duke of Kent, runs the "Grand Mother Lodge" of British Masonry which

ordered the execution of Roberto Calvi, head of the Ambrosiano Bank, as part of a war for hegemony between Scottish and York Rites against Grand Orient Masonry. His cousin, Richard, Duke of Gloucester, heads the Most Venerable Order of the Hospital of St. John, which controls those bankers and organized crime figures who run every aspect from production to dirty money laundering for the \$200 billion international narcotics cartel—one of the secret sources of the British Royal Family's wealth.



2. *Belgium*: House of Wettin. Head of House, H.M. King Baudouin I of the Belgians. Family wealth is partially based upon the mammoth Société Generale de Belgique—a joint property of King Baudouin I and the Belgian Hapsburgs—which owns raw materials subsidiaries in Zaire and other Third World countries, as well as upon Petrofina, a joint property of the King and the Belgian Rothschilds.



3. *Netherlands*: House of Orange-Nassau. Head of the House, H.M. Queen Beatrix of the Netherlands. The family has a vast fortune as co-owners of Royal Dutch Shell, Royal Dutch Airlines (KLM), and other multinationals. Queen Beatrix's father, Prince Bernhard zu Lippe-Beisterfeld, was a member of the Nazi SS in Germany, and he later became a foreign agent of the infamous I.G. Farbenindustrie which designed the Nazi slave labor camps. Prince

Bernhard founded the Bilderberg Society and the even more important European Foundation of Culture which helped to found the genocidal Club of Rome.



4. *Denmark*: House of Oldenburg. Head of House, H.M. Margrethe II of Denmark. The Danish oligarchy is split between a pro-British wing and a pro-German wing identified with the Schleswig-Holstein family. Margrethe was trained in archeology at Cambridge and in sociology at the London School of Economics, and is a patron of Christiana—a counterculture youth experiment and center for drug traffic.



5. *Norway*: House of Oldenburg. Head of House, H.M. King Olav V of Norway. King Olav has numerous connections to Great Britain where he trained at the University of Edinburgh. His House, an elected Monarchy, was established in 1905 when Prince Carl, the second son of the Danish King Crown Prince married Princess Maud, daughter of the Prince of Wales, the future King Edward VII.



6. *Sweden*: House of Bernadotte. Head of House, H.M. King Carl XVI Gustaf of Sweden. Though heavily British-influenced, the Swedish oligarchy remains fiercely independent in military affairs, encouraging heavy industry until the last decade.



7. *Spain*: House of Bourbon. Head of the House, H.M. King Juan Carlos I. The only Royal House to be returned to power since World War II, King Juan Carlos acceded through a joint agreement of Franco and Opus Dei. Strongly opposed to British hegemony on the continent, King Juan Carlos is now threatened by the British-dominated Socialist International, whose Spanish head, Felipe González, was recently elected Prime Minister.



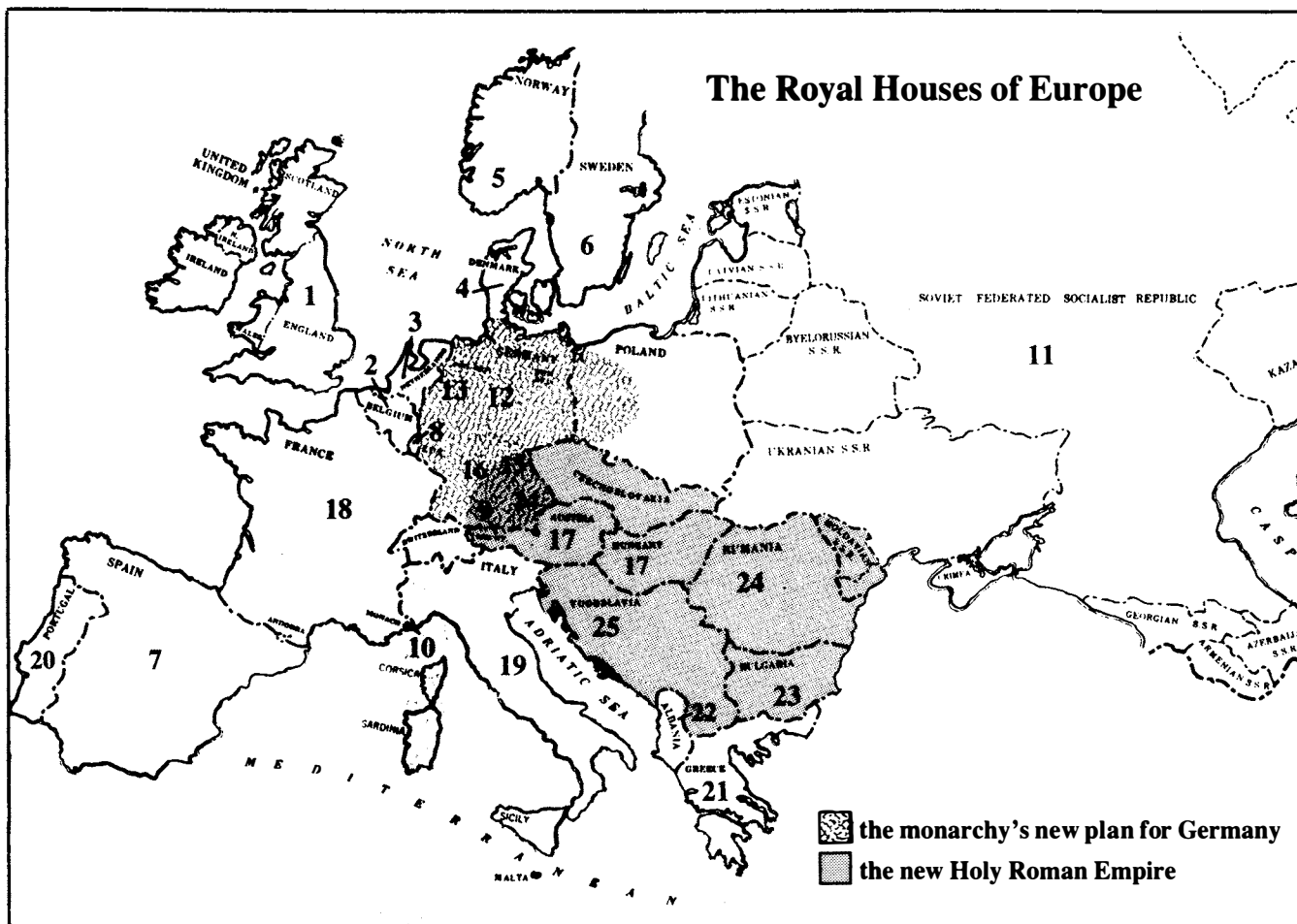
8. *Luxembourg*: House of Nassau. Head of House, H.R.H. Grand Duke Jean of Luxembourg. Luxembourg today functions as an offshore banking and money-laundering facility on the continent.

With the succession of Queen Wilhelmina of the Netherlands, the grandmother of Queen Beatrix, the Grand Duchy of Luxembourg passed to the senior branch of the House of Nassau, then headed by Adolphe, Duke of Nassau.



9. *Liechtenstein*: House of Liechtenstein. Head of the House, H.S.H. Prince Franz Joseph II of Liechtenstein. The country was formed in 1712 when Austrian Prince Johann Adam of Liechtenstein bought two fiefs of the Holy Roman Empire. Today, the country is a notorious offshore facility with more registered banks and corporate shells than residents.

The Royal Houses of Europe



10. *Monaco*: House of Grimaldi. Head of House, H.S.H. Prince Rainier III of Monaco. His wife, Princess Grace, is believed to have been murdered as part of an effort to consolidate offshore flight capital, dirty money laundering, and similar functions on the continent.

Houses in exile or no longer ruling



11. *Russia*: House of Romanoff. Head of House disputed between the children or grandchildren of Czar Nicholas II and Grand Duke Vladimir who is supported by the British. The latter's father, Grand Duke Cyril, a first cousin to Czar Nicholas II, worked with Henri Dieterding of Royal Dutch Shell, the Duke of Saxe-Coburg-Gotha, and the Wittelsbach's Thule Society to create a White Russian-Bavarian Nazi Party alliance involving Alfred Rosenberg.



12. *Germany*: House of Hohenzollern. Head of the House, H.I.R.H. Prince Louis Ferdinand of Prussia. The family is involved in complicated restoration efforts that include the British to whose Royal Family Prince Louis Ferdinand is closely related, the Wittelsbach of Bavaria and their advisers, and the Soviets.



13. *Hanover*: House of Guelf. Head of the House, H.R.H. Prince Ernst August of Hanover would be King of Great Britain according to Salic Law of inheritance through the male line. Prince Ernst August is a former SS officer and a member of Hapsburg's PanEuropa (PEU), whose members form the core of his Welfenbund. One son joined the Poon cult, dying in an accident at their camp.



14. *Bavaria*: House of Wittelsbach. Head of the House, H.R.H. Duke Albrecht of Bavaria. Advised by the Thurn und Taxis, Hohenloe, and other mediated princes of the Holy Roman Empire, the Wittelsbachs were instrumental in creating the Bavarian Nazi Party and are part of the "New Hitler" project. The Wittelsbach are heirs of the Stuart claim to the British throne.



15. *Saxony*: House of Wettin. Head of the House, H.R.H. Prince Maria Emanuel, Margrave of Meissen. Closely linked to the British Royal Family through Prince Albert, Queen Victoria's consort, the House of Wettin has founded many other dynasties, such as that of Belgium, Bulgaria, and elsewhere.



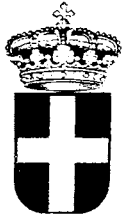
16. *Württemberg*: House of Württemberg. Head of House H.R.H. Duke Carl of Württemberg. Württemberg may join Bavaria in a restored Holy Roman Empire. Some believe that Mayor Rommel of Stuttgart, who was schooled in Britain while his father fought the Allies in North Africa, would make an ideal new Hitler candidate. Rommel has turned Stuttgart into a center for Greens, counterculture, and cults like the Anthroposophists.



17. *Austria and Hungary*: House of Habsburg-Lorraine. Head of House, H.I.H. Archduke Otto of Austria. Otto von Habsburg is now the frontman for restoration efforts by agreement of the "northern" and "southern" tiers of the oligarchy, and is advised by the mediatized princes of the Holy Roman Empire.



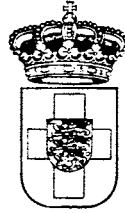
18. *France*: Disputed between the House of Bourbon and the House of Bonaparte. H.R.H. The Count of Paris, head of the Bourbon pretenders, is descended from the notorious Duc d'Orleans, a ring-leader with the British of the Masonic-linked Jacobins of the French Revolution. H.I.H. Prince Louis Napoleon is head of the Imperial House of Bonaparte.



19. *Italy*: House of Savoy. Head of the House, H.M. King Umberto II who ruled for a month before being deposed by plebiscite in 1947. His heir, Prince Victor Emanuel, is a notorious gunrunner and member of Licio Gelli's P-2 Masonic Lodge, which staged repeated coup attempts on the Savoys behalf and is a coordinating center for narcotics and "Red" and "Black" terrorism.



20. *Portugal*: House of Braganca. Head of the House, H.R.H. The Duke of Braganca. The family is involved in the "blackest" wing of the Catholic Church that is implicated in the last attempt to assassinate Pope John Paul II, and through its Brazilian branch and Tradition, Family, and Property has steered that country to oppose a New World Economic Order to arrest Third World genocide.



21. *Greece*: House of Oldenburg. Head of House, H.M. King Constantine II of the Hellenes, who is closely related to the Royal Houses of Denmark and of Great Britain who act as the family's controllers. King Constantine was deposed in 1973 following earlier quarrels with the "Colonels" whose 1967 coup he had promoted.



22. *Albania*: House of Zogu. Head of the House, H.M. King Leka I of Bulgaria. In their restoration efforts, both King Leka and his father have been catspaws of Anglo-Soviet networks associated with KGB Gen. H. "Kim" Philby. An invasion a few months ago failed.



23. *Bulgaria*: House of Wettin. Head of the House, H. M. King Simeon II of the Bulgarians. Dynasty formed by Prince Ferdinand of Saxe-Coburg-Gotha. King Simeon's father joined the Axis, but was poisoned by Hitler when he opposed a Soviet invasion. King Simeon was deposed in 1946, joining in exile his grandfather, King Victor Emanuel III of Italy, then studying in the U.S.



24. *Romania*: House of Hohenzollern. Head of the House, H.M. King Michael of Roumania. Deposed in 1947, he now resides in Switzerland and is a businessman.



25. *Yugoslavia*: House of Karadjordjevic. Head of House, H.R.H. Crown Prince Alexander of Yugoslavia. Though his father, King Peter II was deposed by Winston Churchill and Fitzroy MacLean, King Peter became an agent of the Foreign Office during his exile in England and the U.S. King Peter's brother, Prince Andrej, is said to run a false Order of St. John that operates in the U.S. and Latin America on behalf of British intelligence.

As an international economic blowout of the sort that sends nations careening into oblivion approaches, old forces at the center of the rentier-financier oligarchy which bear direct responsibility for the crisis—the Monarchists—have crawled out of their family crypts and castles where they long schemed in darkness against republics, to herald a return of the European kings. The British royal house, through such agents as former Foreign Secretary Lord Carrington, is determined that this restoration take the form of a Holy Roman Empire arrangement whereby it maintains hegemony on the continent.

An agreement to pursue this restoration effort was reached

last May in discussions between the predominantly Protestant "northern tier" aristocracy of Great Britain, Belgium, the Netherlands, Scandinavia, and northern Germany, whose power is based upon banking and raw materials, and the predominantly Catholic "southern tier" aristocracy, which maintains vast family funds (*fondi*), that are the basis of many Swiss banks, and intelligence apparatus as powerful as their northern cousins, but who have been deposed from the nations they governed. The strategy discussion concerning feudal restorations coincided with the British oligarchy's decision to deploy again former Secretary of State Henry Kis-

singer, a catspaw of Carrington, to heighten global political and economic chaos, eroding resistance to the return of monarchical rule.

The ghost of Arnold Toynbee

Great Britain's current effort to return the European kings is really an elaboration of the work of Arnold Toynbee, a leading member of British Foreign Office intelligence during World War I who became director of intelligence for both the Foreign Office and the Royal Institute of International Affairs, the progenitor of the Council on Foreign Relations and British Commonwealth conspiracy, during World War II. First and foremost a *Hofrat* of the British royal family, Toynbee served as the central myth-maker, creating an illusion of history in the population that totally eradicated the millennia-old struggle between good and evil, between the republican and oligarchical principles, that is now entering its final phase.

Toynbee's book, *A Study of History*, has been used to brainwash a generation of the Anglo-American elite and through them the broader population. In it, Toynbee describes Great Britain as the modern administrative center for the oligarchy of "Western Society," which he specifies as including both the Catholic and Protestant peoples of Western Europe and the Americas. According to Toynbee, this "Western Society" was a political outgrowth of the Roman Empire whose system Toynbee praises. Toynbee's deliberate lying leads him to argue that following a "time of chaos," the Roman Empire served as the "rib" from which the "backbone" of this "Western Society" was formed.

While Toynbee is correct in comparing the decadent Roman oligarchy with its homosexual British heirs, Toynbee says that this relationship was somehow mystically mediated through the Holy Roman Empire of the great Emperor Charlemagne. In fact, it was those Guelf families of the Italian "black nobility" who do trace themselves lineally to the Caesars of Rome (e.g., Pallavicinis and Colonnas) who by toppling Frederick II (like Charlemagne, one of a handful of true "philosopher kings") in the mid-13th century, created a Dark Age from which Europe did not recover culturally until the Renaissance, and in political-economic terms until the republican movements of the 18th century.

The second major distortion Toynbee uses to establish the British oligarchy's pedigree results from his assertion that it was the Church which acted as the cultural conduit from the Roman Empire to the present. Toynbee thereby obliterated the war between early Christians and Roman pagans that St. Augustine describes as the central feature of the early Judeo-Christian tradition. Toynbee in fact traces the origin of Christianity to an earlier "Syriac Society," specifically the *Magna Mater* ("Great Mother") cults of successive Babylonian, Assyrian, and Achaemenid Empires, whom St. John labelled "The Great Whore of Babylon."

What relevance do Toynbee's lying distortions of history have upon the current monarchical restoration effort? In robbing Christianity of the essential Neo-platonic notion that

"Man is created in the image of God" (*Imago Dei*) which finds its direct expression in the *filioque* doctrine, Toynbee has reduced Judeo-Christianity to the level of the Orthodox (Byzantine) Rite or even that of Nestorian, Gnostic, and other cult heresies. Humanity is thus a prey to the superstition, astrology, and pornography by which the oligarchy destroys advanced civilizations, and all checks have been removed within such an immoral population to accepting autocratic regimes of the Babylonian cult priesthood sort. If Man is created in the image of God, meaning that he is imbued with the potential to develop his God-like reason, then, as every republican knows, autocracy is against the law of nature, most especially an autocracy based upon primogeniture rather than any consideration of a ruler's fitness to govern.

Holy Roman Empire or a new Hitler?

There are currently two major tracks which restoration plans are following. First, around the person of Archduke Otto von Hapsburg whom both the "northern" and "southern tiers" have agreed should take the public lead, there is a plan to re-establish the Holy Roman Empire as the overarching institution uniting smaller regional and ethnic groupings similar to the fiefdoms of feudal Europe. In fact, such a dual system already exists within Europe. Underneath the nation-states whose present form was shaped by the republican movements of the 18th and mid-19th centuries, the fiefdoms of the Holy Roman Empire continue to exist, run by an ultra-secret network of mediatized princes whose members include: the Auersperg, Esterhazy, Fürstenberg, Fugger, Hohenlohe, Lobkowitz, Orsini, Sayn-Wittgenstein, Schwarzenberg, and Thurn und Taxis.

The latter, who originated in northern Italy (Turn et Tasso) ran the "universal post" (postal service) of the Empire. They still direct the Venetian intelligence system that was at the core of the Empire, which operates through secret societies and orders. Today, the Thurn und Taxis fortune, based largely upon banking, raw materials, and vast real estate holdings that include their own town of Regensburg and eight castles, is estimated to be at least \$5 billion; the family also sits at the head of the princely system which directs Archduke Otto. In addition to the German regions of Württemberg and Bavaria, plans for establishing a new Holy Roman Empire include the South Tyrol, Liechtenstein, Austria, as well as a renewed "rollback" effort to liberate Hungary and form a Danube federation of Romania, Bulgaria, Yugoslavia, and Albania.

Hapsburg, who currently represents the State of Bavaria in the European Parliament, speaks publicly of this effort in euphemistic "World Federalist" terms as founding a United States of Europe, likening the European Parliament to the Continental Congress. Through Carrington and others, the British royal government has sought to infiltrate and steer this effort, turning the empire into a junior partner in much the same way that the Austro-Hungarian Empire functioned following the 1815 Congress of Vienna, that witnessed the

demise of the last Holy Roman Empire and the rise of British hegemony upon the Continent through Hobbesian “balance of power.”

The second restoration track foresees immediate success possible in Portugal with the Braganzas, in Bavaria with the Wittelsbach, and in Italy with the House of Savoy or another family.

True to their role as the “Perfide Albion” which plays “each against all,” British concurrence with the Hapsburg effort is simply a bargaining chip for other political processes that the British have set into motion. Among these are plans to create a “New Hitler” under virtual hothouse conditions. This project has not only major support from the British, but also from certain Italian and Bavarian elements of the “black nobility” such as the Thurn und Taxis family, who as chief advisers to the Wittelsbach earlier helped create the Bavarian Nazi Party of Adolf Hitler.

The many facets of fascism

It was precisely the same royal houses which, acting under centralized direction from the British crown in the 1920s and 1930s, funded the rise of Adolf Hitler and a delicatessen of fascist movements starting with Benito Mussolini’s Black Shirts and ranging from Dolfuss’s clerical fascism in Austria to the pagan cult of Count Coudenhove-Kalergi’s Blue Shirts, and the Grand Mufti of Jerusalem’s Green Shirts. For the British, Adolf Hitler was to transform a Germany prostrated by the Versailles Treaty into a marcher lord for a drive East to balkanize and conquer the Soviet “heartland,” according to a British doctrine developed by Halford MacKinder, geopolitician to the Round Table. That geopolitical doctrine was conduited into the pages of Hitler’s *Mein Kampf* by two “vassals” of the Wittelsbach, Karl Haushofer, and Rudolf Hess, who as Deputy Reichsführer would later fly to the Duke of Hamilton to enlist open British support for the impending drive into Russia.

Other British influences upon the Hitler project include such oligarchic agents as Houston Stewart Chamberlain, a member of Aleister Crowley and Bulwer-Lytton’s Isis-Urania Order of the Golden Dawn cult, whose Bavarian branch, the Thule Society (of which the Wittelsbach, Thurn und Taxis, Hohenlohe, and Saxe-Coburg-Gotha (Wettin) were members), formed the Nazi SS.

If the British viewed Hitler as a potential marcher lord, many of their continental cousins—including the Hanoverians, Hohenzollerns, Wittelsbach, and others—saw him as the potential spearhead of mass movements that might mean their eventual restoration, something which Hitler was bright enough to promise them. It was for this same purpose that the Hapsburgs supported Coudenhove-Kalergi’s Blue Shirts and Dolfuss’s clerical fascism, both of which were to be tossed aside by the Nazis, who canceled all deals as they gained power.

The British oligarchy distanced itself from its Hitler “Frankenstein’s monster” in 1936, by forcing the abdication

of King Edward VIII, who dreamed of overthrowing Parliament to join hands with the Führer, and in 1938 by dumping Prime Minister Chamberlain, whose appeasement rhetoric masked a willingness to remove the buffer states between Nazi Germany and a drive East. The Hapsburgs, who never openly promoted Hitler, and their continental allies, who did back him, increasingly distanced themselves after the 1938 Anschluss, fleeing in droves after the Nazis’ 1943 defeat at Stalingrad. Now, some of the continental oligarchy are prepared to make the same mistake of creating a “New Hitler,” though their own strategists at centers like the Club of Rome and European Cultural Foundation project that this time, 2 to 3 billion people will die as a result of the Malthusian policies this new project puts into place.

Others known to be supporting a “New Hitler” project are Armin Mohler, a former volunteer of the Swiss SS, who today heads the Siemens Foundation, and several members of the Dominican and similarly anti-Augustinian factions within the Church. One possible candidate is Manfred Rommel, the Mayor of Stuttgart, who was trained by the British in England while his father fought them in North Africa, and who has encouraged the spread of a Strasserite counterculture in Württemberg of Greens, anarchists, and Anthroposophs. Ironically, current British efforts to create a “New Hitler,” supported by some of the Bavarian and other southern German families in particular, may prove once again to be the greatest obstacle to Hapsburg restoration efforts, to which the British have given their token blessing.

The Anglo-Soviet connection

While they plot the return of a “New Hitler,” Great Britain, through Lord Carrington and networks associated with KGB Gen. H. “Kim” Philby, has opened backchannel negotiations with the Soviet Union around the question of a united, but neutral Europe. Heretofore the British and Hapsburgs have entered negotiations with the Soviets around the question of a “New Yalta” arrangement around Eastern Europe. In the last two months, sources report, the British have unilaterally proposed the merger of East and West Germany, but a Germany transformed into a neutral buffer state along lines first suggested by Hans Morgenthau and later by Henry Kissinger’s close friend and Fabian Society official, former British Defense Secretary Denis Healey.

To gain support for this notion, well-informed sources report that the British and the Soviets have both approached Prince Louis Ferdinand Hohenzollern, the head of the Kaiser’s royal house. If Prince Louis Ferdinand would support this scheme of a neutral Germany, both Britain and at least some Soviet factions would even consider promoting his restoration. According to one source they even promised the return of portions of Germany—Ostprussia and Silesia—now under Polish sovereignty. Prince Louis Ferdinand would thus find himself a bedfellow of Socialist International Chairman Willy Brandt and Egon Bahr, who have long advocated this brand of “Ostpolitik.”

