

# EIR

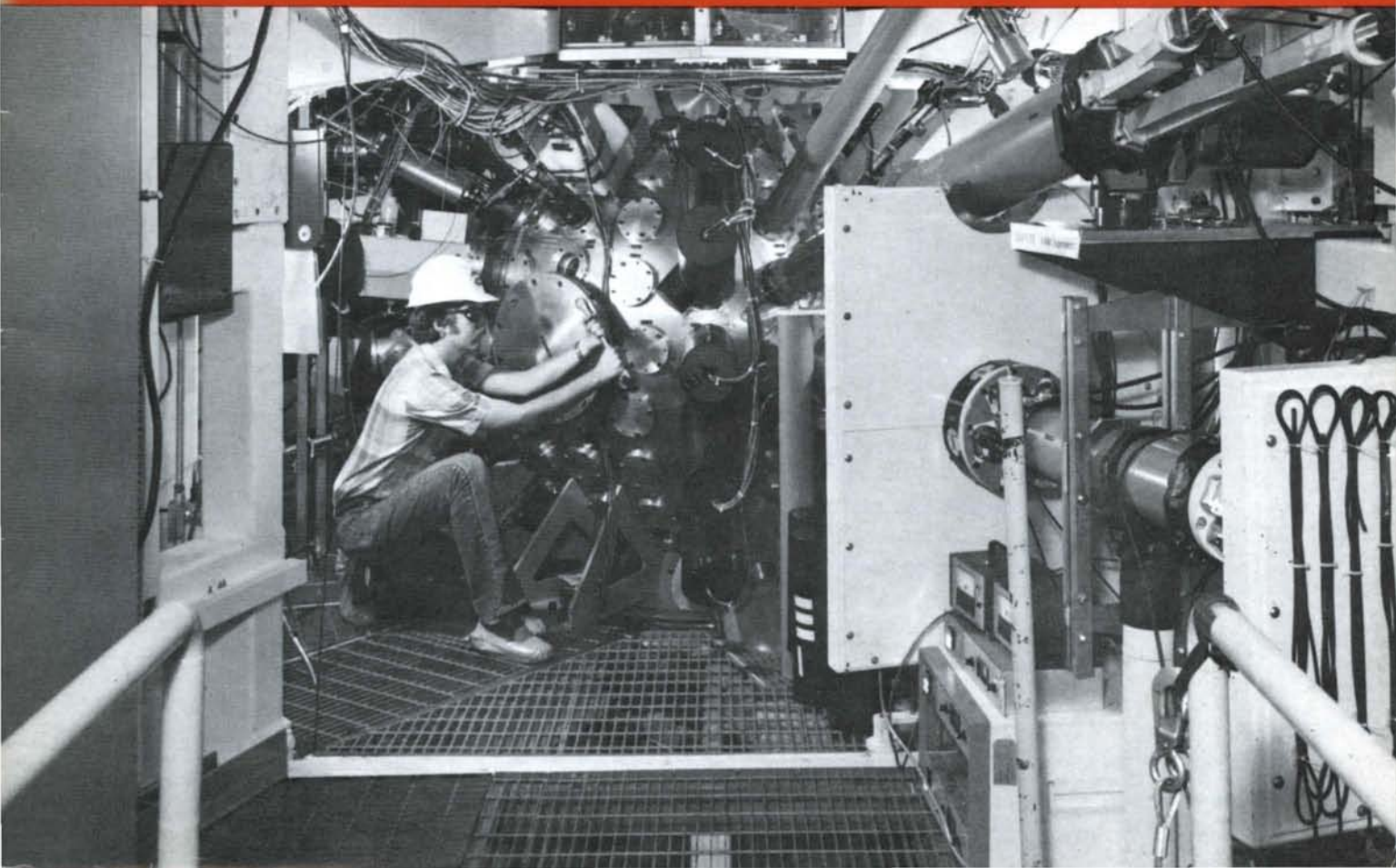
Executive Intelligence Review

November 30, 1982

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# EIR

## From the Managing Editor

**B**efore we say anything about this week's Special Report, we wish to point you toward a survey in the Economics section. There exists a region in the world which is very much like the United States was in the early 18th century. It is a beautiful, gigantic, vastly endowed place, many of whose leaders are driving toward industrial development. On any terms but a madman's, it is grossly underpopulated. That region is Africa—but unlike the colonies which became the United States, it has been unable to free itself from the British policy of enforced backwardness, resource looting, internecine wars, and deliberately induced famine. Under the sway of the latterday British Foreign Office, a.k.a. the World Bank and International Monetary Fund, many parts of Africa are being subjected to mass murder in a way North America never was.

One of the crimes on the heads of the generation that came to leadership after World War II is the failure of the U.S. government and business to make initiatives to bring Africa, and the rest of what is now called the Third World, into a 20th-century of industrial development and scientific breakthroughs. The other crime of that generation is recognized by the man on the street in every corner of the world: the failure to find a way to pre-empt and reverse the danger of thermonuclear war. Our Special Report in this issue is something we expect many of our subscribers to circulate widely on their own initiative. The subject is high-energy beam-weapons systems capable of knocking out the ballistic missiles that deliver hydrogen bombs.

That subject is now number-one in every world capital. It was put on the public agenda seven years ago by *EIR* founder Lyndon H. LaRouche, Jr., and the group of top-ranking scientists he has assembled around the Fusion Energy Foundation.

The development of beam weapons is the only way to avert an accelerating danger of world war. Briefly stated: real peace requires not a paper agreement to abstain from using existing weapons which each power would in fact deploy if sufficiently threatened, but rather a physical means of superseding that weapons technology. What had been less obvious to policy makers, until LaRouche made the point, and Dr. Edward Teller echoed it this month, is that the development of such a defense would reverse the sickening overall anti-science climate in the United States, and put the Western economies back on the track of those advanced energy and industrial applications which can make both the Western world, and Africa, centers of civilization once more.

*Susan Johnson*

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## U.S. bond markets: weak link for world financial system?

by David Goldman, Economics Editor

After a more than 40 percent appreciation of the price of top-quality U.S. long-term securities since June, it seems paradoxical to speak of the American bond (and stock) markets as a potential weak point in the world financial system. Nonetheless, the vulnerability of America's status as the world's biggest foreign borrower during 1982 is the secret of the Federal Reserve's inability to bring down real interest rates, and reverse or even slow the present course toward international trade contraction and financial disaster.

Qualified financial observers are now convinced that the problem is no longer a matter of whether Mexico or Argentina, for example, reaches agreement with their bankers and with the International Monetary Fund, but that an entire list of countries, including Brazil, France, Canada, Yugoslavia, and Rumania, among others, will be unable to finance their deficits and meet their international obligations during the coming year. The contraction of world trade (discussed in this space last issue), means that "the issue is no longer financing, but whether the industrial countries will have the courage to reflate," according to one of the leading economists associated with the Group of 30, the bankers' ginger group organized by former International Monetary Fund managing director Johannes Witteveen.

However, despite all expectations, the Federal Reserve is *not* continuing to reflate the U.S. economy, not so much because it is disinclined to, but because it is not possible—a point that the chief economist of GATT, Jan Tumlir, made before a Philadelphia audience Nov. 9. The Federal Reserve has made the United States the principal beneficiary of flight

capital leaving the Eurodollar market, and has financed perhaps 20 percent of the estimated \$217 billion total net federal borrowing requirement with foreign funds over the course of 1982 so far. Except for the foreign inflows, the numbers would not have added: the present federal borrowing requirement is just below 100 percent of total domestic savings (even with the highest savings rate in the past five years), and federal borrowing, prompted largely by reductions in revenues, would have virtually eliminated all long-term financing. The Federal government's ability to finance \$50 billion in net borrowing per quarter at the prevailing interest rate (adjusted for inflation, interest rates are unchanged for the past 12 months) depended on an unprecedented volume of foreign purchases of securities. Because the Treasury reporting system is so miserably inadequate (under-reporting foreign equity holdings by at least 60 percent, for example), the precise volume is not known, but well-informed government and private analysts believe it was decisive.

The inflow is also believed to be the basis for the more than 20 percent rate of increase in money supply during the month of October, because foreign purchases of U.S. securities add to domestic checking accounts. Because the total volume of commercial and industrial loans, the normal domestic generator of money supply, shrank during October, it seems difficult to attribute the rapid rate of growth to domestic causes.

Contrary to the standard accounts of the problem (e.g. the Morgan Bank's in November's *World Financial Markets*), the hot money that moved into the American markets

is motivated less by interest-rate differentials than by safety and speculative considerations. During the worst of the post-nationalization crisis in Mexico, the interest differential between short-term Treasury bills and short-term bank deposits at the lower-half top 100 Eurodollar market banks reached 5 or 6 percent, an unprecedented situation, reflecting the near-panic conditions in the Eurocurrency market.

### **How long can the boom last?**

Now, the money that has already moved into the American market must consider whether the bond market might march down the same hill that it just climbed, following the sawtooth pattern of the past two years. Should the Federal Reserve seek to avert a crisis by permitting the monetary situation to run out of control, the market unquestionably would blow up. To the extent that the Fed appears to respond to demands for global reflation, from the Institute for International Economics, the Brandt Commission circuit and others, the likelihood of an out-of-control situation appears greater, and the fuse under the bond market shortens noticeably.

For this reason, the signal from the Federal Open Market Committee meeting on Tuesday, Nov. 15, was the contrary of what most market sources expected, i.e. a rise rather than a fall in interest rates. The Fed "showed flag" indirectly, through Chemical Bank's increase in its prime lending rate from 11½ to 12 percent, the first increase in five months.

What makes the American market's vulnerability so diabolical is that the *potential* crisis dictates the Fed's actions, even if the threat never emerge. Nothing short of a reduction in interest rates to approximately the rate of inflation would have much impact on the current economic disaster. The continuing decline of the American economy pushes the rest of the world toward financial crisis in the meantime.

The Commerce Department itself has now pushed its recovery projection off until the first half of 1983, in imitation of all the recovery predictions it has made since July of 1981, while the Office of Management and Budget, in a Nov. 14 background briefing at the White House, suggested that failure to reduce the present Federal borrowing requirement would lead to higher unemployment, higher interest rates, and higher inflation all at once during the first half of 1983.

Fragmentary economic news merely reinforces *EIR's* confidence in the accuracy of our most recent quarterly forecast (*EIR*, Nov. 2). The .8 percent October drop in industrial production, and the record-low 68.4 percent capacity utilization figure for the same month, did not manage to diminish the inventory-to-sales ratio of corporations, which remains as high as it was in April. The short-term prognosis for industrial production is that still-high inventory levels (relative to very low sales) will continue to depress output, as will the collapse of corporate capital-investment plans.

Unemployment claims on a weekly basis have remained

above 600,000 (or enough to ensure a continuing rise in the official unemployment rate), although not as high as the 700,000 level exceeded during the week ending Sept. 18. However, the most important short-term indication of the likely future behavior of unemployment is that hours worked in most of the goods-producing industries fell by much more than total employment during October, which usually means that more layoffs will follow.

This represents, on the international plane, the "locomotive theory" operating in reverse. Industrial production will fall in the advanced sector as a whole for the first time since 1974, the Organization for Economic Cooperation and Development now officially believes, and the extraordinary decline in world trade during July and August (the 20 percent decline in industrial nations' exports) will continue. If the U.S. economy does not recover, the senior officials of all the international organizations admit, the prospects for the financial system will become nil by the first quarter of 1983.

### **Who will solve the crisis?**

Despite the tentative agreement between the International Monetary Fund and Mexico and Argentina, the refinancing and debt-rescheduling process has become bogged down, while its relevancy to the international crisis diminishes. The International Monetary Fund has told leading banks, according to sources close to Managing Director de Larosière, that it will not lend to countries unless the banks also put up funds "in lockstep" with new IMF credits; otherwise the IMF will not lend. The banks, meanwhile, are refusing to lend until the IMF has put up money.

The punch line of the story is that the IMF does not have sufficient funds to make substantial loans to the potential borrowers who will desperately need them, while the banks cannot raise sufficient funds on the international markets to increase their rate of lending, either. This is the principal result of the inflow of Euromarket funds into the United States.

It is up to the central banks to break the logjam, and the Federal Reserve above all; but should the Fed attempt to reflate, the break in the logjam might have disastrous consequences on the American markets, as noted earlier.

As a number of international financial specialists are now arguing, the situation may only be remedied in a way that defuses the speculative character of the markets, starting with a global exchange of illiquid developing-sector debt for long-term, low-interest bonds, and a policy of directing credit toward enhanced trade and production afterward. To the extent that this would force the major governments to suppress the Malthusian prejudices of their own finance ministries, as well as the International Monetary Fund, the suggested approach appears far from realization. But the other options have been discredited even in the eyes of the small circle who have promoted them.

# The IMF accords add up to a shell game

by Timothy Rush

The truth about the much-ballyhooed new IMF dealings with three of Ibero-America's biggest debtors—letters of intent with Mexico and Argentina, and a compensatory financing request from Brazil—is that IMF accords or no IMF accords, there is still no new money for the region.

The "Ditchley Group" of 31 banks which set up shop in late October has been beating the drums for "flexible" lending policies by the big international banks, telling them not to "overreact" to the Third World debt crisis by cutting off credit too quickly or drastically. This was the message brought into New York meetings between IMF Managing Director Jacques de Larosière and top officers of a score of international banks Nov. 15-16. De Larosière reportedly stressed the importance of putting fresh money into Mexico and Argentina as complements to the IMF packages there. Paul Volcker, the same evening of Nov. 16, told a Boston audience that he wanted a special fund to help bail out large borrowers such as Mexico.

All these drumbeats indeed have a hollow sound—the banks are as bankrupt as the creditors.

The \$1.1 billion "bridge" loan to Argentina is a case in point. First announced with fanfare at the beginning of November, this loan "still has a long way to go," bankers told the *Journal of Commerce* Nov. 18. When and if it does come through after a difficult syndication process, it will reportedly be dispensed in tranches just like the IMF loan it is supposed to be a "bridge" to—and bear its own set of conditionalities. All this for a quantity which is barely two-thirds of the \$1.5 billion that Argentina is already in arrears on paying.

## \$7 billion pipedream

De Larosière reportedly told the New York bankers that if they thought \$1.1 billion for Argentina was rough, they should start thinking about six times that much for Mexico. According to a Nov. 18 *Financial Times* report, the IMF director may have asked the commercial banks to put up as much as \$6.5 billion in commitment for "fresh money" to go into Mexico during 1983.

These commitments would be in addition to the \$1 billion that Mexico is seeking from the banks just to get through the rest of 1982 in a package with \$1.0 billion of remaining funds from the August BIS-coordinated "bridge" financing and the first tranche of the \$3.6 billion three-year IMF deal.

The bankers gave the de Larosière proposal a "distinctly cool reception," according to one press account, "because the commitments were much higher than expected." The bankers complained that the IMF accord with Mexico wasn't tough enough—while the IMF told the bankers that the commitment was a condition for the IMF to sign a final version of the accord with Mexico in mid-December. It's a case of "you first"—and nobody's moving.

The question is how long the Ibero-Americans can be strung out on promises.

Incoming president Miguel de la Madrid in Mexico, and the team he will be bringing in Dec. 1, are under pressure from the bankers to resolve the ambiguous language of the IMF letter of intent in the direction of traditional prescriptions of "free exchange rates," elimination of exchange controls, and a sharp rise in internal interest rates.

Talk of a new peso devaluation (current official rate for most transactions is 70 to the dollar) has blossomed in the U.S. and British financial press. De la Madrid is being told that if he devalues and begins to lift exchange controls, then he will begin to get some of those dollars which have been successfully siphoned off into the black market. This will in turn help convince bankers to lend the new money.

But de la Madrid has other methods to begin to get some flight capital back, including naming some names of those who took it out. There is frantic behind-the-scenes bargaining now going on to "cut some deals" with the incoming administration on the question. Typical was the proposal of Sheik Amini Awad, a Knight of Malta and Lebanese leader in Mexico, who has almost all his multi-millions outside the country. Awad is calling for a "blind trust" to be set up with five top New York investment houses, for investments back into Mexico that would protect the names of the participants.

And while the sections of the letter of intent dealing with wages, prices, interest rates, and exchange rates, were ambiguous, those dealing with specific austerity goals were not. The 8.5 percent goal of budget deficit as a percentage of GDP is an almost 50 percent drop from this year's estimated 16 percent. This on top of an economy plunging quickly below the zero growth level. (Finance Minister Silva Herzog announced Nov. 17 that the growth figure for this year will be at best 1 percent, which will mean a last half average well below zero.)

The \$5 billion ceiling on new public sector borrowing builds in a heavy new crunch on imports. After interest payments of \$12 to \$15 billion are met, there will at best be \$10 to \$11 billion for imports, as against the \$24 billion of 1981 and an estimated \$16 to \$17 billion for 1982.

In this kind of squeeze, the alternative of coordinated debt action with the rest of the continent will be as close to de la Madrid's mind as it has been to López Portillo's. Silva Herzog was asked in the Mexican congress Nov. 17 why Mexico had signed the IMF letter of intent instead of embarking on joint debt moratoria with Brazil and Argentina. He responded with a two-word phrase: it would have been a "dramatic error." This is far from the last word.



# How the World Bank is recolonizing Africa

by Douglas DeGroot, Africa Editor

Africa is an example of what the rest of the developing sector will soon look like if the political forces behind the present world monetary system are not successfully challenged.

The Malthusian colonial oligarchy that ran Africa until independence was granted in the 1960s never had any intention of leaving Africa, no intention of allowing the underpopulated but vastly rich continent to be more than a provider of mineral resources and agricultural cash crops in market conditions controlled by the oligarchy.

The following economic profiles of African nations today show the results of this oligarchy's neo-Malthusian policies. In parts of Africa civilization has already been destroyed, with populations reduced to the conditions of the colonial period. Education is deteriorating, there is no money to pay teachers or purchase supplies; health care is deteriorating across a continent which has the highest death rates in the world, and the shortest life expectancy (47 years)—between 25 and 50 percent of the children die before the age of five; transport grids in parts of the continent no longer function—shortages of fuel, the collapse of roads, and crumbling basic infrastructure are cutting sections of the continent off from one another; whole segments of the population no longer operate within the money economy, and are reduced to grubbing out a subsistence living.

This is precisely the situation desired by the colonialists who created this situation by imposing International Monetary Fund lending conditionalities which dictated cuts in imports (food, fuel, and capital goods); demanded an increase in cash crop exports; cut investment in industry, focusing investment instead on labor-intensive and inefficient agriculture; demanded cuts in food and fuel price subsidies, and other economy-wrecking measures.

## Disappearance of nation-states?

If continued, these policies portend a new era in Africa, an era in which central governments will disappear. What will remain in their place will be relics of the governments of the independence period that will do no more than play the role, as formerly, of colonial administrations, to organize cash-crop and mineral exports.

This was the way Africa was run before independence by the colonial powers. The individual had no sense of being part of a nation, in whose development he could play a part,

thereby taking control of his own destiny.

Kwame Nkrumah, Ghana's first head of state, led the fight to free Africa from these colonial interests, unsuccessfully attempting to prevent the continent's balkanization into a large number of small countries with limited populations, a condition which left Africa greatly weakened in its attempt to build nations in the face of the opposition of the colonial interests. Twenty-four of the 39 sub-Saharan countries have less than 5 million people, and 12 of these have less than 1 million people. Only six have more than 15 million.

Nkrumah's ally in the Belgian Congo (now Zaire), Patrice Lumumba, was assassinated in order to prevent that potentially rich nation from developing. Had that strategically important nation developed successfully, the post-independence history of Africa, radiating in every direction from Zaire, would have been radically different.

The colonial oligarchy which ran Africa before independence descended from the families which ran the slave trade from Africa from the 15th through the 19th centuries. This grouping set up the Bretton Woods system after World War II, and with it the IMF and World Bank. Now, they are the neo-colonialists, unconditionally opposed to the development of the former colonial sector, and preventing this development through the International Monetary Fund and the World Bank.

## The World Bank in Africa

The latest World Development Report by the World Bank concludes that the situation in Africa "is even more desperate than a year ago," and predicts a decline in GNP per capita of 1.0 percent for the rest of the decade.

It is the World Bank itself which bears the responsibility for this state of affairs in Africa, through its consistent refusal to fund large infrastructural and industrial development projects. Somali President Siad Barre, for example, has been seeking funding from the World Bank since the mid-1970s for a series of dam and irrigation projects along the Juba River. At the time the projects were first proposed, their total cost was set at around \$1 billion. Moreover, the project would have provided a decent standard of living for the nomadic Somali population, much of which wanders outside of Somalia in Ethiopia and Kenya, a situation which has created regional frictions and tensions in the Horn of Africa. The

Juba River project, which remains on the shelf at the World Bank, could have prevented the cycle of regional tension, war, and hundreds of thousands of refugees that have plagued the Horn of Africa since the later 1970s.

The government of Gabon found itself in a similar situation vis-à-vis the World Bank in the 1970s. The World Bank refused to fund a project to build a national railroad. Determined to go ahead with the project, President Bongo said he would make a deal with the devil if necessary to get the railroad built. That is what he did: the Gabon government borrowed on the usurious Eurodollar market to begin building the railroad, and soon found itself in the throes of a debt crisis which resulted in the government being given the IMF conditionalities treatment, and strong doses of austerity.