Jesuit calls for a new Adolf Hitler

by Antonio Uccello and Raffaele Bonomi

“A new Hitler would be desirable, but Hitler made a psychological mistake to superimpose the German race over others. We know that the German race, the Anglo-Saxon peoples are the best. But Hitler’s method was wrong. What we require now is a king for Europe, and that king must be the successor to Franz Josef for the Austro-Hungarian throne—Otto von Hapsburg.”

The speaker was Monsignor Arrigo Pintonello, honorary military Archbishop and representative of the dark side of Rome religious life. Pintonello was born in Venice, and traces his ancestry to the nobility of the Austro-Hungarian empire. He was trained for seven years at the Jesuits’ command center in Rome, the Gregorian University. He is a leading ideologue of the Palermo, Sicily-based Thule Society, worshipers of Nordic race cults who are conspiring to impose a “New Führer” over an economically and morally devastated Europe in the years to come.

Pintonello confided his plans for a “New Führer” in what would appear, on the surface, to be the most unlikely of all places, the serene campus of the Collegio Selva Dei Pini outside Rome, a 400 student school that the Monsignor directs. But as is the case with much of what goes on in and around Rome, appearances are deceptive.

“This school is modeled on the Anglo-Saxon mode,” the Monsignor had stated in his opening remarks. “It is like Eton, or Oxford, it combines study with sport.”

The Monsignor invited us to sit down in his ornate study, elaborately furnished with wood panels and tables and cushioned chairs. He expounded on how Europe would be restructured in this present moment of economic and social crisis. He began by discussing the case of Italy.

“Italy is too heterogenous. Garibaldi was wrong; north and south Italy should never have been one country, they are incompatible. In the future, we can create a state with Piedmont, Lombardy, Veneto, and Tuscany, and then another in the south. Sicily, Sardinia, Calabria, must go their own way. . . . “We need a federation of regions for all of Europe headed by a chief,” he continued. “We need a new Holy Roman Empire. Such a union would be desirable and hoped for. We could then diffuse German culture. The Holy Roman Empire is in the hands of the German people, the Anglo-Saxon people.”

Was he aspiring for a new Hitler, was this the project, we asked.

His voice, taking on the coloration of a near-religious awe, rose and he exclaimed, “I want to recall what Hitler said: ‘Ein Volk, Ein Führer,’ and what was the word? Let me remember. Yes! ‘Ein Reich.’ Hitler’s idea was ‘Ein Volk, Ein Führer, Ein Reich.’ ”

He continued: “I am very favorable to the idea of a new Hitler, but without the mistakes. People thought that Hitler was crazy; they are wrong. He had defects, he had no culture.

“In the future project,” he repeated, “the chief must be Otto von Hapsburg.”

The Monsignor’s face became serious, adopting a studied philosophical pose. “In nature, there is the necessity of a chief. There is a natural value of hierarchy and why not a hierarchy in society, and so . . . a monarchy! Nature creates all things, and so the process will be. Everybody must obey a chief. That is the law. He who wants to change it is outside the law.”

His demeanor changed, he became menacing. “Americans don’t understand this!” He charged: “In the last war, they made a mistake! Americans are guilty! They were on the wrong side, working with the enemies of mankind in Russia against the Germans. This generated a decadence in Europe. It is now only possible to save Europe with a monarchy!”

We asked: Would this project of the monarchies be aided by the current economic crisis in the world?

“The economic crisis will help the project to succeed. This economic crisis is an evil that can be a good and that can generate a good project. It could direct the people toward a European union with one chief. . . .” How long would it take to realize this plan, we inquired.

“It is a race against the Marxist threat. There are symptoms that we are winning. The defeat of Schmidt in Germany helps our project. For a time, Kohl and Strauss will rule, until people become disillusioned, as they are in Italy, with the Christian Democracy. But I know Strauss personally, and he is a superior man. I can assert with certainty that Strauss is in favor of the project of making Otto von Hapsburg the king of Europe. There are some young people close to Strauss who are being trained right here.”

Then the Monsignor stopped, “I have been sick. I am tired; we must conclude.”

He escorted us down the corridors toward the exit, and began speaking in German, expounding suddenly on how “the Jews were the first people on the earth, the most important *Volk*. Here too Hitler made a mistake.”

He walked further, leaning over quietly and reverting to Italian, saying, “Do not fear me. I am not a terrorist.”

We barely had time to explore the inner meanings of this message before we had reached the elegantly structured entrance hall. He bade us farewell, insisting that we kiss him as part of the parting ritual, and accepting no protest.

Was he aware that his evil plan would no longer be hidden and sheltered behind facades from the international public view?

The masonic-linked institutions that wield the vast financial power of the oligarchy

by Renée Sigerson

For the past two decades, the dominant institution in world financial relations has been the \$1.8 trillion Euromarket system, a network of private banking arrangements outside of the control of governments, and larger in size than the national credit system of any nation, the United States included.

Increasingly, since the decline in world oil prices and oil demand, ever larger portions of the monetary flows through the Euromarket system have been based on illegal operations, ranging from the \$200 billion annual global narcotics trade, to the now \$75 billion volume of unreported “flight capital” being taken each year out of national credit systems, mostly of developing countries.

It is this system—with its usurious interest rates, and its principle of gouging loot out of productive economies—which is the chief cause of the decline in world trade, and the debt-payments crisis which is producing world economic depression.

On the surface it might appear that, with all its flaws, this monetary system is “the one we’ve got, and therefore have to live with.” In fact, this isn’t the case. This system was invented, that is, created, by an identifiable group of individuals, a network of oligarchical families, currently controlling personally about \$200 billion worth of identifiable assets, who designed the Euromarkets as a permanently rigged “crap game” to be played for their personal gain.

According to British intelligence mouthpiece Anthony Sampson, the individual most readily identified as the creator of the Euromarket system is former Bank of England director Sir George Boulton, recently deceased. In generating a system through which loan syndications could be generated on a basis whereby for every dollar of deposits, \$50 in interest-earning loans could be issued, Sir George helped to salvage Britain’s dominating role in world financial relations, which the dissolution of its colonial empire had put into jeopardy.

Following these developments, which began in the 1960s, there occurred a nearly unending series of financial scams and looting operations through which the Euromarket system came to be an effective instrument of oligarchical control over nations. Among the most important of these developments were:

- the 1958 founding and 1974 dissolution of Investors

Overseas Services, the quasi-legal multi-billion mutual funds empire created in Switzerland by Bernie Cornfeld;

- the 1968 creation of the Mediterranean/Monte Carlo “Propaganda-2” Masonic lodge, which built financial bridges into the Mideast;

- the 1973-74 Oil Hoax, which produced a 250 percent growth in a single decade of the debt-asset “value” of the Eurodollar market.

These events, whose unfolding touched every corner of the globe, were all conceived and run by distinct political-financial networks, a “club” of world figures involving no more than a few hundred families. As the world has plunged into bitterest misery as a result of these events, these families have bolstered their financial weight and political power several hundredfold.

Raw materials control

The unique importance of the British Royal House of Windsor among oligarchical families is that it has continued to directly govern, into the twentieth century, a quasi-nation state—Britain—which, because of its special relationship to former colonies (“The British Commonwealth”) has found admittance into the small grouping of “major world powers” alongside the United States, Soviet Union, etc.

Since the dissolution of the Austro-Hungarian Empire and Ottoman Empire, other oligarchical interests have preferred to exercise their power by “indirect” means; the still-ruling Dutch (“Orange-Nassau”), Swedish, and Belgian monarchies are situated between those oligarchies that rule “indirectly” and the British, with the nations they rule too small to shape world politics directly.

For these reasons, the House of Windsor’s financial-economic power is the foundation stone for all oligarchical power worldwide. This Windsor strength is sustained through international *raw materials* domination.

Sir George Boulton was a long-term board member of the London-Rhodesia (Lonrho) mining interests, the relatively small “dirty operations” company of the British mining companies. The most powerful British mining interest, however, is the Oppenheimer empire, the Anglo-American/De Beers interface which dominates world gold production (75 percent

of South Africa's output); world diamonds; and a trading company section, Philbro, which oversees hundreds of billions of dollars annually in world commodity trade.

In 1981, Philbro bought the fourth-largest investment bank on New York's Wall Street, Salomon Brothers, through which it has also gained direct influence over the United States' second-largest commercial bank, Citibank. Citibank chairman Walter Wriston is a member of the board of Oppenheimer's North American holding company, Minorco, and Salomon Brothers is his investment bank.

These Oppenheimer/Lonrho interests are by no means private interests run by British magnates. The command structure and shareholding relationships which control these raw materials concerns reach directly to the British Royal Family Household. In organizing this command structure, Britain's royal family has divided the world into roughly two hemispheres, with British Petroleum overseeing African/Eastern hemisphere operations; and Eagle Star Insurance, a direct product of British wartime intelligence, overseeing the Western hemisphere.

Through this web of control over world raw materials transactions, the British royal family has in place a vast intelligence capability, which serves its financial operations. Last year, the vice-chairman of Oppenheimer's Philbro told *Business Week*: "Our communications system is probably the most sophisticated in the world, with the possible exception of the Defense Department or the CIA." *Business Week* commented: "In fact, Phillip Brothers was apparently ahead of the CIA in sensing last year that the revolution in Iran was imminent. It closed up its office there months before fighting broke out." No doubt, Philbro's privileged links to British Petroleum—which ran the "revolution" in Iran—made such intelligence-gathering an easy matter.

In 1976, Sir George Bolton, the man who designed the Euromarkets as the financial complement to Britain's raw materials control, authored a memo to the Bank of England, suggesting that a complete reorganization of international finance be undertaken, in which the value of all currencies would be "linked" to each nation's raw materials output. Such a system, which mirrors the pre-capitalist, "trading company" system through which Britain ran the American Colonies before 1776, remains the ultimate objective of the world's oligarchy.

Investors Overseas scammers

Bernie Cornfeld and Robert Vesco—the two most-reowned operators who ever used the Euromarkets for private financial gain—were not clever, "independent" figures. Cornfeld's Investors Overseas Service (IOS) was put into business by the French-Genevan office of the Dreyfuss Fund, a highly political backroom operation that features John J. McCloy, once U.S. Supreme Allied Commander of Occupied Germany, on its board of directors. Vesco was a protégé of the French-Genevan Rothschild banking interests, directly financed by Rothschild's Banque Privée.

What Cornfeld/Vesco's IOS did was to pool the \$2 billion worth of wealth of suckers on many continents, to deploy that wealth as an extension of a handful of European continental oligarchical households. To this very day, although IOS was bankrupted in 1974, the remnants of IOS's operations are the chief depositories of these continental oligarchical families' financial manipulations. Through the IOS networking operation, these families worked their way up from being "junior partners" in the British-dominated Euromarkets, to being equal partners, with their strength being based on an extraordinary "finesse" in garnering profits from the most minor shifts in interest rates, stock prices, and real estate markets worldwide.

Still operating out of this IOS network today, for example, are:

The entire south German oligarchy: the Wittelsbach, Thurn und Taxis, Fugger, and other families manage their funds through the Schneider-Münzigg bank of Munich, and the Investor Fonds AG, both extension of the pre-1974 IOS. They make use of the former IOS bank in Geneva, the Overseas Development Bank. In September, they established a new group, the Munich Financial Club, to coordinate investments in the "black economy," the offshore markets and flight capital circuits, where the largest percentage of deposits are based on the international narcotics trade and organized crime (see *EIR*, Nov. 2). Included in this group is the richest man in the world, Prince Johannes von Thurn und Taxis, who owns vast timberland reserves throughout the Western hemisphere, as part of a \$5 to \$10 billion total portfolio.

They are close to Prince Bernhard of The Netherlands, who made IOS gangster Vesco an honorary founder of his World Wildlife Fund, in exchange for a \$100,000 contribution. In addition to Bernhard, this group was behind one of the biggest political scandals of recent times, the Lockheed payoffs, for which they set up dozens of secret banking accounts throughout Switzerland with which to corrupt and confuse political leaderships throughout Europe.

The north European Hambros Group: The Scandinavian-based Hambro Bank controls IOS's North American remnant, Global Natural Resources. To maintain control of this holding, valued at \$500 million, Hambro has established in place a "masonic network" of stockbrokers, and senior partners in stock-brokerage houses, which criss-crosses Wall Street. Firms known to be harboring such "masonic" operatives include Shearson/Amex, Bear Stearns, and Goldman Sachs. In addition to running Global, Hambro has organized brutal stock-raiding operations against American southwest energy firms, which have ended in heavy asset-stripping and profit-taking.

Southern-tier Masons

In Italy, the remnants of IOS fell into the hands of the Propaganda-2 Masonic lodge, a political operation set up in

1968 in a bid to restore the sovereignty of the pre-World War II Royal House of Savoy, whose existence became known during May 1981 in a scandal that brought down the Italian government.

Propaganda-2's vast financial strength is based, ultimately, on two gigantic insurance companies, Assicurazioni di Venezia and Assicurazioni Generali. On Wall Street, both Lazard Freres and Lehman Brothers are tentacles of this network. In Geneva, the Rothschild's, in Munich, the Wittelsbach bank Merck und Fink, and in Scandinavia, the Hambro interests, participate as shareholders in these vast ventures.

This network commands the largest single flight capital operation on the globe. In recent years on average, up to \$50 billion annually has been funneled by this network past banking authorities, central banks, and customs throughout Latin America and the Mediterranean. With the cushion of so much "sucker money" under their control, the P-2 financial interests can safely deploy the basic investments of their primary shareholders, and substantially reduce all risk.

There are several hundred smaller institutions run by the networks outlined above. What keeps these network intact, ultimately, is Sir George Bolton's Eurodollar market. Here, nations pay billions of dollars annually in "tribute"—or what bankers call "interest" on outstanding loans—to maintain a steady margin of income which allows this multiply concocted looting system to survive.

When in 1973, in behalf of the House of Windsor, Henry Kissinger unleashed the great oil hoax, tens of billions of dollars flowed annually from the oil-producing countries into the Eurodollar banks. Between 1974 and today, the deposit base of the Eurodollar market surged 10 fold, and the debt/asset base grew more than 20 fold.

In 1979, British Petroleum and others launched the destabilization of Iran. Mid-1979, Bank of England crony Paul Volcker adopted Britain's policy of usurious dollar interest rates in a phony "war against inflation," which inflation had been significantly induced by the new rise in oil prices. By mid-1980, the combined interest rate/energy price crush had cast the world economy on the threshold of depression. From 1980 to 1982, debt owed by developing countries to the Eurodollar banks rose from \$350 to \$700 billion.

Now, the Mideast oil surplus has been wiped out, due to the depression-related collapse of world oil demand. Where in 1980, some \$120 billion in oil-producers' funds formed a large share of new deposits for the Eurodollar banks, now approximately \$80 billion is being looted annually in the form of speculative "flight capital" from developing countries, and from disinvestment in European industries, for placement on the Euromarkets. The Eurodollar market is also the single most important cause of chaos in the U.S. money supply.

The oligarchy, however, thinks it has little to lose in the current crisis. They are positioned to buy up control of the world economy at bargain prices, employing the institutions cited above as their instruments to accomplish this end.

Where monarchists are hidden in the U.S.

by Kathleen Klenetsky

Over the past year, the United States has been inundated by visiting British and European oligarchs. In the last two weeks alone, Americans have played host to Prince Charles—who descended on Montezuma, N.M., to preside over the opening of his pet project, the United World College of the West—and to his father, Prince Philip, presently embarked on a tour to preach the need for population reduction and "living with less" to audiences in Chicago, Texas, and elsewhere. Meanwhile, Prince Johannes Thurm und Taxis, scion of one of the most evil central European black oligarchical families, just wrapped up a month's stay in southern California, where he and his wife are contemplating taking up a permanent residence.

The most significant event comes in March, when Queen Elizabeth and her consort arrive in Washington for a ten-day state visit, during which they are expected to extend their control over U.S. policy even further.

What's behind this royal influx? Are these so-called noblemen here simply to soak up the sun or indulge in some discoing at New York's chic night spot, Studio 54? The answer is far more serious. In reality, the increased tempo of visits by oligarchical representatives can be attributed to the fact that these "visitors" are coming here with the intention of taking up residence *to stay*. As a product of their own machinations, the continent of Europe, where their families originate and where they have habitated for centuries, has become increasingly inhospitable. Be it the prospect of "limited" nuclear war; raging depression due to disinvestment; or increasing social chaos due to economic collapse, the oligarchy has come to view Europe as "tired" and "wrung dry." The "families" find North America, and the United States in particular, an enticing target for them to infest. In recent years, the "families" have made substantial investments in the United States, purchasing large tracts of land and far-flung interests in American financial and industrial institutions.

"Geopolitically" speaking, moreover, many oligarchs genuinely believe that within the foreseeable future, first parts of Germany, and following that, perhaps other "little countries" in Europe will fall under the control of the Soviet Union. Believing that the "Russian race" does not have the tenacity to stick to its current form of government, they are ready to strike a deal to "neutralize" parts of Europe under "Russian" domination. Though absolutely serious about

launching into such arrangements with the “Russian race,” the oligarchy views an established presence in America, most often referred to in these circles as “the last bastion against communism,” as a vital insurance policy to preserving their species. After all, something might go amiss, and the “Russians” could possibly take a disliking to them.

They have also launched a major propaganda operation to convince Americans that the aristocracy and the monarchy are desirable institutions. This campaign was heralded in an article published in the July 1982 *American Spectator*. Called “America’s Royal Underground,” the article detailed the growth of U.S. pro-monarchist organizations, and gave its blueprint for establishing the virtues of monarchical rule.

Although there are a growing number of explicitly pro-monarchist U.S. organizations, some of which we describe below, other institutions function more covertly to the same ends. The **Council on Foreign Relations** in New York, which was set up as a branch of Cecil Rhodes’s Round Table to push for British recolonization of America, is a prime example.

So is William Buckley, Jr.’s *National Review*. Decidedly pro-monarchist in tone, especially in its treatment of the British royal family, the magazine features regular columns by Eric von Kuehnelt-Leddihn and Russell Kirk, both determined partisans of monarchism. Aside from his well-known predilection for Queen Elizabeth, Buckley himself has often interviewed Otto von Hapsburg on his *Firing Line* television show. According to one published source, discussions among *National Review* staffers have often revolved around “which monarchy ought to be restored—some favored the recalls of the Hapsburgs to Austria-Hungary and of the Stuarts to the United Kingdom. Others wanted a Hapsburg monarch for America.”

Other institutions which could be grouped in this category include the Jesuit-run **Center for Strategic and International Studies** at Georgetown and the **University of Notre Dame**, which has been a long-time way station for traveling monarchists and their retinues. In the early 1960s, for instance, Prince Nicholas de Lobkowitz, who has been particularly active at recent top-level oligarchical strategy sessions, including one in Mexico, taught at Notre Dame.

American-based institutions that are more overtly pro-monarchist include:

United World College of the West (Montezuma, N.M.): Officially inaugurated last month at a gala celebration attended by the international jet-set, assorted British oligarchs and Prince Charles of Britain, the United World College of the West (UWCW) aims at indoctrinating American and other youth in the virtues of monarchical rule.

The school—part of the United World College movement initiated by the late Lord Louis Mountbatten, advisor to the Royal Family and Prince Charles’s chief mentor—is said to be one of the Prince’s key extracurricular activities, the other being his involvement in “appropriate technology” for the

developing sector. Judging by Charles’s active involvement in the movement—he attends all board meetings, visits each school at least once every two years where he “insists on talking to each and every student personally”—it seems fair to say that he sees it as a means not only of extending British oligarchical influence generally, but of building his own personal following as well.

The United World Colleges were initiated by Kurt Hahn, an Oxford-educated German, who, originally a protégé of Prince Max of Baden Württemberg, later came under Mountbatten’s patronage. In England, Hahn set up the elite Gordonstoun School, which educated Prince Charles in his “environmentalist” version of traditional British Malthusianism. Hahn also initiated the “Outward Bound” idea, modeled directly on the “back-to-nature” German youth movement which gave rise to the Nazi Party; it is part of the college’s core curriculum.

So is antipathy to the nation-state. Students are drawn from many nations for the purpose, according to college spokesman, “of showing them that national identification interferes with world cooperation.”

The first United World College was founded in Wales. Subsequently, five others have been established including the United World Colleges “of the Pacific,” in Vancouver, “of the Adriatic” near Trieste, “of Southeast Asia” in Singapore, and “of Africa” in Swaziland. Several more are now in the works, including one in Venezuela which will be devoted to training peasants in the use of small-scale agricultural techniques.

The colleges are all two-year schools, representing the loose equivalent of U.S. senior-year high school and first-year college. According to Ted Lockwood, who heads up the United World College of the West, Hahn decided to target 16-year-olds because he “had the feeling that the reason the Nazis made such progress with their Hitler Youth movement is that they caught them at any early age and he wanted to do the same thing.”

A spokesman for the college’s London headquarters underscored the significance of the Montezuma, N.M. institution. “We always felt that we couldn’t really get anywhere unless we established a school in America. Now we’ve finally got a purchase here.” The United World College of the West has been financed almost entirely by Armand Hammer of Occidental Petroleum, an intimate of Libya’s Quaddafi and of the Soviet KGB.

Constantian Society: Based in Pittsburgh, this is one of the most vocal advocates of monarchical rule currently operating in the United States. First established in 1967 as the International Society of Monarchists, the group changed its name in 1969 to the Monarchist Union, finally settling on the name Constantian Society (from the Latin word for stability) when it re-formed in 1970 under the leadership of Pittsburgh attorney Randall Dicks, Professor Michael Krupensky, and Frederic and Susan Andersen.

The Constantian Society makes no bones about its basic

outlook. In its Introductory Statement, the group asserts that "monarchy is an intelligible and honest form of government . . . better suited and able to serve the common good under future conditions than any other." Having a king is far preferable to having a President, we are told, because "A king is much freer than a President, in that he is not tied to any party, as a republican leader invariably is. The king does not owe his position to a body of voters or to the support of powerful groups; the office of a royal ruler is based on higher law; his power derives from a transcendental source, whereas a President is always under someone's very earthly debt."

As for its primary purposes, the statement describes them as "to give unity to monarchists, particularly in the Americas . . . to promote and defend the theory of monarchy as the superior governmental form" and "to work for restoration" of monarchism.

Linked both to the Monarchist Leagues of Canada and Great Britain, the Constantian Society publishes a journal which features interviews and profiles of assorted monarchs, in power and out. It recently published a series on "the heirs," i.e., the next generation of kings and pretenders.

Although the Society's president, Randall Dicks, says it has no particular bias toward any specific individual or family and supports, for example, the restoration of the House of Savoy in Italy, its main love seems clearly to be Britain's royal family. Says Dr. Wayne Swift, a Constantian Society member who runs a "royalty bookstore" in New York City, "I've always admired the British royalty. I'm especially fond of Prince Charles. He's so interested in the spiritual aspect of life."

Christendom College: Loosely linked to the schismatic networks around Archbishop Lefebvre, as well as with the Tradition, Family and Property group controlled by the royal Braganza family in Brazil and implicated in the recent assassination attempt on Pope John Paul II, Christendom College is a hothouse for the breeding of youths thoroughly committed to the restoration and extension of a slightly updated version of the Holy Roman Empire.

The college, which claims to be orthodox Catholic, is a direct extension of the Society for the Christian Commonwealth founded by Bill Buckley's brother-in-law, L. Brent Bozell, in the 1960s to revive the idea of medieval Christendom. Bozell was a devout Carlist who had his children educated in Carlist-oriented schools in Spain; under his direction, the Society for the Christian Commonwealth ran a summer school in the Escorial Palace in Madrid, which it described as the "symbol for the *res publica Christiana*."

According to Christendom's president, Dr. Warren Carroll—who had been education director for Bozell's Society—the purpose of the college is to educate a "lay apostolate that will fight to restore Christendom, Christendom meaning the social and religious system that prevailed in Europe during the medieval period."

Carroll believes that Spain's Franco was "the best recent representative of Carlist thought," and terms his defeat of the

country's republican forces in the 1930s "the most important victory against Communism in this century."

One of the main intellectual influences on the school, Carroll says, is Frederick Wilhelmsen, a professor of philosophy now at the University of Dallas's campus in Rome, Italy. Also a self-avowed Carlist, Wilhelmsen has sung the praises of the medieval era in many locations, including a 1955 article in *Commonweal* magazine where he wrote that "medieval man sacramentalized the whole of being" and that the "medieval dream of the unity of all things in existence" is the "mythic foundation" of the modern-day conservative vision."

Wilhelmsen is a violent foe of industrial development, claiming that as a result of its growth, "we conservatives have lost our kings and our chivalry: our craftsmen are gone, and our peasantry are fast disappearing. . . ." In a recent book, Wilhelmsen exultantly predicts that with the rise of the "information society"—computers, television, etc.—industrialism will finally be put in its grave.

The school's curriculum reflects Wilhelmsen's unabashedly feudalist outlook. Its history courses deal with such topics as "the conflict of traditionalism and liberalism in Spain in the 19th and 20th centuries, with special emphasis on the history and theory of the Carlist movement; Our Lady of Fatima in Portugal; and the Catholic victory in the Spanish Civil War." Significantly, Christendom is one of the few colleges anywhere to teach a course on solidarism, the "Catholic" version of corporatism developed by German Jesuit Heinrich Pesch which heavily influenced the "small is beautiful" quackery espoused by the late British environmentalist, E. F. Schumacher. Carroll explains the importance of this course by noting that "neither laissez faire capitalism nor socialism is acceptable to a true Catholic. Solidarism represents the third way. With solidarism, you have an organic society; it's like corporatism, without its bad aspects. You've got no class warfare. Everyone works together. Portugal under Salazar was a good example of Solidarism in action."

Although very small (this year's graduating class totalled five students), Christendom's potential importance is underscored by the fact that State Department envoy Vernon Walters, the P-2 connected ex-Army general who was a protégé of Averell Harriman and Henry Kissinger's mentor, Fritz Kraemer, recently joined the college's board because "he thought its work is extremely significant."

Christendom maintains close links to the "new right" circles in Washington, especially the Heritage Foundation and Library Court, the "pro-family" coalition run by Benedictine Father Paul Marx. Despite their patriotic veneer, these networks are vehemently anti-republican. Thomas Ascik, who was both a Christendom board member and Heritage research fellow until he was named to a post at the U.S. Department of Education last year, recently told a reporter that "the U.S. Constitution is flawed" because it has been interpreted as justifying government support for road-building, water projects, and other infrastructural development.

Secretary Shultz and the Anglo-American spy scandal

by Criton Zoakos

Last month, American intelligence officials brought forward an Anglo-Soviet spy scandal, the so-called Prime affair, dubbed "the worst security crisis since Kim Philby," which in effect has placed a huge question mark on all the intelligence evaluations which Great Britain has supplied to the United States pertaining to the Soviet Union throughout the 1968 to 1977 period. As a result, relations between American and British intelligence services are now more strained than ever, with many American officials questioning the validity of the so-called "special relationship" between the two intelligence services.

This "special relationship" had once been described by Lord Halifax, when British ambassador to Washington, as one in which the British supply the "brains" and the Americans supply the "brawn" in the pursuit of global strategy. Not surprisingly, under this arrangement, most of post-Second World War foreign policy of the United States was designed in London and was appropriately imposed upon Washington. At the lower, intelligence-gathering level, the "special relationship" pivoted around a series of signed and unsigned agreements between the two countries according to which intelligence data are shared by the two countries' services. Thus, Britain's Government Communications Headquarters at Cheltenham supplies the U.S. National Security Agency with intelligence it obtains from its electronic monitoring of the Soviet bloc. The GCHQ, the NSA and similar organizations in Canada, Australia, New Zealand, and NATO are linked by agreements to share the results of their electronic monitoring activities around the world. Cheltenham and its listening stations in Cyprus, Hong Kong, Ascension and elsewhere, is primarily focused on electronically gathering

all the military, political, diplomatic, economic, and other messages throughout the Soviet bloc which may be transmitted by radio, telex, teletype, microwave, and so forth. It then shares them with the United States.

Other special relationships

The Prime affair involves one Geoffrey Prime, a Cheltenham employee from 1968 to 1977 who through all these years was supplying Soviet intelligence with information about a special Cheltenham program which was supposed to monitor the conversations of the Soviet political leadership. The implication is that everything which British intelligence supplied to the United States regarding the thinking of the top Soviet leadership during 1968-77 (the Kissinger era), was only what the Soviet leaders, by prearrangement with Cheltenham personnel, wished to feed back to Washington.

Geoffrey Prime was exposed and caught in July, at the initiative of American intelligence officers, during the height of the Malvinas War. Between Prime's arrest and now, the British government has systematically refused to honor American requests for "damage assessment" reports. NSA officials have been sent to London to inquire, with no reported success. Relations between the commanding officer of GCHQ, Sir Brian Tovey, and his NSA counterpart, Lt.-Gen. Lincoln D. Faurer, are reportedly of "utmost formality" at this time.

Beneath this veneer of factual tidbits, lie the real facts of Britain's last great battle to break the strategic backbone of the United States, in order to herself emerge as the leading arbiter of what the British oligarchy refers to as the "British Commonwealth," and of the Western World, presumably

with the toleration of the Soviet Union. Secretary of State George Shultz is increasingly being caught in the web of consequences flowing out of the Prime affair in the following way:

George Shultz is committed to a policy of drastically reducing the United States defense budget this year, including any allocations which may be approved for the program to develop space-based relativistic beam anti-ballistic missile systems. Given President Brezhnev's Oct. 27 speech to the Soviet military leadership (see article, page 33), and given the Soviet military and industrial factions' consolidation of power this year, George Shultz will have great difficulty selling his defense budget-cutting policy unless he continues to present fraudulent intelligence regarding the state of affairs in the Soviet Union, of the type Cheltenham supplied Washington in the Kissinger era of 1968 to 1977.

Would Shultz be willing to commit such irreversible damage to the United States' strategic position?

Why not?

To understand what happened to American foreign policy, one must view the current Prime affair in the context of the H. A. R. "Kim" Philby affair. During the fall of 1977, the founder of this publication, Lyndon H. LaRouche, Jr., successfully exposed the fact that the supposed British "defector to Moscow" Philby was still, in fact, in the loyal service of Her Majesty's Secret Intelligence Service. He currently serves in Moscow with the rank of KGB General. It was further exposed in the fall of 1979 that the Queen's art curator, Sir Anthony Blunt, was the mysterious "fourth man" in the quartet of Philby-Burgess-Maclean-Blunt.

The Milner group in Washington

Even with these verified facts, we are still dealing with the mere surface of British grand strategy. The story goes back to the Round Table of Cecil Rhodes, the imperial policy-making group of the British monarchy continuously from 1901 to this day. The Philby affair was spawned at the British embassy in Washington while Lord Halifax, a leading member of the Milner Kindergarten, was ambassador. Sir Isaiah Berlin, the recruiter of Henry Kissinger into the British Intelligence-KGB nexus, was also serving at the Washington embassy at the time, and is a leading surviving member of the original Round Table-Milner group.

Lord Halifax and his helpers at the Washington embassy were dedicated to carrying out what was then the central policy of the Round Table, now renamed the Royal Institute of International Affairs, or Chatham House. That policy was the institutionalization of the Cold War between the United States and the U.S.S.R., and the concomitant manipulation of both superpowers by Britain. All subsequent British ambassadors to Washington, from Halifax to Nicholas Henderson in 1982, were exclusively members of the old Milner Group—including Lord Harlech during the Kennedy period, who masterminded the Tavistock-Rapoport policy of leading the United States into the era of "post-industrial" environ-

mentalism, and Lord Cromer during the Nixon period, who masterminded the Watergating of the American President.

The power of these Milner Group ambassadors in Washington was augmented quite out of proportion to an ordinary embassy's capabilities because of the extraordinary assistance received from American members of the Round Table-Milner Group. For instance, very few know that the founder of the CIA, Allen W. Dulles, was a member in London of the Milner Group since 1935, and an intimate of Lord Alfred Milner himself. So was his brother, John Foster Dulles, the Secretary of State. Other State Secretaries were also members of the Round Table, either of high rank, such as Cyrus Vance, or of low rank, such as Henry Kissinger.

When the Milner Group reconstituted itself as the Royal Institute of International Affairs on May 30, 1919, its chief funders were Americans, namely Thomas W. Lamont of J. P. Morgan, the Carnegie Corporation, and Jerome Greene of the Rockefeller Foundation. Most of the blueblood families of the United States, Harriman, Moore, Cabot, Peabody et al. viewed the group with great sympathy. Others, such as the Astors, played, and still do, a major role in leading the Royal Institute. Others were won over more gradually. The objectives of the group were formally stated in two books, one by the founder of the RIIA, Lionel Curtis, titled *Civitas Dei*, the other, by its chief intelligence officer, the historian Arnold J. Toynbee, called *A Study of History*. This program was, and is, cultural imperialist dominance of the British empiricist philosophical outlook throughout the globe. The proposed means for achieving this was, and is, a plan to destroy any republican form of sovereign government throughout the English-dominated world (colonies, dominions, possessions, United Kingdom and United States), so that all could be subordinated to the cultural and informal political control of the British Royal Family. Based on this homogenized political base, the (sodomy-oriented) British philosophical outlook would dominate world affairs.

This 1919 program continues today under the rubric of the Carrington Plan, after Lord Carrington, the recent Foreign Secretary of Mrs. Thatcher. This plan was partially described by Mr. Edward Heath in a speech he gave at Fulton, Missouri in March 1982, published at the time in this review. It has since been repeated frequently by Henry Kissinger on numerous occasions. Its gist is: The United States is no longer a superpower that can dominate world affairs. It now possesses less than 24 percent of world GNP, while in the 1950s it controlled over 50 percent. Its international and strategic commitments must be lowered accordingly. Instead of superpower policies, we should adopt a diplomacy of low, sophisticated profile, following Britain's lead. As a result of the Carrington Plan, U.S. positions in Latin America, the Middle East, the North Pacific, and the Far East have crumbled since the Malvinas war and the subsequent Lebanon war. France, West Germany, and Britain are quietly making security arrangements apart from the United States. Lord Carrington and the British royal household are engaged in what they

believe to be deals with the Soviet leadership, which would allow Britain to emerge as the arbiter of affairs in the West. The Soviets are encouraging what they believe to be “inter-imperialist rivalries,” slyly awaiting their ultimate benefits.

This is the real substance behind the exploding “British Spy Scandal,” not the purported feats of Mr. Geoffrey Prime. In this matter, the litmus test to be applied on matters of national security is defense policy: It is imperative for the survival of Western civilization and of the United States that America move rapidly to develop relativistic-beam ABM weapons to be deployed in outer space. Failing this, as Dr. Edward Teller argues, the United States has two options: either sign its surrender documents now, or go for general nuclear war. Secretary Shultz’s policy of opposing this defense orientation makes him either the duped victim of Anglo-Soviet misinformation, or a witting participant in the grotesque, obsessive geopolitical irrationalities of the Royal Institute.

Behind the scenes in the intelligence war

by Jeffrey Steinberg

As the story goes, two drunk Englishmen staggered home from the pub late one night. Being blind drunk, they missed their cottage doors and crawled instead through the front door of Her Majesty’s most secret spy station at Cheltenham. After sleeping through the night on the plush sofas in the office of the director, they awoke to discover their error. To cover this unfortunate “breach” and facilitate their departure, they carried out several boxes full of classified documents. Reportedly, the guards at the front door flagged down a lorry and helped place the boxes in a rear seat.

Such is the current reputation of Her Majesty’s most secret service.

Now, reputation has been amplified by a flesh-and-blood spy scandal that has already sent shockwaves across the Atlantic and back.

The scandal revolves around Geoffrey Arthur Prime, a Soviet spy arrested in July of this year. According to a New York Times article by Philip Taubman dated Oct. 24, Prime was a cryptographer and translator at the Cheltenham facility from 1968-1977, during which time he passed virtually everything he could get his hands on over to Soviet intelligence. According to the Taubman story, Prime’s information

allowed the Soviets to know every intercept point for British and American electronic espionage and to thereby maintain a constant flow of “disinformation” back into the West, concealing actual policy discussions, intelligence, etc. Cheltenham is the headquarters of the British equivalent of America’s National Security Agency, the top secret electronic espionage branch.

Reportedly, Judge William Clark, the director of the Reagan administration’s National Security Council staff and a top adviser to the President, is personally overseeing the investigation into the British government’s efforts to block further independent U.S. inquiry into the Prime matter. The personal involvement of Clark suggests that for the first time in decades, leading U.S. officials may have their eyes opened to the fact that British intelligence has repeatedly stabbed the U.S. in the back on any occasion that it has served Britain’s interests. The “special relationship” has been one of the cornerstones of Her Majesty’s doublecrossings.

It was the special relationship that was invoked with the cry of “Britain is our oldest ally” during last spring’s Malvinas War, when the U.S. violated the Monroe Doctrine to side with Britain and lost all respect as an ally in Ibero-America. It was the “special relationship” that, under self-described British agent Henry Kissinger, brought the U.S. into the absurd “China Card” which crumbled within a decade. It was the “special relationship” which has set the U.S. up for a disastrous rout out of the Middle East, where U.S. allies Egypt and Saudi Arabia are targeted for the Iran treatment by the British.

Tip of the iceberg

According to intelligence community watchers on both sides of the Atlantic, including the London *Daily Telegraph*’s top “mole”-catcher Chapman Pincher, the Prime affair is merely the first phase of a much bigger spy scandal that will rock the very foundations of the British intelligence establishment. According to others polled by this news service, Prime is believed to be part of a homosexual spy ring involving at least a half dozen others. The ring, according to these U.S. intelligence sources, has maintained a penetration of Cheltenham up to the assistant director level up through at least three months ago.

Curiously, the *only* prominent intelligence community celebrity who is trying to downplay the significance of the Prime affair is former CIA Counterintelligence Director James Jesus Angleton. Angleton, who built up a reputation as an undaunted and often “paranoid” hunter of Soviet double agents, insisted to an NSIPS reporter this week that the Prime affair is of no significance and certainly does not jeopardize the “special relationship.” The last time that Angleton was known to have adopted such a protective posture towards a British intelligence officer was in the late 1940s, when he covered over the suspicions about his personal friend Harold “Kim” Philby, now a General in the Soviet KGB and then the MI-6 Chief of Station in Washington.

The Soviet command displays its scientific and strategic power

by Rachel Douglas

The Moscow daily *Izvestia* attacked Henry Kissinger again the other day, which deserves notice. Not that the article had anything of the quality of *EIR*'s vigorous forecast of Kissinger's demise (*EIR*, Oct. 19, 1982). But embedded in the turgid prose of the Soviet Neanderthal school of rhetoric was one informative sentence.

Izvestia faulted Kissinger on Oct. 29 for holding that "it is only possible to trade with the socialist countries if they begin 'internal political changes'." That little formula recalls not only the posture known in Kissinger's days of managing détente as the "Sonnenfeldt doctrine," but also the current stance of Kissinger's friend, Secretary of State George Shultz. Shultz is currently cast as the man who can patch up relations with Western Europe on the basis of a "global strategy" for trade relations with Eastern Europe. Regarding "internal political changes" in the East, Shultz hosted a conference on "Democratization in Communist Countries" at the State Department Oct. 18-19, which was billed as an implementation session for President Reagan's June 1982 speech to the British Parliament.

Because of these echoes, *Izvestia*'s incidental polemic with Kissinger helps clear the air around interpretations of a benchmark speech delivered by Soviet President Leonid Brezhnev on Oct. 27. What it communicates, as do other Moscow sources, is that the security of the Warsaw Treaty Organization defines a limit to Soviet accommodations with Kissinger, Shultz, or their senior associates in London, even in such a time of geopoliticking as the present.

This is also the message of the Soviet military-political leadership, as it showed itself when Brezhnev appeared before commanders of Soviet forces from districts all over the U.S.S.R. and Eastern Europe, flanked by Prime Minister Tikhonov, Defense Minister Ustinov, Foreign Minister Gromyko, and Politburo members Andropov and Chernenko, who represent the transitional leadership of the succession period.

In Washington, there has been serious suggestion that the

Brezhnev speech, which both assured the military of a high level of supplies and demanded from the military their more efficient use, be primarily read as a sign of Soviet weakness—the kind of sign that would justify the Kissingerian method of conducting relations with Moscow. Especially as long as the United States is in a deep economic decline, such an interpretation can only be the basis for strategic miscalculations.

The Soviet leader's speech before such an audience, publicization of which was unusual for the Soviets, revealed contours of an emerging post-Brezhnev leadership coalition such as *EIR* outlined last issue. It is an alliance of the military with political leaders and technical people from the heavy-industry sector, people who will try reforms and crackdowns against the bureaucracy in order to loosen the Soviet economy's worst bottlenecks, but will be in no rush to put the defense sector on short rations.

Some details of Brezhnev's presentation, such as his mention of his personal, day-to-day involvement with military decisions and the briefings he receives from Ustinov, were pointed reminders on his part of the power concentrated in his hands.

Remarks two days later by his long-time aide Konstantin Chernenko, who said in Soviet Georgia that Brezhnev was too busy with preparations for the mid-November Central Committee plenum to leave Moscow "even for a short time," suggested that Brezhnev was asserting his personal authority with an eye toward claiming the decisive say on organization changes that may be pending in the leadership bodies. The overriding message, however, was that every Soviet party leader, now and with the succession, has to act in concert with the military if he is to act effectively.

A British observer of Soviet affairs found such a policy pattern confirmed by Brezhnev's speech, and commented to *EIR* that, "the alliance of the military command and the industrial managers has been sealed. . . . They have put forward prescriptions that cannot be ignored. They have

mapped out a technological-industrial strategy for the U.S.S.R. for the next 10 years. Their attitude is: 'We will have to do it.' "

The same attitude, with slight modification, applies to Eastern Europe. At present, the Soviets are scarcely discouraging debt-strapped East European countries from applying to the International Monetary Fund for rescue—on the principle that someone else's bailing them out is preferable to Moscow's doing it; but the message is equally clear that those countries must stay inside the Soviet defense perimeter. On Oct. 15, *Pravda* published a long, unsigned article on "deepening socialist economic integration," largely devoted to the need to develop new technologies in electronics and other fields to "ensure a sharp upturn in labor productivity" and "technical and economic independence from the capitalist West." *Pravda* gave an example of East European integration, one with obvious military meaning: freight cross-haul time could be reduced, *Pravda* said, if Russian broad-gauge railroads were extended "deep into the territory of fraternal countries."

Science and the art of war

When we reported on the 26th Party Congress of the Soviet Union and contemplated the cuts in American science funding by the first sweep of Budget Director David Stockman's scythe, *EIR* commented on March 24, 1981: "If the intended policies of both nations are carried out, the United States will be reduced to a third-rate power status by the time President Reagan completes his first term in office." We quoted Brezhnev's words to the Congress about "regroupment of scientific forces of the Soviet Union" forencouraging the use of frontier technologies for economic expansion. The Soviets, we revealed, were talking about "fundamental breakthroughs which lead to new domains in human activity," and we concluded that, "if the present anti-science bias of our defense policy is not reversed. . . important national resources are going to be locked into commitments leading us further and further away from what must be done to meet the Soviet scientific challenge."

The Brezhnev speech centered on that same 26th Party Congress theme, which is timely today, when a national debate on the possibility of using directed beam technologies for strategic defensive weaponry has been joined in the United States, but by no means settled.

Brezhnev called for "due account of the latest achievements of science and the art of war." Saying that a foreign policy is only "effective when it relies on the real economic and military strength of a state," Brezhnev added, "Competition in military technology has sharply intensified, often acquiring a fundamentally new character. . . . We expect that our scientists, designers, engineers and technicians will do everything possible to resolve successfully all tasks connected with this."

Brezhnev defined the privileges and responsibilities of the armed forces in national policy: "Our people loves its

Armed Forces and is confident of their constant preparedness to defend their socialist homeland. . . . The people spare nothing for them to be able always to rise to their task. We supply the Armed Forces with the most modern weapons and combat technology. The Central Committee of the party takes measures so that you will not lack anything. And the Armed Forces should always be worthy of this care."

America and China

Brezhnev's speech and the one given Oct. 29 by Chernenko included statements on Soviet relations with the United States and China.

While Brezhnev criticized the United States for "a political, ideological, and economic offensive against socialism" and "threatening to push the world into the flames of a nuclear war," Chernenko practically gloated over the erosion of United States power and influence. Ticking off areas of the world where Washington experiences "tension" in its relations (Western Europe, Japan, Latin America and the Mideast were named), and pointing to soaring numbers of bankruptcies and unemployed persons in the United States, Chernenko quoted an unspecified American newspaper: "If Moscow could manage to infiltrate its agents into the White House, it could still hardly do more to undermine the authority of America than is being done by the present administration."

Where American policy has floundered, both Brezhnev and Chernenko made clear, the Soviets are looking to bolster their own position. This is eminently true in the case of whose "China Card" may prevail.

Brezhnev exceeded his previous comments on the Moscow diplomatic overture to Peking for "normalization" of ties, in the following passage:

"Our relations with China are of no small significance. We honestly desire normalization of relations with this country and we are doing everything that depends on us for this. In Peking now they also say that normalization is desirable. As yet, changes of a principle nature are not visible in the foreign policy of the People's Republic of China. But the things which appear must not be ignored by us."

Chernenko even spoke of relations "with the great Chinese neighbor of the U.S.S.R.," the kind of language of esteem not heard in many years with respect to China.

This upgrading of terminology reflects the results of a first round of normalization talks, held by Deputy Foreign Minister L. Ilyichov in Peking and due to be followed by a second round in Moscow, at an un-announced date. From the Soviet side, these talks were part of a strategy, outlined by Brezhnev at a March 1982 speech in Tashkent, for creating "a big zone of peace and stability" on the Asian continent, i.e., on the U.S.S.R.'s eastern flank.

The zone was already defined, in Brezhnev's summary, by the stable relations between the Soviet Union and India, and could be expanded by improvement of relations with China and with Japan. The Chinese, for their own reasons, have made some response.

His Ibero-American visit may be President Reagan's last chance

by Cynthia Rush

President Ronald Reagan's Nov. 30-Dec. 3 trip to Brazil, Colombia and Costa Rica offers the President a unique opportunity to restore sanity to hemispheric relations. Were he to act on behalf of U.S. national interests, Reagan would offer these and other Ibero-American nations the credit and technology needed for their rapid development, and take back with him billions of dollars worth of orders for capital goods—orders that would employ American workers. By making available the means by which these nations can pull themselves out of economic crisis, the President would also be offering a solution to the \$250 billion unpayable Ibero-American debt.

Reagan's other option is to follow the suicidal course laid out by Henry Kissinger, and followed meticulously by Secretary of State George Shultz and Assistant Secretary for Inter-American Affairs Thomas Enders. That policy has already placed U.S.-Ibero-American relations at their lowest point in history as a result of Washington's alliance with Great Britain during the Malvinas conflict, and now demands that the United States finish off the job by imposing coups, deeper austerity, and depopulation, which the International Monetary Fund thinks will make the continent's debt "collectable."

Drawing the lines

Shultz and Enders are doing everything possible to ensure that Reagan follows the second option. In recent weeks, with the aid of its assets in Ibero-America, the Kissinger-run State Department has succeeded in postponing or sabotaging almost every meeting called to discuss a common-market approach to Ibero-America's economic crisis, or joint renegotiation of its foreign debt. Such delays give the Kissinger faction added time in which to knock out the leaders of continental resistance against genocide. Nonetheless, certain wild cards in the situation could ruin their plans.

One of these is SELA, the Latin American Economic System, whose Secretary-General, Carlos Alzamora, a Peruvian, is one of the continent's most outspoken advocates of continental political unity to deal with the debt and other

problems. During the last weekend in October, Alzamora met with Mexican President-elect Miguel de la Madrid and discussed how to create permanent mechanisms for continental cooperation and a "security strategy that guarantees the development of Ibero-America.