### **Draper and the politics of genocide**

This hatred of development in the former colonial sectors of the world is exemplified by the late Gen. William Draper, Jr., founder of the Draper Fund-Population Crisis Committee, one of the initiators of the movement in the United States to reduce the world's population. Draper was a top-ranking official in the Wall Street firm Dillon-Read, and his son, William III, is continuing his father's policies from his post as President Reagan's Export-Import Bank Director.

In the spring of 1971, General Draper compared the human species to animals on the "world famous animal reserve—the Kruger Park in South Africa. There the elephants were getting too numerous, pushing over and killing too many trees, and thereby threatening the food supply of other animals," said Draper. "So the park rangers will act as judge and jury. They will arbitrarily reduce one or another species as necessary to preserve the balanced environment for all other animals.

"But who will be Park Ranger for the Human Race?

"Who will cull out the surplus in this country or that country when the pressure of too many people and too few resources increases beyond endurance?"

### **The Berg Report**

The World Bank, attempting to take advantage of the crisis it created in Africa, issued a report about a year ago which is a blueprint for the self-appointed park rangers who want to reduce especially the dark-skinned populations in the developing sector.

Coordinated by think-tanker Elliot Berg, and named for him, the report proposes that African countries respond to the worsening economic crisis by giving up any desire to industrialize and thus support a growing population density, and become instead a collection of what will amount to self-ruling colonies providing minerals and cash crops. The Berg Report, issued as a World Bank appraisal of the Organization of African Unity's Lagos Plan of Action development program, dictates the dismantling of African governments, which it justifies with a piece of sophistry so crude that it betrays

Berg's low estimation of an African's intellectual capability.

After first admitting that the international economic crisis is the cause of the crisis in Africa, Berg turns around and asserts that the crisis is also due to domestic African policy mistakes. The report, however, avoids all discussion of the monetary system he is defending, and focuses all attention on these "mistakes" which Berg shows clearly he recognizes and despises because they are efforts by African governments to direct the process of development. Under the guise of opposing corruption of government agencies, Berg proposes the elimination of the role of government altogether, thus eliminating government as a vehicle to develop a nation.

### **The road to ecological disaster**

In the face of the growing economic crisis, governments in Africa are taking a growing percentage of what their farmers produce—farmers being the majority of producers in largely undeveloped Africa—in hopes of keeping governments functioning, and achieving development goals. Berg proposes, on the other hand, to give a higher percentage back to labor-intensive farmers working with hand tools, to encourage additional production. However, any attempt to force an increase in production in this manner, without the introduction of advanced technologies will lead to ecological disaster, as is most evident in the Sahel countries of West Africa.

It was in the Sahel region of Africa—in the Senegal River Basin—that the World Bank opposed a project of dams and irrigation and water transportation infrastructure in Senegal, Mali, and Mauritania, since rice produced as the result of this project would cost more than rice imported from Asia, according to a diplomat. "As if the countries in question would not realize a whole series of other benefits from building this infrastructure," commented the angry diplomat.

### **The LaRouche alternative**

In April 1981, while the Berg Report was being prepared, *EIR* founder Lyndon LaRouche responded to requests by African diplomats that he give his appraisal of the Lagos Plan of Action by writing a book on nation-building in Africa.

LaRouche's development manual proposes a strategy for the high-technology industrialization of African nations which is diametrically opposed to that of the Berg Report (see excerpts from both, following). LaRouche explains the necessity of a new international monetary system if the developing sector is to industrialize successfully, and elaborates why strategies for development put forward by the IMF, World Bank, and the United Nations are not intended to succeed in the first place.

If African countries follow the dictates of the Berg Report, they will destroy their nations and will be meekly returning to colonial status. LaRouche's proposals are the only effective alternative. Leaving no room for compromise, the message of the Berg Report is: Abandon your nation-states and go back to colonial economics, or else.

## Berg Report: cash crops and raw-materials loot

*From Accelerated Development in Sub-Saharan Africa: An Agenda for Action, a 1981 World Bank report coordinated by Elliot Berg.*

**On industrialization:** "The pace of industrialization should not be forced. In many cases the choice is not between having or not having an industry, but between having a small-scale, high-cost industry now or an optimum-scale, efficient industry a few years from now. Proper sequencing is vital. Rapid growth of metal engineering, for example, depends on competitive supplies, and this growth may, in time, provide demand for basic metal plants. But setting up a basic metal industry will retard the expansion of metal-using industries, for it is these which are the really important agents of development."

**On trade and exchange-rate policy:** "The key changes needed are: correction of overvalued exchange rates that have emerged in most countries; improved price incentives for exports and for agriculture; lower and more uniform protection for industry; and reduced use of direct controls."

**On services:** It is clear that the only hope of broadly based provision of services in a self-reliant Africa is through greater emphasis on charging beneficiaries for the services they receive."

The report cautions against "the traditional approach to health planning, in which planners use international "norms" to determine the "required number of hospital beds per thousand people, dispensaries per health center, and nurses per clinic," saying this encourages diffusion of effort and excessively grand attempts in particular programs."

### Plantation agriculture

**On agriculture:** The only large-scale agriculture endorsed by the report is old colonial-style plantation agriculture: "Governments should also consider giving more room to agro-industrial enterprises (perhaps through concessions) whose external capital and technical know-how could be applied to plantation or irrigation crops as well as used in industrial processing."

In discussing agriculture, the report states that: "The general problem outlined above are exacerbated by the common practice of government subsidization of inputs, in particular fertilizer."

The report later again hits at this attempt to increase productivity. ". . . a policy aiming at food security at the price of lessened emphasis on exports has a further pitfall: most methods of intensification imply increased use of inputs such as fertilizers, insecticides, and fuel for pumping (in irrigation schemes), i.e., they rely heavily on imported inputs. Thus, agricultural production under these known methods of intensified cultivation becomes more vulnerable to external disequilibria."

The report proposes instead animal-drawn carts for farmers, and advocates that African countries protect themselves from fluctuating cereals prices on the world market by using the futures market.

**On infrastructure:** The report warns explicitly against construction of dams and irrigation systems, arguing that it is cheaper to import rice than to build up all this infrastructure.

On the other hand, the report is gung-ho on mineral exploitation: ". . . Market prospects for many minerals may brighten considerably by the mid-1980s. Minerals production, therefore, can become a great source of growth in Africa in the decade ahead."

**On energy:** Subsidies on energy, making supplies more accessible to the population, are strongly opposed: "An essential tool for increasing energy efficiency is a pricing policy which ensures that . . . the price of energy in various uses reflects its real economic cost," and calls for the "removal of inappropriate government-imposed pricing restrictions. . . ."

### 'Reduce fertility'

**On population:** The report points out that African women have the "highest total fertility rate in the world," and that Africa's population "has the highest rate of growth in the world," and is obsessed with reducing this population. "It is crucial now to take steps to reduce fertility." The report "envisages pressure on the land, extremely rapid urbanization with declining quality of life, and little increase in the share of population provided with basic services" as a result of the population growth. "Land is no longer plentiful on most of the continent," claims the report, adding: "Population growth, already very rapid, threatens to become even more onerous in the future."

"The serious consequences of rapid population growth are increasingly recognized by African leaders. . . . Nevertheless, within many African countries there is substantial ambivalence about population growth, and occasionally there is even the suggestion that Africa would be better off with more rapid population growth. A different view is presented here." The report again states: "The consequences of rapid population growth for economic development and welfare are very negative."

## LaRouche's industrial development blueprint

*From Critical Comments Appended to the Lagos Plan of Action: The Economics of Nation-Building, by Lyndon H. LaRouche, Jr., April 1981.*

**On industry:** "The leading feature of successful development of the so-called developing regions is the accomplishment of a shift of ratios of households and labor-force from rural to urban occupations and modes of life. This is accomplished chiefly by the deployment of industrial technology (including improvement of transportation) to transform agriculture from labor-intensive to capital-intensive modes of specialized production of food and fiber. . . .

"In order to develop agriculture in a developing nation, we must develop a modern urban superstructure as the instrument through which the transformation of the rural areas occurs. This requires the supply of capital goods of agriculture from urban centers to rural areas. *The emphasis on the capital-goods sector must therefore be higher than in presently industrialized nations*, in such forms as high-quality steel production and related fabrication, in the development of the petrochemical industry, and in the development of high-technology energy supplies and transportation."

**On trade and credit policy:** "No nation is truly a sovereign state until it governs its own national credit and currency through a national bank under control of the national government. Whoever has the power to regulate the creation of national credit, to judge on what terms and to whom credit shall be extended, and so forth, holds the powers of ultimate life or death of the nation's economy in his hands. . . .

"It is in the vital interest of the government and nation to promote world trade, and to also promote private discretion in *useful forms of trade*. However, it is directly contrary to the most vital interests of the nation that individual citizens, or public or private entities of the nation, incur debts against the national currency or foreign-currency obligations which impair the credit of the nation. . . .

"Generally speaking, a developing nation must restrict the use of all but the smallest portion of its foreign-currency assets to use as capital for import of technology of productive activities.

**On services:** "Health care is a high-technology, predominantly labor-intensive service. The average age of spe-

cialist physicians completing residencies defines the limited number of years of practice of the trained specialist. For delivery of health care, there must be an increasing ratio of total physicians per specialist physician, and increasing ratios of biological scientists, technicians per active physician, as well as required ratios of nurses, paramedical employees, and nonmedical logistical support for hospitals, clinics, and other institutions of medical practice.

**On agriculture:** "To expand food production in developing nations at rates consistent with the needs of populations, there must be high ratios of capital investment (irrigation, disease control, soil treatment, fertilization, and mechanization). In large parts of Africa, the lack of adequate transportation is an exemplary obstacle to developing specialized market-agriculture in a rational, economical way. The farmers generally cannot support such transport services on present levels of earnings. Therefore, the amount of investment per hectare in Africa must be much larger per unit of present direct cost than in an OECD nation's agriculture. If we compute the rate of required investment for African agricultural land on this basis, then the combined direct and capital costs per unit produced in Africa are comparable to combined direct and capital costs for the United States.

"Either the African farmer must receive a parity price, or he must receive productive capital investments in enhanced technologies which add to the same effect as a parity price. If the former, then the developing nations must include a food-purchase subsidy for lower-income ranges of the population as a capital cost added to other developmental costs. If the latter course is adopted, subsidizing technology supplied for improvement of agriculture, the capital cost occurs in this form."

**On infrastructure:** "The development of regions of Africa should be defined in terms of military-campaign-style projects of developing infrastructure, and deploying large-scale agricultural-development efforts aided by heavy engineering, as well as putting into place key elements of the nations' energy-production needs and fostering the development of selected key capital-goods-producing industries. . . .

"Admittedly, the heavy engineering required to develop the Sahel region (regions, to be exact) as the future breadbasket of Africa is one of the world's great undertakings. In addition to water projects, a complex of transportation networks is required. New cities must be planned as part of the effort, and the nucleus of such new cities begun.

It is costly? Therefore, shall it be done slowly? *Since the benefits begin only after the project is undertaken, it is far better to do it quickly.*"

**On population:** "Directly contrary to the Club of Rome and its accomplices, a relatively high birth rate is a precondition for rapid rates of economic development.

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*Mr. LaRouche's book is available for \$25. Contact Peter Ennis, EIR Director of Special Services, 304 W. 58 St., 5th floor, New York, N.Y. 10019, (212) 247-8820.*

# Zaire: 50 percent die before the age of five

A group of private European bankers has determined "to make an example" of Zaire since that nation failed to pay \$30 million in debt service due Oct. 1. Zaire, a nation five times the size of France, and so rich in mineral resources it is considered "a geological scandal," is now facing total economic destruction.

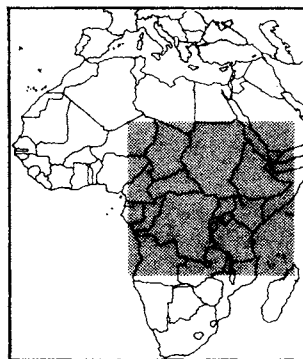
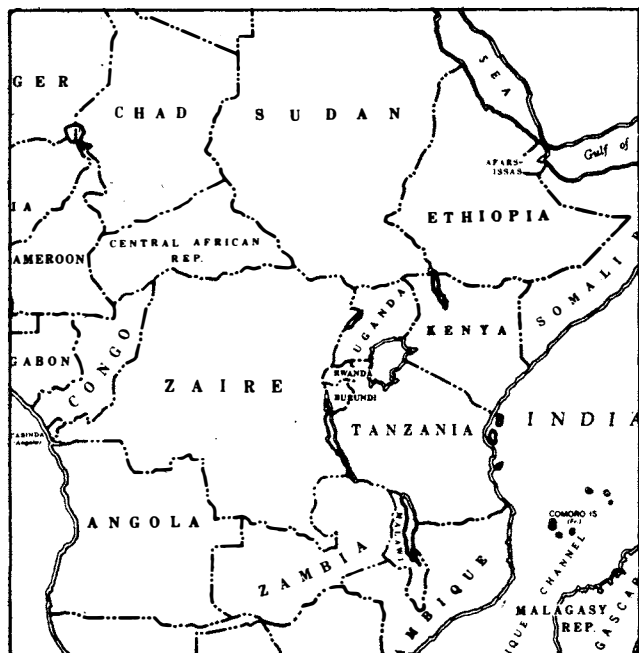
Zaire is seriously underpopulated. Zairean sources report that the actual population is less than the 27.5 million reported by the World Bank, as the death rate escalates due to economic collapse. The policy of the Carter administration-sponsored program Global 2000—of reducing population not just through zero growth, but by increasing the death rate—is now in effect in Zaire. Malnutrition is widespread. Kwashiorkor, the killer protein-deficiency disease, is spreading. Over half the babies born in Zaire now die before the age of five.

The country's usable road network has shrunk from 90,000 miles at the time of independence from Belgium in 1960, to

6,000 miles in 1979. With the depletion of vehicles in the country and the fuel shortage due to the nation's lack of foreign exchange to buy oil, there is now essentially no transportation system in Zaire. Farmers and other producers are unable to get their goods to market, and the population in large sections of the country has been forced to revert to a primitive subsistence economy. Agricultural production in this once food-exporting nation has collapsed by 30-40 percent, and use of industrial capacity to only 25 percent, as factories close due to lack of fuel and spare parts.

Zaire reached this condition in less than two decades. After the initial period of crisis following its independence from Belgium, despite almost crippling conditions as a result of colonial rule, Zaire developed into the economic success story of black Africa, with a rate of growth second only to oil-exporting Nigeria, and a currency so stable it was quoted on the European exchange, a first for black Africa. Zaire is the world's largest producer of cobalt and industrial diamonds, although its copper production has dropped to seventh. Some reports estimate that Zaire has 30 percent of the world's hydroelectric potential on the Congo River, which has the second-greatest flow in the world, after Brazil's Amazon. Before the bottom fell out of the copper market in 1974, serious efforts were made to channel a good part of the \$1 billion in foreign aid invested in Zaire by the United States, United Nations, and World Bank, into the establishment of industry, as well as the extraction of copper. Zaire had anticipated building an aluminum factory near the Inga hydroelectric dam project, among other development projects.

But in the context of the international financial crisis,



Africa's problem is that it is underpopulated, not overpopulated, as the neo-Malthusian opponents of African development claim. Sudan, the biggest country in Africa, more than a quarter the size of the United States, has a population density of only 7.14 per square kilometer. Zaire, nearly five times as big as France, or nearly as big as Sudan, has a population density of only 11.73 per square kilometer. Zambia, which is larger than Texas, has a population density of 7.44 per square kilometer. Tanzania, which is more than twice the size of California, has a population density of 19.05 per square kilometer. Kenya, which is slightly smaller than Texas, has a population density of 24.26 per square kilometer. Uganda, which is slightly smaller than the United Kingdom or West Germany (these two European nations are about the size of Oregon) has a population density of 54.24 per square kilometer. By way of comparison, the United Kingdom has a population density of 228.21 per square kilometer; West Germany has a population density of 247.11 per square kilometer; and Belgium has a population density of 323.92 per square kilometer.

Zaire had no chance.

Belgium left Zaire with little capacity to run itself, or take leadership in the development of Africa. In 1960, there were only 15-20 Zairean university graduates, and 300-400 high school graduates in the nation. There was not a single Zairean physician, engineer, lawyer, or army officer. The government maintains a huge political patronage machine to hold on to a semblance of national unity—a situation still manipulated to the advantage particularly of the Belgian interests.

The Belgian Société Generale des Minerales (SGM) which refines and markets the cobalt and copper mined in Zaire, continued to pull huge profits out of the country after independence. One Belgian banking consortium, sources report, lends funds to Zaire at 80 percent interest, through hidden incremental interest rates and commissions.

The 1973 oil-price rise, and the 1974 collapse of copper prices made it impossible for Zaire to maintain both development, and its foreign debt. The "Zairean disease," the loss of a significant part of government revenues, which end up in the accounts of Belgian interests, crippled the country's finances further.

By 1975, after copper prices fell from a high of \$1.75 per pound to \$.50 per pound, Zaire stopped making interest payments, and went into debt default.

### **World Bank orchestrated collapse**

The lending policies of the World Bank from 1970 to 1982 were central to this collapse. Forty-five percent of World Bank loans in this period were strictly to the mining sector, with most of the remainder going to transport of minerals for export. The exclusive development of copper and cobalt mining left Zaire helpless when prices collapsed.

Yet an internal World Bank report of 1977 blamed Zaire's collapse on the country's attempts to diversify and industrialize prior to 1974. The destructive terms of world trade and the Angolan war (which cut the Benguela railroad from Zaire, used for copper shipment, off from the sea) were not the basic cause of Zaire's problems, the report stated. Rather, these factors "triggered off a mechanism that was wound up to a breaking point by the policies pursued since 1969-72, culminating in 1974." And a 1980 World Bank study, *Zaire: Current Economic Situations and Constraints*, claimed that "although the downswing of the Zairean economy started in 1975, the current difficulties of Zaire are in many respects the result of developments which took place in earlier years. Among these are: the progressive accentuation of the country's dependence on the mining sector, accompanied by the relative neglect of agricultural production. . . ."

It was Zaire's desperate efforts to expand its mining sector—the only sector of the economy the IMF and World Bank would invest in—to meet massive debt payments and oil bills that exacerbated the crisis. In the 1970-82 period, at least \$1.9 billion was poured into the copper and cobalt industries. The Inga-Shaba 1,100-mile electric line was built, as well as a series of power project and transport improvements, and an

expansion of mining facilities. Approximately one-third of these funds came from the World Bank, the African Development Fund, and the U.S. Export-Import Bank.

But beginning in 1976, Zaire was forced to reschedule its debt payments every year, except 1978. In that year, the International Monetary Fund installed an officer in Zaire's Finance Ministry, and Erwin Blumenthal in the Zaire central bank, to monitor those institutions to ensure debt service payments. In 1978, 50 percent of Zaire's foreign exchange went to debt service.

Blumenthal accomplished what he termed "essential economic reforms," by reducing imports to make foreign exchange available for debt service. Another "economic reform" began to destroy Zaire's capacity to produce: In early 1980, the government declared that the 45 percent of the state mining company's income which had been earmarked for building up and maintaining the mining industry, must go directly to the government to facilitate debt payments. The state mining company must now apply specially to the government for foreign exchange for necessary spare parts and capital goods, thus undercutting Zaire's longer-term ability to generate income from mining to keep the country's head above water.

In September 1982, the Triad group of Lehman Brothers Kuhn Loeb, Lazard Frères, and S.G. Warburg, (Zaire's financial "advisers" recommended by the international private banking cartel) along with the IMF, World Bank, and U.S. Export-Import Bank, reportedly pressured the companies which had finished building a 1,100-mile electric transmission line, not to sign an operations and maintenance contract with the country to keep the line working. The companies have kept the line working at their own expense, but it is doubtful if this arrangement will endure.

In June 1981, Zaire negotiated a three-year, \$1 billion loan package approved by the IMF, to be prepared quarterly, subject to IMF evaluation that Zaire was meeting its conditions. Zaire received only two payments before the IMF suspended the deal earlier this year.

This cancellation, due primarily to further declines in copper and cobalt-prices, which provide 50-75 percent of Zaire's foreign exchange, made it impossible for Zaire to meet 1982 debt payments. Although the total \$770 million due this year was rescheduled, the \$200 to \$250 million demanded, plus \$175 million in arrears, was utterly beyond Zaire's capacity to pay. Total foreign exchange income for Zaire is expected to reach \$1 billion in 1982.

In July, the Zaire central bank notified lenders that it would be unable to pay its entire rescheduled debt. Zaire's debt advisers threatened to stop "advising" the nation on its debt problems if it could not impose further austerity measures. When Zaire made only \$3 million of a \$31 million payment Oct. 1, the bankers decided to go for the kill. A restricted meeting of private bankers in Paris in October determined to refuse to reschedule the debt or issue Zaire any new credit. Negotiations are continuing.

# Sudan: a breadbasket remains a wasteland

Sudan, the largest country in Africa, remains one of the least developed—despite its continuing potential to become a key part of the “breadbasket to the world” Franklin Delano Roosevelt and his advisers envisioned for development in northern Africa in the 1940s. The country has roughly 200 million feddans (1 = 1.039 acres) of arable land with either adequate rainfall or easy access to water provided simple irrigation projects were undertaken. But as of 1977, despite the once ambitious planning of President Nimeri, only about 15 million feddans, 8 percent of the arable land, was under cultivation, and only about 2 percent irrigated. As a result, although 80 percent of the population is engaged in agriculture, they produce only 40 percent of the nation’s gross national product.