In a Mexico City Press conference, Alzamora pointed to the "Ditchley Group" meeting of international bankers that took place in New York last month to coordinate policy toward the debtors of the developing sector. "I don't understand why we Latin Americans should be the only ones to believe that these types of agreements and consultations are a sin," he said. "We cling to the fiction of individual action in a game whose rules we did not only not establish, but which we have not made others respect."

Following the Alzamora-De la Madrid meeting, SELA issued a communiqué that De la Madrid had stated that when he takes power on Dec. 1, he will seek "accords at the highest political level" to strengthen Ibero-America vis-à-vis the great powers and to alleviate the economic crisis of the continent.

While Alzamora was in Mexico, the Bolivian Congress issued an appeal to the parliaments of Brazil, Ecuador, Panama, Paraguay, Peru, and Venezuela to back its call for a La Paz summit to "form a united front of Latin American countries to renegotiate the foreign debt." The international economic crisis, the collapse of raw materials prices, and the ravages of monetarist policy make such a joint move necessary, the communiqué stated.

Whose agenda?

Other Ibero-American leaders who are fighting to defend the continent from the assault by Kissinger and the IMF have begun to tell Ronald Reagan what they think the agenda for his trip must be.

In a speech in Arauca on the Venezuelan border in late October, Colombian President Belisario Betancur announced that his nation's domestic and foreign policy will be based on a program for a "Second Botanical Expedition," a continuation of the grand project for scientific research and development of the New World begun two centuries ago by

the great ally of the American Revolution, Charles III, the Bourbon King of Spain. The expedition, made famous through the work and writings of German scientist and American System proponent Alexander von Humboldt, was the NASA of its day—a project at the frontiers of science.

“We will not be a satellite of any power,” Betancur said in his Arauca speech, and reiterated his intention to bring Colombia into the Non-Aligned Movement. He also called for the development of large, unpopulated portions of the country that have been virtually untouched since von Humboldt’s 1801 explorations. Defying efforts to engage Colombia and Venezuela in border conflicts, the Colombian head-of-state also appealed to the neighboring government to join with him in carrying out the tasks of development posed by a “Second Great Expedition.”

The Colombian President’s message was striking in that it countered the agenda that Thomas Enders and Shultz have defined for Reagan’s trip. That Agenda, as defined in a policy address by Enders on Oct. 28 at the Canadian Institute for International Affairs, asserts that:

- “disproportionate growth” in Ibero-America over the last decade has helped to bring about the current economic crisis, and led to rising international interest rates, and world recession;

- existing economic crisis can only be resolved through bilateral negotiations; no security pacts of the kind proposed by several of the continent’s leaders, can be tolerated;

- not enough people have died in Ibero-American wars in past decades, compared to the rest of the world. The continent’s “11 border disputes” must be a focus of U.S. attention, and nations must be forced to accept supranational “peacekeeping” mechanisms, arms buildup and “military cooperation”.

- if the nations of the continent need models for new political institutions, they can look to the war-torn and economically devastated nations of Central America where “democracy is on the upswing.”

With the lines thus drawn, the few weeks remaining before Reagan’s departure define the timetable for putting together a continental defense against the policies of genocide Enders and Shultz defend. Similarly Kissinger’s thugs in the State Department and in several Ibero-American countries are organizing to “take care of” those cases viewed as most troublesome, before Reagan leaves Washington.

Mexico is high on their list of priorities. José López Portillo’s nationalization of the banking system on Sept. 1, and refusal to buckle under to IMF demands for the dismantling of all industrial growth, have threatened to spark similar action among the continent’s other debtors. And Miguel de la Madrid’s meeting with Carlos Alzamora suggests that he will not retreat from these policies.

Plan for Mexico

The oligarchy’s gameplan is to push Mexico into a situation of such chaos that it will be forced to submit to the IMF

by the time De la Madrid takes office on Dec. 1, or soon thereafter. The international banks and the local allies of Henry Kissinger are using the crisis created by a cut-off in access to dollars and import capability over the past three months, as well as the internal sabotage of Mexico’s industrial plant, to organize a fascist movement to overthrow the country’s republican institutions if necessary. Spokesmen for this group have warned that if De la Madrid doesn’t capitulate, he will be the victim of an assassination or a coup.

Colombia is also targeted. In the three months he has been in office, Belisario Betancur has become an object of hatred for Kissinger and Shultz because of his leadership in promoting continental integration and his outspoken advocacy of an independent economic and foreign policy. Various State Department assets in Washington and Colombia have been activated to destabilize his regime, chief among them the oligarchic foreign minister, Rodrigo Lloreda Caicedo, who is promoting Enders’s policy of arms buildup and border conflict, and Defense Minister Gen. Fernando Landazábal Reyes, who is threatening Betancur with a coup. One of Shultz’s objectives in meeting with Betancur will be to try to restore the “Washington-Bogotá” axis, by persuading Colombia to become a gendarme for the United States in Central America.

The IMF is moving quickly to clean up problem cases like Argentina and Brazil within the next few weeks. An IMF mission just returned to Washington from Argentina with a preliminary agreement for a standby loan that will impose further austerity on a country already ravaged by six years of monetarism. Pressures on Brazil are evidenced by the way various oligarchs and bankers have descended on that country in recent weeks.

Brazil has just announced a drastic IMF-style austerity program which Planning Minister Delfim Netto hopes will avoid the problem of having to resort to the Fund officially. But international banks and creditors are expected to lower the boom on Brazil once the Nov. 15 elections are over, and Brazilian authorities have been quietly talking to the IMF in expectations of having to draw on its facility there.

The upshot

But there is a reality that Kissinger and the IMF ignore: rather than subduing Ibero-America, their promotion of genocide, coups and assassinations will result in actually forcing these debtors to declare a default or debt moratorium that could bring down the international banking system. Mexican Senator Manzanilla Schaffer, head of the Senate Foreign Policy Committee, made the point explicitly in a recent message. Mexico will not accept conditionalities that “are damaging to Mexico’s national interest,” he said, even if needed for new credits. If the IMF and bankers insist on such conditions “Mexico could choose the path of suspension of [debt] payments. . . . We want to pay but we will not be strangled.” And if Mexico is forced into such action, “it could put more than 50 international banks into a grave crisis.”

SELA Permanent Secretary: 'Bankers are coordinating, why not debtors?'

The following are excerpts from an interview granted to EIR by Peruvian diplomat Carlos Alzamora, Permanent Secretary of the Latin American Economic System (SELA). Mr. Alzamora was interviewed in Mexico City Oct. 29 by EIR correspondent David Ramonet.

Ramonet: Could you explain your ideas on the relationship between debtors and creditors, and the potential for joint renegotiation of the foreign debt?

Alzamora: Improving the world's economic health requires a tremendous concerted effort and a great sense of calm, realism, and responsibility on the part of debtors and creditors alike. Both share the same situation, which can be resolved only through mutual cooperation.

Ramonet: The international banks have indicated that they will only renegotiate Ibero-America's debt on the basis of IMF backing. Do you think this will resolve the debt problem?

Alzamora: Experience has not given us much basis for optimism. One of the campaigns of the developing countries, particularly the Latin American countries, has been to modify the series of [IMF] conditionalities. For these reasons, I say that more than anything, it is necessary for the Latin American countries to act *in concert*; not to negotiate our debts as a group—which, although desirable, is almost impossible—but together, to create an articulate, creative plan. The lack of such a [mutual] plan is what causes us today to repeat well-known traditional recipes and prescriptions which have not proven effective.

Ramonet: If one of the Ibero-American nations were to declare itself unable to pay its debt, or to declare a moratorium which resulted in a trade embargo, would SELA be able to come to that country's aid?

Alzamora: Clearly, SELA is open to all forms of cooperation and assistance for its member countries. In any event, I don't believe we should generate catastrophic scenarios on this question. We should acknowledge that if the banks are meeting—as 31 of them did a few days ago in New York—to consult each other on their loans to the Latin American countries; and if the creditor countries are meeting practically every day to consult, there should be no reason for Latin Americans to be the only ones to think this kind of concerted effort and consultation is a sin.

Excerpts follow from a press conference Carlos Alzamora gave on Oct. 29 in Mexico City.

Q: What are SELA's recommendations?

Alzamora: I believe that SELA—which has created a mechanism for economic security, allowing us to mobilize Latin American regional solidarity whenever there are sanctions or other forms of economic coercion against a member country—needs, in turn, a political security system. In our judgment, security is indivisible. Therefore, Latin America needs a mechanism for joint political action . . . as exists in other regions, such as the Arab League. . . .

Latin America doesn't have such an organization for joint political action, and it is now more necessary than ever. We are clearly headed toward this through a series of initiatives which we hope will be successful.

Q: Are you saying you would support the OAS without the United States?

Alzamora: Not necessarily. I don't think the one thing has anything to do with the other. I believe that the OAS will continue to be a forum for negotiation and dialogue with the United States. But today, all of the Latin American countries are aware that they must go to these negotiations and dialogues properly united. In the final analysis, there are two different realities. One is that of an industrialized superpower with worldwide strategic, political and military interests. The other is that of a community of developing nations, which have shown themselves to be—as we saw in the South Atlantic conflict—extremely vulnerable. The two sides must seek a healthy relationship. But I also believe that the way this healthy relationship can occur is by our pulling together and organizing ourselves such that we are bona fide participants . . . allowing us to achieve real negotiations, a real dialogue, under equitable conditions, in which the dialogue takes into consideration both parties' interests, and the benefits are shared equally.

Q: So what you're proposing concretely is a league of Latin American nations with these purposes?

Alzamora: Yes, I am proposing this. But I speak not just for myself. This is an aspiration shared increasingly throughout Latin America: a Latin American institution for joint political consultation.

Betancur challenged within his cabinet

by Valerie Rush

From the moment Colombian President Betancur declared at his inaugural speech last Aug. 7 that a Latin American heads-of-state summit should be convened to restructure the shattered post-Malvinas inter-American system, certain Anglo-American interests in the U.S. State Department knew they had a very dangerous maverick on their hands. In the past three months that view has been more than confirmed.

On both domestic and foreign policy, Betancur has charted a new and independent course. Internally, he has focused on reviving the battered Colombian economy, which has entailed a head-on confrontation with the drug-linked financial sector that has sucked the country dry. Externally, Betancur has taken a leadership role—unprecedented for a Colombian president—in forging new continental alliances for both political and economic security.

Political amnesty an imperative

To accomplish his goals, Betancur has defined the establishing of social peace inside Colombia as an imperative. To that end, he has leveraged his immense popularity with the Colombian people to win approval for a legislative framework for political amnesty with the armed guerrilla movements in the country. With the guerrillas neutralized and the military back in the barracks, Betancur can take up the challenge of implementing a long-overdue industrialization program for Colombia.

Betancur's peace plan has, however, encountered the fierce resistance of Defense Minister Fernando Landazabal Reyes, who is reputed to manipulate both left- and right-wing terror squads for the purpose of keeping the civilian government subservient to military dictates. Landazabal issued a scarcely veiled challenge to the President last week in the form of an editorial in the Armed Forces journal which characterized political amnesties as "periods of oxygenation" for the guerrillas and as mechanisms used by the "political authorities" to pull the rug out from under an Armed Forces "when it has been at the point of obtaining a definitive military victory over the subversives." Landazabal warned Betancur not to confuse his amnesty plan with a loss of confi-

dence in the military's ability to defeat subversion and added that, should elements of the guerrilla groups refuse the amnesty offer, "the government and the Armed Forces will be forced, as always, to exercise authority. . . ."

It was hardly accidental, therefore, that during the week the amnesty came to a vote in the Congress terrorist violence broke out across the country, allegedly carried out by splinter factions of the M-19 guerrillas whose leadership has welcomed the amnesty. Simultaneously, the major newspapers in the country carried gruesome front-page color photos, Aldo Moro style, of kidnap victim Gloria Lara de Echavarría, the wife of a prominent politician, with a gun held to her head by a hooded terrorist and headlines announcing the deadline for her execution.

A saboteur in the cabinet

While Betancur faces a virtual coup threat from his Defense Minister, he has also to contend with the sabotage of his foreign policy initiatives by Chancellor Lloreda Caicedo. On one vital issue after another, Lloreda has diluted, altered, or outright contradicted stated Betancur policies. Exemplary is President Betancur's unequivocal support for Argentina's claim to the Malvinas Islands, a position which in fact helped him win the presidency and which he has repeatedly reiterated since. Speaking to the United Nations last month, Lloreda declared that the Malvinas should be administered by a "multinational authority" until the claims of Argentina and the "interests of the islanders" are resolved.

Perhaps most blatant was Lloreda's unilateral reversal of the Colombian President's position on the highly controversial issue of the continent's foreign debt problem. Betancur was the first Latin American head of state to wholeheartedly embrace the proposal of newly inaugurated Bolivian President Siles Zuazo on joint renegotiation of the continent's foreign debt. And yet on Oct. 21, speaking from Mexico City, Lloreda declared to a press conference that the debt refinancing of the Latin American countries should be done individually; "it is not convenient at this moment to form a kind of cartel of countries with economic problems," he insisted.

Lloreda has gone even further in his role as agent provocateur, calling for a Colombian "arms buildup" to meet the new bellicose "ambience" of the continent in the post-Malvinas period. "A country like ours with 13 borders can never know when a problem will arise."

Lloreda's call for an arms buildup, matching Landazabal's demands for greater military expenditures on arms, coheres perfectly with the policy of Assistant Secretary of State for Inter-American Affairs Thomas Enders, known as the "North Star" policy. Enders advocates U.S. provision of arms to "avoid sub-regional imbalances of power" and to bring the continent back into the U.S. fold—following the "North Star." One proponent of the "North Star" policy, geopolitician Lewis Tambs, has been nominated by the U.S. State Department to be the next ambassador to Colombia.

Western Europe's momentum toward political catastrophe

by Vivian Freyre Zoakos, European Editor

Western Europe in its totality is undergoing an accelerated destruction of both its economies and political institutions, the likes of which has not been seen in the past 40 years. If this process is not arrested, the political and economic geography of Europe will be irreversibly redrawn past recognition.

The consequences for the United States and the developing sector, not to mention world peace, will be devastating and dramatic.

In West Germany, the counterculture greenies who are staging violent riots and demonstrations in major cities, are now being wooed by the formerly ruling Social Democratic Party. The government has meanwhile been seized by a Friedmanite Christian Democratic regime. The result is the unleashing of "a time of chaos and polarization," in the words of an American source close to the Bonn government: a period of transition to an "authoritarian" regime that will be filled with "pain and bloodshed."

In Italy, the Christian Democracy—which ruled for the past 36 years—has been all but seized by its own version of the "futurologist" zero-growth crowd, while the labor movement has buckled under the pressure. The Italian trade-union confederations have not only accepted austerity as the premise for the current national wage negotiations, they are also "demanding" drastic cuts in the public-sector budget that will translate immediately into radically reduced jobs and accelerated industrial collapse. The first signs have also been made in hints, and not subtle ones, at the return of the Savoy's monarchic rule in the medium-term future.

In France, the government has not only become the internationally recognized protector of foreign and domestic terrorists, granting them amnesties to the scandal of the world community; it has also reneged on every one of its promises to labor, going so far as to abolish the foundations of collective bargaining. As the situation deteriorates, the extreme right wing associated with the Nouvelle Droite has reversed its former support of the Socialist government, declaring instead all-out opposition. The Socialist Party government itself is wracked by faction fights that have led to increasingly dramatic scandals, not to mention a string of assassinations.

Spain, facing perhaps the most immediately critical situation among these countries, just voted in a majority Socialist Party government, on the French model. The Spanish Socialist leadership, well-known for its cooperation with the ecologists, hailed its victory by promising to dismantle the country's nuclear power industry as a first priority. The Spanish economy will not only collapse even more rapidly than it has to date, but this will in turn feed the enormous left-right polarization brought about by the total collapse of the center in the course of the elections. If the process continues, Spain will soon face conditions frighteningly reminiscent of its pre-Civil War period. (See article, p. 41.)

Last month's **Swedish** elections returned to power the Socialists under Olof Palme. In all of the European Socialist International, only Willy Brandt of West Germany can be compared to Palme as a totally loyal instrument of the British oligarchy, lacking even a vestige of the nationalist considerations that, under a given set of circumstances, might conceivably offset Malthusian loyalties and commitments. Sweden will thus again become the workshop and proving ground for the most advanced application of genocidal economic and social policies. The horrendous economic collapse of Britain under Friedmanite Thatcherism will be duplicated in Sweden in a much shorter period of time.

The turning points

With the defeat of French President Valéry Giscard d'Estaing in the May 1981 French elections, the primary political alliance that had made Western Europe the center of a pro-development war-avoidance policy began to erode. Giscard's ally, Chancellor Helmut Schmidt of West Germany, was deprived of his most important co-thinker in foreign and economic policy. He was also suddenly faced with a Mitterrand-dominated France acting as yet another staging ground for an oligarchically-led destruction of nationalist-inspired institutions on the continent. All this occurred in the context of a global downslide into deepening depression conditions.

Schmidt was himself eventually defeated as, in his weakened condition, and under enormous U.S. pressure, he ad-

hered to ever greater compromises in his domestic situation. At this past summer's national conference of his Social Democratic Party (SPD), Schmidt made a rotten compromise with the Willy Brandt-led left wing of his party, weakening his own base, which had been uniquely the trade union wing of the SPD. Finally, on Sept. 17 of this year, he was forced into resigning his chancellorship after a dirty maneuver on the part of his anglophile liberal coalition partners.

The SPD has since been placed under the domination of the Brandt left wing. Former West Berlin mayor Hans-Jochen Vogel was chosen as Schmidt's successor for the chancellor candidacy in late October. Vogel has since stated repeatedly that he plans to woo the greenie-peacenik movement into the ranks of the SPD. The demoralization of the pro-industrial Schmidt-allied wing of the party is now such that Hessen governor Holger Börner suddenly reversed his position in late October and said that he was interested in "dialogue" with the Green Party. The Greens hold nine seats in the Hessen state parliament, and Börner has been governing without a majority. As for the labor unions, left to flounder without a national political voice, their response has been at best pathetic. In a series of national "anti-austerity" demonstrations they sponsored at the end of October, the best alternative they were able to propose to the SPD left zero-growthers was a series of "share-the-poverty" schemes.

The greenies have responded to this post-Schmidt situation by unleashing mass violence throughout West Germany. In the first few days of November there have been anti-nuclear riots, bombings of U.S. installations, and Frankfurt airport runway riots, in which extreme violence was mounted against the police. These riots have in turn the purpose of acting as the excuse for predicted moves by the right-wing Christian Democratic government to begin the fascist transformation of the German juridical system. Interior Minister Friedrich Zimmermann, one of the top leaders of the Bavarian Christian Social Union party (an instrument of the central European oligarchy), already announced this week that he will be studying a "new approach" to fighting greenie terrorism.

Let anyone think this does not represent a classic left-right, controlled deterioration into fascism, he need only contemplate the history of Weimar Germany. One American analyst who maintains strong connections with the Bonn government, said recently and with great glee that "every party, every political institution in Germany is showing signs of shattering from within. Germany is removed as a global political actor right now; its role will be reduced in Europe as well for the time being. . . . Who would have thought that we could come this far, a year ago?" he continued. "Now [there is] the pain of transformation to something better. There is always pain and bloodshed alongside great change, I'm afraid."

Fueling this "transformation" is the collapse of the impressive economy built up in West Germany after the war.

To cite but one significant statistic, this week the press was filled with talk of closings throughout the coal pits in the Ruhr industrial heartland due to the staggering contraction of the steel sector. Whereas last year the German steel industry had announced its acceptance of a cut in production from 37.5 million tons to 30 millions by the early 1990s, official figures released this week reported that the 30 million tons figure will have already been reached by the end of 1982, 8 to 10 years ahead of the already depressed contraction scheduled announced in 1981.

The economy of the rest of Europe is unravelling at an even more rapid rate. Conditions in France are such that André Bergeron, head of the AFL-CIO fraternal union FO, warned the government on Nov. 3 that, by its policies, it was setting itself up for a potential rerun of May 1968, when staged mass riots led to the collapse of the government of President Charles de Gaulle. With its ideological stupidity and hefty proportion of outright terrorist controllers such as Justice Minister Robert Badinter and presidential adviser Régis Debray—to cite but two—the regime of President Mitterrand is indeed writing its own death warrant and with it that of the Fifth Republic.

The industrial production index of France fell by 3 percent in July-August, compared with June. Yvon Gattaz, president of the CNPF (the large industrialists' association) predicted a wave of bankruptcies in the near future, hitting large as well as medium-sized industries.

The government's response has been to announce an end to price freezes, allowing prices to rise by up to 10 percent on all services and commodities. More drastically, the government has de facto and unilaterally put an end to the collective bargaining process in the giant public sector, by announcing wage increases for this year that will be two percentage points lower than the officially predicted rate of inflation. No bargaining by the trade unions will be tolerated on this matter, period.

The story is parallel in Italy, where the Spadolini government was collapsed this summer only to be allowed to return to power intact after agreeing to enforce an across-the-board economic austerity program. Faithfully attempting to do this, the Spadolini government has nonetheless been hit with criticisms of its incapacity to impose the full-fledged depression austerity conditions actually "required" by the nation's "near state of bankruptcy."

This criticism has been made repeatedly over the recent weeks by Bruno Visentini, president of the Olivetti corporation and president also of Premier Giovanni Spadolini's own Republican Party. Visentini has insisted on the fact that the very existence of "party politics," in which party machines necessarily respond to the wishes of the party base, is the major stumbling block to giving Italy the full dosage of austerity demanded by the oligarchy. (Visentini has been throughout his career the spokesman for the blackest of the evil Italian families, who date back to the 13th-century Black

Guelphs.) This is true enough, and unfortunately the best political machines are close to being either bought, intimidated, or otherwise coerced into withdrawing from this role of safeguarding the population's interests.

Italy's Christian Democracy is now almost totally in the hands of its Friedmanite representatives. Perhaps even more crucially, the Italian Communist Party leadership has been consistently supporting Visentini after they were promised a chance to enter the government in exchange for their cooperation. As a result, the Communist-controlled national trade-union confederation—which groups together about half the national labor force—has begun an unprecedented slide into capitulation in its wage negotiations, going so far as to accept the renegotiation of the cost of living (COL) escalator. The COL in Italy is the symbol of defense of working-class interests against the ravages of the monarchic and Fascist eras.

Spain's Socialists: transition to a coup?

by Katherine Kanter

On Oct. 28, the Socialist Party of Spain (PSOE) swept to victory in the national elections, taking over 200 out of 350 seats in the parliament and virtually annihilating the present governing party, Union de Centro Democrático, which won only 12 seats. Alianza Popular, the Franz-Josef Strauss-financed branch of the CDU in Spain, took a massive 106 votes, tripling its previous score.

This tragic outcome, which threatens to engulf everything achieved by the Carrero Blanco faction of *desarrollistas* (the pro-development faction) in the general collapse which must necessarily follow when the PSOE's zero-growth program is put into effect, can be attributed to two main factors: the vicious agency of anglophiles like Spanish President Calvo Sotelo's top economic adviser, former Finance Minister Fuentes Quintana, who deliberately handed Spanish industry over to hot-money boondoggles, and the role played by Freemasons like Jesús de Polanco and Tomás de Salas, who control the largest-circulation dailies in Spain, *El País* and *Diario 16*, respectively. These two newspapers, in a period of a few short years, poisoned the minds of Spanish youth in particular, to the extent, as *EIR* founder Lyndon H. LaRouche said in an address Oct. 30 in Mainz, West Germany, that "the Spanish population voted for national suicide. Felipe González is the fresh corpse of Salvador Allende [the Socialist Prime Minister of Chile who committed suicide after the 1973 coup by Pinochet]. Unless a miracle can be

worked, within six months there will be a coup d'état on the Pinochet model."

Why is there a coup danger?

The crux of the matter lies, not in certain restive circles in the military, but in the Socialist policy itself. Just as the insane stupidity of the outgoing Calvo Sotelo government precipitated the collapse, so the economic program of the PSOE, identical in all main conceptual and practical features to that of Hitler's Finance Minister Hjalmar Schacht, has been designed by London as phase two of the operation leading to utter dissolution of all economic and political institutions before phase three, the Pinochet-style International Monetary Fund coup. A military coup is sold to nationalist officers in all countries as their duty in the face of impending breakdown of order, but the objective underlying feature is always the reality of economic blowout.

The international financial and economic conjuncture is intensely hostile, not just to Spain, but to every European nation, not to speak of those of the Third World. London-based international finance capital has over the last 18 months carefully set up governments such as those of Mitterrand in France, Palme in Sweden, and Papandreou in Greece, which are to impose fascist austerity in preparation for actual fascism under authoritarian, IMF-controlled regimes. The González government is just the latest addition to the pattern. This was stated quite openly by Brian Crozier, of the London-based Institute for the Study of Conflict, in a leading article in the Nov. 2 London *Times*, dealing with the Spanish elections. Crozier called explicitly for a fascist coup in Spain: "Since Franco died in 1975, inflation and unemployment have soared in Spain. So have terrorism and political crime. . . . The assumption that democracy is going to work in Spain does, I think, remain to be proven. . . ." The title of the article, "Is democracy a good thing?", coming from one of the men who have done the most to organize British terrorism and British-backed coups d'état, the message is clear.

The coup danger could be greatly lessened immediately, however, if the Alianza Popular were not totally in the hands, at the highest level, of the Friedmanites. Alianza Popular ideologues Pedro Schwartz and Jorge Verstryngge have in fact succeeded in giving Spain a program identical in concept, if not in all details, to that of the Malthusians in the PSOE. The ignominy of the situation is precisely that the financial base of Alianza includes all the nation's top industrialists, who will be the first to go under if this policy takes effect. Were these industrialists to stage a revolt against the Alianza's present leadership, their 106 seats in the parliament would be a crucial leverage. The other very wild card is the impact of the nationalist economic measures taken by Mexican President López Portillo Sept. 1, and the growing motion toward an Ibero-American debt bomb, may have on the Spanish situation and its various political parties.

High noon in Japan's political warfare

by Daniel Sneider, Asia Editor, from Tokyo

For aficionados of traditional Japanese drama, it has not been necessary during the past month to visit the Kabuki-za in Tokyo, the home theater of traditional Japanese Kabuki plays. The drama has been performed instead on the stage of Japanese politics. The main performers are available for the audience every day on their television set and in their newspaper. But as in every good Japanese drama, the crucial action is taking place offstage, behind the curtain, where the *kuro-maku* (literally "black curtain," meaning a wire-puller) perform their manipulations.

The title of this grand drama of the Japanese, the crisis of the ruling Liberal-Democratic Party (LDP), is known to all the audience—it is the tale of the Kaku-Fuku war. The Kaku-Fuku war is the name given the decade-long political battle, the bitter political rivalry within the ruling party between former Premiers Kakuei Tanaka and Takeo Fukuda. Ever since Tanaka outmaneuvered Fukuda, the chosen successor of the late Premier Sato, to become the premier in an intra-party battle in 1972 that saw millions of dollars change hands, the war has claimed the political lives of five prime ministers. The last was Zenko Suzuki.

Suzuki's early October decision to step down as leader of his party, a post which automatically carried with it the premiership, came as a surprise to many in Japan. His term as LDP president was to expire in December, but with the support of three of the five major factions of the LDP—his own, and those of former Premier Tanaka and Yasuhiro Nakasone—Suzuki seemed assured of re-election. This, despite increasingly open and vocal opposition by the so-called non-mainstream factions of Fukuda, Economic Planning Director Toshio Komoto, and the small group led by Science and Technology Minister Ichiro Nakagawa. The mathematics of the factional showdown told the average observer that Suzuki would gain re-election.

Observers not so easily swayed by the "logic" of the situation smelled something different in the air: the Kaku-Fuku war was on again. By late September Fukuda had made his move to place himself in opposition to Suzuki. According to the best-informed sources, former Premier Nobusuke Kishi—an elder statesman of the party, the godfather of the Fukuda faction, and the father-in-law of Fukuda's chosen successor, Shintaro Abe—had decided to "destroy Suzuki."

The hapless Suzuki was not the real target. He was maligned only because he had proven himself to be what all knew him to be when he was placed in the premiership in the summer of 1980 after the sudden death of Prime Minister Masayoshi Ohira. Suzuki was shown as a man who would make no decisions, take no leadership stance, and do anything to maintain the "balance" and "harmony" of the ruling party. Faced with a mounting international economic crisis, a deteriorating Japanese economic situation, a crisis in the all-important U.S.-Japan relationship, Zenko Suzuki could not provide the resoluteness to deal with these problems. This made him an easy target for the Fukuda-led insurrection.

The real target of this attack was Zenko Suzuki's sponsor, the man who kept him in power, the most powerful, most feared, and—by some, most hated—man in the LDP, Kakuei Tanaka. The Tanaka political machine, built on a system of patronage that would make Chicago's legendary Mayor Daley blush in envy, is cracking. Its leader, ousted from office by a financial scandal, and then charged with taking bribes from the Lockheed Aircraft company during his tenure, faces the end of his prolonged trial on those charges sometime in 1983. Tanaka, who technically is no longer even a member of the LDP, but sits in the Diet as an independent, is now facing his moment of truth. It is indeed high noon for Tanaka.

Takeo Fukuda has only one objective in this crisis—not the ouster of Suzuki, not the installation of himself, Abe, or someone else as premier, but to destroy the power of Tanaka and his regime in the ruling party. Fukuda's intentions were made clear by mid-September when he adopted an openly anti-Suzuki stance, thereby ending the temporary truce in the Kaku-Fuku war embodied in the post-Ohira selection of Suzuki as premier with the consent of both Tanaka and Fukuda. Once that truce ended, it was clear Suzuki would have to go.

Now, the Kaku-Fuku war has been carried to new heights, as the failure thus far of Tanaka and Fukuda to reach a new truce and compromise choice to succeed Suzuki has forced the launching of an unprecedented open election for the LDP presidency. Four candidates have entered the race: Yasuhiro Nakasone, who has the backing of the Tanaka and Suzuki forces; Economic Planning Director Komoto; Science and Technology Minister Nakagawa, and Minister of International Trade and Industry Shintaro Abe. In essence, the sim-

plest explanation for this crisis in the ruling party is that this is the last act of the tale of the Kaku-Fuku war—not yet the end, but the beginning of the end.

The deeper reality

The simplest explanation, however, is not the only explanation. The personal rivalries and factional politics of the LDP are complex enough to understand, but they are only one level of reality. The problem in analyzing the often byzantine events of Japanese political life is to find the link between this war and the deeper issues, the policy questions that are being debated and confronted by the Japanese. The relationship between the factional struggles and policy issues is not direct. One cannot assemble a list of LDP politicians and associate that group with a certain policy stance opposed by some other LDP group. A relationship between the factional struggles and policy issues does indeed exist, but the relationship could perhaps be likened to two parallel lines—one representing the factional struggles and one representing the policy issues—which lines are intersected by many additional lines from many different angles. On a given issue, such as defense policy, one finds actually contradictory views among groups allied in the LDP factional struggles.

However, it is a simple truth that the environment in which the internal political crises occur is shaped by basic policy issues such as the world strategic and economic crisis, their effect on the Japanese economy, and how Japan should respond to these trends. Most people in Japan—common people and leaders alike—perceive a desperate need for Japan to respond to hostile international developments with policies that ensure Japan's national interest. But just what those policies should be remains a deeply feared and disputed question. It is against this essential background of indecision in the midst of the need to act, that the Japanese political crisis is unfolding.

Over the past decade, as turmoil has increased in the world, the most basic assumptions of Japanese foreign policy have been shaken, undermining the relatively stable conditions of continuous post-war LDP rule of Japan. During these 10 years, one cabinet after another has fallen, the instability reflecting the failure of Japan's political leadership to evolve a clear, strong policy to confront increasingly hostile conditions abroad.

At this moment, the fundamental issues confronting Japan are political and economic in nature. Japan's economy, though in relatively better shape than other advanced nations, is in severe recession, manifested in a deceleration of exports, a slowdown of industrial production, and a growing budget deficit. The ostensible focus of much debate in Japanese government and political circles is "administrative reform." This policy, partly carried out by the Suzuki cabinet, seeks to curb the budget deficit and trim expenditures through increased "efficiency in government."

Prime ministerial candidate Yasuhiro Nakasone, head of

the Administrative Management Agency, is committed to this policy, although there are doubts about how tenaciously Nakasone, who is labeled an opportunist, upholds it. Toshio Komoto, on the other hand, has waged his campaign for the premiership solely on economic issues, and on his call for domestic stimulation of the economy including budget stimulation, as the necessary response to the shrinking world economy. One senior business leader told this writer that the key question about the new premier will be "whether he is an expansionist or a contractionist. . . . The best prime minister is one who will expand Japanese international business activities, and at the same time, make government smaller."

Next in line to these economic questions is the military issue of how to respond to increasing U.S. pressures for both an increased level of defense spending and an expanded Japanese security role in the Western Pacific. The recent protest by Southeast Asian Presidents Suharto of Indonesia and Marcos of the Philippines that a proposed Japanese defense role extending down into the South China Sea may represent a danger of renewed "Japanese militarism," has stirred controversy in Japan, especially after protests from other Asians over revision of Japanese textbooks which softpedaled Japan's war crimes in World War II.

It is widely assumed that Nakasone would be the best man for those, including those in Washington, who favor increased defense spending. He has a reputation as a "hawk," a reputation dating from the early 1970s, when, as defense minister, he pushed this line. However, sources at the U.S. embassy in Tokyo pointed out that Nakasone was far from easy to deal with for U.S. officials at that time. He is very unpredictable in his views. Certain U.S. circles view Nakasone as a "dangerous nationalist" who would upgrade defense spending on an "independent" Japanese basis rather than within the framework of increased U.S.-Japanese security cooperation. Ichiro Nakagawa, another of the candidates, is also considered a "hawk," but of the right-wing nationalist variety. On this subject Komoto's views, and those of Shin-taro Abe, are not clearly known.

Encompassing both these issues is Japan's stance on the future of U.S.-Japan relations. An interesting view of this issue was put forward to this writer by a leading left-wing Dietman (member of parliament) of the Japanese Socialist Party. He characterized the battle within the LDP as a reflection of division within the Japanese ruling circles between two broad groups—those that are called "pro-U.S." and who wish to maintain the status quo, and those who want Japan to take a more "independent role."

The latter position, the Dietman contended, is characterized by a move toward increasing trade and economic cooperation with the Soviet Union in Siberia, with China, and with Southeast Asia. He pointed to Shigeo Nagano, a leading business figure who has recently been promoting Siberian development cooperation, as an example of this tendency. That Dietman, who himself favors this course, interestingly

preferred Komoto as the LDP candidate, but also characterized Nakasone and Nakagawa as “nationalists,” who would push “self-reliant military capabilities.”

Nakasone has been trying to shake the label “anti-American” in recent years, traveling to the United States and proclaiming his fealty to the U.S.-Japan alliance. However, it is known that there is a great distrust of him in Washington circles (though also strong support) because of his unpredictability. The common Japanese political assessment of Nakasone is that “he has no views, only ambitions.”

Komoto may favor a firmer stance vis-à-vis Washington tensions, because of his strong views in favor of international economic expansionary policies, his opposition to high U.S. interest rates, and his generally pro-industrial standpoint. The Ministry of International Trade and Industry (MITI), a stronghold of pro-growth and pro-industry views, is generally most favorable to Komoto on policy grounds, although some in MITI fear he would be politically weak.

Perhaps the more crucial question is how the political process will proceed in the next few weeks leading up to the late-November two-track elections. The LDP's 1.1 million members are scheduled to cast their votes for one of the four candidates on Nov. 23, and the three top vote-getters will then face each other in a runoff election, with the LDP's Diet members casting the final vote on Nov. 25. It remains to be seen whether the election process is even carried through to the end, as the party “elders,” fearful that the volatile open election might severely fracture the party, are thought likely to make further efforts to reach a compromise.

The bottom line is whether the process produces a government, no matter who heads it, which is stable and strong, and therefore capable of adopting decisive policies, or another weak “transitional” government.

The war gets worse

This time, not even the most experienced of analysts are willing to submit a forecast on this process. “Everything that has happened has been predictable,” one of Japan's leading journalists told me. “But we have reached the limit of predictability, and entered the realm of the unknown.” Complicating the picture, the journalist said, is the difficulty of saying how the LDP leaders will react under the exceptional circumstances of an open election. Moreover, the high degree of emotion on the part of the factional leaders cannot be underestimated, as shown by their failure thus far to reach a compromise in the wake of Suzuki's resignation despite heated effort by the party “elders.”

When Suzuki resigned on Oct. 12, calling for party unity to be maintained by choosing his successor through a negotiated “consensus process,” the LDP leadership was confronted with a four-day deadline on their compromise efforts, since Oct. 16 was the date by which names of all candidates for the scheduled open primary had to have been submitted. An effort was quickly mounted, involving, among others,

former premiers Fukuda, Kishi, and Takeo Miki, to bridge the factional rivalries and agree on a successor, so as to avoid the volatile open election.

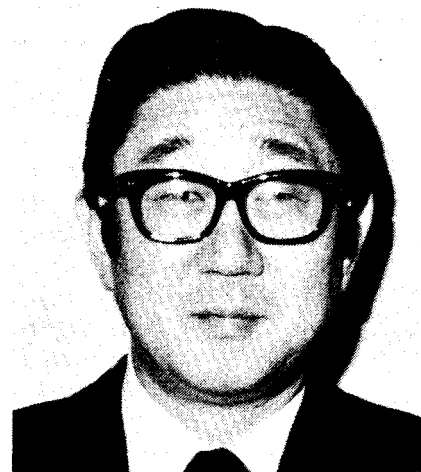
When the Oct. 16 deadline was reached, no agreement had been found, due to the unwillingness of Fukuda and Tanaka to yield in any way, thus clearing the way for the primary. In the negotiations, the Tanaka and Suzuki factions proposed that their ally, Nakasone, be the “compromise choice,” while Fukuda and his allies insisted Nakasone would be little more than another puppet of Tanaka. Someone other than Nakasone would have to be the compromise choice, they said, or the election would be held.

This stance by Fukuda served to emphasize the “fight to the finish” nature of the current showdown, since it is widely known that all but one of the party leaders oppose holding an election, including Fukuda. Aside from the unpredictable nature of such an election, the power of the party's factional leaders like Fukuda stems from their role—traditional Japanese style—in forging compromise through a backstage “consensus process,” and an election necessarily entails some degree of erosion of this traditional power. Despite this prospect, Fukuda has thus far been willing to force an election, hoping to further loosen Tanaka's grip on the party. Of the party leaders, only Toshio Komoto is thought to actually favor an election, since he is considered the front-runner due to his grass-roots popularity, and the election would probably increase his chances of becoming premier.

After Oct. 16, the four candidates now campaigning submitted their names for the election. In the final negotiating session, the party “elders” agreed that, though the names would be submitted, all campaigning would be delayed a week, until Oct. 23, to provide the elders with more time to negotiate a compromise choice.

The week that followed was filled with drama. Day after day the party elders met. A committee of three, consisting of

The four contenders for the Prime Ministry



Shintaro Abe

Fukuda, Suzuki and Tanaka—lieutenant and party Secretary-General Suzumu Nikaido, was appointed to carry out the negotiations. Many others participated, including several powerful *kuromaku*, who played crucial backstage roles. Rumors were flying of deals and counterdeals.

The tensions mounted up to Oct. 22, as the meetings went into the early morning hours. Television viewers, watching at 2:00 a.m. could witness hordes of reporters smoking cigarettes and drinking coffee outside the rooms where the elders met, hoping to grab from the party leaders a word of what was happening.

The exact events of that final night are not known, and various versions are circulating. The *Mainichi Shimbun* published an account which well-informed sources believe to be close to the truth. According to the *Mainichi*, the meeting was in deadlock and the participants were ready to quit, when into the room rushed a Tanaka faction leader, Den Tamura, who proposed splitting the post of party president and premier—a longstanding but little-considered proposal. He suggested the presidency go to Fukuda, and the premiership to Nakasone. By all accounts, everyone at the meeting agreed, including Fukuda and Tanaka—lieutenant Nikaido. Further, it is reported, Tamura said his proposal was being submitted without the knowledge of “Mejiro” (Tanaka’s home and often used as a reference to him).

It would be highly significant if leaders of the Tanaka faction actually acted without the knowledge and consent of the big man himself, for it would indicate the strength of the blow that has already been struck at Tanaka’s power. Indeed, some find this version unacceptable because it implies so great a decline of Tanaka’s power. Another account is circulating in the press which portrays the late proposal as a Tanaka plot, designed to discredit Fukuda by making him appear to grab for power for himself when he was supposed to be playing the role of a non-partisan party elder. Fukuda

has been hurt by the episode, but the fact remains that for a brief moment at least a compromise had been reached. But, a half hour after the initial agreement, Nakasone returned to the bargaining room after having consulted with “someone”—clearly Tanaka. Nakasone at that point nixed the proposed deal.

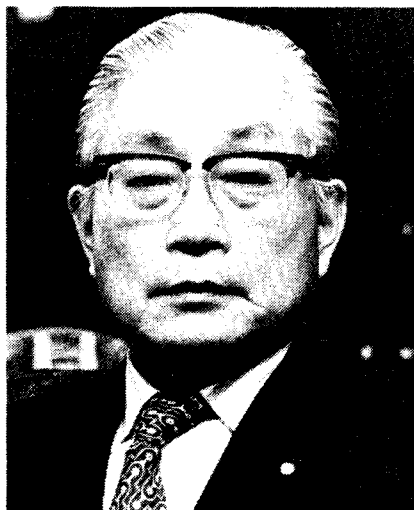
The election scenario

Should the primary election produce a close result, then the night of Nov. 24 is likely to be the next point of crisis for the LDP. That is the day the primary votes are tabulated, and the day before the runoff election. While—provided that factional loyalties hold—Nakasone has the support of the three mainstream factions and a clear majority of the LDP Diet members, it will be politically risky to impose that majority if one of the other candidates wins a clear primary victory. It is generally assumed—although surprises may be in store—that the top two finishers will be Komoto and Nakasone, with Nakagawa and Abe well behind. Well-informed political analysts think that if the margin of victory is more than 100,000 votes (about 10 percent), then the victor in the primary will become prime minister. However, if Komoto and Nakasone finish more closely, with Nakasone second, it is possible Tanaka will try to force through a Nakasone victory in the Diet vote.

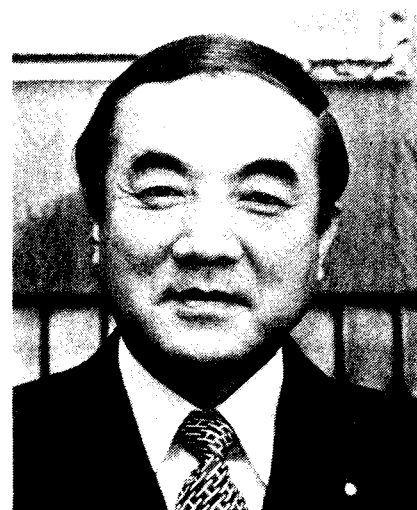
Such an event could well precipitate a deeper crisis in the LDP. There is even talk of a split in the party, though it is still considered a remote possibility. However, reliable sources say that if Nakasone and Tanaka make the steamroller move, it is highly possible that Komoto will leave the LDP in protest. Serious rumors have been reported to this writer by numerous sources, including U.S. embassy observers, that members of the center opposition parties may cast their votes for Komoto in the Diet, should Komoto split the LDP and stand in opposition to the then-newly elected LDP president.



Ichiro Nakagawa



Toshio Komoto



Yasuhiro Nakasone

It is such dangers that are likely to lead to a deal being worked out on the night of the 24th, a deal perhaps imposed by the *zaikai* (business leaders) who have remained broadly neutral in the factional battle but are sure to intervene to attempt to prevent a fracturing of the party. Such a deal, like others discussed during the past week, would apportion cabinet and party positions in advance and when the morning of the 25th arrives, there would be one agreed-upon LDP candidate.

Whatever the result—Komoto or Nakasone—the sharp differences in the party are unlikely to be resolved. The Tanaka faction is in turmoil, and *EIR*'s sources believe the faction will split before the end of 1983. It is already clear that leading figures in the faction, such as Shin Kanemaru and Noboru Takeshita, are maneuvering against Tanaka. In addition, the leadership of the Suzuki faction may also be up for grabs.

By the end of 1983, it is possible that a wholesale reshuffle of the LDP factions will have taken place, with splintering and regrouping of the major factions. A so-called "new generation" of LDP leaders, like Abe and Nakagawa, is straining at the leash, waiting to inherit the leadership—which came close to occurring this time around.

The generally accepted belief in Tokyo is that no matter who becomes prime minister this month, his reign will not last out the next year. That reasoning is based on several anticipated events. The government prosecutor will present his final summation of his request for sentencing to the judge in the Lockheed trial of Tanaka in the spring; in the spring local elections will also take place; in June elections for the upper house of the Diet are scheduled; and in the fall, although it could still be delayed, the final judgement in the Lockheed trial will be made. These events, including anticipated LDP losses in the elections, are expected to force the resignation of whoever is premier.

A more fundamental factor in the stability of the future government will be the degree of decisiveness within the Japanese leadership on the major international problems now confronting Japan. No prime minister of Japan can act forcefully without the indispensable "consensus" among the elite of the country—that is the reality, for better or for worse, of how Japan works. If the Japanese leadership continues to avoid the task of making real decisions about its international economic and foreign policy, then continued political confusion will reign, and "turnstyle" governments will reflect that indecision.

A dangerous lack of consensus, particularly on the issue of relations with Washington, prevails in Japan, a situation not likely to be resolved in the immediate future. "Wait and see" is the watchword, and may be so for two to three years to come, depending, of course, on what happens in the United States. Things may change rapidly, as they have before in Japanese history, but it remains to be seen whether any change will occur in time to help ensure the future of Japan and the rest of the world.

Prof. Aly Mahazeri on Iran's battles against

The following is the address presented to the founding meeting of the Club of Life, in Rome on Oct. 21, by Prof. Aly Mazaheri. An Iranian, he is a specialist in the history of the Orient and is currently giving a course at the École Pratique des Hautes Études et Sciences Sociales in Paris. Professor Mazaheri has authored many books, including The Daily Life of Moslems in the Middle Ages: 10th to 13th Centuries. He has also translated many texts from Arabic including one on the Persian origins of arithmetic.

I have been educated as a Parisian and an academic, but in fact, I belong to Iran. I have been captivated by the ideas of Lyndon LaRouche for a certain time, because I found his teachings to be identical with those of Iranian humanism. Therefore how could I help but join the Club of Life immediately, because the objectives of the Club of Life are the same as those proclaimed by Iranian humanists more than 700 years before Christ. Our fight today against the Club of Rome is a rebirth of a very, very ancient struggle.

I want to state immediately that we must put aside any remnants of pessimism. Pessimism is Satan. It is Satan's disciples who inspire pessimism. I would also like to remind you of the expressions "minority" and "majority," which today only have a quantitative meaning. We must remember that they have a moral meaning, before a quantitative one. We humanists have always been a numerical minority, but in the moral sense, we are the majority. Imagine a classroom, with some thirty to forty schoolchildren, minors, and only one teacher, the only one to be morally of age (major). Humanity has always been governed by a tiny majority and never by the mobs. In May 1968 in Paris, the mobs were being activated to attack those very leaders who had pulled France out of her misery. They dared to say that children should teach teachers in the schools, because the children were in the majority there, because the teachers' ideas were only personal. So the children, morally minors, were set up to oppose their parents, and other adults.