The reason for this continuing backwardness? Various “deals” imposed by the International Monetary Fund.

In the early 1970s, the Nimeri government, which had ended 17 years of intermittent civil war by promising the southern half of the country a unified political status and an economic development plan, helped set up an Arab Authority for Investment and Agricultural Development. The authority devised and prepared to finance large-scale agricultural and livestock projects in Sudan’s rain-fed areas, and some irrigation projects. In 1976, the authority announced plans to finance 100 projects totaling \$6 billion, the largest a 1.2 million feddan grazing project, which was leased to Saudi Prince Mohammed el-Faisal (the man called the “iceberg prince” for his scheme to tow icebergs to the Persian Gulf to provide fresh water).

When it became clear, however, that the authority intended no development of the southern region, but would concentrate on creating large ranching and grazing estates—colonial-style plantations—Nimeri pulled back from the scheme. Its continuation might easily have revived civil war between the Muslim north and non-Muslim south.

Although the Nimeri government borrowed heavily to finance infrastructural development in anticipation of investment by the authority and other hoped-for investors, the agency had invested only \$15 million by mid-1981, placing the nation in a precarious financial position which the International Monetary Fund was quick to take advantage of.

Sudan wound up with the largest debt payments in Africa.

In 1978, the IMF came forward with offer of a loan with “conditionalities” that included cancellation of key development projects—amounting to a demand that the Nimeri government commit political suicide. Since the Saudis supported the IMF, however, the Sudanese president had fundamentally no choice but to agree to the conditions for the three-year loan.

But in June 1981, the IMF suspended pay-out of the loan, with the usual explanation that Nimeri had not stuck to the conditions demanded, and issued a new set of demands. In November 1981, as a result of the ultimatum, the Sudanese pound was devalued 12.5 percent; the subsidy on petrol was removed, and subsidies on sugar—a special government project which has been operating at a loss—as well as wheat and flour, were reduced. The IMF has demanded that such vital foods subsidies be entirely phased out by mid-1983.

## The ‘IMF riots’

The political results of Nimeri’s capitulation were predictable.

Seeking to head off unrest, the government launched a “decentralization” scheme in October 1981—directly opposite to the agreement which had ended civil war. The Southern Region’s People’s Assembly was dissolved and replaced by an interim government headed by a northern Muslim. Twenty-one politicians of the south who had taken part in forming a new political party were arrested.

No matter. By January 1981, the country was hit with riots over the slashes in food and fuel subsidies—the “IMF riots,” they are called.

The IMF and World Bank are currently pressing Nimeri to adopt a policy of increasing cotton production for export (the small manufacturing sector is primarily cotton processing, about 7 percent of GDP). Should Nimeri capitulate again—on threat of being cut off from all international credit—Sudan will become little more than a cash-crop colonial plantation.

At present, the nation’s debt reportedly stands at between \$5 and \$6 billion. By the end of 1980, foreign exchange reserves were adequate for only two-weeks of imports. By the end of 1981, they were adequate to only a few days. Oil imports for 1981 consumed 80 percent of all export earnings. Food and fuel import costs for 1981 exceeded total export earnings. Only remittances from Sudanese working primarily in the Gulf sheikdoms has provided the margin that kept the country from being pushed over the brink into economic collapse, and political disintegration.

It is exemplary of the outcome of implementing the kind of economic program the IMF is pushing on many developing sector nations that Sudan now teeters on the brink of both economic catastrophe and renewed civil war, whereas, with a judicious approach to large-scale infrastructural and agricultural development projects, this nation by now could have been—and still could be—feeding much of the world.

# Uganda: institutional breakdown threatens

The International Monetary Fund thinks Uganda is "a critical test case for Africa," as the *Financial Times* of London put it last month. If Ugandan President Milton Obote implements the IMF's so-called recovery program, which is the IMF/World Bank model for all African nations, "Then the Fund (IMF—ed.) would owe him a debt of gratitude." Uganda is a trial-case for the Berg Report.

The period of rule by Idi Amin and his band of thugs led to the complete disorganization of the Ugandan economy. The coup that put Amin in power was run by combined Israeli and British networks operating from neighboring Kenya. One look at the networks that put him in power explains his ability to stay in power for eight years. Most of the economy was in the *magendo* (black market) during Amin's reign of terror, based on smuggling, an activity which also reportedly enriched highly placed Kenyan officials.

By the time Amin was driven from the country in April 1979 (Amin first went to Libya; he now resides in Saudi Arabia), there were only enough foreign reserves left for two weeks of imports. Obote returned to power in December 1980, and by then the previous decade had seen personal income drop by one-fourth.

Under Amin, the country's infrastructure deteriorated badly, very few investments were made in spare parts or new capital equipment. Productive businesses were run until machinery or raw materials were no longer available, and then abandoned. During the war that drove Amin out, the country lost almost four-fifths of its transport fleet. Social investment also collapsed: yearly expenditure on primary education per student dropped in real terms from 102 shillings in 1970 to 43 shillings in 1978. Exports dropped, the deficits rose, and inflation exceeded 1,000 percent.

What economy there is left is primarily made up of rural smallholders. Ninety percent of the population of Uganda is rural, and 80 percent of the population earns their living through farming. This economy returned to subsistence levels under Amin.

With no economy, and threatened by armed opposition groups, some of them funded by Libya's Colonel Qaddafi and aided via Kenya in part, the Obote government thought it had no option but to go with the IMF all the way. The government has had to struggle to assert control over the capital city of Kampala, let alone the rest of the country.

A leading IMF demand has been devaluation of the Ugandan shilling. Since 1981, the shilling has been devalued over 1,000 percent, from 7.8 to the dollar, to 80 to the dollar, and then 100 to the dollar. The black-market rate for shillings is still in the area of 300-350 to the dollar, however, and a kind of two-tier system has been set up which essentially recognizes the *magendo* and allows for trading activity of the sort in which a person may fly to Abu Dhabi, for example, buy shirts for \$2 or so, take them back to Uganda, and sell them for \$20.

"Absolutely nothing productive is going on with this kind of activity," asserted one African source. The severe devaluation also "really hurt Uganda," as one African economist put it, "but they thought they had no other options." The decontrolling of prices also amounted to a recognition of *magendo*.

The government is now divesting state-run organizations of their assets, as per the Berg Report blueprint, and abolishing others. At the same time, British colonial companies that had formerly run tea and sugar plantations in Uganda are being allowed back in, and are building up their former estates. The government is desperately trying to increase production of its major export, coffee, as well as its other cash crops.

## U.S. aid: picks and shovels

U.S. aid has been granted for the manufacture of machetes, hoes, picks and shovels to help in this effort, that is, primitive technology completely within the parameters of the Berg Report.

The basic wage in Uganda is now about 1,000 shillings per month, which is enough to feed a family for three days, according to reports in the British press. People in towns can only survive by cultivating their own plots, moonlighting on second jobs, pilfering and taking bribes. It was precisely these low wages, and the lush conditions of Uganda for their plantations, that led the British during the colonial period to call Uganda their "pearl."

The local population was not allowed to get in the way during the colonial period. At the time of independence in 1962, there were only two African officers in the Ugandan army. One of them was Idi Amin.

The economy is so undeveloped at this time that there is unused electrical capacity at Owen Falls dam, at the beginning of the Nile, despite the fact that part of the electricity produced is sold to Kenya.

There can be little doubt what the future holds for Uganda. A country whose people subsist at such low wage-levels is a country whose people are teetering on the brink of genocide. A "natural disaster," or perhaps concerted civil war between different armed camps, would be sufficient to put them over the edge.

At that point, the British plantation and estate-owners would happily recolonize for the white race, reclaiming their "pearl."



# Tanzania: warning of mass starvation

Tanzania, one of the world's ten poorest countries, has been the World Bank's leading model in Africa because of the features of its *ujamaa* or "villagization" system advocated by Tanzanian President Julius Nyerere. The system has involved "back to the land" collective farming with very primitive technology.

But now, as even Nyerere admitted in a somber opening address to a ruling party conference in October, "The standard of living of our people has gone down." In fact, it has gone down so far that genocide is an immediate threat.

In 1980 and 1981, Tanzania had to import around 200,000 tons of corn, the staple of the country's diet. With not enough food, and no foreign exchange, Nyerere has been warning of the danger of famine and starvation. The problem of a weakened population due to food shortage is compounded by a shortage of medicine. The inability to import additional supplies because of the lack of foreign exchange is causing an urgent health danger.

The Berg Report called for the elimination of Tanzania's state-run companies; there are increasing pressures from the IMF and World Bank; the socialist international-dominated Scandinavian countries which have traditionally granted much aid to Tanzania are threatening to stop doing so.

In the 1960s, Nyerere put forward his theory of socialism, equating socialism with man's "original state" in Africa. Nyerere defined socialism as "familyhood" or *ujamaa* in Swahili. In this condition, natural African tribal man lived in harmony with his fellows, and therefore this kind of society was free of social conflict. The job of an African leader, according to Nyerere, was to take African society back to that pristine condition, which was to be done by ending private ownership of land and other means of production, and organizing all human activity along communal lines.

Kwame Nkrumah once said that African socialism "appears to be more closely associated with anthropology than with political economy," and dismissed it as "meaningless and irrelevant." But Nyerere is still holding to his principles.

Tanzania had received large amounts of international aid, designed to complement *ujamaa*. This resulted in projects that brought clinics to over 35 percent of the villages, and clean tap water to over 40 percent. As a result, life expectancy had increased by 10 years. Advances were also made in primary education, from 25 percent of the school-age popu-

lation before independence, to 95 percent. Adult literacy has also increased dramatically, from 10 percent to 70 percent. However, an extremely low number of students obtain secondary education, according to reports, limiting severely the number of well educated cadre in the country.

All the aid seemed to make Nyerere's system work for a while—but no longer.

While the international economic crisis, and the measures enforced by the IMF and World Bank are the causes of Tanzania's immediate plight, Nyerere's system itself has preempted any possibility of serious industrial development. The country is completely dependent on agriculture—96 percent of the population of Tanzania is rural. The international economic collapse is mirrored in the collapse of the country's agricultural production for export. Exports of Tanzania's main agricultural products such as coffee, tea, and sisal have fallen back to 1962 levels. Exports by 1980 were not much more than half the 1972 totals. The country now has sufficient foreign reserves for just a few days imports.

The country is also confronted with the necessity of closing factories because there is no fuel to run them. Upwards of 60 percent of export earnings is now going for oil imports. In 1970 a ton of exported tea bought 60 barrels of oil. Today the same amount of tea brings 4 to 5 barrels of oil.

## Colonial statutes reintroduced

As a result, for the first time since independence the old colonial statutes demanding minimum production quotas from peasants have been reintroduced. Although to little avail: in 1981 coffee production was increased by 50 percent; however, prices plummeted, and income from coffee exports was only up 10 percent.

The Tanzanian government had to go through months of tough bargaining with the IMF to get a \$235 million balance-of-payment support loan in September 1980. However after only a small part was disbursed, it was suspended because the government had "violated" IMF restrictions on spending.

A delegation from the IMF was in Tanzania again last month, but a deal still hasn't been finalized, because Tanzania is refusing IMF conditions, including devaluation of the Tanzanian shilling. Tanzania has devalued by 15 percent, but the IMF is demanding something on the order of 45 percent.

Nyerere told the October ruling party conference that the next three years would be a period of "consolidation, not of expansion." There will be "hardly any" new factories started, no new cars imported, severe restrictions on travel abroad. Nyerere said that in 1981 the country's imports totaled \$1.087 billion, while exports amounted to \$482 million.

Last year Nyerere had said that the time had come for the peasants to discard primitive methods of farming inherited from their fathers, and engage instead in modern farming by using fertilizers and other advanced techniques. However, the Berg Report does not call for anything larger in scale than individual peasant holdings. Even Nyerere's collective villages are now on the chopping block.

## Kenya: collapse of a cash-crop economy

Kenya is the one "former" colony in Africa in which it is most obvious that the colonialists never left. With an economy based on tea and coffee exports, it was long considered one of the most stable countries in Africa. Income from the tourist trade, based on the extensive game parks established by the British, was used to make up for the balance of payments deficits.

Now, say African sources, Kenyan leaders are realizing that their labor-intensive cash-crop agriculture and light import-substitution industry has left them at the mercy of the international financial crisis. But it may be too late.

Things started turning down in 1977 when prices for their commodity exports began falling. Deficits grew, with exports running about \$1 billion per year, while imports run about \$1.8 billion, a gap tourism cannot cover. By early this year, foreign exchange reserves fell to only six weeks of imports.

Then, on Oct. 1, Kenya was hit with a suspension of a one-year financial aid package by the IMF because of alleged failure to reshape its economy along the lines demanded by the loan's "conditionalities."

By September, Nairobi faced a severe oil shortage because of central bank curbs on imports. Oil shipments to neighboring Rwanda and Burundi were suspended.

The harsh austerity first began to be imposed after a currency devaluation in 1981. This led to a significant increase in tensions between the different factions making up the patronage machine which runs the country. An attempted coup by factions opposed to President Moi was an expression of this patronage breakdown.

Broader quotas imposed on imports also added to the economic hardship and the tensions. The import substitution industry, the only kind built up, depended on imports for 70 percent of its goods and machinery. The quotas forced immediate, sharp contraction.

Orville Freeman's Business International consulting outfit is advising staying away from Kenya, citing the possibility of another coup, or violence between haves and have-nots.

## Zambia: producing its copper at a net loss

The nation of Zambia was granted the biggest loan ever given to a nation by the IMF, in April 1981—more than \$1 billion over three years. The loan, however, has already been canceled because Zambia had exceeded the IMF's demanded limits on government spending.

The cancellation has left the country in desperate straits. Last month, the finance ministry issued curbs on currency leaving the country; foreign workers lost the right to remit earnings to their home country; banks cannot issue the customary allowances for children in foreign primary schools; only the central bank can issue business-travel allowances.

The IMF will send a delegation to Zambia this month,

and will reportedly demand a new and drastic devaluation of the currency.

Zambia (Northern Rhodesia) was an area taken over by Cecil Rhodes and his British South Africa Company before the turn of the century to prevent the region's industrialization by German interests.

He succeeded. At independence, Zambia's economy was based on a single mineral: copper. (It is the world's third-ranking copper producer.) Some reports say 96 percent of all foreign exchange comes from copper and its by-product, cobalt. But since the mid-1970s copper has been produced and exported at a net loss, requiring government subsidy. Since the country is highly urbanized by African standards (60 percent) the government has had to keep the mines running to provide employment.

Not only the mines. Since what other industry has developed since independence, including tire manufacture, and auto assembly, depend on imports of parts and raw materials, the inability of copper to earn the foreign exchange needed for those imports threatens to shut down the entire economy.

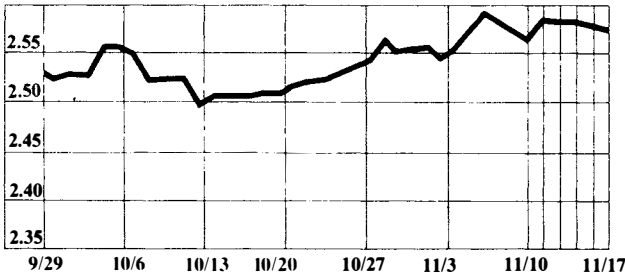
Currently, there are shortages of housing, food (50 percent imported) and other vital commodities. The result, as elsewhere, is growing political tension.

A labor-church anti-government grouping is now forming, an ominous sign for the political stability of the country.

# Currency Rates

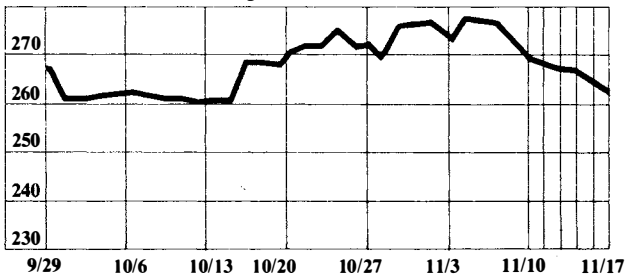
## The dollar in deutschemarks

New York late afternoon fixing



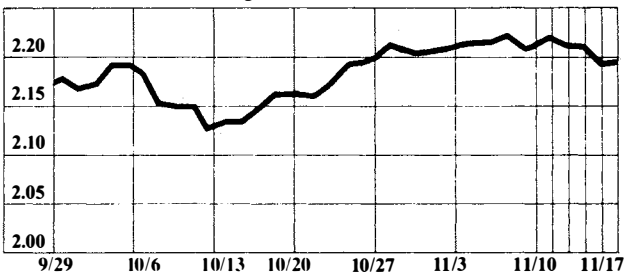
## The dollar in yen

New York late afternoon fixing



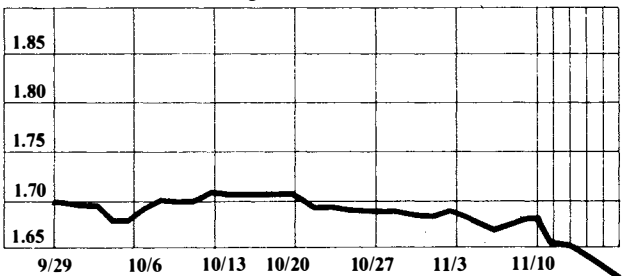
## The dollar in Swiss francs

New York late afternoon fixing



## The British pound in dollars

New York late afternoon fixing



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## Special Technical Report

# A BEAM-WEAPONS BALLISTIC MISSILE DEFENSE SYSTEM FOR THE UNITED STATES

by Dr. Steven Bardwell, director of plasma physics for the Fusion Energy Foundation.

### This report includes:

- a scientific and technical analysis of the four major types of beam-weapons for ballistic missile defense, which also specifies the areas of the civilian economy that are crucial to their successful development;
- a detailed comparison of the U.S. and Soviet programs in this field, and an account of the differences in strategic doctrine behind the widening Soviet lead in beam weapons;
- the uses of directed energy beams to transform raw-materials development, industrial materials, and energy production over the next 20 years, and the close connection between each nation's fusion energy development program and its beam weapon potentials;
- the impact a "Manhattan Project" for beam-weapon development would have on military security and the civilian economy.

The 80-page report is available for \$250. For more information, contact Robert Gallagher or Peter Ennis (212) 247-8820.

## Estimating world gold stores

*A report confirms that the financial oligarchy continues to hold and buy large amounts of gold.*

I have just finished perusing the analysis of the current distribution of world gold supply—*Above Ground Stocks of Gold*—published by the International Gold Corporation Ltd. in October.

This analysis offers a rather convincing method of estimating the amounts of the approximately 90,000 metric tons of gold produced throughout history that remain in official reserves and fabricated into jewelry, to assess how much is now held in private hands.

The study, commissioned by the Chamber of Mines of South Africa, announces as its primary conclusion the “potential imbalance developing between supply and demand” in the gold market—the result, of course, of the shift of gold accumulation to the private sector since World War II. But two other conclusions emerge from this report which confirm what I put forward last spring. The bulk of gold in private hands remains with the old financial interests who hold their gold in Switzerland, and trade in Zürich, London, and Frankfurt.

And I find acknowledged in this analysis the development I have long mooted: the rapidly growing threat of debt default by the Third World to the international financial structure could catapult gold into becoming the principal international medium of exchange: “So, there is a paradox in the changing monetary role of gold in the world. While its formal role in official international monetary operations has diminished, the function of gold as a form of private international currency

in the private sector is likely to expand in the decade ahead.”

The most significant shift in the distribution of gold supply is the move of the private sector to buy gold since 1945. Over 50 percent of the world’s gold has been mined in the past 30 years, and at least 20 percent of that new stock has gone into private hands in coin and bullion form alone. As compared to 8,600 metric tons of gold going into private hands as jewelry in the entire first half of the 20th century, 25,000 tons entered the market in that form after 1950. Just prior to that period, from 1920-50, the offtake of gold for official reserves and jewelry was greater than the total mining production for the period, demonstrating an actual reduction of private hoards, primarily coins.

The authors assert that “there is very little chance that large, concentrated, privately held stocks of gold have been accumulated since World War II outside of countries where gold ownership and trade is free of government restriction. . . . Gold buyers, legal or illegal, wanting to hold large amounts, where possible, purchase and store their holdings in politically and economically secure free market locations. Historically, Switzerland and Great Britain have met this standard most closely.”

It remains clear that these centers still meet this standard. Although domestic hoarding of gold coin and bullion in these countries is low, as compared particularly to France, the study estimates some 1,500 to 2,000 metric

tons of gold bullion is held in Switzerland, Great Britain, and West Germany, of a total 3,000 to 5,000 tons now extant. This gold is not, of course, held by the inhabitants of Switzerland or England. “The bulk of the gold stocks in the European trading centers is owned, directly or indirectly, by interests outside the country of deposit. . .” i.e., those same ancient families who pre-date national governments and central banks.

This analysis asserts that neither in France nor in the United States is there as much gold in private hands as has sometimes been estimated.

Popular estimates of the French gold hoard range up to 6,000 tons, which would have been acquired prior to 1948. These holdings would have had to be in coin, yet the greatest amount of gold coin at the time would have been held in the United States, where, unlike Britain and France, holders were unable to cash in their coins for any more than their \$20.67 an ounce face value. Gold coins in France are estimated at 1,000 tons.

There was little bullion in France after the war, and, given all other estimates of bullion holdings, it is unlikely that more than some 500 tons could have been accumulated since.

Although the United States “has qualified as a preferred depository” for gold in the recent period, gold holdings have not yet been built up to compete with those of the European centers. During the first large buildup of private stocks in 1967-68, the United States was not yet in the picture due to restrictions on gold buying and trade. Moreover, that round of purchasing was run “through price fixing operations of the London pool.”

It remains that the very oldest, and most knowledgeable, investors are those who continue to hold gold against any eventuality.

# Trade Review

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>UPDATE</b>			
\$15 bn.	U.S.S.R. from West	U.S. announced it was dropping sanctions against Siberian-Western European gas pipeline. Instead, Europeans have agreed to a "study period" during which existing energy contracts will be honored, but new ones banned. U.S. emphasis has shifted to preventing low-interest credits to Soviets. The sanctions were imposed last December, supposedly over Polish situation, and to prevent high technology from being sold to the Soviet Union.	Sanctions failed to stop pipeline, lost U.S. markets, and sparked progressively more bitter quarrels with Europe as U.S. punished even European subsidiaries of American firms which sought to fill contracts. Allies were beginning to take reprisals against U.S. companies.
\$550 mn.	Brazil/Japan	Brazil has "sold" the coking furnace of the Tubarão steel complex to a Japanese consortium, which then leased it back to Brazil for a ten-yr. period. Tubarão, a 3 mn. tpy joint venture of Kawasaki Steel, Italy's Finsider and the Brazilian state, was scheduled for completion in mid-83. Japanese partners in scheme are Marubeni, C. Itoh, and Japan Lease. While details are being worked out, 6 Japanese banks have given Brazil an emergency "bridge loan" of \$450 mn.	Lease-back system was developed by Morgan Grenfell, which picked up blast furnaces of Açominas steel for \$50 mn. cash earlier this year. Such mortgages are not included in Brazilian debt, but will turn up on accounts either as foreign investment or as exports. Chase reports other big deals in the works before Dec. 31.
<b>NEW DEALS</b>			
\$1 bn.	Italy from U.S.A.	Alitalia has taken an option on 30 Super 80 jets, made by McDonnell Douglas with Pratt & Whitney engines. If order is approved, delivery would take place between Dec. 1983 and 1986. Super 80s cost \$20 mn. each. Deal includes spare parts, crew training and startup costs.	Approval was dependent on U.S.A. dropping sanctions against companies involved in Siberian oil pipeline, so deal should go through soon.
\$60 mn.	Sweden from South Korea	Salen group ordered three 430,000 cu. ft. refrigerated freighters from Hyundai Heavy Industries.	Hyundai is a rarity in shipbuilding, with order books filled for next 18 months.
\$370 mn.	W. Germany from Italy	Klockner Steel has ordered a specialty steel blast furnace from Italmimpianti.	System recovers up to 75% of hot gases for maximum energy efficiency.
\$84 mn.	Egypt from Italy	ENI consortium awarded contract for parallel 210 km. pipelines to carry oil products and gas between Ismailia and Port Said in Suez Canal Zone.	
	China from U.S.A.	Combustion Engineering's Vetco subsidiary has sold a drilling system for the first semisubmersible drilling ship to be built in China. Vetco systems will be built in Houston and Ventura, California.	Chinese ship will be finished in July 1983.
\$7 mn.	Australia from Sweden	Australia has ordered 2 telex exchanges from Ericsson. Exchanges each have capacity of 4,000 trunk lines.	

# Business Briefs

## Banking

### \$100 million narcotics bust the largest ever

Drug Enforcement Administration and Customs officials arrested nine individuals including Colombian "coffee trader" Eduardo Orozco in an alleged \$100 million dope-money-laundering operation in New York, the largest such operation ever cracked. Also arrested was a Citibank account manager who allegedly failed to report mammoth cash transactions made by the laundering ring.

The Nov. 16 arrests may only be the first of many, knowledgeable sources report.

The operation apparently used a commodity trader's account, through which huge amounts of money pass daily, as a screen for "laundering" cash derived from sales of narcotics in the United States and elsewhere, a mechanism detailed by *EIR* in 1980, and substantiates *EIR*'s argument that the principal money-laundry is not the relative small Florida banks, but the New York banks and commodity houses.

## Public Policy

### A call to revive Fascist economics

Italy's most prestigious daily newspaper, *Corriere della Sera*, published a call Nov. 14 by anglophile journalist Paolo Glisenti for a revival of the economic policy of Mussolini's Finance Minister, the Venetian Count Volpi di Misurata. According to Glisenti, Volpi's freeze of the domestically held public debt is the only appropriate way to deal with today's outstanding Treasury debts of at least \$70-\$100 billion.

"The nation will welcome the operation consolidating the public debt with a sense of relief since the Treasury bonds represented an imminent danger to monetary circulation and therefore to the value of the lira, that is to say, to the conditions of life of all the Italian people." With these words," says Glisenti, "on Nov. 6, 1926, the Minister of Finance of the regime, Count Volpi di Misurata, explained the decision taken by the Mussolini government to render [the treas-

ury bonds] non-convertible for 10 years. . . .

"Fifty-six years hence," asks Glisenti, "will we hear a minister of the republic make the same announcement?"

The recent announcement that Amintore Fanfani, agent of the oligarchic Pallavicini family, will replace Giovanni Spadolini as Italy's Prime Minister brings with it the possibility that the top economics minister will be Olivetti Corporation President Bruno Visentini, author of a plan, now close to realization, for a government of technocratic experts—code words for fascism—to replace the old-style politics of the parties and trade unions.

Should Fanfani follow Glisenti's advice and the "unpopular" measures of Mussolini's government, the resulting crash will be far worse than the one in 1926.

## Labor

### Indonesia boxes in the oil multinationals

The Indonesian government has ordered petroleum companies operating in the country to replace the 3,000 foreign technical workers in their employ with Indonesians by January 1983. The order, conveyed several weeks ago by Indonesia's state-owned oil concern Pertamina, has provoked outrage and hysteria.

"It's insane, absolutely insane," the *Wall Street Journal* quoted one oil major's manager. "There isn't any way on Earth to meet that deadline. All the government's going to do is further alienate companies that are already feeling tension in other areas."

But Pertamina spokesmen are not sympathetic. Indonesia has had an open policy of "Indonesianization" for several years, they say, and those screaming the loudest are the ones who have refused to train Indonesians for the jobs in question.

The offended multinationals are already issuing threats of retaliation. With the economy under pressure, and oil production being cut and prices dropping under the glut conditions, carrying out the order may result in "chaos" in the fields and further discourage foreign investors, some are saying.

## International Credit

### L.A. governments fight high interest rates

Colombia President Belisario Bentancur met with leaders of that nation's private banks Nov. 16 to demand they lower interest rates. In a very tense meeting, Bentancur attacked the bankers for failing to carry out an order, issued the week of Nov. 8, to lower interest rates 3 percent. One banker informed the President that they would comply with his order only if he declared an "amnesty" on their dealings with funds generated by Colombia's illegal drug economy. The amnesty would allow deposits of any size without having to declare the origin of the funds.

In its first 100 days in office, Bentancur's government has jailed a number of bankers and nationalized or liquidated their banks, after investigations revealed that Colombia's private banks were heavily involved in laundering funds from the drug trade and issuing fictitious loans.

Venezuela has been the site of a similar confrontation between the nation's central bank and its private banking sector in recent weeks. Venezuela currently loses \$50 to \$70 million per day in flight capital. The central bank is threatening to investigate private bankers' collusion with offshore banking operations in the Caribbean as a primary route of capital flight.

A Citibank official in New York stated Nov. 17 that "the only thing Venezuela can do to discourage the flight of capital is to increase interest rates, cut the public budget, and devalue the bolívar."

## Foreign Exchange

### Peter Peterson warns of dollar collapse

Lehman Brothers-Kuhn Loeb Chairman Peter G. Peterson, a Nixon administration cabinet member, warned in a London press conference Nov. 18 that the dollar is "20 to 25 percent overvalued." Peterson's remarks prompted comment in the British press concerning the present weakness of the pound sterling, which has fallen to only \$1.61, a

six-year low, against the U.S. dollar.

London *Guardian* economics editor Hamish McRae commented in his column Nov. 19 that the recent explosion of the U.S. money supply implied potential weakness for the dollar, and a possible recovery for sterling, which fell as a result of the decline in British oil revenues.

Peterson also repeated his frequently stated warning that the United States must cut its budget deficit. British observers believe that a dollar crisis may be the trump card in arguments inside the Reagan administration over the budget issue.

### **Debt Crisis**

## **Dissension at Georgetown banking meeting**

An ultra-exclusive meeting of Georgetown University's Center for Strategic and International Studies' International Counsellors Nov. 19 broke up in dissension, conference sources report. The meeting, called by Georgetown CSIS chairman Henry Kissinger, discussed "The Current Vulnerability of the International Banking System."

Some participants, including Lehman Brothers-Kuhn Loeb official Nathaniel Samuels and Dutch IMF delegate Jacques Pollak, were reportedly furious at an argument presented in the principal background paper for the meeting, prepared by CSIS economist Penelope Hartland-Thunberg, warning that "revival of the world and U.S. economies would be a mixed blessing," because recovery would mean higher interest rates and inflation. The CSIS paper, commissioned by Kissinger, said that the safety of the financial system depended on

- 1) A "distant early warning system" for debt problems among major borrowers;
- 2) Forcing borrower nations to come to terms with the International Monetary Fund;
- 3) Increased bank lending to the developing countries following IMF agreement.

The dissenting view, presented by Nathaniel Samuels, argued that the world financial situation is too far gone for such measures to work. One conference source derided the Kissinger affair as "a lot of reassuring noises" from speakers including IMF Managing Director Jacques de Laro-

sière and West German central bank chief Karl-Otto Poehl. "For these proposals to work, there would have to be totalitarian governments in the West," the source commented.

### **Law**

## **Crucial U.S. suit against the Bank of Nova Scotia**

Montreal financial sources believe that the Justice Department suit against the Bank of Nova Scotia, alleging conspiracy, tax fraud, and mail fraud, is merely the opening salient against the "offshore" activities of Canadian banks.

Canadian banks' West Indies and Latin American operations are a principal conduit for flight capital and narcotics funds, according to the 1978 bestseller *Dope, Inc.*, by *EIR* editors Jeffrey Steinberg and David Goldman.

Suit was filed against Nova Scotia in October in U.S. Colorado District Federal Court, alleging that Bank of Nova Scotia laundered funds for a dubious Colorado investment company speculating in non-existent coal reserves, whose business amounted to evasion of U.S. federal taxes.

Although the scope of the suit is fairly narrow, Montreal stockbroker R. G. D. Lafferty believes the probe may extend to the Caribbean operation. In a report to clients dated October 1982, Lafferty, a long-time critic of the large Canadian banks, noted:

"This is the first time that the United States has moved against a foreign bank in cracking down on fraudulent tax shelters. . . . [I]t must be recognized that the Bank of Nova Scotia has substantial assets in the United States with agencies in Atlanta, Boston, Miami, New York and San Francisco. . . ."

"In a 1976 federal case in Miami involving another Canadian bank in the Caymans, the authority of the United States to fine or jail foreign banks or bankers operating in the United States was established. That judgment stated: 'This court simply cannot acquiesce in the proposition that the U.S. criminal investigations must be thwarted whenever there is conflict with the interest of others states.' "

## **Briefly**

● **WEST GERMANY's** Foreign Trade Association warned in a Nov. 18 statement that debtor countries could not be blamed for the present crisis, and called for additional state-backed credits to permit them to resume purchases of industrial nations' exports.

● **THE GROUP OF TEN** leading industrial nations will meet Dec. 9 on the fringe of an OECD ministerial meeting to discuss modification and expansion of their joint checking account, the General Arrangement to Borrow, in order to provide emergency funds fast for bankrupt developing nations. But the increase in the GAB, now at \$10 billion, will be modest.

● **THE CONSUMER-LED** recovery retreated further into myth in October, when spending on personal consumption rose only 0.1 percent, less than the rate of inflation.

● **THE OECD** forecasts the first decline in total industrial nations' industrial output since 1974 during the current year, and no increase in output during 1983.

● **BRAZILIAN** Economics Minister Delfim Netto will go to Japan next month in a last-ditch effort to gain sufficient financing to meet this year's obligations, after receiving a flat refusal from European bankers.

● **JAPAN AND FRANCE** are considering extending joint low-interest official financing to an international consortium which will export a cement plant to Niger, according to the *Nikkan Kogyo*. This will be the first plant deal covered by a package of loans supplied by the two nations.

## Beam weapons: the science to prevent thermonuclear war

by Marjorie Hecht, Managing Editor, *Fusion* magazine

For years the threat of nuclear war has hung over the heads of Americans, the fear that by accident or design someone would press a red button and send a nuclear-armed intercontinental ballistic missile (ICBM) to turn U.S. cities into infernos. Now, after 30 years of living with this horrible possibility, there is a definite means to ensure that nuclear war will never happen: the technology of directed energy beam weapons.

If the effort now being directed by *EIR* founder Lyndon LaRouche is successful, directed energy beam weapons will soon become a familiar topic of conversation in American households as the scientific means to prevent nuclear war. Even more important, Americans will understand how a crash program to develop beam technologies could lift the U.S. economy out of its depression and accelerate the development of nuclear fusion: cheap, clean, and virtually unlimited energy.

It is this latter point—the capability of a beam-weapons research program to rejuvenate U.S. industries and spur productivity as the NASA Apollo program did in the 1960s—that has created a furious wave of opposition to the beam-weapon campaign of LaRouche, the Fusion Energy Foundation, and White House Science Council member Dr. Edward Teller. As LaRouche wrote in an open letter to the *Boston Globe* Nov. 16, the neo-Malthusians are afraid that the Reagan administration might reverse gears and go with a beam-weapons development program that will once again put the United States at the forefront of science and technology.

LaRouche was replying to a Nov. 13 editorial in the *Boston Globe*, "Pentagon Atari," which attacked space-based beam weapons as a high-tech gimmick that would not work, and called for national debate on the issue—an invitation that LaRouche said he would be "delighted" to take up.

This special report is intended to provide readers with the basic information they need to fully participate in such a national debate. LaRouche first proposed that beam-weapons development become the keystone of changes in U.S. strategic policy and in U.S.-Soviet strategic arms negotiations at an *EIR* seminar for military and diplomatic representatives in Washington, D.C. in February 1982. The National Democratic Policy Committee (NDPC) published LaRouche's policy state-





NSIPS



National Democratic Policy Committee leader Lyndon H. LaRouche (l), whose proposal for a crash U.S. beam-weapons development effort was recently echoed by physicist Edward Teller (r).

ment in March, and shortly after that, *EIR* commissioned and published a detailed technical paper on beam weapons by Fusion Energy Foundation spokesman Steven Bardwell.

In the weeks before the November elections, the issue gained media prominence as organizers for the NDPC and the Foundation confronted the “nuclear freeze” gatherings on campuses with the beam-weapon alternative to ending nuclear war. In particular, Bardwell’s two-week tour of California campuses disarmed the anti-nuclear, anti-technology freeze proponents by exposing the movement as a front for promoting conventional wars to depopulate the Third World.

During this same time period, Dr. Teller made public his support for a beam weapons campaign in a press conference at Washington’s National Press Club, and announced that he had met personally with President Reagan to tell him of the necessity and feasibility of such a program.

Now a full-scale fight is breaking into the open, with the neo-Malthusians in public taking the line that beam weapons are impossible—although in private they will admit that such weapons systems are scientifically and technologically possible. The NDPC, in addition to its legislative campaign to get a beam weapons development bill through Congress, is working with the FEF to sponsor campus forums and other meetings on beam weapons nationwide and will be printing large posters on beam weapons as the way to end the threat of nuclear war, as part of its public education campaign.

As LaRouche has posed the battle, beam weapons development must become the centerpiece of a *real* peace movement that includes as its goals the colonization of the Moon and the transfer of U.S. technology to the Third World.

Bardwell estimates that we could have the first generation of hybrid beam weapons within five years—if the United States puts a priority on beam research. Such beam weapons would be able to find, track, and destroy a nuclear-armed ICBM in mid flight, preventing its explosion. This would be an on-ground laser and a mirror in space, which would offer complete protection against an accidental ICBM launch or an attack by a runaway third power. In another ten years, a second-generation beam system could give us substantial protection, and in 15 years, more advanced and much more attractive possibilities, like the X-ray laser, could provide us with defense against all-out nuclear attacks.

### What is a beam weapon?

Such beam weapons would make nuclear war obsolete. Beam weapons do not simply hit a missile silo or prevent a nuclear missile from being launched; they ensure that the nuclear warhead is destroyed in the stratosphere. There is no nuclear explosion, no nuclear holocaust.

At this point, the Soviet Union has a beam weapons research program that is between three and five times the size of the U.S. program, and they will have a space-based beam weapon deployed during the mid-1980s for use against other satellites as well as various air and ground targets.

As LaRouche, Bardwell, and Teller have each emphasized, the scientific and technological problems in developing a beam-weapons system are solvable; the only real problem is political. Will the American people let the White House know that it backs a full-scale effort to develop beam weapons as the only real peace program?

# How anti-missile systems can be a 'science driver' for U.S. economy

by Marsha Freeman, Science & Technology Editor

It is being increasingly recognized that the United States has no choice but to embark on a crash directed energy beam ballistic missile defense system to ensure its security into the next century. Still to be understood, however, is that the military impact of the development of beam weapons will be overshadowed by the economic and civilian impact of such a program.

A program to develop deployable beam-weapon systems within a decade will require a mobilization of scientific, engineering, and technical manpower not seen since the heyday of NASA's Apollo effort to land men on the Moon. But the adequate economic and industrial infrastructure to implement such a program may soon be destroyed if drastic measures are not immediately taken to reverse the depression gripping the nation's economy.

Political economist Lyndon LaRouche, in his March 1982 white paper on the role of beam weapons in national defense policy stressed this connection:

The first line of development in in-depth defense potential of the United States is directing of hundreds of billions of dollars of low-cost medium- to long-term credit for rapid technological progress of U.S. agriculture and other goods-producing and transportation industry, in an increasingly energy-intensive and capital-intensive mode.

This must define a shift in the composition of the employment of the nation's labor force, toward a goal of 50 percent of the labor force employed in a high-technology goods production and transportation for agriculture and industry. . . .

The matriculation of qualified scientists and engineers must reach ratios per member of the total labor force comparable to those of the Soviet Union today. Federal funding of research and development in areas relevant to hard and biological technology must not only be restored but greatly expanded over recent levels, combined with generous tax-incentives for private research and development in such categories.

Such a set of policies provides the only realistic context for the development of beam weapons. The current depres-

sion-collapse of U.S. industry threatens America's national security. But a scientifically oriented set of programs for beam weapons development and the colonization of space can provide a "driver" for the training of highly skilled manpower, investment in new, more productive industries, and the rebuilding of basic industrial infrastructure which would lead the nation back onto the path of economic growth, and, through transfers of technology to the developing nations, eliminate the causes of war.

The development of beam weapons, along with a new mission orientation for the civilian space program, will transform the U.S. economy in the same way the NASA programs changed the civilian economy from 1965 to 1975, a process described below. Even in purely economic terms, the answer to the question, "Can we afford to develop beam weapons?" is: "We cannot afford not to."

Development of beam weapons for the military requires the brute-force solution of problems in plasma physics and related sciences.

The solution to the problems of laser beam production, transmission, pointing, and pulsing needed for defensive beam weapons will accelerate the use of lasers to produce commercial fusion energy.

Harnessing thermonuclear fusion energy, which heats a plasma (charged gas) of hydrogen to millions of degrees, will bring an end to the media-created age of "limited resources." The process of fusing light hydrogen nuclei releases vast amounts of energy, the energy needed to produce electric power, process raw materials, desalinate water for agriculture, and create new materials and manufacturing processes.

Fusion fuel, which comes primarily from seawater, is virtually unlimited. The availability of cheap and abundant energy technologies and fuel to all nations of the globe, particularly the energy-starved developing sector, will spur global industrialization and development, eliminating, along with the poverty and misery of much of the Third World, the major impetus toward war.

A crash beam-weapons program will rejuvenate the nation's secondary and higher education systems, which have been experiencing a catastrophic collapse of standards and performance, by inspiring young people to study science and

engineering. This educational renaissance is sorely needed. A study done by the Fusion Energy Foundation estimated that an additional 20,000 engineers are needed annually in this decade to begin to develop the beam weapon and its related plasma technologies, and that this force will have to be supplemented by a quadrupling of the number of nuclear, plasma, and high-temperature physicists graduating over the next decade. A major upgrading of science education at all levels would be a prerequisite for the training of this level of scientific manpower.

Aside from the direct impact of beam weapon development in the closely related fusion area, and in the overall upgrading of scientific capabilities through new manpower, this program will have indirect spinoffs in all existing industries and will create new ones.

Laser technologies, which are already used in medicine, and the metal-working, textile, construction, and communications industries, will benefit. The ability to produce high-power, high-quality laser energy with reliable and compact machines will vastly expand the industrial applications of lasers.