Having said this, I would now like to go into the case of Iran. Iran has fallen, fallen as one of the first victims of monetarist philosophy. In the past, Iran as an historical cultural center, first said "No" to the Assyrians and to the Chaldeans. The philosopher Zarathustra [Zoroaster] was among the first to take up the battle against fatalism, a doctrine taught

the long tradition of cultural pessimism

by the Chaldeans, and against Assyrian imperialism. The Chaldeans and the Assyrians, according to the written works they left us, and which we have, such as Hammurabi's Code or the Assyrian laws, were nothing more than the Khomeinis of the time. The teachings of the Chaldeans and the Assyrians were taken up by Tyre, Venice and now today, by the City of London. However, Zarathustra's teachings were also passed on and have not been lost. On the one hand, you have the pole of usury, and on the other, Platonic, or Zoroastrian teaching, represented today by Lyndon LaRouche, and represented in historical form through the nation-state, as the form in which a certain part of humanity organizes itself in order for democracy to develop. The usurers, who were called Templars, or Guelphs at the time of the Crusades, and today are the friends of Henry Kissinger, were fought against by us humanists. We who admit of a moral purpose of money, of money invested into industry, as Frederick II of Hohenstaufen or the Genoese programs allowed for. This industrialization process and progress is what allows nations to reach what Platonics call happiness.

And if the Iranians from the 7th century B.C. were to be reborn, they would be delighted to see the variety and strength of nation-states today. They would be very happy to see the Babylonians and Assyrians limited to the City of London and Geneva. So you see, we are all the same the majority. They were never able to destroy our teachings. That's why I am not pessimistic. Even were 10 Khomeinis to be cast upon Iran, I would not be pessimistic, because I know we will have the last word. They will not be able to destroy the truth, and all their best arguments will not be able to convince man that the best place for him is in the cemetery! They will not be able to destroy life; they will not be able to destroy human intelligence.

We can see that Platonic teachings were later used by those very people whom the Platonists attacked. These enemies of Platonism attempted to falsify these teachings.

In Iran, we have always had both these currents. Because of the Bedouins who came out of the desert regularly, the struggle was very difficult. And the Bedouins, because of their physical environment of underdevelopment, reproduced the teaching of Chaldeism. They claimed to be monotheistic, but were in fact polytheistic. When the ancient Iranians saw they were alone, they extended their hands to the

Jews, because they sensed there was a common goal pursued, with the same struggle against the Chaldeans and the Assyrians. In the Middle Ages, there were still poets and philosophers who wrote in Arabic, such as al-Farabi and Avicenna who carried on this same struggle. In the 6th century, there is an Iranian, probably an Iranian Jew, called Zora Babel. Zora reminds us of Zoroaster and Babel is a way of translating the name of Iran. You will read in the Old Testament that Zora Babel set off to rebuild the Temple of Jerusalem, with money from the Iranian government. The Temple of Jerusalem was, of course, a University, whose teachings remained, even though the Romans destroyed the Temple itself. After the destruction of the Temple, it was in Iran that the teachings of the Israelis were protected and organized, in a place the Israelis continue to call Babel. The Talmud exists today because of Iranian protection at the time. Otherwise, the Roman Empire would have destroyed all texts.

Today we can see from Lyndon LaRouche's writings, that Platonism along with the writings of Philo of Alexandria, which together gave rise to neo-Platonism, constitute the basis for any nation-state. The passages from Genesis that Mr. LaRouche quoted concerning population growth, "be fruitful and multiply" can also be found in Zarathustra. Both beliefs maintain that the masterpiece of creation is man. Both beliefs exclude fatalism. Both teachings gave rise to morality, that is to the idea that man's fortune is in his own hands. According to Zarathustra, it is not fate, nor the Babylonian or Assyrian gods that determine our fortune or misfortune, but rather ourselves. And we can consider that the two Testaments are in fact only one and that they guide us to the same goal, that is, to the organization of the nation-state. Both teachings exclude usury, even though they maintain legal banking interests for capital employed productively. With the Greek philosophy in favor of positive science added to this, we have all we need to know.

Pessimism is preached by monetarists and usurers, because they are always worried, always afraid of losing something. They don't understand that man is the only true wealth, but think it's in metal. Usurers, represented today by the central banks and notably the Bank of England, idolize and deify money. For monotheists, the only real value is man. In fact, when the Club of Rome or others commit crimes against humanity, they are committing crimes against God. This is the old struggle between monotheism, meaning humanism, and polytheism, meaning the worship of something other than man.

To conclude, I have pointed out the two vectors that are possible, one leading toward the nation-state and toward God, and the other toward individualism and monetarism. The two currents have leaders. Remember that Henry Kissinger has Metternich as his idol. Remember also that Metternich had to take flight desperately and no one knows what happened to him after that. The same fate awaits Henry Kissinger.

Pakistan's Zia takes to the diplomatic road

by Paul Zykofsky from New Delhi

When Pakistan's military strongman, Gen. Zia ul-Haq made a brief stopover here on Nov. 3 en route to Southeast Asia where he is visiting Singapore, Indonesia, and Malaysia, he held a meeting with Indian Prime Minister Indira Gandhi, then sought out journalists to characterize the exchange as "excellent."

Mrs. Gandhi's description of the discussions was far more subdued. They reflected her efforts, both as India's leader and as the upcoming chairman of the Non-aligned movement, to prevent Pakistan from becoming an instrument for escalated NATO involvement in South Asia.

Analysts here, watching Zia's busy tour schedule since mid-October, suggest that a good part of his diplomacy, particularly his stopover in India, is an image-cleaning effort before he reaches Washington in December. In the past month alone he has visited six Asian countries, in each case carefully cultivating an image as an "international peacemaker" with important cards to play in the crucial gulf region as well as in the arena of East-West relations—even though in his own country Zia is passionately hated as an unelected, undemocratic ruler.

The RDF angle

Zia's travels to Southeast Asia take place almost simultaneously with U.S. Defense Secretary Caspar Weinberger's trip there. While Weinberger reassured Southeast Asian heads of state, who fear the United States has ceded the area to China, that the United States indeed had a military defense scheme in mind, the Pakistani military were advertising their mercenary role in Weinberger's scheme. Pakistani military spokesmen told visiting journalists that, given the where-withal, Pakistan could deliver the forces called for in Weinberger's scheme to advance NATO via "out-of-area" deployments.

The Pakistani role is a throwback to the way the British Joint Indian Army intervened during the days of the British Empire as a mercenary force. This time the framework is the Rapid Deployment Force (RDF), and several reports have indicated that the Islamabad Institute for Strategic Studies, an affiliate of the International Institute of Strategic Studies in London, is being built up by Washington and the British

as "a bridge between Western strategic thinking and Middle East military problems."

In a recent interview with *Asia* magazine, a senior Pakistani strategist openly stated as much: "If we face no threat from Afghanistan or India, and were given the necessary airlift capacity, of course we would act in the Middle East. . . . We could, for example, reinforce Oman, or occupy Char Bahar in Iran, or capture the islands in the Straits of Hormuz. We could aid Kuwait against an Iraqi invasion, or fly troops into Yemen to support it against Democratic Yemen."

Brigadier Noor Hussein, the director at the Islamabad Institute for Strategic Studies, posed the out-of-area deployment as an historic role for Pakistan. "Pakistan lies at a crossroads among superpowers—the Soviet Union and China—and a major power, India. It also lies near the Arabian Gulf, the center of gravity of the Muslim world since the 7th century. You can only project strategic power into the Gulf area from outside it, much as the Allies did into southern Europe from North Africa during World War II, and as the Americans did from Okinawa into Korea during the Korean War. If you are faced with a conflagration in the Gulf, the only places where you can realistically plug in the hose of your fire brigade is in Pakistan, and specifically from the coast of Baluchistan. That is hard military reality."

Issues of New Delhi meeting

On the bilateral level, the Gandhi-Zia talks established a Joint Commission, an Indian proposal made earlier this year. Talks are to continue on both India's offer of a "Treaty of Friendship and Cooperation" and Zia's "no-war pact."

That differing perceptions on both regional matters and international affairs continue to exist is evident from Mrs. Gandhi's repeated warnings that she opposes the creation of an expensive arms race at the expense of economic development priorities. Her view has been that the U.S. sale of F-16s last year to Pakistan triggered a regional military buildup in South Asia, and Zia is party to it. Since Pakistan is a member of the Non-aligned movement, the Indian government has been seeking assurances that foreign bases will not be established on Pakistani territory—a point that has been the major stumbling block in the bilateral talks so far.

Another issue that came up in the meeting was Mrs. Gandhi's concern for the life of Nusrat Bhutto, wife of the late Pakistani Prime Minister Z. A. Bhutto and the leader of the Pakistan People's Party. Mrs. Gandhi had written to Zia urging that Mrs. Bhutto be permitted to go abroad for treatment of suspected lung cancer. The junta has refused, and many Pakistanis believe that just as Zia had the late Bhutto hanged after a phony trial, he is using the martial-law machinery to delay treatment of Mrs. Bhutto until it is too late. The Bhutto family, particularly Mrs. Bhutto and her daughter Benazir, are at the center of political opposition to Zia's rule and have been under arrest for close to three years. In Bangkok, after leaving India, Zia told the press that he would not accede to Mrs. Gandhi's plea to save Mrs. Bhutto's life.

The Queen's new corporatist policy

Involving the Niagara Institute, the "middleman" for a North American cartel.

A squadron of about 20 sleek corporate jets landed at Ottawa's Uplands Airport last month, delivering chief executives of 23 of America's largest corporations to a closed meeting with Prime Minister Pierre Trudeau.

The Oct. 16 meeting had been arranged by the Queen's Privy Council as early as April to pursue a "business cartel" for North America. This business apparatus is to be phased into a parallel "banking cartel," the preparations for which were begun a week later in New York City by London's Ditchley Foundation with an eye to countering a Third World debt default.

This policy shift in Canada toward a continentalist sharing of the world economic crisis was decided shortly after the Queen of England, Elizabeth II, became officially, that is constitutionally, Queen of Canada last April. Since then, every major change in Canada's Federal Government apparatus, including last month's cabinet shuffle, and the replacement of the head of the Privy Council on Oct. 26, has underscored the significance of the British oligarchy's offensive in North America.

The closed-door one-day session with Trudeau and the Queen's Privy Council gathered the leading executives of 23 top American corporations, including Union Carbide, Westinghouse, Du Pont, Quaker Oats, Bechtel, and representatives of the oil industry, including Standard Oil, Occidental Petroleum, and Mobil Oil. The gathering was sponsored by the

Niagara Institute on specific orders from the Queen's Privy Council.

A secretary of the Institute, Valerie Wakil, explained to me that the Ministry of External Affairs, at the request of the Privy Council, had screened a list of prominent Americans for an October meeting with Trudeau. Sometime last April Alan Gottlieb, the Canadian Ambassador in Washington, and the 14 Counsel Generals of Canada across the United States, began lobbying for the meeting.

According to the president of the Institute, Terry Mactaggart, the plan was to "lure" top officers into "corporate/government/union operations programs" to define policymaking within a situation of "increasing interdependence."

For his role in setting up this roundtable discussion on the revival of such schemes as the North American Common Market, Niagara Institute Director Gordon Obaldeston was recently awarded what many consider to be the most powerful political post in Canada: Clerk of the Privy Council.

On Oct. 26, Michael Pitfield, former Privy Council Clerk and Secretary of the Trudeau cabinet, submitted his resignation. During the 14 years of Trudeau's reign, Pitfield had been his top mandarin behind every policy decision. In fact, the Canadian press is openly debating as to who—Trudeau or Pitfield—had the greatest power. It cannot be emphasized enough that the head of the Privy Council answers only to the Viceroy of Canada, currently

Governor General Edward Schreyer, and to the Queen.

On Sept. 10, Trudeau made a cabinet shuffle, the only significance of which was to win over the Reagan administration. As the American press copiously noted then, the replacement of staunch nationalist Herb Gray by Edward Lumley as Trade Minister, meant a new rapprochement between the two countries. Lumley is a close friend of U.S. Trade Representative William Brock, and the new External Affairs Minister, Allan MacEachen was an MIT colleague of George Shultz.

The Privy Council shakeup coincided with the visit to Canada of Prince Charles, currently Prince of Wales and future king of Canada, to preside over the annual meeting of the Lester B. Pearson College of the Pacific, in Victoria, a United World College founded in 1974 by the British royal family. While the Niagara Institute is "educating" governments, business, and labor leaders in "crisis managing" them to prepare them for the world economic crisis being brought on by the oligarchy's monetary policies, the United World Colleges are deploying an outright oligarchical command center in the United States and Canada (see Special Report).

The Pearson College has on its board of Trustees and Patrons the oligarchs Pierre Cote and Philippe de Gaspé Beaubien of the Bombardier, Quebec; Maurice Strong of the Canadian Development Corporation; and Maj. Gen. Bruce Mathews, Commander, Order of the British Empire, and of Dome Petroleum.

James A. Coutts, principal secretary of Trudeau and J.M. Yocum, Associate Consultant, Warwick/Bradshaw of Toronto, who are directors of the Niagara Institute, are also Pearson College trustees.

Currency warfare on the border

As the government allows money-changing houses to open, is the black market beating exchange controls?

The Mexican government has established regulations for opening money-changing booths on the Mexican side of the border. If you are a resident of either of the Bajas, or of a border zone in Sonora, you can buy up to \$1,500 per month in dollars from the *casas de cambio* or from some banks for personal use.

The hitch is that you will be paying the black-market going rates for these dollars, currently in the range of 120 to the dollar, rather than the official rates roughly half this.

In effect, the Nov. 3 government move will "bring the black market home" in some of the border areas where dollars are an essential part of local economic life. It is a first relaxing of the exchange controls which went into effect in stages from Aug. 5 to Sept. 1. According to high-level sources here and in New York, the International Monetary Fund is insisting that a "timetable" be set up for the continued step-by-step lifting of all controls, as the most important feature of the deal between the IMF and Mexico.

The dynamic of the black market is no mystery. A Mexican desperate for dollars finds someone who wants pesos at almost double the official rate, and a black marketeer skims off 7-10 percent on the transaction.

But who's in the market for pesos? Some are being snapped up by the border assembly plants, known as *maquiladoras*. But their opportunities are limited, because the Mexican govern-

ment obliges them to keep one week's average balance of operating costs in special Mexican bank accounts, in dollars convertible at the government rate. If a *maquiladora* tries to meet its payroll on the Mexican side with pesos bought at the black market rate on the American side, the maneuver is detectable, and that *maquiladora* risks being put out to dry. Few *maquiladoras* have found it worthwhile to take the risk, since even at the government exchange rates, labor barely makes a dollar an hour.

Some of the pesos are picked up by tourists. But the bulk of them, I am told, are going to speculators eager to buy up Mexican real estate at a gigantic bargain—or pay off peso debt incurred earlier in the year, when flight capitalists were contracting debt in pesos, converting the pesos to dollars, and hauling it out of the country. Now they can bring back a portion of those dollars to liquidate the entirety of outstanding peso debt.

You don't have to be at the border to make such a deal; the larger-figure deals, often \$1 million and up, are just as easy to make in Mexico City or Guadalajara, a phone call or plane trip away from an accommodating middleman in New York or Miami.

The effect of this intense black-market activity has not been to get more dollars out of the country; the Sept. 1 measures stopped that. It has been to prevent new dollars from tourism, investment, and so forth, from entering the official banking system.

It is therefore a powerful contributing factor to the dollar starvation that is keeping the government from meeting essential imports.

How much of a breach of exchange controls in the *casa de cambio* decision? By itself, it's not likely to bring new dollars into government control, the bottom line in the situation. U.S. money-changers will have a "limitless bid-up capability," in the words of one observer, because the Mexican government simply doesn't have the dollars to keep a lid on the exchange rate by satisfying even a minimum portion of demand and to siphon off dollars as well as for its own use.

What has been shown is the economic and political muscle of the border region, challenging the sovereign control of the Mexican government.

One of the first steps taken by the government after the Feb. 17 devaluation was a program to increase the supply of Mexican-made goods to the border region, so economically intertwined with the U.S. side that high percentages of basic household purchases came from the U.S. side and required dollars for payment.

The Nov. 3 *casas de cambio* decision means that the government wasn't able to turn that situation around much. Now the various proposals for a "free zone" along the border, with customs moved back 15 miles—in some versions, 100 miles—are riding high. At the same time the central government has lost political control of the region, and such "Hong Kong" governors as Baja's Bobbie de la Madrid and Nuevo Leon's Alfonso Martínez Domínguez. Any effort by the central government to re-establish full sovereignty in the region will make the black market fight just a preliminary skirmish.

Closing the Open Door

Mubarak's crackdown on corruption in Egypt could mean the end to Sadat's Open Door economic policy.

Egyptian President Hosni Mubarak has begun what could become a full-scale crackdown on Egypt's drug-smuggling mafia networks. Mubarak's efforts to purge Egypt of corruption have generated a surge of popular sentiment in his favor, and have created the potential for a new national unity around the idea of economic development, in place of the drug trafficking and dirty-money operations that characterized the Open Door free-enterprise economic policies of Anwar Sadat's regime.

Mubarak's clean-up drive began late last month when he ordered the arrest of Esmat Sadat, the half-brother of the late Anwar Sadat, and two of Esmat's sons for their illegal wheelings and dealings, including drug smuggling and black-marketeering. Esmat Sadat's arrest has aroused widespread fear among Egypt's organized-crime bosses and the corrupt Sadat-linked political elite that Mubarak means business, and no one is immune.

Mubarak had told the Egyptian parliament Oct. 3: "Law rules over everything and rises above people, whoever they may be."

Upon taking office in October 1981 after Sadat was assassinated, Mubarak, who is respected in Egypt for his "uncorruptibility," pledged to lower the boom on those members of the Egyptian elite who had used the Open Door policy to reap huge, illegal personal profits. By mid-February, three parliamentarians were behind bars for

drug smuggling; a government investigation was launched into Port Said, Egypt's largest free-trade zone and smuggling center; and a number of cabinet ministers from the Sadat era associated with the Open Door policy were replaced.

Soon thereafter, Mubarak backed off, apparently in response to threats to his life from the Mafia and its allies in the London-directed Muslim Brotherhood. However, at the beginning of October, Mubarak decided to resume his anti-corruption campaign. To do that and to ensure his own security, he extended martial law for another year. Egypt's monied elite is sending its funds out of the country as fast as possible in preparation for their own departure.

Mubarak began with the arrest of Esmat Sadat, whose criminal record goes back to 1968, when he was imprisoned for embezzlement.

During the 1970s, Esmat rose from an \$80-a-month bus driver to a tycoon worth \$180 million as a result of numerous scams. In 1978 he was arrested for drug smuggling, but President Sadat set him free a few weeks later.

"Mubarak's arrest of Esmat Sadat is only the beginning," commented one Arab intelligence source. "Esmat is like a thread in a fabric. Pull it, and the whole thing unravels."

Ali Safwat Rauf, the brother of Anwar Sadat's wife Jihan, has received a subpoena to appear at Esmat Sadat's trial in January. The equally corrupt Jihan, who recently left Egypt

on an extended tour of the United States and Europe (which included a party in her honor hosted by Henry Kissinger in Washington), has reportedly decided not to return to Egypt but to settle in Paris.

Jihan's protector in Egypt, former Interior Minister Nabawi Ismail, may be arrested at any moment, intelligence sources report. Earlier this year, Ismail's wife was implicated in the scandal surrounding Rashad Osman, one of the parliamentarians jailed by Mubarak for smuggling hashish through Port Said. (Esmat Sadat was also implicated in the Rashad Osman affair.)

One other individual who may soon find himself on the stand is Osman Ahmed Osman, Sadat's brother-in-law and owner of Egypt's largest construction firm. Osman is also said to be a member of the secret Propaganda-2 Freemasonic lodge outlawed by the Italian government for its efforts to overthrow the republican system there.

Mubarak's crackdown is part of his renewed commitment to restoring and developing Egypt's industrial power, and to limiting nonproductive investment. He is also strengthening his ties to the Non-aligned Movement, and has announced that he will attend the Non-aligned summit early next year.

Mubarak's efforts to clean up Egypt have not endeared him to the State Department, nor to the British. To set the stage for an assassination, the British press has been running stories of aborted attempts on Mubarak's life. A senior Egyptian government official denied that there was any truth in these reports, and accused "certain foreign journalists and their newspapers [of] persistently disseminating such stories."

International Intelligence

Neo-fascist threatens Mexican President-elect

A new Father Miguel Pro for Mexico? This is the question raised by the recent writings of Mexican fascist leader Mauricio Gómez Mayorga, says a columnist for the Mexico City paper, *El Día*.

In the latest issue of *Impacto* magazine, Gómez Mayorga warned incoming Mexican president Miguel de la Madrid, who takes office Dec. 1 that he would be killed if he did not reverse the nationalist economic actions of his predecessor. "The incoming president—if he is on Mexico's side and not with its enemies—will be running into certain danger if he fails to get confidence [of business sectors]. That is beyond a shadow of a doubt. He will have to choose between straightening things out and possibly risking his life, or letting the boat sink and surely risking his life," Gómez Mayorga wrote.

El Día's Abraham García Ibarra recalls that in the 1920s, it was Jesuit priest Miguel Pro who, as Gómez Mayorga today, conspired to eliminate Mexico's nationalist leadership. Pro was shot in the mid-1920s after one of his plots against Mexico's Alvaro Obregón failed and its culprits were discovered; one of his followers succeeded a short while later in assassinating the great Mexican president.

Nigerian cult was behind the riots

During a week of rioting at the end of October by the pseudo-Muslim Maitatsine sect, which left 452 dead, civilian militiamen in the large city of Kaduna were reported to have burned down four Freemasonic lodges there, in an apparent attempt to keep the disturbances from spreading. The numerous Freemasonic lodges in Nigeria are considered to be coordinating centers for the drug and cult networks which plague Nigeria.

The upheavals precede by days President Shagari's Nov. 3 announcement of the new Nigerian budget. Nigeria is under pres-

sure to reorient its ambitious development plan away from its emphasis on infrastructural and capital-goods development, toward a World Bank "basic-needs" approach.

The *Financial Times* of London in late October claimed that Nigeria had already decided to dump plans for a crucial railroad construction project. The *Times* cited reluctance by banks to finance the project. But Shagari's economic adviser, Dr. Emman C. Edozien, announced at the end of October that Nigeria, heretofore reluctant to borrow large amounts, would now expand its borrowing to maintain its development momentum.

The Maitatsine are the same fundamentalist cult behind the riots in Kano, Nigeria in December 1980 which left thousands dead. The sect professes to be Muslim, but rejects the role of the prophet Muhammed. It preaches a return to Muslim purity, and opposes what it sees as the Western-type secularism of the central government (Shagari is a Muslim) and the state governments in the North, which are also Muslim.

British: 'Disintegration of India is inevitable'

British officials are saying they expect India to become enmired in civil and religious strife leading to food shortages, economic chaos, and a division of the country along ethnic and religious lines.

In an interview with *EIR*, Britain's Vice Air Marshal Stewart Menaull declared that separatism and partition are "already the trend with the Sikhs' demands for an independently governed state. India will go back to what it was about 250 years ago, when it was a massive subcontinent of different nations, language groups, minorities. I've lived and served in India, and I can tell you that racialism is rampant, it will never be curbed.

"India cannot become a world power unless it does something about its population and about the starvation problem," Menaull continued. "It can't feed itself, and if it can't feed itself, it can't industrialize. In fact, I foresee a decline of Indian influence because

people are dying all over of starvation. The Chinese are just beginning to curb population as a means toward industrialization. In the years to come, China will completely dominate the region."

Dr. Lyon of the Institute of Commonwealth Affairs made a similar forecast for India to *EIR*. Lyon reported that the ongoing disturbances in Punjab, where Sikhs are demanding greater autonomy, will break up the country. Those uprisings will soon extend to the countryside, he said, aiding the efforts to disrupt food supplies. "We expect Mrs. Gandhi to crack down very hard with the army, and this should make the whole thing spread," he said.