Charged particle beams, which will be used in later-generation beam systems, have been used experimentally in cancer treatment. Further development of particle-beam systems can serve as a "driver" in producing fusion power.

The engineering of high-powered magnet systems will be an important development task for beam-weapons research, since these systems are an important way of confining and controlling particle beams. Magnet systems are also used to confine plasmas in fusion production and have important applications in industry. The development of magnetically levitated trains for transportation, the perfection of the use of magnets to separate polluting materials from our water, and many other 21st-century technologies, will depend upon the commercialization of high-powered superconducting magnets.

Beam-weapon developers will have to master the technique of delivering high-intensity pulses of electric power to the system. Researchers in the technologies of laser, or inertial fusion face the same problem. Up until now nearly all of the work done on pulsed-power technology has been in the fusion program.

Beam-weapons engineering requires the use of materials able to withstand very large, sudden pulses of energy. The perfection of such materials can be expected to have at least as great an impact as did the development of new and exotic materials in the space program. The nuclear industry, which requires materials that can withstand very high temperatures, would be a prime beneficiary.

The tracking and control technologies required for the successful operation of a beam weapon will have wide application in industry for the optical tracking of production processes, infrared monitoring of energy use and soil management, control of fast production processes, and totally automated manufacturing. The "robots" developed by NASA for

the unmanned planetary probes stimulated robotics research and development on Earth. At the current time, in the United States, only NASA can take men into space, and this capability must be vastly expanded for an effective defensive beam-weapons system. NASA, in turn, will reap tremendous benefit from a crash beam-weapons development program.

The systems required for the launch, deployment, and use of beam weapons in space can also be used for space stations, in-orbit space vehicles, and support operations for settlements on the Moon. For over ten years NASA has had plans to build a space station to serve as an in-orbit laboratory and a launch pad to the Moon and other planets, but has not been given the go-ahead to begin construction. Now, an effort bolstered by research and development of beam weapons can help catch up on lost years, and once again put the United States in the lead of space exploration and development.

### **The economic impact of NASA**

A look at the economics of the NASA era in the United States makes a convincing argument in favor of a beam-weapons-based "science driver" approach to lifting the economy out of the deepening depression. Conservative estimates indicate that the money returned to the economy (and the Federal Treasury directly) from the development of the multi-million dollar-per-year satellite communications industry alone, has more than paid for the government's investment in space programs.

In addition to this huge communications industry, which makes possible intercontinental telephone communications, global television and data transmission, and other services, the use of space for weather prediction and resource management has revolutionized the way the Earthbound environment and natural resources have been developed.

Hundreds of millions of dollars per year are saved in storm damage through the use of weather satellite information. A single global "snow inventory" each winter can save world agribusiness \$50 million a year, by providing data which allows farmers to plan for flood control and irrigation based on expected snow melt in the spring.

The use of data gathered by remote-sensing satellites, such as NASA's Landsat system reduces the cost of exploration for new oil and mineral resources, provides inventories for farmers on snow cover in the winter, crop damage from disease and blight, and water management overall.

The accelerated transfer of this technology to the developing countries would enhance water-management capabilities, locate new resources, and, eventually, create the capacity for world-wide management of agriculture.

In the near future, products that cannot be manufactured on Earth at all, or that are so expensive when they are produced on Earth that they are not now available widely, will be manufactured in the near-zero gravity of space, a new industrial territory opened up by the NASA program. New medicines and organic materials difficult to produce on Earth

will be available to treat and possibly cure diabetes, hemophilia and other life-threatening and chronic illnesses.

Space manufacturing will develop the new metal alloys needed for high-temperature processing using advanced nuclear and fusion energy sources. Larger and more perfect crystals for the electronics and other industries will be produced.

By themselves, these new industries created by exploiting the unique environment of space, "pay" for the NASA programs. But the indirect impact to the economy has been even greater, and more important. These are the so-called "spin-offs" from space exploration which have been developed by industry using technological breakthroughs funded by NASA.

New materials, such as refractory ceramics and new alloys which withstand the temperature extremes of space flight, are used in everything from nuclear power plants to everyday kitchen implements. Developments in electronics, including miniaturization and sophisticated automation techniques, have streamlined the functioning of industry and shortened the time (thereby increasing the productivity) of almost everything we do.

The machines that monitor all of the vital bodily functions of the astronauts who walked on the Moon, now monitor premature infants in incubators, and have provided heart monitors and miniaturized pacemakers for thousands of people.

The same qualitative impact, magnified many times, will result from the development of beam weapons combined with the recommitment of the civilian space program to establish a permanently manned station in space toward the goal of colonizing the Moon and other planets.

However, studies done by Chase Econometrics and confirmed by independent studies using the Fusion Energy Foundation's econometric model show that there is a much greater impact that the development of a qualitatively new technology has on an economy. This impact is, strictly speaking, not measurable by adding up all the new products and new techniques that a new technology introduces; it is the *increase in productivity* throughout the economy as the result of the combination of higher manpower skill levels and new scientific knowledge entering industrial production. One study of this induced productivity effect estimated that U.S. productivity increased 0.1 percent for every billion dollars spent on the space program. This change in productivity alone represented an additional \$3 billion to the GNP every year it was present. An interesting comparison is possible between the expenditure of a \$1 billion aliquot of the federal budget on a high-technology R&D oriented program (like the Apollo program or the development of a beam weapon) and its expenditure on transfer payments, bureaucratic services, or the like. The Chase Econometrics study showed that the expenditure of this money on high-technology R&D actually *lowered* inflation, while the other expenditure had the opposite effect, raising inflation by 0.2 percent.

## Four types of directed-energy weapons

by Mary McCourt

In his *EIR* multi-client report, *Beam Weapons: The Science to Prevent Nuclear War*, Dr. Steven Bardwell describes the types of beam weapons on line for development. Each type, laser beams, particle beams, microwave beams, and plasma beams, is, Bardwell states, "in principle capable of generating the required power and energy [to reach and disarm its target] in a form efficiently absorbed by the missile." A beam weapon effectively disarms a nuclear warhead. A hydrogen bomb can be detonated only by an initial powerful atomic-bomb explosion capable of setting off a chain reaction in the lithium-deuterium fuel. A beam weapon, by pumping energy into the very delicately balanced triggering mechanism, prevents the initial explosion and essentially turns the warhead into a "dud." The missile, like a satellite, might fall to the earth, but it can no longer be detonated.

Scientists agree that laser-defense battle stations, even with the lowest level of laser-beam technology, can be defended from other beam weapons themselves. But a missile cannot be effectively defended from the beam without such massive protection that it would lose both the necessary speed and distance.

### Laser-beam weapons

Laser beams, particularly the chemical laser, will likely be the first deployable beam weapons developed. A laser is a beam of very intense, single wavelength electromagnetic waves, either of light or high energy X-rays. Such a weapon can be focused very precisely because either the light or X-ray wavelengths all have the same frequency and phase. The five different types of lasers, which can be applied to fusion energy as well as beam weapons, are all being researched at U.S. laboratories.

The **chemical laser**, which could be developed for military deployment within five years, uses a gaseous medium in which a chemical reaction is induced. The product of the reaction emits laser light. The Soviet Union used such a laser last year in tests that downed a ballistic missile.

In a **gas laser**, a burning gas such as a hydrogen and fluorine mixture is suddenly compressed, and the energy distribution that results from the compression is then stimulated to emit single-frequency light waves at very high energy. Both the United States and Japan are currently using huge gas lasers for nuclear fusion development.

An **electron discharge laser** uses replaceable energy

from an electron beam to create the source of laser light. Such a laser would be very efficient for use in space because its energy source is electricity, not an exhaustible chemical fuel.

Two other types of lasers, **X-ray lasers** and **free-electron lasers**, yet to be perfected technologically, have greater advantages of energy density and flexibility than those listed above. The **X-ray laser** is widely recognized as the most promising long-range laser for ballistic missile defense, based in space. The X-ray laser, which is just a single pulse, is by far the most energy-dense, delivering thousands of times more energy per pulse than conventional lasers. In addition, the target absorbs the X-rays very efficiently, making this weapon capable of very efficient destruction of missiles.

### Particle-beam weapons

Particle beams also deliver energy in a highly controlled pulse traveling at near the speed of light. But instead of a pulse of intense electro-magnetic radiation, the particle beam consists of **subatomic particles**, (**electrons** or **protons**), **neutral atoms** (usually hydrogen), or (usually magnetized) **macroscopic particles** accelerated to high speeds. A particle beam destroys its target, the triggering mechanism, by creating a very intense shock wave within the mechanism, like a very small, but extremely heavy and powerful hammer striking down on the target.

Electron beams can be generated in the range of millions of volts. Scientists researching the electron beam for military or civilian energy use have discovered that the electron beam becomes a complex structure of electrons and a magnetic field. Such structured beams are capable of carrying higher currents and more energy for much longer distances at much

great levels of power output.

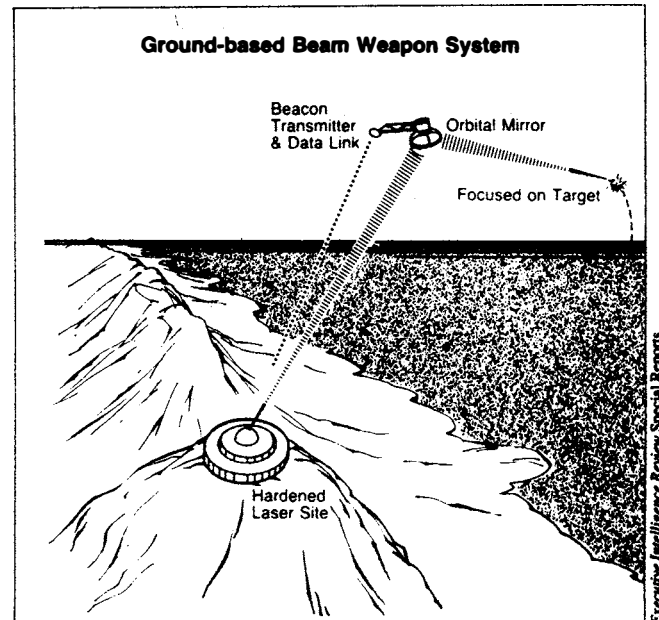
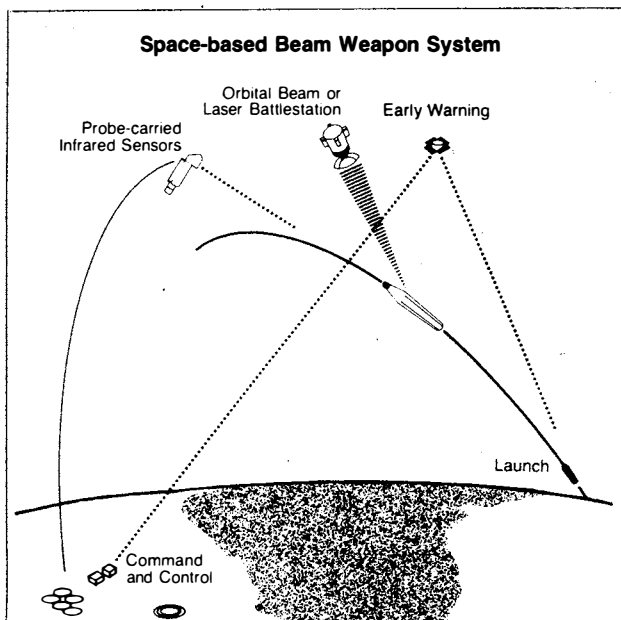
**Proton beams**, which have been researched intensively for the past 30 years, use an electron beam as a seed and then are accelerated in their own right. As protons are 2,000 times heavier than electrons, a proton beam of the same velocity has 2,000 times the energy of an electron beam.

**Neutral particles** eliminate many of the problems of charged-particle beams, which can degrade both the efficiency and controllability of the beam. By spring of 1983, U.S. researchers will have produced a beam of protons at an energy of 2.5 million electron volts, capable of traveling at 99 percent of the speed of light.

Control and targeting of a **macroscopic particle beam** would be more difficult, but the unparalleled power density of the beam—due to the large mass of the particles—gives it great potential as a beam weapon.

**Microwave and plasma beams** have only been discussed in the United States in the past two years, although it is estimated that the Soviet Union is two or three years ahead in the production of microwaves. Intense, directional microwaves are generated when electron beams are propagated at or near the speed of light through a plasma. Such beams, if focused, could destroy delicate electronic equipment in a target.

A plasma beam consists of the highest energy-dense form of matter, a gas so hot that the electrons and neutrons have separated. The plasma forms itself into a complex structure of particles and magnetic fields. The unique feature of a plasma beam is that it actually requires the atmosphere, which hinders the guidance and propagation of other beams, to hold in the plasma and sustain the structure.



**Space-based beam weapons**, (left) provide the only feasible means for area defense against nuclear-armed ballistic missiles. The deployment of a weapon capable of generating an intense beam of laser light, atomic particles, or plasma, in an orbit around the earth, would protect the entire United States from incoming ballistic missiles. **Ground-based beam weapons** (right) can provide both area and point defense. Shown here is a conceptual design of a laser beam-weapon system built on a mountaintop, which uses a relay mirror to provide aiming and tracking for the weapon.

## Dr. Edward Teller tells press: 'Science can end the age of thermonuclear terror'

*Dr. Edward Teller, a nuclear physicist who played a leading role in the Manhattan Project and then went on to participate in the U.S. development of the hydrogen bomb, addressed the National Press Club Oct. 27. Dr. Teller, 74, is a member of President Reagan's Science Council, a senior research fellow at the Hoover Institution, a consultant to the Lawrence Livermore Laboratory, and professor emeritus at the University of California. A full transcript of his speech and extensive selections from the question period follow.*

One of the obvious things is, a point that absolutely all of us, those present and those absent, every American, I believe, shares, is our determination not to have another war, another big war like the first and the second world war, or worse. There is no difference of opinion on that point. There is a difference of opinion what is the best way to avoid another war.

Our policies for years have been on the wrong track.

For a quarter of a century we have conceived of our situation as a balance of terror, and the dreadful point is, that the terror is obvious; the balance is not. President Reagan had the honesty and the great courage to state that the Soviets are ahead of us in important military respects, including nuclear weapons. This is obviously not a popular statement. It is obviously not a self-serving statement. And it is obviously a statement about a situation that the American people need to know. But no one except he in high office had the courage to make that statement.

I have talked to many audiences, including students, and I found in general that about 10 percent are for the freeze, about 10 percent are against the freeze, and 80 percent are scared. They have every reason to be. This policy has been introduced by a peculiar man who for seven years was our Secretary of Defense: Robert Strange McNamara. The Mu-

tually Assured Destruction, or MAD policy, is something that I don't see how anybody can like. That people should look for an alternative I fully understand.

But the alternative, the oversimplified proposal of the freeze movement, which has been labeled as simple as a can-opener, will not help us by opening this can of worms. We need, and we can have a much better solution.

No, it is in the nature of development of weaponry that if anything new comes up, and certainly atomic weapons is something very new, the first application as a rule is destructive. And, the defensive uses need very much more sophistication. We have arrived at the point where the ingenuity of several of my young colleagues has produced, to say it very cautiously, proposals for defensive weapons. I, as befits a person advanced in his 70s, was incredulous, but also obviously and greatly interested.

I want to be very clear about this point. I am not talking about one proposal. I am not talking about one magic solution, I am talking about a whole trend. Furthermore, we have good evidence that the Soviets are familiar with the ideas on which we are working.

There remains nothing more for me to do but to tell you what these new ideas are. For that is both difficult and also impossible. It is difficult because of all matter known to man, the one with the greatest inertia is the human brain. To accept, absorb, evaluate a new idea is immensely difficult even in your field. And if it is not in your own field, it becomes almost impossible. And many scientists, many excellent scientists, who looked briefly and in some places with some prejudice, at these new ideas, have rejected them—as I did, when I looked at them the first time. But the more I looked, the more convinced I became. That is why it is difficult. It is impossible, because these ideas—not the details, but the very ideas—are classified. We call it not only secrecy, but "security." It isn't, because the Soviet leaders know; the American

people have a need to know. But they are not told.

At the very beginning of the Cold War, the greatest physicist of all, Niels Bohr, said, "In the Cold War it would be reasonable to expect that each side will use the weapons that it can use best. And the appropriate weapon for a dictatorship is secrecy. But the appropriate weapon for a democracy is the weapon of openness."

And "openness" is a weapon. It could bring us and our allies more closely together. It could produce a situation where money counts, but where ideas and their thorough execution, which does not cost very much money—that counts incomparably more. In such a situation, the free democracies, working together, could be irresistible.

From sad experience, I know, and I believe many of you recognize, that the Soviet leaders have an ambition to rule the world as did Hitler. But, there is an enormous difference between the men of the Kremlin and the Nazis. Hitler was an adventurer. The rulers in Moscow are not. When they are faced with an uncertain situation, they will not embark on adventure.

If "freeze" prevails, the consequences are predictable. People talk about bilateral "freeze." How will you check on fabrication, and what's more important, on research, in a vast country, in the Soviet Union? Will you send over 100,000 Americans who can go everywhere, find out anything? Will that be permitted? If that were truly permitted, I believe it would be the end of the police state in the Soviet Union, and for that, I would give anything. But instead, you know what the situation is. That is how bilateral freeze would be.

I also believe that to try to pursue a freeze, without understanding the situation, without evaluating the alternatives of developing defensive weapons which would act on both sides for stability and peace—we cannot evaluate this without at least discussing the ideas I refer to.

One example: we have a great amount of valuable, relevant material about Soviet civil defenses. A trickle has been published. Why not all? The Soviets know it, they know what civil defense measures they have taken. They know how we know it. They know we get it from refugees. Why not make a beginning with a law which forbids the classification of anything pertaining to civil defense? What should be kept secret in a difficult time and what should not, cannot be judged in a few words and in an oversimplified manner. But that the American people should not know what the Soviet leaders know, and what they need to judge, decisions in some other simple cases, these can be decided.

Ladies and gentlemen, I lived through two world wars. In the first, I was a child, but I knew what was happening. 15 million people were killed in the country of my birth, and it was torn apart. I remember the days before the second world war when the small Chamberlain, not the one who is more than 7 feet tall, went to Munich with his umbrella, and brought home "peace in our time." That peace lasted for one year. And was followed by the killing of more than 15 million

people, and the murder of most of my close friends in Hungary, and many of my close relatives. I use the word murder deliberately. This could have been avoided, except for the well-intentioned folly of Chamberlain. This well-intentioned folly may be now repeated by the advocates of the freeze movement.

We must find an alternative, and we must not be led by the simple slogans which are apt to increase the danger of war.

Ladies and gentlemen, this is why I am against the freeze movement, and why I conceive of this issue as probably the most important in this year. Thank you very much.

### Questions by the press

**Q:** How sure are you the Soviet leaders already know our secrets. How do you know that?

**Teller:** That is a secret! But part of my knowledge comes from little things like published Soviet literature. I don't know how to draw the line between the obvious, what one can obviously talk about, and the subjects which have been classified secretly, because it has even occurred that the obvious has been classified as secret.

**Q:** How did the Soviets learn what the American people cannot learn?

**Teller:** They are not stupid!

**Q:** In the 1960s you spoke against the limited test ban treaty on the grounds that a new absolutely clean weapon would soon be developed that would eliminate the hazards of radiation in atmospheric testing. That never happened. Why should we believe you this time that we have defensive weapons to ensure stability and peace?

**Teller:** The questioner is slightly misinformed. I have never claimed that absolutely clean weapons will be developed. I only claimed that weapons can be developed which are clean enough so that their testing will not cause a contamination of the atmosphere which is even approaching anywhere near what we get from natural sources in any case. And this has happened. We know how to make such clean explosives. And I think their testing in the atmosphere should not have been ruled out. One of the consequences of that limited test ban which drove testing under ground, is this: Before the test ban the debris of Soviet tests went into the atmosphere. We could collect it and learn something about what the Soviets are doing. Today we cannot do so. We have no idea what the Soviets actually are doing with their tests, but they have an excellent idea what we are doing, because as Niels Bohr has said, a democracy is just not good at keeping secrets. And if we really would try to keep these secrets, not only imposing it on the people who are reliable but trying to impose it on people like, oh I don't know, like somebody who will sell it to the *New York Times*—I forget his name—that kind of secrecy does not work. And as far as whether you should

believe it, the example quoted I don't think proves the question at issue, and may in turn quote a really great man who said once about himself: "I was not always wrong." That was Winston Churchill.

**Q:** What kind of defensive weapons are feasible and could provide for stability, as you mentioned? ABM? Space weapons?

**Teller:** I told you that the kinds that we are working on is classified. If I would now begin to give you a list of all the kinds that won't work, somebody could accuse me of having broken the law. I am not going to break the law. Because without law, we could not live in a decent cooperative society. But in this country, though not in the Soviet Union, you can criticize a wrong law, and if the law is, you can change it. And I don't see any group that could better look into the question how openness can be stimulated than the press.

**Q:** Do you believe there will be war between the Soviet Union and the U.S. by 1990?

**Teller:** If the freeze people prevail, and if we don't submit to Soviet dictates, then such a war will become likely. If we behave more reasonably, and the first step should be the rejection of the freeze initiative, then I think under the leadership of the present administration, we still have a very good chance to postpone any confrontation, and to create a situation where more and more postponement is possible—where we can do much more than avoid war.

By cooperation with those who are willing fully to cooperate, we can improve the very horrible way of life in the Third World. We can by using technology create a situation where the reasons for war will diminish and keep diminishing. If our allies and we cooperate both in making a stronger defense, and bringing about the origin of real peace, the pursuit of the common aims of mankind, at least in the free part of the world, then in the end even in the Soviet Union where tyranny was endemic—and I here include czarist Russia for centuries—even in that part of the world that in its history has never experienced anything like freedom, even there I think a change of thinking may occur.

I am not telling you that if we can avoid war now, and I think we can, then the golden age will be here. We will have many other problems, and perhaps even greater ones. But I want to have for my children and my grandchildren the chance to confront these new problems, to struggle with them, and to do it as individuals.

**Q:** You oppose the freeze. You opposed SALT II, you opposed the limited test ban treaty. Are there any arms control agreements you favor? What are they?

**Teller:** . . . the real measures which I favor are not treaties which start by the word "don't," I am in favor of treaties which start with the word "do," which encourage cooperation and which attack not the means of warfare, but the roots of conflict.

## U.S.S.R. advances on beam-weapons work

by Steven Bardwell, Military Editor

The whole structure of Western military strategy, deployment, and order of battle proceeds from the assumption of the unwinnability and unfightability of nuclear war. The clear and painful irony is that our only nuclear-armed adversary does not share that assumption. The Soviet Union has structured its strategic outlook, deployment, and order of battle around the reality of world nuclear war—its fightability, winnability, and qualitative similarity to other kinds of war.

Although many Western observers have characterized Soviet concern over defensive capabilities as paranoid or obsessive, the actual structure of the Soviet defensive deployment is entirely consistent with their overall military strategy, and perfectly rational given their assumption that nuclear war is terrible but fightable. The Soviets have three distinct thrusts to their defensive policy.

### Velikhov heads a crash development effort

At one of the U.S.S.R.'s largest industrial facilities, Academy of Sciences Vice-President Yevgeni Velikhov is heading a special program for the development of beam technologies. The economics magazine of the Academy's Siberian Division, *EKO*, has publicized the program in a feature-article section in its most recent issue, calling it an excellent model of the unification of science and production.

*EKO* reveals that since 1977 (the year Cyrus Vance proposed to Moscow "deep cuts" in both strategic arsenal and advanced technologies, and was sent packing), a team of scientists from the Academy and the Kurchatov Institute of Atomic Energy has been working to build a beam technologies laboratory using the resources of Moscow's Likhachov Auto plant (known as ZIL), one of the very largest industrial enterprises in the Soviet Union. They are working on the construction of laser, electron-beam and plasma devices for commercial applications, thus benefitting the Likhachov company directly, while at the same time expanding the resources of the beam-technology research program far beyond anything previously done. Velikhov is a



The first is a large, high priority, research and development effort. In the Soviet conception, the most certain aspect of the world today is rapid progress in science and technology. While making no clear distinction between civilian and military applications of scientific work, the Soviets have devoted massive amounts of money and manpower to research projects in high-energy density physics (plasma physics, beam generation, pulsed power production, and so on), aerodynamics and astrophysical engineering, and electronics. These fields are those most central to new weapons development as well as to new industrial technologies. In most Soviet discussions, emphasis is on first, the prevention of a "surprise" by the West and second, the economic importance of the technologies provided by this research.

The resources devoted to this Soviet research effort are huge. The Department of Defense has testified every year for the past decade before Congress on the large and growing disparity between the United States and Soviet military R&D expenditures. The DOD now estimates that over the past decade the Soviets have made a cumulative \$100 billion R&D expenditure beyond that of the United States.

That this Soviet program has been successful is dramatically indicated by President Reagan's statement at a press conference March 31, 1982, to the effect that there were areas of "Soviet superiority" in strategic weapons.

It is frequently argued today, as it has been for the past 20 years, that the Soviet Union cannot afford the diversion of the best scientific and engineering talent to military research. The consensus among Western observers in the early 1960s was that the Soviet Union would face increasing unrest domestically if it tried to expand its military budget in any significant way, especially in those high-technology areas so needed by the civilian economy. This was an unfounded hope 20 years ago, and is even more unfounded today. The extent of the Soviet military commitments over the past decade, in fact, has been grossly underestimated by all official Western sources. In a recently completed study of the Soviet economy, researchers at the Fusion Energy Foundation report that the Soviet military budget increased by approximately 30 percent in 1975 and again in 1978 (*EIR*, March 23, 1982). These two increases put the current Soviet military budget at a level approximately 50 percent greater than the U.S. military budget. Although this study shows that there have been serious economic strains as a result of these two sudden jumps in military procurement, there are indications that these expenditures can be endured for a considerable time to come.

In the same way that the NASA program in the United States paid for itself many times over through induced productivity, military research in the most advanced areas of plasma physics, space physics, and electronics can profound-

leading figure in the Soviet program of fusion research and development, especially the part of the program devoted to the inertial-confinement method.

The national significance of the program is denoted by the ZIL laboratory's classification as "a basic laboratory of the Academy of Sciences of the U.S.S.R."

In an introductory article for the *EKO* feature, Velikhov boosts his ZIL program as an exemplary solution to the delays in implementation of new technologies. Bureaucratic obstacles were eliminated, he writes, when the Academy went directly to the factory management to start the program. For the scientists, "the most important thing is to see the results of your efforts and to have the possibility of taking new approaches toward engineering and technology."

"Time doesn't wait," says Velikhov. "When you are dealing with a totally new technology, it is vital to proceed as quickly as possible from the idea to its implementation by the U.S.S.R. There have been a great number of different opinions by prominent specialists on the future of the laser. Some even said that there was no need for the laser in the workshops. It was precisely at that point that the engineers of the Likhachov Auto Plant foresaw an important task associated with the problems of welding, which could be solved with the help of lasers. We subsequently, together with the plant specialists, built a laser device in two years and intro-

duced a new system of automation. This was possible because our interests coincided with those of the company, and the company did not take a narrow consumer approach to the problem.

"They did not merely consider the short-term results, but looked also at the long-term perspectives of laser technology. We have now built a special laser lab whose work is being carried out on the basis of the full range of engineering services of the company. . . . We will be able to attract other organizations to this technological orientation and to demonstrate a concrete approach to the introduction of completely new technology in industry."

The chief welder at ZIL, M. M. Fishkis, writes in another article that the most important area of collaboration between ZIL and the Academy is "the creation of fundamentally new processes, based on the use of highly concentrated energy sources—lasers, electron beams, and plasmas—as well as the development of labor-saving technologies and automation of production." Praising the "businesslike attitude" of Velikhov's people working at ZIL, Fishkis describes the laboratory's work on laser welding, tempering, and shape cutting of metals. The project has had the closest attention of the Academy, he says, with frequent visits from Velikhov to check on the status of this huge new research and development capacity.

ly affect the civilian economy through the misnamed spin-offs. The critical point at the current juncture is that the Soviet defensive conception of R&D has focused that nation's research on precisely those areas most conducive to future economic payoff: advanced plasma technologies, beam generation and propagation, space development, and electronics. Only in the last area can the United States claim any edge. In the other areas, Soviet superiority is evident, as follows:

**Plasma physics.** The Soviet Union continues to have the most broadly based and innovative nuclear fusion research program in the world, in spite of severe cuts in funding for civilian applications in the past five years. The bulk of the new approaches and scientific concepts have come from the Soviet fusion research program. The United States has excelled in elaboration and engineering development of ideas like the tokamak, the tandem mirror, and so on, but the basic work on these was done in the Soviet Union. It is because of the large Soviet investment in fusion that they are today ahead of the United States in the development of the beam weapon.

**Beam generation technologies.** Soviet work in this area, keying off from the Soviet fusion program, promises a break-even electron beam fusion experiment by 1985.

**Space research.** The Soviet Union continued a large and aggressive manned space program during the 1970s when the United States did not conduct even a single manned space mission. The Soviet Union now launches approximately twice as many satellites each year as the United States, with more than double the payload, and is conducting a series of extensive tests of anti-satellite and antimissile weapons in space. According to DOD testimony from 1982, the Soviets have already developed (but apparently not deployed) an anti-satellite weapon in near-earth orbit and are close to having an anti-satellite weapon capable of destroying satellites in the highest earth orbits. Most importantly, the Soviet Union plans to have a permanent manned space station orbiting the earth by 1985, which will be continuously occupied by ten men; there is no similar U.S. program.

The second aspect of Soviet defense deployment is in the area of civil defense. Despite recent media reports of a Soviet peace movement that defines nuclear war as unthinkable, the Soviet Union is committed to civil defense as an essential part of nuclear war-fighting capability, with a comprehensive, expensive, and serious program for protection of urban and industrial targets. It is clearly committed to the evacuation of its urban areas in time of war, the dispersal of industry, and the sheltering and feeding of critical cadre of skilled workers, administrators, and military personnel. According to 1981 figures, the Soviet civil defense program has more than 115,000 full-time employees and approximately \$2.3 billion per year in expenditures. Authoritative sources estimate that with three days' warning of a nuclear attack, the Soviet civil defense preparations would result in Soviet casualties from a nuclear war not exceeding those they suffered in World War II. These losses would be extremely serious, but the Soviet Union is psychologically and militarily un-

awed by them. The Soviet military has proven to itself that civil defense works, and they are committed to it as an essential part of a nuclear war-fighting capability.

Third, the Soviet Union has consistently identified ballistic missile defense as a critical component of its overall defense posture. In marked contrast to the West, Soviet military commentators have never regarded the ICBM as an invulnerable offensive weapon, nor have they regarded the dominance of the offensive side of war today as anything but temporary. They, of course, admit the tremendous technical problems involved in ballistic missile defense, but constantly analyze the role of even the rudimentary defensive weapons that do exist against ballistic missiles.

More recently, Soviet research has concentrated on the development of beam weapons for ballistic missile defense. The exact state of progress by the Soviet researchers is not available in the open literature in either this country or the Soviet Union, but the following facts are known:

(1) The Soviet Union has developed a land-based laser capable of "blinding" U.S. surveillance satellites. Using an intense beam of visible light, the Soviet weapon can overload the sensitive cameras in the spy satellites, and, in some cases, can destroy the delicate optics. This weapon has been available for at least three years.

(2) The Soviet Union has developed a land-based high-powered laser capable of destroying pilotless, subsonic aircraft. These experiments have been observed by Western reconnaissance for several years. It is not known if this is a deployable weapon or still a laboratory testbed.

(3) The Soviet Union has tested a number of complex, extremely high-energy power sources ideally suited to beam weapons use. These involve both conventional explosive technologies and nuclear technologies. Advanced MHD techniques have been used to produce pulses of electrical energy of precisely the size and timing needed for directed energy beam weapons.

(4) The Soviet Union has developed a high-energy technology that has been used for ionospheric modification. Using beam technology, this microwave generator would enable the Soviet Union to "tailor" the upper atmosphere so as to block radio transmissions, destroy radar reception, and conduct electronic warfare on a global scale. The engineering state of this development is not known.

(5) The Soviet Union has tested a plasma beam weapon that generates discrete plasma "bullets" capable of long-distance travel. Similar to ball lightning, these plasmoids carry large energies in an electromagnetic field/plasma complex sufficient to destroy a ballistic missile.

(6) The Soviet Union has tested a high-energy iodine laser, which has successfully downed a ballistic missile. This experiment was a test of a strategic beam weapon, not intended for battlefield use as an antitank or anti-aircraft weapon, but as a ballistic missile defense system.

DOD spokesmen estimate that the Soviet commitment to beam weapon development has put them two to four years ahead of the United States in this program.

# Draft legislation for a U.S. beam program

*The National Democratic Policy Committee (NDPC) will be circulating the following draft legislation among Congressmen and Senators in the special session of Congress that opens Nov. 29. The bill was drafted by the Fusion Energy Foundation.*

*The NDPC, whose advisory committee is chaired by EIR founder Lyndon LaRouche, plans a vigorous lobbying campaign in Washington, D.C., and around the country to gain both popular support and congressional sponsors for the introduction of the bill in the next session of Congress.*

## **The Directed Energy Beam Ballistic Missile Defense Research, Development, and Demonstration Act of 1983**

A bill to provide for an accelerated program of research, development, and demonstration of directed energy beam weapons to protect the United States from thermonuclear attack within a decade, to be carried out by the Department of Defense.

**Section 1.** Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Directed Energy Beam Ballistic Missile Defense Research, Development, and Demonstration Act of 1983."

**Section 2.** (a) The Congress hereby finds that:

(1) the world's military balance has been determined for the past 25 years by the existence of an offensive weapon of mass destruction, the nuclear-armed intercontinental ballistic missile, for which there is no defense;

(2) the world's population has been held hostage for 30 years in a purposeful policy of assured vulnerability, in the name of deterrence of the use of these weapons;

(3) the United States has had no protection from the holocaust that would result from the explosion of even a single hydrogen weapon on any city;

(4) there has been no recourse in this period should even an accidental launching of a nuclear-armed ballistic missile occur, an event that could destroy as many as 15 cities in the United States;

(5) the past three years have brought a series of technological successes whose cumulative import is that it is now possible to begin constructing a means of destroying a limited number of nuclear-armed ballistic missiles in mid-flight, after

launch, but before their warheads have been released;

(6) these technological advances using directed energy-beam weapons are inherently defensive capabilities and will form the basis of the national security of the United States in the next decades;

(7) directed energy-beam weapons refer to the use of laser, particle, and other forms of coherent high-energy sources to disarm offensive nuclear weapons systems;

(8) expert opinion indicates that the technologies exist to begin construction of such directed energy-beam weapons which, in the next five years, would be capable of destroying any missiles launched accidentally by any Nation and that these technologies could be perfected in the next decade to provide a large margin of protection in the event of a large-scale or total nuclear attack;

(9) according to published reports by the Defense Department and the United States General Accounting Office, the Soviet Union is currently spending at least three times as much money as the United States in the development of defensive beam-weapons systems, and the program in the United States has been only a research effort and not a development effort; the consequences of this imbalance thus threaten U.S. national security;

(10) the technology of beam weapons has been provided largely by similar research on nuclear fusion;

(11) these same directed energy-beam weapon technologies, when applied in the civilian sector, would accelerate the development of thermonuclear fusion power, which is an unlimited source of energy, as well as a full array of plasma technologies and civilian space applications;

(12) the stimulation of all nuclear and related energy technologies from the directed energy-beam research would be the basis of a renewed "Atoms for Peace" program for nuclear exports, and would ensure international economic development, which would decrease the possibility of war; and

(13) the programs established by this Act will require the expenditure of approximately \$10 billion during the next 10 years.

**Section 2.** (b) It is therefore declared to be the policy of the United States and the purpose of this Act to establish an aggressive research, development, and demonstration program involving directed energy-beam weapons systems. Further, it is declared to be the policy of the United States and the purpose of this Act that the objectives of this program are:

(1) to propose immediately with the work necessary to deploy a high-energy laser system within the next five years that could provide a defensive capability against a small number of nuclear-armed intercontinental ballistic missiles;

(2) to accelerate research and development of short-wavelength laser and particle-beam programs with the goal of determining the optimum research and development path for succeeding generations of beam weapons designed to provide complete protection of the United States against nuclear war, and of putting this system in place within a decade;

(3) to take appropriate measures, modeled on the National Defense Education Act as originally adopted, to ensure the provision of adequate scientific and engineering manpower for the development of these weapons systems and the civilian energy and space technologies that will emerge from applications of this research and development;

(4) to take the necessary steps to ensure the fullest participation of the private sector, colleges, and universities; other government agencies; and allied Nations in the directed energy-beam weapon development program, recognizing that defensive technologies do not pose a threat to the national security of the United States and that these technologies will not be classified, except as they overlap offensive weapons technologies; and

(5) to consider these technologies, therefore, unclassified until reviewed by a panel including the Department of Defense, the Department of Energy, and the National Aeronautics and Space Administration, which, at its discretion, may restrict access.

**Section 3.** The Secretary of the Department of Defense is directed:

(1) to conduct a review jointly with the Department of Energy and National Aeronautics and Space Administration, of the directed energy-beam weapon program and provide, within one year, a program for the most rapid development of this technology, based on the readiness of the technology, rather than budgetary considerations;

(2) to conduct an in-depth review of military strategy to replace the doctrine of Mutually Assured Destruction (MAD) and all aspects of "deterrence" doctrine;

(3) to provide the Department of State with the necessary information and guidance to design a renewed "Atoms for Peace" program based on the export of advanced fission and fusion technologies for peaceful uses;

(4) to provide the Arms Control and Disarmament Agency with the necessary information and guidance to prepare a new proposal to the government of the Soviet Union for negotiation of a mutual agreement for the development of defensive weapons by both Nations that would ensure that no third power would ever use the weapon of nuclear blackmail;

(5) to work with the Department of Energy and the National Aeronautics and Space Administration to ensure the transfer of technology in all applicable areas to the civilian sector; and

(6) to work with the Department of Energy to ensure optimal progress in inertial and magnetic nuclear fusion programs.

**Section 4.** There is hereby authorized to be appropriated to the Secretary, for the fiscal year ending September 30, 1984, \$300 million inclusive of any funds otherwise authorized to the Secretary for the purpose of research, development, and demonstration of directed energy-beam weapons for ballistic missile defense, and for each succeeding fiscal year such sums as may hereafter be provided in annual authorization acts.

## LaRouche open letter poses policy choice

*The following open letter was written by Lyndon H. LaRouche, Jr. in response to a Boston Globe editorial.*

### **Re: Editorial, Beam-Weapons November 14, 1982**

Dear Sir:

I am delighted that your newspaper has offered a policy of open debate on the issue of deploying space-based antimissile beam-weapons. Since I am one of the principal co-authors of this policy, if you mean what your editorial avows to be your present policy, you would wish to receive and publish summary arguments from me.

The history of beam-weapons feasibility began in 1859, with the publication of a paper, "On the Propagation of Plane Waves of Finite Amplitude," by Göttingen University Professor Bernhard Riemann. Riemann examined from an advanced standpoint, the principles of hydrodynamics first known to have been discovered by Leonardo da Vinci, applying this to predict, in particular, the generation of acoustic shock-waves such as "sonic booms."

Since then, that paper has had many applications apart from aerohydrodynamics. Erwin Schroedinger's development of his treatment of the electron, isentropic compression to effect thermonuclear ignition, and various other applications are notable.

In any coherent wave-generation, the same principle elaborated by Riemann applies. In treating the range systems, from ordinary lasers, through x-ray lasers, and so-called particle-beam systems, we produce shock-like effects, ranging from the ablative action of military laser-weapons, to the more pronounced, bullet-like shock of beams of higher energy-flux density. All such systems are generically subsumed by the term "beam-weapons."

Although it is feasible to develop beam-weapons systems which might "punch through" the atmosphere, the simplest and most readily feasible systems are those deployed either in space-orbit of our planet, or in more sophisticated, mobile space conveyances. The near-term feasibility of developing and deploying such anti-missile defensive weapons-systems is well established, on condition that a NASA-like effort is implemented. Our objective should be to assure annihilation of the proverbial 99 + 44/100ths percent of all incoming nuclear missiles.

The history of such a proposed policy begins during the Summer of 1977, during a brief collaboration between my associate, Dr. Steven Bardwell, and a former Air Force Intelligence chief, Major-General (ret.) George Keegan. We evaluated that the Soviet Union was moving toward development and deployment of such weapons-systems, and proposed independently of one another that the U.S.A. must move quickly to develop and deploy such systems.

The next, crucial development in advancing this policy was an address I delivered to a Washington, D.C. seminar of the Executive Intelligence Review on February, 1982. On this occasion, with representatives of both the Pentagon and Soviet agencies present, I proposed that beam-weapons development become the keystone of both changes in U.S.A. strategic policy and in U.S.-Soviet strategic-arms negotiations. Both superpowers, I proposed, must independently develop such systems in parallel, agreeing to use this means to end the age of thermonuclear terror, the age of Mutually Assured Destruction (MAD).

I restated the same policy in greater detail in a published paper issued by the National Democratic Policy Committee. Dr. Bardwell complemented this policy-paper with his own report on the matter. These papers circulated widely beginning Spring 1982, and soon overshadowed the competing, "High Frontier," proposal of the Heritage Foundation. More recently, according to this own public report of the matter, Dr. Edward Teller was persuaded to support this policy by "some of my younger colleagues." Meanwhile, the Soviet Union is committed to a parallel endeavor.

The proverbial genie is "out of the bottle."

The crucial policy-issue is summarily this. Through the combined effects of a "post-industrial" devolution and the currently worsening new economic depression, there is a rapidly widening imbalance in the in-depth strategic capabilities of the two superpowers. This is aggravated by intensification of North-South conflicts and a tendency to separate Europe from the U.S.A., combined with a worsening situation in the Middle East.

### **The illusory objections**

In opposition to my own estimate of the situation, a significant part of leading Anglo-American policy-influentials are gambling upon an early disintegration of the "Soviet Empire"—an onrush of insurrections spilling out of Eastern Europe, through the Ukraine and Caucasus, into the "Islamic heartland" of Soviet Central Asia. Persons of this view propose two things: (1) Reliance upon a hardcore of the superpowers' existing thermonuclear arsenals, and (2) build-up of sophisticated "conventional weaponry" in terms of reduced military forces targeting regional conflicts in the developing sector—so-called "NATO out-of-area-deployment."