Julian Amery to meet with Mossad in Israel

British parliamentarian Julian Amery of the elite Le Cercle conspiracy arrived in Israel the first week in November as the invited guest of the Mossad, Israel's intelligence service. The official purpose of the Tory's trip is to speak in commemoration of the Balfour Declaration.

In reality, Amery is in Israel under the auspices of Henry Kissinger and former British Foreign Office head Lord Carrington, with the following aim: to destroy U.S. influence in the region, possibly by launching a new Lebanon blow-up; by pushing Camille Chamoun, Britain's long-time agent in Lebanon, against President Amin Gemayel, whom the British consider an American asset; and possibly by eliminating King Hussein, thereby shattering the Reagan Plan.

Dismantling democracy in Sri Lanka

Since his re-election on Oct. 20, United Nationalist Party leader President Jayewardene has begun to systematically dismantle the last vestiges of the democratic process in Sri Lanka.

Immediately after the election Jayewardene declared a national emergency; a week later he arrested his electoral opponent, Hector Kobbekaduwa, the Sri Lanka Freedom Party candidate who polled 39 percent in the recent election, and Kobbekaduwa's associate Vijaya Kumarmatung, the son-in-law of former Premier Sirimavo Bandaranaike. Jayewardene accused the two of plotting his murder.

Meanwhile, Jayewardene declared that he will call for a referendum on his recommendation that the coming 1983 general elections be cancelled and the life of the present parliament, which is heavily packed in his favor, be prolonged for another six years.

Jayewardene's problem is strictly of his own making: the economy. Jayewardene adopted a "free-market" policy under World Bank pressure, and the economy is falling apart as a result, as soaring inflation, met with new rounds of austerity. Jayewardene moved up the recent election, which wasn't scheduled for another year and a half, in an effort to secure his rule before the political dam burst.

Some of Jayewardene's Western backers, such as Wall Street's Lehman Brothers, hope he can be kept around long enough to help disrupt the Non-Aligned movement meeting in New Delhi in March. Jayewardene has already issued calls for the formation of a "free-market economy" bloc.

Will the U.S. arm the Pol Pot butchers?

U.S. Defense Secretary Weinberger, on an eight-day trip through the Southeast Asian and Pacific nations, has said that the United States would consider providing military aid to the Cambodian coalition which includes the murderous Pol Pot and his Khmer Rouge.

Thai premier Prem told the Thai press that Weinberger has promised his administration to speed up deliveries of the updated F-5 military aircraft and of battle tanks. Washington has recently agreed to increase military hardware sales to Thailand, often referred as the "frontline state" in the region.

In his speech at a dinner hosted by the

Thai Foreign Minister, Weinberger said: "We will not reward the Vietnamese aggression of any kind. The U.S. will continue to stand by Thailand. . . ."

Earlier in Singapore, Weinberger pressed for a military buildup in the region, to match the "increasing Soviet naval presence" in the West Pacific. Weinberger's anti-Soviet litany was matched by Singapore's Lee Kuan Yew who in July, during his visit to the United States, had requested a U.S. aircraft carrier in the region.

Weinberger's military buildup policy is coming under criticism in Indonesia and Malaysia—nations which are worried about American agreements to supply arms to China, and increasing pressure on Japan "to assume a greater military role in the region."

Vietnam and Indonesia explore new ties

Vietnam's Foreign Minister Nguyen Co Thach completed a successful four-day trip to Indonesia in early November. During the visit, Thach met with President Suharto for talks which Thach described as "very interesting." He also met with Foreign Minister Mochtar and, for the first time, with Trade and Cooperatives Minister Radius Prawiro.

Although the talks were dominated by the Cambodian question, the Indonesians and Vietnamese discussed the prospect of opening up trade and economic relations. Thach said that Vietnam would like to import textiles and urea fertilizer from Indonesia and, in turn, export phosphate rock and cement to Indonesia after 1984, when current other commitments terminate. Thach's invitation to Mochtar to visit Hanoi was accepted by the Indonesian foreign minister, though the date remains to be set.

Indonesia's continuing efforts to resolve the Cambodian issue peacefully and quickly is motivated by its lingering fear about the United States arming China and pressuring Japan to undertake a military buildup. Indonesian officials have repeatedly said that an economically strong Vietnam is essential to the stability of the region.

Briefly

● **HENRY KISSINGER** and Britain's Lord Harlech, a business intimate of Kissinger Associates, are involved in a secret financial operation in the Israeli-occupied West Bank which, among its other features, is characterized by massive illegal purchases of Arab-owned land. Also involved are former World Bank head Robert McNamara, two leading members of the Trilateral Commission, Ireland's Garrett Fitzgerald and Britain's Roy Jenkins, as well as former CIA station chief in Cairo Miles Copeland, who recently admitted to a close associate his complicity in the assassination in September of Lebanese President Bashir Gemayel. Details will be published in next week's *EIR*.

● **MIGUEL DE LA MADRID** was not happy with his meeting with David Rockefeller and Henry Kissinger Oct. 27, according to an intimate of the Mexican President-elect. There was "no coincidence of views" between de la Madrid and his visitors, wrote Manuel Camacho in a widely reprinted newspaper article.

● **BOLIVIAN** Finance Minister Ernesto Aranibar declared Nov. 4 that his country would pay its foreign debt as soon as the country had recovered its financial health through an economic plan about to be put into effect by newly-inaugurated President Siles Zuazo. Said Aranibar, Bolivia must decide between "paying its debt or living," since debt service alone would soon consume more than 70 percent of the country's total export earnings. "I think the government and the people will opt for living, through reactivating the economy so that the foreign debt can be paid later."

● **THE NORTH/SOUTH** Roundtable, a policy group set up by Britain's Sussex University to monitor Third World issues, held a major meeting in Tokyo on Oct. 20-24. They hope to convene a "Second Bretton Woods" conference during 1983.

The Nov. 2 elections: no victory for the liberals

by Graham Lowry, U.S. Editor

Despite a flood of pronouncements from the media and their favorite Democrats acclaiming the Nov. 2 election results as a liberal resurgence, the national pattern of results reflects an electorate frightened by a deepening economic depression and groping for solutions—while clearly rejecting the extremes of both the left and the right.

Both California Democratic Gov. Jerry Brown's U.S. Senate campaign—run on the “left” fascist program of genocidal austerity put together by Tom Hayden and his Campaign for Economic Democracy—and the New York gubernatorial bid of kept millionaire Republican Lew Lehrman—pushing the “right” fascism of the Mt. Pelerin Society and Roy Cohn's East Side Conservative Club—went down to defeat.

The results in the Brown and Lehrman races, more than any other individual contests or the exaggerated significance of the Democrats adding a fairly routine off-year election total of around 25 more seats to their majority in the House, point the way to the lessons to be learned in the 1982 elections. And both the New York and California cases crucially demonstrated the growing clout of the National Democratic Policy Committee, which aggressively exposed Lehrman's and Brown's fascist policies and rallied traditional Democratic constituencies to ensure their defeat.

Another definite casualty of the California election, in which Republicans won both the governorship and the Senate seat, was Democratic National Committee chairman Charles Manatt, the California banker who has run the major protection racket in the Democratic Party for Federal Reserve Chairman Paul Volcker's enforced depression policies. Manatt put his full backing behind Brown, and word was rapidly

spreading on Capitol Hill the day after the election that Manatt was “finished” as party chairman after the “debacle” in California.

Cohnhead loses bid

Lehrman ran an \$11 million campaign keyed around a massive media blitz that barely masked his plans to slash services, school budgets, public employee wages, and welfare rolls in the name of bringing “new jobs” to New York State. Besides vastly outspending his Democratic opponent Mario Cuomo, Lehrman counted on Cuomo's decision not to run an aggressive campaign—and his being lulled by a series of polls showing him comfortably ahead of Lehrman—as the basis for victory. Lehrman's strategy depended heavily on a strong Republican showing in heavily Democratic New York City and in the Long Island suburban counties of Suffolk and Nassau, to prevent Cuomo from overriding Lehrman's expected plurality upstate.

But a quarter of a million NDPC leaflets exposing Lehrman's fascist austerity plans and his ties to the organized crime circles around Roy Cohn's East Side Conservative Club activated trade unions, black church congregations and other traditional Democratic constituencies. The final statewide count gave Cuomo a narrow victory, and Lehrman's totals in Suffolk, Nassau, and Richmond (Staten Island) ran as low as half the normal Republican vote.

Defeat for fruit flies

In California, Jerry Brown's defeat marked the culmination of a year-long NDPC campaign to finish off the former “superstar” of the fascist left. California NDPC chairman

Will Wertz's Senate primary campaign against Brown's openly racist and genocidal "post-industrial society" policies so thoroughly battered Brown that by the election day in June he was forced to engineer massive vote fraud to preserve any image of political viability. During this fall's election stretch, another quarter of a million NDPC leaflets, concentrated largely in the Los Angeles area, hammered home the documentation of Brown's and Tom Hayden's program for genocide.

Even though Democratic campaign officials in Washington were predicting a Brown victory as late as election day, Republican candidate Pete Wilson won with a better than 5 percent margin. Running on a ticket with Los Angeles Mayor Tom Bradley, who was favored to become the state's first black governor, Brown counted on riding heavy black support for Bradley. But another NDPC leafletting of black voter concentrations in Los Angeles, headlined "When you vote for Bradley, vote against Brown," documented Brown's backing for his Human Resources director Huey Johnson, an open advocate of forced sterilization for minorities. 20,000 leaflets were distributed in black sections of Los Angeles, and in Los Angeles County returns on election day showed Jerry Brown running more than 30,000 votes behind Bradley.

Brown was also counting on Robert "Body Count" McNamara's nuclear freeze movement for another sizeable bloc of votes, expecting to capture the predicted 70 percent vote in favor of a freeze resolution on the California ballot that his opponent opposed. But following a dramatic campaign in which the NDPC helped expose the blueprint for genocidal conventional wars behind the "freeze" movement's peace-posturing, their Proposition 12 carried only 53 percent of the 7.2 million votes cast in the referendum, or about 1.2 million votes less than projected.

Unprecedented write-in vote

The fact that American voters are not locked in to meekly choosing whether they like their poison in Friedmanite Republican or neo-Keynesian Democratic brands of austerity was also dramatically demonstrated in an NDPC write-in campaign in Texas' 22nd Congressional District around Houston. Incredibly, the corrupt Texas Democratic machine dominated by former DNC chairman Bob Strauss chose to let incumbent Republican Ron Paul, a radical Friedmanite and Libertarian, go unchallenged in the election. Texas NDPC leader Nick Benton, who rocked the Texas Democratic machine this summer with a campaign for the state party chairmanship exposing Strauss as a plaything of Pamela Churchill Harriman, launched a late write-in challenge with only \$1000 to spend, just a month before election day.

Even with such slender resources and the immense difficulties of organizing a write-in vote, precincts covered by Benton volunteers in half a dozen communities around Houston uniformly returned 16 to 26 percent of the vote for Benton, as farmers and industrial workers responded to his campaign to end the depression by nationalizing the Federal Reserve and restoring the credit of the nation. Strauss and his

corrupt cronies, who denied Benton's application for ballot status and then openly denounced his campaign, effectively handed a congressional seat to the Republicans.

In Illinois, NDPC-backed candidate Sheila Jones, running a third-party challenge against Democratic Congressman Sidney Yates in the Skokie-north Chicago area, has claimed a 15 percent vote district wide, taking an official 11 percent in Evanston, with exit polls in black sections of that city showing 50 percent support for her. The 73-year-old Yates is an open supporter of legalized sodomy and euthanasia despite being a Jewish congressman in a district that includes Skokie, where a large number of the population are survivors of Nazi concentration camps. Exit polls in Skokie for Jones, an NAACP member and anti-drug activist, showed 15 percent support among voters, despite a nearly successful district-wide blackout of Jones's campaign by the press and efforts by the League of Women Voters to bar her from candidates' nights as a non-candidate.

Fight just begun

What the major national media are covering up with their ballyhoo over a supposed resurgence for the same liberal Democrats who have backed Volcker's continuation of the depression policies begun under Jimmy Carter, is that American voters are ready to be rallied for a fight to restore the nation that the official leaderships of neither the Republican nor Democratic parties want to lead, or are capable of leading.

How the nuclear freeze referendum was set back

by Franklin Bell

Robert McNamara's conventional war forces behind the nuclear arms freeze movement are trying to claim victory for their freeze referenda in yesterday's elections, but their scare-tactics propaganda failed to produce a nationwide mandate for ending the nation's nuclear arms development.

More than half of those who voted on the freeze voted in California, the only district in which it was turned into an election issue. In early October even opponents there conceded that the freeze would win by a wide margin. The polls then showed that it would pass with a 24 point spread. Gov. Jerry Brown, running for the U.S. Senate, was counting on the pro-freeze vote to carry him to Washington. But in the last two weeks of the campaign, anti-freeze forces led by the National Democratic Policy Committee intervened in California to explain to voters the alternative to the increased prospects of nuclear war the freeze would guarantee. As a result, the freeze squeaked by with only 52.5 percent of the vote and Brown is out in the political cold.

Freeze referenda were on the ballot in nine states, the District of Columbia, 14 other cities, and 14 counties in the country. The freeze was defeated on the Arizona ballot and

in one county in Arkansas and one in Colorado.

The referenda gained ballot status after Vietnam-era genocidalists—including former Defense Secretary Robert McNamara, CIA Director William Colby, and NSC Special Adviser McGeorge Bundy—put together a “peace movement” under the direction of the Council on Foreign Relations.

Playing on the U.S. population’s fears of the brink of global war the oligarchs’ depression has imposed, the forces behind the freeze movement have conducted a nine-month brainwashing campaign, using the major media outlets, to convince the population that war could be avoided by paper agreements. The response of voters, many of whom remember the “success” of previous pre-war disarmament agreements, was overwhelming apathy to the freeze question. Even in states such as New Jersey, where the freeze passed by a 3-1 margin, the number of voters who bothered to cast votes on the issue was far less than the total number of ballots cast: 1.8 million to 5.1 million, or 35 percent. It is based on this fraction of this 35 percent that the media and other freeze backers are claiming victory.

The real alternative to nuclear war

It is only in California that the freeze issue became a political focus of the campaign. There 93 percent of those who cast ballots voted on the freeze referendum, Proposition 12. The reasons: the National Democratic Policy Committee, nuclear physicist Edward Teller, and physicist Steven Bardwell of the Fusion Energy Foundation. All have urged that the United States alter its policy so as to pursue the only program which will, from a military standpoint, be able to assure the world it can avoid the horrors of nuclear war. That requires, as U.S. statesman Lyndon LaRouche detailed last spring, the development of space-based laser beam weaponry capable of destroying nuclear missiles midflight, which is a scientific program that the Soviet Union is far more advanced in than the United States.

In campus debates and presentations throughout California Bardwell time and again destroyed the soft support for the freeze referendum, showing his audiences that by further emasculating the country’s nuclear research and development capability, the nation would eliminate the possibility of ever ending the terror of likely nuclear war.

By election night, freeze coordinators in California were complaining to the national media that “People are running around trying to make it look like *we* were leading the country to war.” Had the anti-freeze forces had but a few more days before votes were cast, a majority of a once-uninformed California electorate would have realized just that.

Bardwell and other Fusion Energy Foundation scientists will hold a briefing in the Rayburn Building on Capitol Hill in Washington Nov. 18 for military, diplomatic and other government personnel to explain not only what nearly half of the California voters came to understand, but the specifics of how the United States can pursue a policy that will end forever the threat of nuclear war.

Shultz working to stranglehold on the

by Richard Cohen, Washington Bureau Chief

Prior to the Nov. 2 national elections, Secretary of State George Shultz had extracted concessions on post-election economic and national security policies from both President Ronald Reagan and Secretary of Defense Caspar Weinberger. Most importantly, Shultz, whose State Department Press Office freely gloats over the fact that the Secretary talks to former Secretary of State Henry Kissinger every day on the phone and meets with him at length every two weeks, is reported to have convinced the President that a 1983 U.S. domestic economic recovery requires a sharp reduction in the federal budget deficit. This is a consideration uppermost in Reagan’s mind, say White House sources. Reagan’s decision on running for a second term will be made in October 1983, and he will not run if there is no recovery. The President and his spokesmen may publicly continue their tough “stay the course” rhetoric into early 1983, but, under Shultz’s guidance, the White House will privately encourage congressional moves in the lame duck session that opens Nov. 29 to slash the defense budget and increase taxes.

Reportedly, the first important step of presidential retreat will occur in early December during the “lame duck” session of Congress. At that time the White House will send to Congress a \$12 billion so-called dense-pack plan for defending the new MX intercontinental ballistic missile system. Shultz has arranged for both the President and Weinberger to be “out of town” on foreign junkets when the House of Representatives votes down “dense-pack” and possibly begins a process that will lead to the cancellation of the entire MX program. Further, Shultz has arranged that the White House will mount no serious fight for the program.

But the fate of the dubious dense-pack plan and the questionable MX program represent only the first line in a long list of Shultz-demanded defense budget cuts. Indeed, Shultz intends even the less-expensive and technologically explosive “space-based” anti-ballistic missile options supported by the President from getting beyond the “authorization” process on Capitol Hill.

Shultz’s best friend: James Baker

Shultz has an essential ally, White House Chief of Staff James Baker, to ensure that the White House marches to disaster. Baker and his White House gaggle of Communications Director David Gergen, Baker assistant Richard Darman, and White House pollster Richard Wirthlin, are using

tighten London's U.S. government

the Nov. 2 results to politically motivate Reagan down Shultz's road of defense cuts and tax hikes. Baker is reportedly emphasizing to the President that Nov. 2 showed that the so-called New Right is at best only a marginal political force for 1984. In 1982, many New Right candidates lost in the primaries, while key Democrats they targeted for defeat won. Baker is also stressing that the White House emerged relatively unscathed only by the skin of its teeth. Five Republican Senate seats, enough to turn the Senate over to the Democrats, were retained by tiny vote margins.

Two more upticks in the unemployment figures and the

Democrats might have taken back the Senate, is the worrisome message being sent to Reagan. Baker is also stressing that the Democrats took seven governorships from Republicans, and could have had two more but for tiny margins.

Both the House and Senate GOP leaderships appear to be ready to cooperate with this pressure campaign on the President. A terrified House Minority leader Bob Michel (R-Ill.) dramatized the impending tidal wave of congressional Republican pressure on Reagan when he emerged on the morning of Nov. 3 to claim victory in his House race. Coming from a district suffering over 15 percent unemployment and winning by only a few votes, Michel demanded compromises from the White House on defense spending, taxes, and entitlement cuts. Michel echoed a Nov. 2 statement by Senate Majority Leader Howard Baker (R-Tenn.), who on national TV warned the White House that the Republican majority in the Senate would be far more independent of the White House in the coming session. Senate Republicans are said to believe that the near-loss of the Senate was due to popularly perceived ties between its members and the President's policies.

In addition, Baker and his associates have made it clear to Reagan that the GOP slippage at the polls was due to a sizable return of Democrats from their 1980 flirtation with

Kissinger deploys to wreck the Reagan Plan

George Shultz's close associate Henry Kissinger has been caught in a deployment to London as part of the Anglo-Soviet operation to eliminate American influence in the Middle East.

On Nov. 11, Kissinger flies to London to meet with British Foreign Secretary Francis Pym. Pym will have just returned from Jordan from a two-day visit with King Hussein, whom he intends to convince not to cooperate with the Reagan Plan. In a recent cable, Pym stated, "While we understand the American need to keep up the momentum, we would be unhappy to see King Hussein forge ahead without adequate Arab support."

On Nov. 12, Kissinger is to attend a private dinner in his honor given by Prime Minister Margaret Thatcher; on Nov. 13, Kissinger will meet with his business partner in Kissinger Associates, Lord Carrington; On Nov. 14, Kissinger will meet with Lord Harlech, a.k.a. David Ormsby-Gore, Britain's ambassador to Washington when President John Kennedy was assassinated.

And on Nov. 15, Kissinger will hold a secret meeting with the following individuals: Lord Harlech; Israeli De-

fense Minister Ariel Sharon; Prince Thurn und Taxis; former Secretary of State Alexander Haig; Lord Carrington, former British Foreign Secretary and a principal of Kissinger Associates; British parliamentarian Julian Amery, a top-level Freemason and a member of the secret *Le Cercle* group; Swiss intelligence operative Ernst Kux of the *Neue Zürcher Zeitung*, also reputed to be a member of *Le Cercle*; Robert Moss of the *Daily Telegraph* and British intelligence; Sir Edmund Pecky, a British intelligence operative currently at Aberdeen University; Armin Gutowski, director of the Hamburg World Economic Archives; and Nicholas Elliott, former British intelligence station chief in the Middle East and currently a senior official in MI6.

This is the follow-up session to Kissinger's meeting with senior British aristocrats on May 10, when he was assigned a major role in redirecting U.S. policy in the Middle East there in order to weaken and ultimately remove U.S. influence in that part of the world. Overseeing Kissinger's deployment were Lord Carrington and Lord Home. It was at that time Kissinger was given advance information of the planned Israeli invasion of Lebanon.

The Nov. 15 meeting is also intended as a follow-up of a strategy session held last month in the Chouf mountain stronghold of Camille Chamoun in Lebanon. The purpose of that meeting was to plan the eventual liquidation of Lebanese President Amin Gemayel and his replacement with Camille Chamoun, a trusted British asset.

The diplomatic agenda

November trips by senior administration officials planned, announced, or currently underway include:

- President Reagan and Secretary of State Shultz to Cost Rica, Brazil and Colombia, Nov. 30-Dec. 4.

- Secretary of Defense Caspar Weinberger to Singapore, Thailand, Indonesia, Australia, and New Zealand, Oct. 29-Nov. 8.

- Undersecretary of State for Political Affairs Lawrence Eagleburger to South Korea, Japan, Pakistan, India and Sudan, Nov. 6-20.

- Former Secretary of Defense Donald Rumsfeld, currently underway, to England, France, Italy, and Japan, purportedly to discuss "Law of the Sea" as Reagan's special emissary.

- Vice-President George Bush, to Cape Verde, Senegal, Nigeria, Lusaka, Zambia, Zimbabwe, Kenya, Zaire, and Bermuda Nov. 10-23.

In addition, it is rumored that Secretary of State Shultz will attend a meeting in the Caribbean Nov. 15-18.

This comes in the context of a flurry of diplomatic trips during the month of October and projected diplomatic visits to the United States over the next 30-60 days. These include:

- CIA director William Casey's trip to Nigeria, Zaire, Zambia, Mozambique, South Africa, and other African nations last month.

- Assistant Secretary of State for African Affairs Chester Crocker's consultations in Paris and elsewhere last month.

- George Shultz's discussions with Tanzanian Foreign Minister Salim Salim and Mozambican Foreign Minister Joaquim Chissano, and his meeting on Oct. 5 with Angolan Foreign Minister Paulo Jorge.

- Late November visit to Washington of South African Foreign Minister Botha.

- Nov. 11-13 visit to Washington by Egyptian Foreign Minister Hassan Ali.

- December visit to Washington by Zia ul Haq of Pakistan.

- Nov. 23 visit to Washington of President Navon of Israel.

- The Nov. 3-4 visit of Italian Prime Minister Giovanni Spadolini.

- Last month's visits by Israeli Foreign Minister Yitzhak Shamir of Israel and Amin Gemayel of Lebanon, and the Arab League delegation led by King Hassan of Morocco.

In addition, there are persistent rumors of impending visits to Washington by Menachem Begin and Jordan's King Hussein.

"Reagan populism" due to high unemployment and threats to Social Security. Now, any attempt to seriously attack Social Security and other entitlement programs will be blocked by a new 26-plus Democratic majority in the House led by Tip O'Neill (D-Mass.) and would have serious implications for 1984. Further, the President is being told that the Democrats will immediately press him to make concessions on taxes and the defense budget. In a Nov. 3 Capitol Hill press conference, Sen. Bill Bradley (D-N.J.) and Sen. Wendell Ford (D-Ken.) emphasized that before the Democrats come forward with an absurd "positive program" of a "flat national tax rate," they will launch into a full assault on White House defense and tax policy.