Our opposing view, shared among a growing number of "think tanks," is that the projected internal break-up of the "Soviet Empire" is a doubly dangerous pipe-dream. Attempts to foster bloody shirts in Eastern Europe will merely enrage

the Soviet leadership, and will frighten Europe into accelerating its process of distancing from commitment to U.S. policies. Meanwhile, unless we reverse our accelerating drift into a "post-industrial society," the strategic imbalance will become monstrous. We will be forced to rely increasingly on the blackmail potential of our thermonuclear arsenal. In such a scenario, the otherwise unthinkable nuclear war becomes a virtually certain outcome of aggravated strategic miscalculations.

My view, shared by an increasing number currently, is that we must effect a twofold shift in strategic policy. First, we must introduce a qualitatively new factor of "war-postponement" into the strategic-weapons equation: anti-missile beam-weapons. Second, we must develop policies of durable war-avoidance. Dr. Teller has ably stated the relevant key points.

### **Away from 'post-industrial' society**

The sticking-point is that beam-weapons-centered policies require a sudden reversal of the "post-industrial" drift. As leading British opponents of a beam-weapons policy stress, their essential objection is not to beam-weapons as such; their stated objection is that development and deployment of beam-weapons means a reorientation of the U.S. to becoming once again a high-technology agro-industrial power, reversing every step into the "post-industrial era" effected beginning President Johnson's "Great Society."

If the "Soviet Empire" were about to disintegrate, then a continued "post-industrial" decline of the West could be tolerable. So, the emotional energy of commitment to "post-industrial society" policies becomes the force of wishful thinking concerning the Soviet prospects.

It is a fair estimate, that for each dollar spent on NASA research-and-development, the U.S. civilian economy benefitted from the spill-over of NASA technologies to the amount of more than ten dollars in increased per-capita productivity. Similarly, although military-goods expenditures are economically pure waste, the spill-over of relativistic-physics technologies into the civilian economy from beam-weapons development is perhaps the only practicable means at hand for lifting our economy out of the spiral of depressed rubble it is becoming.

Concretely, the per-capita wealth and productivity of nations depends chiefly upon both the number of per-capita kilowatt-hours of energy-throughput, and the quality, energy-flux-density, of the heat-sources employed for production. The civilian application of the kinds of technologies embodied in beam-weapons development represents the greatest technological breakthrough, potentially, in the history of mankind: a cheapening of and power to organize applied energy, to such effect that all previous notions of limits of natural resources are exploded.

Sincerely Yours,

Lyndon H. LaRouche, Jr.

## The Soviets' 36-year *nyet* to technology-control pacts

by Criton Zoakos, Editor-in-Chief

On June 19, 1946, a young Soviet diplomat at the United Nations cast one of the first vetos which were to earn him the appellation "Mr. Nyet." He rejected a U.S.-British-Canadian proposal, made on June 14, to create a supranational agency, a U.N. Atomic Energy Commission, for the purpose of dictating a policy of limits on scientific and technological development in all industrialized nations. The name of that proposal to put the genie of science back in the bottle was the "Baruch Plan." The veto came from Andrei Gromyko.

Thirty-one years later, in April 1977, a much older Gromyko received Cyrus Vance, then Secretary of State, in Moscow, to negotiate the final details of the SALT II agreement. Vance proposed that the agreements, in preparation for SALT III, include provisions for voluntary constraints on scientific and technological growth. Gromyko, once again, said "*nyet*." Vance retreated from Moscow, SALT II was never ratified, and an era ended in world politics. That era had begun in August 1963 when the two superpowers had signed the nuclear test ban treaty and subsequently embarked, after the virtual destruction of the U.S. military establishment's morale by Robert S. McNamara, into Henry Kissinger's SALT I and SALT II diplomacy.

Weeks prior to Gromyko's April 1977 *nyet*, certain extraordinary events led Lyndon H. LaRouche, Jr., founder of this review, and his collaborators at the Fusion Energy Foundation, to conclude that the Soviet Union was proceeding with dispatch toward the development of high-energy beam weapons which would have the capacity to knock out intercontinental ballistic missiles in flight: the ultimate defense against nuclear terror (see Special Report).

The conclusions of Mr. LaRouche, Dr. Steven Bardwell, and others among LaRouche's scientific collaborators were later reiterated by Gen. George Keegan, formerly chief of Air Force Intelligence. However, these conclusions were

then, and are to this day, hotly contested, to the point of hysterical denial, by the vast majority of the "arms control" establishment. Until a mere few months ago, this group denied the technical feasibility of these weapons. Feasibility being easily provable among qualified scientists, the "arms control" establishment is now trying to deny both the fact that the Soviet Union is developing these weapons and the theory and technologies which make them feasible. When presented with evidence that the U.S.S.R. is in fact engaged in their development, the "arms control" crowd falls back to its ultimate argument: but we must not develop them. We are certain that we can arrive at a negotiated agreement with the Soviets to have neither side develop these capabilities.

But since the advent of the atom bomb in June 1945, there has been no single instance in which the U.S.S.R. agreed to self-impose limitations on the growth of science and technology, civilian or military. Moreover, there is evidence that from June 1945 to this day, Soviet policy makers have understood the so-called arms race not as an arms race, but as a science and technology race.

Thus, Gromyko said "*nyet*" in 1946 when the United States had total atomic monopoly. That monopoly was broken with the explosion of the first Soviet A-bomb in August 1949, which established a brief period of stalemate, to be followed by a race for the development of the hydrogen bomb. The Soviets achieved a deliverable H-bomb a few months before the first U.S. H-weapon of May 21, 1956.

From that moment on, the race for the H-bomb was replaced by the race for the development of intercontinental ballistic missiles which could deliver the H-bomb. By 1962 both superpowers had developed enough ICBMs, stationed within their own national territories, to be capable of destroying each other. The usefulness of intermediate-range missiles, stationed on the soil of allied nations, came to an end.

The technological race for the manufacture of either warheads or boosters to carry them, also came to an end. Hence, the test ban treaty of August 1963.

Henry Kissinger's masters proceeded to develop a doctrine which reassured them that this state of affairs could finally lead to international agreements placing science and technological growth back in the bottle. They gradually forced the United States into "post-industrialism." The Soviets, by contrast, launched into their most ambitious ever technological race, which at that time did not appear to be an "arms race." They started graduating unprecedented numbers of scientists and engineers while the number of American students in these disciplines started dwindling dangerously. For the past 10 years, they have outnumbered the United States 250,000 to 50,000 *per year* in such graduates.

Then came the 26th Congress of the Soviet Communist Party in 1981, and the types of economic problems that Soviet society is obliged to solve in the course of the 1980s. The evidence begins to emerge that not only have they made the decisions to pursue policies which lead them to technologies relevant to E-beam development, but also that they have no economic choice but to pursue these technologies.

And what of Kissinger's patrons? Their 36-year strategy has now been laid in ruins around them. These people, the small, tightly knit grouping which had succeeded in dictating U.S. science and defense technology policy since the formation in 1941 of the National Defense Research Committee, must either jettison its long-standing anti-science bias (and with it Henry Kissinger) or lose forever its enormous economic and political power.

The group is the London-oriented East Coast alliance of oligarchic families organized around the Morgan bank, the New York Council on Foreign Relations, Harvard, MIT, Yale, and Princeton. Its military and science policy today is represented by the "European Security Study" (ESECS) Group, formed in 1982. Its leaders include Carroll Wilson, Robert Bowie, McGeorge Bundy, Milton Katz, Marshall Schulman, and Richard Ullman of the *New York Times*. Carroll Wilson was one of the original anti-science leaders of the 1940s to whom Gromyko's initial "nyet" had been addressed; McGeorge Bundy is the son-in-law of Dean Acheson who was also on the 1946 "Bernard Baruch team" vetoed by the Soviets. Marshall Schulman is the kept house pet of Averell Harriman, who never gave up on trying to convince the Soviets to give up on scientific growth. In addition to Morgan, the family interests of Rockefeller, Cabot-Lodge, Peabody, Mellon, Biddle-Duke, et al. are all represented in this policy grouping. Thomas Cabot, the man who, together with Harriman, cashiered Gen. Douglas MacArthur, is still in full personal control over what goes on at Harvard University, Kissinger's alma mater and the home of Milton Katz, Carroll Wilson and the late James Conant—the first head of the Atomic Energy Commission, founder in 1941 of the Office of Scientific Research and Development and grandfather of the anti-science bias now pervading the United States. Con-

ant was the president of Harvard when Kissinger first enrolled there, already recruited into the Kim Philby-Burgess-Maclean-Sir Isaiah Berlin group of the British intelligence service.

This oligarchical group groomed Kissinger as its controlled spokesman of a policy developed during 1954-55, at the time when the H-bomb was being developed. That policy, presented in the book *Nuclear Weapons and Foreign Policy*, envisaged an eventual stalemate in strategic weapons which would ultimately paralyze the ability of the two superpowers to act in the world arena, thus leaving great scope for action to lesser powers. The idea was to exploit the superpower stalemate for the purpose of promoting the British Round Table's old scheme of restoring the British Commonwealth to a position of world pre-eminence, managing the "balance of power" under the British crown.

The book was written in the course of a 14-month study group at the Council on Foreign Relations and, by arrangement, was given Henry Kissinger's byline. Members of the study group which dictated the policy were: Carroll Wilson, Gordon Dean, friend of James Conant and his successor at the AEC, George Franklin, representing Nelson Rockefeller, William Diebold, Robert B. Amory Jr, Thomas Finletter, Paul Nitze, James Gavin, and Henry Kissinger. Kissinger had been recommended by McGeorge Bundy and accepted by George Franklin.

The same people continued to promote Kissinger's career. In 1961 McGeorge Bundy appointed Kissinger a consultant to the National Security Council until President Kennedy saw the security files on Kissinger and booted him out for his London-KGB connections. After Kennedy's assassination, which McGeorge Bundy helped cover up, Kissinger was appointed to the State Department in 1965 by Henry Cabot Lodge, then ambassador to Saigon. Shortly thereafter he became the presidential adviser on National Security and inaugurated the SALT I-Salt II era. That era is over, as of April 1977. The U.S.S.R. is proceeding ahead of the United States in the science and technology race. The E-beam weapons are merely a military application within the total package of high-energy policies which the Soviet leadership considers indispensable for their economy's survival. The United States continues in the morass of "post-industrial society" and environmentalist policies.

If the Soviet Union is the only one to develop these technologies and their military applications, then we shall either live in a one superpower world or we shall have a world war trying to avoid Soviet supremacy. If both the United States and the Soviet Union move ahead in the new scientific and technological domain, then, world peace, as Mr. LaRouche emphasizes, will be the product of the degree to which the two superpowers will cooperate to accelerate the growth of science and technology to rapidly industrialize the developing sector and to lead mankind in the colonization of the solar system and the conquest of the world beyond.

Science will ridicule the boring banalities of Dr. Kissinger's "balance of power" babbling.

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# Leonid Brezhnev: a Soviet nation-builder

by Rachel Douglas, U.S.S.R. Editor

In his last speech, brief remarks at a Kremlin reception on Revolution Day, Nov. 7, 1982, Leonid Brezhnev called the Soviet Union "a country of trailblazers, a country of enthusiasts and toilers."

He might have been trying to speak his own epitaph, and it turned out to be a fitting good-bye to Leonid Brezhnev, that Soviet space program officials took the Nov. 7 holiday as an occasion to announce plans to launch a permanent space station in 1985. Brezhnev's first Hero of Socialist Labor Award, in 1961, went to him with a citation for contributions, made as a Secretary of the Communist Party Central Committee with a heavy industry portfolio, to Soviet rocketry and space exploration.

Brezhnev's own enthusiasm for making the Soviet Union grow and, as he hoped, prosper was unfeigned. In his career-long allegiance to the Soviet steel industry and involvement with new frontiers in the Soviet economy—first the Virgin Lands agricultural expansion he administered in Central Asia in the 1950s and later the development of Siberian resources—there is discernible something fundamental about Brezhnev: this was a man who wanted to build his country. And Brezhnev's political staying power derived not only from the practiced skills of bureaucratic infighting in the party, but from this more essential identity as a chief of industry.

That gave Brezhnev and many of the other party figures who constituted his faction a quality distinct in the Soviet leadership, which in his years of prominence was also chock full of men who specialized in ideology of Marxism-Leninism, exhortation of communist parties in far-flung corners of the world, or the exercise of bureaucratic power without Brezhnev's driving commitment to expansion of industry. For world security, it was better that Brezhnev's tendency dominated in Moscow during the past two decades of our perilous plunge into world depression, than if any of the other Soviet leadership forces active in 1964 had prevailed.

## The industrial Ukraine

Brezhnev was born in 1906 into a steelworker's family in an industrial town on the Dnepr River bend, the steel district

of the southern Ukraine. He went to school to study land reclamation and joined the Communist Party in 1931, in the Ural Mountains where he had been working on a land project for four years. In the 1930s he took a second educational course, in metallurgical engineering, and began to work in the party organization in the Dnepr steel city of Dnepropetrovsk.

Brezhnev spent World War II as a political commissar on the Southern Front and the Fourth Ukrainian Front, ending the war as a General. The experience of war on the grueling Eastern front left him, like his whole generation of Soviets, with "no higher goal," as he said it, than the preservation of peace.

From 1946 to 1950, Brezhnev headed district party organizations in two Dnepr steel towns, major centers of industry, which had been totally destroyed during the war. When Brezhnev arrived, he wrote in a memoir, "The grass had grown up through the iron and rubble, lonely dogs were howling in the distance, and all around were ruins. . . . I had seen the same kind of scene after the civil war, but then it was the dead silence of the factories that was frightening. This time the factories themselves were reduced to ashes." It was his job to oversee the reconstruction of the giant Zaporozhstal steel plant (pronounced unsalvageable by United Nations specialists), part of the huge Dneproges hydroelectric station, and other industrial plants.

The ups and downs of Brezhnev's career in the last years of Stalin's rule and under Khrushchev took him to the top of the party organization in Moldavia, to the Central Committee apparat in Moscow, to the Defense Ministry where he formed lasting ties with key military officials, to the Virgin Lands in Kazakhstan, to the Central Committee Secretariat to deal with heavy industry policy and finally, in 1960-64, to a dozen foreign countries as Soviet President—the honorary post he would reclaim for himself in 1977 when his own power was consolidated as Khrushchev's successor as party General Secretary.

In October 1964, he was part of the conspiracy to oust Khrushchev, whom the new leadership combination rejected on many counts, including performance in the Cuba missile



crisis, radical shifts in investment without ample preparation, and dismemberment first of the government and then of the party organizational structures. Brezhnev only emerged decisively as the top man at the turn of the decade, though by the end of 1965 he had removed from a Central Committee secretaryship his biggest rival in the collective leadership, Nikolai Podgorny, who would have been a sight quicker than Brezhnev to sacrifice defense and heavy industry growth for short-term gains in consumer goods production.

As it was, under Brezhnev's leadership the U.S.S.R. became unquestionably a military superpower, going from teetering on the brink of humiliation—or war—in 1962, to being a power with a navy with global reach and a strategic arsenal second to none. This commitment to military buildup was practically unwavering under Brezhnev, even when the compounding of internal bottlenecks and the international onset of economic decline led to the stagnation of overall growth rates in the 1970s.

It was Brezhnev who brought the Soviet Foreign Minister and Defense Minister onto the party's supreme body, the Politburo (in 1973, when then-KGB chief Yuri Andropov also joined the Politburo). Brezhnev himself took the rank of Marshal of the Soviet Union in 1978.

### War avoidance

Brezhnev hitched his international reputation to the policy he called "relaxation of international tensions," or "détente," which was more and more eroded in the 1970s. The reasons for this were hidden in truths about 20th-century politics Brezhnev never grasped, try as he might to forge a Soviet posture of "war avoidance" combined with "war readiness."

In the Dnepr bend reconstruction memoir, Brezhnev recalled a sudden night-time telephone call from Stalin in 1947, ordering the steel plant reconstruction schedule accelerated. "Circumstances had changed," wrote Brezhnev, "not in our district, but in the country and the world. . . . This was connected with the Cold War."

What had happened, what was trickling down to the party administrator in the Ukraine, was that Britain had succeeded in breaking up the wartime alliance of Russia and the United States and the aspiration of Franklin Roosevelt to use it as a springboard to international security and prosperity, even at the expense of old British imperial interests. From that time on, despite setbacks at the time of the Suez crisis in 1956 and the potential embodied in Eisenhower's Atoms for Peace idea (to which the Soviets initially responded positively), London interests have striven, using channels of influence in Moscow and Washington alike, to manipulate the relations between the great powers, finding in this manipulation their own lever of power.

That is why, entering into the detente era with such British creatures on the other side of the table as Willy Brandt or Henry Kissinger, Brezhnev was entangled in a web of manipulated crisis. In an East-West relationship so rigged, the

string of crises that marked Brezhnev's tenure—from Czechoslovakia in 1968 to the October War in the Mideast in 1973 to the Iranian and Afghan brushfires along the U.S.S.R.'s southern perimeter at the end of the 1970s—was a sure thing.

Nevertheless, that was not all there was to detente. With Helmut Schmidt in office in West Germany instead of Brandt, in 1978 Brezhnev the production man stepped forward with his most effective international intervention, which resulted in a 25-year treaty agreement with West Germany, not just to **prevent** something (the pattern in U.S.-Soviet negotiations, for disarmament), but to *do* something: to trade for the sake of developing the Siberian frontier.

During his trip to sign that treaty with Schmidt in May 1978, Brezhnev appeared on West German television to speak simply but forcefully about the U.S.S.R. as one vast construction site. The speech had a profound effect on the ordinary citizen of West Germany, because of the fervor with which Brezhnev described the task of industrialization and Siberian development, and the depth of commitment he expressed to ending the dangers of new world war.

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*For world security, it was better that Brezhnev's tendency dominated in Moscow during the past two decades of our perilous plunge into world depression, than if any of the other Soviet leadership forces had prevailed. Brezhnev's political staying power derived not only from the practiced skills of bureaucratic infighting, but from a more essential identity as a chief of industry.*

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The potential for an East-West relationship, even more a Russian-American relationship, focused on such tasks and more—on Third World development and on the exploration of space far beyond the one-shot Soyuz-Apollo mission of the 1970s—is still alive, just barely. It is alive in no small part because Leonid Brezhnev had a trace of what scared the daylights out of British spooks H. G. Wells and Bertrand Russell when they encountered the Soviet national electrification plan of G. M. Krzhizhanovskii in the 1920s—the builder's enthusiasm that made progress-hater Russell curse the Bolsheviks for wanting to make the sensitive Russian soul "industrial and as Yankee as possible."

# The Kissinger scandal the American press refuses to cover

by Vivian Freyre Zoakos, European Editor

On Nov. 10, Corrado Guerzoni, an associate of the murdered former Italian Prime Minister Aldo Moro, testified in court that Henry Kissinger had repeatedly threatened Moro with grave retaliation should Moro refuse to change his policies. At that time, Moro was leading the negotiations on behalf of the ruling Christian Democrats to bring the Italian Communist Party (PCI) into closer cooperation with the government and provide the chronically crisis-ridden country with a stable government and productive labor-industrial relations. He was subsequently kidnapped and assassinated after a two-month ordeal spanning March through May 1978, in an action which was carried out by the Red Brigades terrorist gang.

Years of investigation by the Italian authorities had established that the Red Brigades, together with the rest of the Italian terrorist movement, were not independent agents but the political tool of some international conspiracy.

Then, last summer, Moro's wife and son gave official testimony that Aldo Moro had been repeatedly threatened while on visits to the United States. They specifically cited a 1977 dinner given at the Italian embassy in Washington, where leading American government representatives and leading U.S. political figures were present, including Henry Kissinger.

Moro's associate Guerzoni has now given the courts the bombshell information that it had indeed been Kissinger who repeatedly threatened Moro unless the Christian Democrat abandoned what Kissinger alleged to be his dangerous policy toward the PCI.

On the day following this testimony, the Italian press was filled with headlines about the Kissinger role in the most dramatic Italian terrorist act in the post-war period. Unable to ignore the publicity, Henry Kissinger attempted to deny Guerzoni's information in a statement published by *La Repubblica* on Nov. 17. Here Kissinger insisted that Guerzoni was merely part of a plot hatched by *Executive Intelligence Review* founder Lyndon H. LaRouche, Jr., to defame his, Kissinger's, good name.

Neither LaRouche nor any of his representatives had ever met or even heard of Mr. Guerzoni prior to his appearance at

court.

Other information began to be leaked to the press. The Nov. 17 issue of the well-known newspaper *Il Giorno* reported that the Soviet KGB was in possession of information about Henry Kissinger's sexual proclivities, information whose obvious blackmail potential had once led the Central Intelligence Agency to suspect that Kissinger might be acting as a KGB mole.

Kissinger's rather pathetic attempt at self-defense, citing LaRouche, has now led to a new rash of articles in the Italian press, including the *Il Giorno* commentary we reprint here, following excerpts from earlier coverage of the Guerzoni revelations.