Reinforcing White House fears is the fact that the ineffective Democratic National Committee Chairman Charles Manatt is to be demoted as a national Democratic spokesman in light of across-the-board Democratic failures in California. Most speculate that Tip O'Neill will assume that role, with an unbreakable House Democratic majority behind him. Of course, behind Tip is Ted Kennedy (D-Mass.) who now stands at the head of the "freeze movement" and the Left-liberal wing of the Democratic Party after the demise of Jerry Brown in the California Senate race. If anything strikes fear in the hearts of the President and his trusted intimates it is the thought of Ted Kennedy in the White House.

In short, Baker and Shultz are telling the President that for him to run and win in 1984 he must abandon the dead weight of an important 1980 constituency, the New Right. He must listen to the demands of the congressional Republican leadership in order to blunt the attack themes of the Democrats, particularly the dreaded Kennedy. All these factors demand he cut defense and increase taxes in order to reduce the federal deficit.

To guarantee presidential compliance, Shultz has moved to dominate not only administration foreign policy but economic policy as well. White House sources say that Shultz now commands an impressive position above Reagan's other economic advisers, Treasury Secretary Donald Regan, OMB Director David Stockman and Council of Economic Advisers Chairman Martin Feldstein. Shultz is reported to be present at most meetings of this troika, and to have seized control over U.S. trade policy with the East bloc, Western Europe, Japan, and the Third World.

On both the domestic and international policy fronts, Shultz has integrated the AFL-CIO into the heart of his operations. Shultz, Secretary of Labor under Nixon, maintained extraordinarily close relationships with George Meany and his Vice President Lane Kirkland.

Now presided over by Kirkland, the AFL-CIO is deeply involved in Shultz's efforts to secure a cut in defense spending and increased taxes. In addition, the union confederation has concocted a so-called industrial recovery program which on close inspection is said to be little more than a bridge-building and highway-repair jobs program. Shultz is urging this program on Reagan as a sop to the unemployed.

AFL-CIO dirty tricksters caught in a giant international scandal

The following is excerpted from an Oct. 25 press release which first appeared in the U.S. newspaper New Solidarity.

A bragging labor attaché of the U.S. Embassy in Bogotá, Colombia, Mr. Jack Muth, led investigators to uncovering one of the biggest international scandals in post-war history.

Organized-crime elements operating partially through Irving Brown's International Division of the AFL-CIO, were proven to have successfully penetrated the diplomatic service of the United States and one additional NATO government, in operations peripheral to the projected assassination of Helga Zepp-LaRouche, a public figure of the Federal Republic of Germany.

The evidence turned over to appropriate agencies includes voluntary admissions by complicit AFL-CIO officials. The officials have implicated AFL-CIO President Lane Kirkland personally in the plot.

Helga Zepp-LaRouche is among the leading targets of a large-scale plot steered by Henry A. Kissinger and Kissinger's accomplice, organized-crime boss Roy Marcus Cohn of New York City. The overall operation includes both projected assassinations and supplementary forms of defamation and harassment. The center of the combined operations is known to be circles subordinate to Britain's Lord Carrington, and overlapping a dirty nest in British intelligence around the *London Observer*.

The tracks of the killers

According to security services of several nations, the assassination-threat to Helga Zepp-LaRouche is rated between "6" and "8" on a U.S.A. scale of "10." However, because of dirty political pressures on at least two European NATO governments, these governments report that the level of threat to Mrs. LaRouche is "0."

Additionally, three assassination-teams currently deployed against Mrs. LaRouche are presently identified in detail by leading security services. One six-person assassination squad is based in Rome, consisting of four killers from Amsterdam and two from Stockholm. A famous, dangerous rogue-killer targeting Mrs. LaRouche has been tracked from

Los Angeles, to New York City, to Chicago, to Belgium, to Italy. In the area of Frankfurt, West Germany, anti-terrorist investigators are searching for a Greenie-linked assassination-force known as the "Dirty Thirteen," known to include five killers.

Security services estimate the total sum in assassins' fees and other expenses deployed for Mrs. LaRouche's assassination to be approximately U.S. \$10 million. The funds for this are traced chiefly to U.S.-Canadian organized-crime circles associated with Roy M. Cohn.

Caught red-handed in the operations against Mrs. LaRouche was U.S. Ambassador to Rome, Maxwell Rabb. Rabb is a long-standing member of the organized-crime circles associated with Cohn, and has been in close contact with Cohn through his daughter Sheila Rabb Weidenfeld.

It was investigation into Rabb's efforts to strip Mrs. LaRouche of security in Italy which led to uncovering the larger network including involvement of AFL-CIO officials.

Investigators contacted the Labor Attaché of the U.S. Embassy in Bogotá, Mr. Jack Muth. Mr. Muth not only volunteered admission of his attempt to blackmail the Colombian trade-union official, but bragged that this action was part of a year-long operation conducted in coordination with named AFL-CIO and organized-crime circles.

Investigators immediately deployed undercover operatives to contact named officials of the AFL-CIO, who also bragged of their part in the operation and named others, including the labor attaché of an important embassy in Washington, D.C. That labor attaché also bragged of his part in the plot and identified prominent institutions as his accomplices.

[The State Department expressed "puzzlement" over recent braggings by the U.S. labor attaché in Colombia, Jack Muth, who last month admitted that he has blackmailed Colombian labor leaders to not work with LaRouche's organizations. In an official answer to a LaRouche demand for clarification of Muth's blackmail, the State Department Nov. 3 said, "We have contacted Mr. Muth who is as puzzled as we are concerning the alleged quote and the events alleged by the question."]

AFL-CIO President Lane Kirkland has been proven complicit in every aspect of the dirty operation but the assassination-project as such. Kirkland's role was clarified by admissions given to investigators by Jay Lovestone this past week. Lovestone, the former protégé of Communist International leader N. Bukharin, is the professed controller of Italian Socialist Party leader Bettino Craxi as well as of intelligence operations run through the International Division of the AFL-CIO, and the boss of Irving Brown.

Lane Kirkland's complicity

Kirkland's political operations against Mrs. LaRouche's husband, U.S. Democratic Party member and public figure Lyndon H. LaRouche, Jr., are known to have begun during the spring of 1981. Kirkland, a member and protégé of David Rockefeller's Trilateral Commission, intervened to break up trade-union attacks on the policies of U.S. Federal Reserve Chairman Paul A. Volcker, and launched a major attack against LaRouche, the leader of the opposition to Volcker's policies in the United States.

Although the LaRouche-linked Democratic candidates have been winning 20 to 40 percent of votes in recent Party elections in the United States, Kirkland and his cronies in the Democratic Party leadership have been circulating the wild

lie that LaRouche "has no connection to the Democratic Party." During recent months, Kirkland has been responsible for extensive, massive dirty tricks run against LaRouche and LaRouche's friends in the United States and internationally. In effect, Kirkland is the "Henry A. Kissinger" of the AFL-CIO, and the leading U.S. defender of those Volcker policies which are causing mass unemployment in Europe and Latin America, as well as the United States. The recent dirty operations were focused against a successful, twelve-city founding conference of a new, international, pro-life organization, the Club of Life. The most recent actions of the AFL-CIO and its labor-attaché accomplices were aimed at efforts to prevent that conference from succeeding. In the Colombia incident, the labor attaché, Muth, threatened to wreck a major trade-union of Colombia, if members of that union participated in the Bogotá conference of the Club of Life.

Lane Kirkland was discovered also to be planning an early major conference in Mexico City for the sole purpose of plotting dirty operations against the influence of LaRouche's economic science throughout Latin America.

Although aspects of the investigation bearing on national security of several nations cannot be released at this time, this warning is released to aid unwitting trade-union and other officials of several nations to disengage from complicity with Kirkland, Brown, Lovestone, et al.

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A new effort to scrap the U.S. Constitution

by Robert Zubrin

At a semi-secret invitation-only meeting in Washington D.C. on Oct. 29-30, a group of U.S. patricians formed a "Committee on the Constitutional System," committed to abolishing the U.S. Constitution in favor of a British-style parliamentary system. Such a system would allow for the fingertip control of the U.S. executive through media-run scandals and government crises, allowing for "votes of confidence" and other features of European-style political tragicomedy, with the consequent creation and destruction of new governments at the whim of the oligarchy. It also would foster combinations of Presidents with a parliamentary majority, able to ram through legislation without the restraint of Supreme Court review to ensure constitutionality.

In its invitation, which went out to a few members of America's anglophile elite, the group stated that it had "been formed by some of us who believe that the causes of deadlock are less in the qualities of our elected leaders than in the unique separation of executive and legislative powers established by the Constitution. . . . A governmental structure deliberately designed to frustrate a despot who seeks to assemble its powers for evil purposes must also, inevitably, frustrate democratic leaders who have been chosen by the people to exercise its powers for good and worthy ends." In an interview with a reporter Nov. 4, Peter Schaffler, the group's coordinator, elaborated that the group's targets for amendment include separation of powers between executive and legislative branches, judicial review of the legislature, and the electoral college system of electing Presidents.

According to Schaffler, those in attendance at the founding meeting included Jimmy Carter's Trilateral Commission counsel Lloyd Cutler, and former Defense and Treasury Secretaries Robert S. McNamara and C. Douglas Dillon, both of whom are board members of the Draper Fund for world population reduction. Additional members of the group, who however could not attend the meeting, were Nixon adminis-

tration mastermind Bryce Harlow, zero-growth Senators Claiborne Pell (D-R.I.), and Charles Mathias (R-Md.), Trilateral Commission Senator William Roth (R-Del.), Reps. Henry Reuss (D-Wis.) and Richard Cheney (R-Wyo.), and former Law of the Sea Treaty negotiator Elliot Richardson. Sen. Daniel Patrick Moynihan (D-N.Y.) will be invited to join at some time in the near future when the Committee's current list of 30 members is broadened to include a second tier.

Due to the nature of the Committee and its discussions, press will not be invited to its meetings nor will transcripts be made available. "We don't want to wake up the next day and see what we've said reported in the *New York Times*," Schaffler said. For similar reasons, he refused to reveal at this time more than a handful of names of those participating. He added, however, that negotiations are in progress to bring in a member of the administration "at the cabinet level."

Organizing plans

The Committee's immediate plans are to use its control over Congress's Joint Economic Committee (which is chaired by Henry Reuss) to hold four days of hearings starting Nov. 9, at which Cutler, Dillon, and Richardson, as well as former Pennsylvania Senator Hugh Scott and Professor James Sundquist of the Brookings Institute will all testify on the need to radically revise the Constitution. Following that, there will be another meeting with the expanded membership of the Committee in Washington in January, followed by regional sessions around the country. Eventually the Committee intends to emerge with a "prestigious" set of recommendations for constitutional amendments, which some of its members will then introduce into Congress.

The founding of the Committee represents the culmination of several years of maneuvers on the part of Lloyd Cutler, who initiated the movement with an article published in the New York Council on Foreign Relations' *Foreign Affairs* quarterly in 1980, in which he termed the continuation of the American constitutional system into the 1980s "dangerous" and urged the "appointment of a bipartisan presidential commission" to study how to transform it into a parliamentary mode. Cutler, whose sense of judicial morality was made apparent through his role in covering up Billy Carter's extensive connections to Libyan dictator Muammar Qaddafi and Sicilian Mafia kingpin Michele Papa, wrote in a recent op-ed in the *New York Times*, in which he said that henceforth the Supreme Court should not have to hear cases brought by just anybody, but only "important" cases.

Coordinator Schaffler claims that the Committee's plan to produce its official recommendations by 1985-86 is timed to coincide with the upcoming 200th anniversary of the Constitution. From a practical standpoint, Committee circles hope that Ted Kennedy, who supports such anti-constitutional subversion, will be in the White House in 1985, enhancing the project's chances of success.

National News

Committee for Year 2000 to work for Prince Philip

The Committee for the Year 2000, formed by U.S. World Wildlife Fund chairman Russell Train, coordinated the World Wildlife Fund tour of Prince Philip in the United States, a close U.S. associate of the Prince told a reporter Oct. 23.

The Committee, which includes former Secretary of State Cyrus Vance, Aspen Institute chairman and Arco chairman Robert O. Anderson, and former World Bank president Robert McNamara as its members, is currently promoting two policies. One is to use solar energy to "pump up" the economy—and as a means to "kill nuclear energy," according to Prince Philip's associate. The other is to sell off large portions of government-owned lands to family and corporate interests who are members of the World Wildlife Fund, which would allow these interests to exploit area resources while holding back industrial development, particularly in the American West.

"Our policies are to teach the principles of corporatism," Philip's associate stated. "Combine corporate efficiency with environmentalism, which translates into do more with less—less energy, less industrial capacity, lower population levels. . . ."

"If you want to force lower population levels, show it is more economically sound to have less people around. Get people to agree with that—which is what the Prince is doing. Build a consensus among the elites. The more economic chaos there is, the more effective we are. . . . We control the leaders and they take it from there."

Shultz: 'global campaign' for British rule

The U.S. State Department and the American Enterprise Institute, two centers of British subversion of the American republic, sponsored a "Conference on Free Elections" Nov. 4, at which Secretary of State George Shultz greeted participants with the announcement that this was the second in a

series of conferences the State Department is holding to fulfill President Reagan's June 8 "pledge" to the British Parliament to launch a "global campaign for peaceful democratic change."

U.S. Ambassador to the United Nations and former fellow of the sponsoring institute Jeane Kirkpatrick refined this conception by distinguishing "liberal democracy" of the sort she supports from "popular democracies" and other forms which she labeled "totalitarian."

In addition to representatives from the anglophile U.S. State Department and the monarchist American Enterprise Institute, conference participants and invited observers include: The Baroness Diana Elles of the United Kingdom; oligarch Alvaro Gómez Hurtado, editor of *El Siglo*, the newspaper of Colombia's drug-running right wing; pro-drug folksinger Joan Baez; Thomas Kahn, the powerful assistant to AFL-CIO president Lane Kirkland; Cord Meyer, a founder of both the CIA and the World Federalist organization; John Heberle, of the American Institute for Free Labor Development, an AFL-CIO subsidiary of the State Department's Agency for International Development, and John Richardson, who is President of Freedom House, which supports right-wing terrorist movements in Ibero-America and Eastern Europe, and also a member of the U.S. Association for the Club of Rome, whose leadership has been tied to the KGB.

Space nuclear program increased

In an effort to increase the electrical power available to both civilian and military spacecraft, the government is increasing funding to develop compact nuclear power generators for space. This program, which had successfully demonstrated a 500-watt generator in space in 1965, had been shut down in 1973.

Since 1977 there has been a small-scale effort funded mainly by the Department of Energy, with increasing interest from the National Aeronautics and Space Administration over the past year. More recently, the Defense Department has also become

interested in the program and is contributing funds for the effort.

Current program plans call for the orbiting of a 500 kilowatt generator in the early 1990s. This increased power supply will be needed for a space station, larger communications and weather satellites, materials processing in space facilities, and deep-space planetary missions which cannot use solar cells.

The DOD needs increased power supplies for sophisticated radar-jamming technology, for better surveillance satellites, and for an orbiting beam weapon system for ballistic missile defense.

Although there is consensus that the nuclear generator program must be supported and even accelerated, there is no agreement on who should manage and control the program. An interagency agreement is in the process of formulation between the DOE, NASA, and DOD.

'Stay the course' to 'video-game economy'

Three economists connected with the American Enterprise Institute, a Washington, D.C.-based think tank with which the Reagan administration has collaborated in promoting "democracy" and "free enterprise," held a press conference Nov. 3 to urge Reagan to "stay the course" of economic collapse which he has charted.

Herbert Stein, formerly chairman of the Council of Economic Advisers when Henry Kissinger was "acting President," led the group by announcing, "I don't think the election indicates any strong preference on the part of the American people. . . . I believe in staying the course. . . . that is, the 1982 course, not the course of 1981. . . . a course of monetary restraint and attempts to balance the budget. . . ." He explained that he did not believe the Democrats in Congress would attempt to enact alternatives to the administration program. After admitting that "we do pay a price" for his proposed economic policy, Stein threatened, "The dentist will go on drilling even though the child is squirming in the chair." Referring to American farmers and others who have complained about hardships, Stein said, "We have been hearing from a lot of children."

Briefly

Asked if an economic recovery was now underway, Stein's associate, Murray Foss, said, "I see no indication that things are moving up." After intensive questioning from reporters, Foss said he expected a "modest and moderate" recovery by the end of 1983. *EIR* asked Foss to explain whether the recovery he envisioned would reverse the severe drop-off in machinery and other industrial production, which has characterized the 1979-82 recession, or whether he was projecting an "agrarian, post-industrial recovery of the kind desired by Lester Thurow and economists of his school." Stein interjected, "Yes, a video-game based economy." Foss protested, "My outlook is in no way Thurowian," but then said, "machine-tool production should in no way be taken as an indicator of industrial growth. Computers may turn out to be far more important."

Anatomy of an antinuclear big lie

Coordination among antinuclear moles in the Nuclear Regulatory Commission, Congress, environmentalist groups, and the press produced a nuclear scare story broadcast on network television and throughout the media election eve. On Nov. 1, the following story went out: "A core meltdown at a nuclear power plant would kill more than 100,000 people in some areas, and there is a 2 percent chance for such a worst-case accident before the turn of the century."

The Fusion Energy Foundation has compiled evidence of how this outright lie was created and promoted, in a deliberate attempt to frighten the U.S. population.

Someone at the Nuclear Regulatory Commission (NRC) "leaked" a draft of a report from Sandia National Laboratories in Albuquerque, New Mexico, on technical guidance for siting nuclear plants, to Rep. Markey (D-Mass.) and to the Union of Concerned Scientists (UCS). Markey then made it available to the *Washington Post's* Milton Benjamin, who authored an article Nov. 1 that falsely claimed not only the above statement about nuclear accidents, but also that a "Group 1" accident at the Indian Point plant in New York would cost "\$300 billion in damages."

The Sandia report actually states that the chance of such an accident are "about once in 100 million years of reactor operation."

The *Post* story was immediately picked up by United Press International, and turned into a wire story on the fact that Sandia had done a study that "predicted a core meltdown in a nuclear power plant. . ." which was broadcast nationwide.

The NRC held a Washington press conference the same day to denounce the false reporting, stating that chances for a "worst-case" accident was "one in a billion." A UPI wire story on the conference was not picked up by all the press.

Congressman Markey and the UCS held a press conference Nov. 1, crying "cover-up." The *Washington Post* ran an article Nov. 2 reporting the Markey-UCS claims.

The Sandia National Laboratory reports that no one from the *Post*, UPI, Rep. Markey's office or the UCS has called to check on exact figures from the report.

Nebraska farmers defeat Prudential

Nebraska voters supported Initiative 300, the "family farm amendment," by a vote of 56 percent Nov. 2. The amendment to the state constitution will outlaw new establishment of farms and ranches by non-family corporations and insurance companies.

While total figures on land ownership by such corporations are not known, Neil Oxton of the Nebraska Farmers Union explained that Prudential Insurance has been buying up virgin grasslands and growing corn. Corn, which costs \$3 per bushel to produce, is selling for \$2. Family farmers are unable to absorb such losses, but corporations on the scale of Prudential can. According to Oxton, Prudential wanted to buy up huge tracts of land in Nebraska because that area has access to the bulk of the water from the Ogallala aquifer, the major water resource of the corn belt.

A successful petition drive by the NFU put the resolution on the ballot. The NFU had a total budget of \$3,000, while Prudential, Travelers, and Metropolitan Life insurance companies funded an opposition campaign with nearly half a million dollars.

● **DEFENSE** sources have told *EIR* that the mysterious Soviet submarine chased by the Swedish Navy last month may not have been a submarine at all, but a sophisticated drone, possibly nuclear powered, about the size of a refrigerator, which has the capacity to project the sonar image of a full-sized submarine. Such decoys would have devastating implications for NATO anti-submarine defense, and implies a string of Soviet breakthroughs in a whole array of related undersea warfare technology.

● **LYNDON** "Mort" Allin, associate press secretary for foreign policy and national security matters, whose previous White House experience was as editor of the daily news summaries in the Kissinger/Nixon White House, showed how seriously the Bush-Baker crowd wants the President to take the Geoffrey Prime British spy scandal. He replied to a question on Prime posed at the Nov. 1 White House press briefing in the following manner: "Prime? I understand it is now down to 11.5%." The briefing transcript—approved by the White House Press Office—managed to change the question to one about "crime" in Great Britain.

● **ATTORNEY GENERAL** William French Smith, on his recent trip through Southeast Asia to seek cooperation from governments there to stem the flow of narcotics from the Golden Triangle and Golden Crescent, wanted to visit the drug dens of Landi Kotal, a Pakistani village in the Khyber Pass, but was prohibited by local Pakistani officials clearly embarrassed by the openness of dope trafficking in their jurisdiction. The reason they gave for keeping Smith out: "We cannot guarantee your safety."

Beam weapons: Teller is right

Last February this magazine's founder and contributing editor, Lyndon H. LaRouche, Jr., told a Washington press conference that the world needed a new "arms race," one wherein the United States and Soviet Union agreed to develop "beam weapon" anti-ballistic missile capabilities as soon as possible. On Oct. 26, in a speech before the Washington National Press Club, physicist Edward Teller recapitulated point for point the major arguments made by LaRouche and his associates over the intervening months, arguing that beam weapon technologies are vital to peace and world economic development.

As Teller put it, the United States faces two equally repugnant choices, if it fails now to seize upon the opportunity that beam weapons present. It can surrender to the Soviets, or it can await the near-term probability of war. But by taking the opposite path, "we can 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."

More recently, LaRouche put the question starkly before a European audience. "We have the technologies to develop relativistic space-beam weapons," he said. "But if Friedmanism, Mont Pelerinism continues, if steel collapses, we won't be able to. We approach the end of civilization under the threat of Mutually Assured Destruction [MAD]."

MAD is the doctrine imposed by the British oligarchy at the close of World War II. Under the orders of Sir Winston Churchill, the British propagated the theory that the era of the Bomb locked the world into permanent nuclear terror. According to the British: Science produced the atomic bomb. Therefore, science produces war. To survive, mankind must accept the fettering of science.

This doctrine produced the nuclear "freeze" movement under the direction of the Vietnam War-era defense officials around Robert "Body Count" McNamara.

As their pedigrees indicate, McNamara and other advocates of the British position are not committed to stopping war. If they were, they would eagerly embrace

the development of space-based relativistic beam weapons as a means of neutralizing the threat of nuclear ICBMs. Not only would this technology end the nuclear nightmare in itself, but most importantly, the technological advances required would force breakthroughs in plasma physics and revolutionize mining and materials technologies. This is the path accepted not only by Dr. Teller but by every rational person, in agreement with LaRouche.

The only way to avoid both the threat of war and the psychological terror attending it is through science. The future of the United States hinges on this issue, which has been taken to the population over recent months by LaRouche's political action committee, the National Democratic Policy Committee, and by the Fusion Energy Foundation.

The success of the British oligarchy in toppling pro-growth governments and institutions in Western Europe has now put the hands of the clock at five minutes to midnight. The only two nations still standing in the OECD sector that have the capability of reversing the world depression and the threat of thermonuclear war are the United States and Japan. The United States has shown, in the Nov. 2 elections, a certain resistance to fascism and willingness of the electorate to be affected by the moral force of LaRouche's ideas. But neither the U.S.A. nor Japan is strong.

If the British, and the Soviets' game playing succeed in keeping the United States on the policy track of the International Monetary Fund; if the British succeed in pushing the U.S.A. out of Europe, as recent European initiatives by Britain's Maggie Thatcher were aiming at, and out of the Middle East, as the British and Soviets were conspiring to do, as well as out of Africa and the Indian Ocean; and if the United States continues to collapse economically—*then what will happen is nuclear war.*

Either we develop a method to destroy thermonuclear weapons, or we must remain in a terrible bind. Every moral person in the world must therefore fight for Washington to follow the course which Dr. Teller, in agreement with LaRouche, has now endorsed.

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