*The November 10 court testimony of Corrado Guerzoni, a close aide to former Italian prime minister Aldo Moro who was murdered by the Red Brigades in 1978, produced banner headlines throughout the Italian press and elsewhere in the world. Despite the fact that Guerzoni confirmed that Henry Kissinger had threatened Moro in an attempt to change his policies, this news service remains the only source of that information in the United States. Excerpts from the press coverage follow.*

**La Repubblica, (Rome), Nov. 11, page 1:** "Kissinger intimidated Moro, 'You must not open to the PCI,' " by Luca Villoresi:

ROME—Clamorous deposition before the Court of Assizes in Rome by the ex-press attaché of Moro, Corrado Guerzoni. . . . The Christian Democratic party president, Guerzoni reported, had a stormy discussion in 1974 with Henry Kissinger. The American Secretary of State said, without mincing his words, that he did not care for the rapprochement of the Communists to the government. Moro was so shaken by that encounter that, after having returned to Italy early because of illness, he even considered abandoning political life. Also according to Guerzoni, the U.S. State Department moreover tried to ruin the image of the DC [Christian Democratic] leader letting it be understood that he himself was

the "Antelope Cobbler" of the Lockheed scandal. The journalist will return to the witness stand Monday to be interrogated by the defense attorneys. . . .

The hearing seems like one of the normal routine ones. Few lawyers, few journalists. It starts out with Stefano Silvestri, one of those "eggheads" who in the days of the Moro kidnaping collaborated with the Viminal [Interior Ministry—ed.] in mapping out anti-terrorism strategy. It ends, surprisingly, in a vague atmosphere of international intrigue, evoking a stormy conversation about which, given the death of one of the two protagonists, the Christian Democratic leader killed by the Red Brigades, only Henry Kissinger, the ex-U.S. Secretary of State, could now report.

Kissinger—Guerzoni tells the judges at the Court of Assizes—had a tense conversation with the then Italian Foreign Minister, in 1974. The United States did not like the policy of rapprochement with the PCI. Nixon's collaborator said it in extremely clear terms, moreover reinforcing his thesis with arguments so crude and realistic that Moro was shaken to the point of being stricken with illness shortly afterward and, leaving early to return to Italy, even arrived at considering abandoning politics. . . . Guerzoni tells about Moro's habit of always carrying with him, in one of the bags robbed by the terrorists in Via Fani [scene of the kidnaping—ed.], the documents, including secret ones, which were needed for his daily activities. Which were they exactly? Perhaps the ones related to the Lockheed scandal. . . . since it was precisely in those days that the High Court of Justice had issued a decree on the affair.

And from Lockheed he arrives at speaking of Kissinger. "Moro," Guerzoni reports, "returned very shaken from the trip he made in 1974 to the U.S.A. together with President Leone. The reason was a private conversation, very bitter, which he had with the man in charge of U.S. foreign policy, during a reception at the Italian Embassy. The next day after that conversation the president [Moro] felt ill in the Church of St. Patrick. And, when he had returned to Italy, he went so far as to think about abandoning political activity for at least two or three years."

"Kissinger," the witness continues, "had expressed an extremely negative opinion about Moro's policy, which he considered harmful. Moro, in any case, was depicted in American circles as pro-communist: they used to say he was a person who, even without being part of it, favored corruption to weaken the DC and force it into coming to terms with the Italian Communist Party. . . . I learned the terms of the conversation with Kissinger, partly from Nino Valentino, at the time the head of Leone's press office, and in part from other collaborators of the president. Moro from then on started to worry, even without explicitly saying it, about what might happen."

"The president was not very cautious in his judgments about American politics. He complained that all of our decisions, including the most delicate and painstaking, were evaluated in the U.S.A. on the basis of bad, 30-line intelligence

briefings. He wrote for *Il Giorno* a quite tough article, which was then not published precisely for reasons of political convenience."

Guerzoni spoke on the problem of relations with the Americans with Moro for the last time the evening of March 15, 1978, the day before the kidnaping. "The newspapers in those days were making a few hints at Moro as a person who might become entangled in the Lockheed scandal. We feared a big flareup after the decree of the High Court which was closing the affair. And we knew that, in order to discredit the president [Moro], the U.S. State Department had launched an attempt to identify him as Antelope Cobbler." Antelope Cobbler was the code name of the principal beneficiary of the commissions paid for the sales of Lockheed aircraft.

"A functionary close to Kissinger had showed some journalists a daily with his photo and had hinted: The Antelope is he," the witness continues. "We had been talking about exactly this for a couple of hours the evening of the 15th. And we had remained agreed that if any other mention were to come out in the press we would have clearly said how things really were. And that was that there was a whole political story coming out of the U.S.A. and intended to hit Moro." The morning of the 16th, Guerzoni telephoned Moro's house. But the DC leader had already left the house, heading toward Via Fani.

**Il Mattino (Rome), Nov. 11, page 1: "Guerzoni confirms yesterday at trial: Kissinger and Moro had a bitter clash in 1974":**

ROME—One evening in September 1974, at the Italian Embassy in the United States, there was a meeting between Secretary of State Kissinger and Foreign Minister Moro, who was accompanying President of the Republic Leone on a state visit to Washington. The witness Corrado Guerzoni, at the time Moro's press attaché, is recounting to the judges. At a certain moment, Kissinger turned to Moro and said, "I do not believe in dogmas, I am not a Catholic. Therefore, I do not believe in your political line because I consider it a strongly negative element." . . . Returning to Italy, Moro confided in Guerzoni that he would not carry out political activity for at least two to three years, and would not have accepted becoming Prime Minister. "He was very scared." . . . The witness adds that the President of the DC did not consider Kissinger capable of understanding the Italian political situation through the thirty lines of intelligence notes that reached him by diplomatic channels. . . . In February 1978, Moro prepared an article for *Il Giorno*. It was an article very critical against the U.S. policy toward our country. "I myself was the one who advised him not to publish that manuscript to not make an old polemic more bitter." The article in question was published by *L'Unità*, on the eve of the 1979 political elections.

Moro's widow had already spoken of the trip to the U.S.A. Signora Eleonora [Moro] mentioned in the courtroom her husband's worries and his intention of leaving politics for

some time. Mrs. Moro also referred to *threats*, not specified, and to *intimidations*, of which her husband would have been the object, during the state visit to the U.S.A. with Leone. . . .

What does Guerzoni know about the two briefcases that ended up in the hands of Moro's kidnapers. . . ? The witness recalls that the evening before he telephoned Moro. The conversation slipped into the possibility that the next day, the day of the presentation to the Houses of Parliament of the government of national solidarity, presided over by Andreotti, that some newspaper might go back to the Lockheed question, given that the acts of the inquest were about to be deposed. Someone might point to him as the mysterious "Antelope Cobbler." This character, Guerzoni says, was pulled out by someone of Kissinger's State Department. In one of the two bags, Moro had the "Lockheed case" documents. "I have logical certainty of this."

**Corriere della Sera (Milan), Nov. 11, page 7:** "Guerzoni told judges of differences between Moro and Kissinger":

ROME—At least five witnesses have talked of it, but without supplying a single detail. Not even Eleonora Moro could say the name of the person who threatened her husband during a reception in Washington. Now here today is Corrado Guerzoni, one of the closest collaborators of the DC president, who tells: "There was a very bitter discussion between Secretary of State Henry Kissinger and Moro. Kissinger said to Moro: 'I don't believe in dogmas, I am not Catholic, and I cannot believe in your political line because I consider it a strongly negative element.' It was a strong clash, full of resentments. And the next day, at the Cathedral of St. Patrick, the president felt downright ill."

Guerzoni has a calm, dry tone. He goes on: "In the circles of the American Secretary of State, Moro was widely described as an anti-party, pro-communist man who favored corruption in Italy; he was not part of it, but he favored it to make the DC weak and therefore force it to come to terms with the communists."

. . . Guerzoni specifies, "In December 1974, when certain conditions had ripened through which the possibility of his candidacy to the prime ministership arose, he seemed to me to be decided to refuse such a proposal at all costs." Fear of the "threats" and "intimidations" of which Eleonora Moro and the children Giovanni and Agnese have spoken?

In February of 1978, Aldo Moro decided to break definitively with Kissinger. And he wrote a "furious article" against him. Guerzoni says: "I was the one who advised him not to publish that manuscript, to not make an old polemic more bitter. I filed it and gave it to Mrs. Moro only after the killing of her husband. But it is still a mystery to me how *L'Unità* managed to publish it on the eve of the political elections of 1979."

There's more. Behind the scenes of this seventieth hearing in the trial against the Red Brigades, reappears the ghost of "Antelope Cobbler," the mysterious intermediary for the Lockheed affair, perhaps the most lacerating scandal in the

history of the Republic.

Two days before the slaughter in Via Fani the acts of the inquest had been deposed. Moro had had a copy for some time and was preoccupied that the papers might take up the old rumor that identified himself with Antelope Cobbler. The evening of March 15, 1978, that is a few hours before the kidnaping, Guerzoni spoke about it with Moro on the phone.

"If something of that kind should be repeated, I said to the president, I will be the first to reveal how things actually went. That is, to recount that it was Kissinger's man who accused you of being Antelope Cobbler, pointing casually to a photo of you. And then we will orient the press in that direction," Guerzoni recalls.

. . . In Kissinger's memoirs there is no trace of this verbal clash.

**Il Tempo, Nov. 11, page 1:** "Guerzoni: Moro considered withdrawing after an abrasive conversation with Kissinger":

. . . Corrado Guerzoni, one of the closest collaborators of Aldo Moro and present director of Channel Two of the radio, seems to offer the exact key to read those "threats" and "intimidations" to which Mrs. Eleonora Moro and the Moro children had drawn attention of the judges of the Court of Assizes, and even earlier, of the Parliamentary Commission of Inquiry.

. . . Evidently, outside the circle of his family members, with whom he was, to say the least, nebulous (he had not revealed, for example, from whom the pressures came, even though he had specified on what occasion he had received them and where), Aldo Moro had confided only with his closest collaborators, but not with his party colleagues and government colleagues who, called to witness, have always said they were in the dark about the American episode.

Corrado Guerzoni added that the Kissinger-Moro conversation was confirmed to him by the then press attaché of President of the Republic Giovanni Leone, Dr. Nino Valentino. The latter however said in the evening that it was limited to speaking about the difficulties Kissinger had in understanding Moro's views, which he called "involved," and added: "The declarations of Guerzoni attributed to me are totally false and a product of fantasy." The American Secretary of State's negative appreciation of the policy pursued by Aldo Moro are not news, as the recently published memoirs of Kissinger also attest to this, but do not, however, speak of this specific episode.

Yesterday morning Corrado Guerzoni reconstructed before the judges the whole picture of American hostility to the statesman. . . .

**Il Messaggero (Rome), Nov. 11, page 15:**

. . . The testimony of Corrado Guerzoni offered points of notable interest, above all because it served to put into better focus some disconcerting declarations of the widow of the statesman. The episode of the conversation came up when the presiding judge turned to the witness with this question:

"Tell us about the trip to the United States which Hon. Moro made as a foreign minister."

Guerzoni, after having recollected the discussion between Moro and Kissinger at the Italian Embassy, added that he had learned the judgment that was circulating in the environs of the U.S. Secretary of State about the Italian DC leader. . . . The testimony of Franco Tritto, Moro's assistant at the University of Rome, was shorter; he was the recipient of five phone calls from the Red Brigades. He declared, in substance, that the statesman never manifested preoccupations for his own safety, but rather for that of his family.

**L'Unità (Milan), Nov. 11, page 1:** "*In 1974 Kissinger ordered Moro to change policy*":

ROMA—It was directly the American Secretary of State Henry Kissinger, from the fall of 1974 on, who ordered Aldo Moro to abandon his policy of opening to the Communists. The intransigent opposition of the U.S. A. government to the line followed by the DC leader was expressed for the first time by Kissinger in the most brutal and threatening terms in a dramatic face-to-face with Moro, visiting the United States in the entourage of Leone. It was Corrado Guerzoni, ex-close collaborator of the DC statesman and present director of the second radio channel, who revealed the upsetting details of this episode in the courtroom.

The revelation on the Moro-Kissinger encounter arrives almost suddenly, unexpectedly, in a room which slowly gets more tense and silent. Guerzoni replies to a question of the presiding judge on the threats of which Moro was said to have been the object and recounts: "During a reception at the Italian Embassy in Washington, in September 1974, there was a very bitter conversation between Secretary of State Kissinger and the Christian Democratic leader. . . ."

**Il Giornale (Milan), Nov. 11, page 7:** "*Denied before the judges the widow's suspicions on an international plot; Guerzoni, right-hand man of Moro, speaks: Kissinger criticized him, but did not threaten him*":

ROME, Nov. 10—Everything, by now, seems quite clear even though, for prudence's sake, the judges intend to deepen their investigation of the question: Moro was not threatened in the United States over his political program and, therefore, he was not the victim of an international plot. The insinuations and suspicions of the widow must have been only the consequence of a clamorous mistake: the story of Corrado Guerzoni in the courtroom at Foro Italico, today, leaves in fact little room for doubt.

Corrado Guerzoni . . . 52 years old and for almost 20 years close to Moro as public relations adviser, journalist, and director of the second channel of RAI (Italian Radio-Television)—was very precise: Aldo Moro never enjoyed the sympathies of the White House and above all Kissinger always criticized his intention of bringing the Communists into the majority.

. . . We must recall the version and thesis of Mrs. Moro.

"My husband," she has always maintained, "told me that, during a reception in New York, he was threatened if he should have insisted on carrying all the political forces into the government and said that he was considering the possibility of leaving political life." The wife had already told the parliamentary commission investigating Moro's death that she believed in the existence of higher ups who gave the orders behind the Red Brigades.

Corrado Guerzoni's story refers to a confidence he had from Moro but checked afterwards with others including Nino Valentino, former press office head at the Quirinal with Leone, who however immediately denied the circumstance. . . .

(*Editor's Note: Il Giornale is directed by Indro Montanelli, who in an article in the weekly magazine Oggi earlier this year asked that Mrs. Moro be incriminated and concluded, "All of this reinforces in me my old idea that public officials should take their widows to their graves with them. Widows are very dangerous."*)

**La Repubblica (Rome), Nov. 12:** "*Here is the U.S. plan that confirms Guerzoni's charges*":

. . . Completely different is the opinion of Franco Fedeli, director of *Nuova polizia*. The magazine will publish in its next issue an unpublished and top-secret document elaborated by the Intelligence Board, the liaison entity between the U.S. secret services (CIA, FBI, DIA and NSA).

The document contains an in-depth analysis of the Italian reality in terms surprisingly similar—Fedeli maintains—to those expounded by Guerzoni and indicates directives of intervention which can supply a key to reading successive and dramatic events.

The document concerns 20 countries, and as far as Italy is concerned, is not limited to the Moro-Zaccagnini case [Benigno Zaccagnini was secretary-general of the Christian Democratic Party while Moro was its president and shared his policies—ed.], but goes into the trade union situation and contains directives pointed to a very high level. Hence not a simple theoretical analysis, but a package of precise operational indications to intervene and modify the Italian political picture.

What *Nuova polizia* published (the document goes back to the same period as Moro's trip to the United States) therefore reinforces what Guerzoni stated, refuting the refutations.

**El Universal (Caracas), Nov. 12:** "*Henry Kissinger intimidated Aldo Moro*":

ROME, Nov. 11 (EFE)—Henry Kissinger, in a stormy discussion held in 1974, in the U.S.A., intimidated Aldo Moro, president of the Italian Christian Democracy, calling him a "negative man" for his policy of rapprochement to the Italian Communist Party.

Moro, who afterwards, in 1978, was kidnaped and assassinated by the Red Brigades, felt "ill" after the bitter conversation with the North American Secretary of State.

He returned "frightened" to Italy before he had planned to, and even considered abandoning his political career.

This is the version of Corrado Guerzoni, Moro's press aide, recounted Wednesday in front of the judges who are judging the terrorists who participated in the kidnap and murder of Aldo Moro.

**Il Giorno, Nov. 18: An Esposto [Legal Brief] Against Kissinger:**

From the outset, a number of theories have been brought forward as to who was behind the kidnaping and lurid assassination of [former Italian Prime Minister] Moro. Among those cited for the crime have been the CIA, the KGB, the secret services of Eastern Europe, and even domestic political factions. What was lacking was the hypothesis that those pulling the strings actually consisted of a globally interrelated network. The person to advance the latter was Miss Fiorella Operto, a Milanese and a former teacher who is now general secretary of the POE, whose characteristics are still somewhat mysterious. She has presented a denunciation of Kissinger, accusing him of being the black hand behind this plot.

According to the magazine *EIR—Executive Intelligence Review*, published in the United States and linked to the POE—Kissinger is involved in a sordid gang involving a "homosexual international" which is a sort of "gay confraternity." Neither Kissinger nor the British secret services nor the KGB are strangers to this, the KGB being continually in search of sexual secrets in order to carry out complex black-mail schemes.

This is a rather complicated story, therefore, with certain fantastic overtones. Nonetheless, Miss Fiorella Operto has taken it forward to the point of presenting a legal brief to the magistracy. This denunciation is currently in the hands of Judge Leonard Agueci in Rome, who has opened an investigation on the basis of the 16-page legal brief submitted by Miss Operto.

**La Repubblica, Nov. 19, from an interview with Henry Kissinger: U.S. Ex-Secretary Contradicts Guerzoni. . . Kissinger: 'I had no discussion with Moro'**

New York, Nov. 16—"It is an atrocious and repugnant lie which does not have the least basis in fact and for which there is no documentation." With this declaration, Henry Kissinger denied the story told by [close Moro associate] Corrado Guerzoni before the judges of the Criminal Court, according to which Moro and the U.S. ex-Secretary of State had a conversation in 1974 so strained and harsh that the Italian statesman became ill and considered abandoning his political life. In circles close to Kissinger, it is maintained that Guerzoni's "lie" could have originated with a campaign against the ex-Secretary of State, orchestrated for some time by an American political group, the so-called Labor Party of Lyndon LaRouche, who accuse Kissinger of being at the center of many "international conspiracies," not excluding the kidnaping of Moro.

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## Interview: Dr. Ghulam Hussein

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# Pakistani opposition's pillars of strength have

*Dr. Ghulam Hussein is the Secretary General of the Pakistan People's Party (PPP), the party founded by former Pakistani Prime Minister Zulfikar Ali Bhutto and led since his murder by the Zia regime in 1979, by Bhutto's wife, Begum Bhutto.*

*EIR correspondent Mary Lalevéé interviewed Dr. Hussein in Bonn, West Germany on November 11, the day before General Zia's government was forced to announce that Mrs. Bhutto was free to leave Pakistan for medical treatment. The announcement came just hours after Dr. Hussein and other PPP members had joined the Club of Life in a series of simultaneous demonstrations organized worldwide. Excerpts from the interview follow.*

**Lalevéé:** Could you explain what happened to you personally, and what your previous posts in Pakistan were?

**Dr. Hussein:** I was twice elected to the National Assembly, in the 1970 and 1977 elections. I held various political posts in the Pakistan People's Party (PPP) and in the government. In 1970 I was appointed advisor to the governor of the Punjab. At that time I was also deputy secretary general of the PPP in the Punjab. When I was re-elected in 1977, I was appointed Railway Minister of Pakistan in Mr. Ali Bhutto's government. I was also made secretary general of the PPP. When martial law was imposed on July 5, 1977 I, along with many other leaders and workers, was sent to jail.

I was kept in jail for three-and-a-half years, under different charges, without trial. In March 1981 I was forcibly exiled to Syria, on the demand of hijackers of a Pakistan International Airlines plane. I had nothing to do with the hijacking, and when the authorities asked me and my friends if we wanted to leave the country, we said—and in writing too—that we had nothing to do with the hijacking, and that we were against it. We said that we wanted to face our trials, to answer the charges under which we had been kept in jail. . . .

We applied through the United Nations for political asylum, to western democratic countries. After one full year of verifications and investigations, the United Nations organization for rehabilitation declared us political refugees, and innocent. They recommended that we be granted political asylum in various western democratic countries.

I was granted political asylum in Sweden, along with three or four other friends. So, after one year in confinement

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## leader: 'The nation's been demolished'

in Damascus, I came to Sweden. After two or three months I was able to get a passport, and now I am visiting various western democratic countries, and meeting my friends and re-organizing my party. I have been to Norway, Denmark, and England, and now I am on the same visit here [in Germany] reorganizing my party, and meeting officials, opinion-makers, press, political parties of the countries where I go.

When I went to England, I was given a good welcome by the Mother of Democracy. I was put behind bars for five days! Even though I had a Swedish passport, and with a Swedish passport you don't need a visa for England! Still, on the instructions of General Zia, to please him, Mrs. Thatcher's government put me behind bars and kept me in illegal detention for four days. Then after the pressure of the press and democratic forces of the United Kingdom—and I am grateful to them, I was released, and received permission to stay in the U.K. for one month.

So this is my position. We are struggling to restore democracy in Pakistan, and we hope that the democratic world, especially the western democratic world, will help us. At the moment, I am sorry to say, although the people of these countries must be against the dictatorship in Pakistan, unfortunately the governments of the western bloc are out and out supporting the dictatorship in Pakistan.

**Lalevéé:** Could you describe the conditions in Pakistan now?

**Dr. Hussein:** The nation is passing through the worst type of crisis, the worst kind of dictatorship. All the pillars of strength of state have been practically demolished. There is a complete ban on political activities.

All the political parties have been banned, all the trade unions are finished, even the students' unions have been banned. Even lawyers cannot make associations, and if they hold meetings, even if they are on court premises, they are flogged for this "crime." Thousands of political workers have been publically lashed and flogged for simply saying "long live Mr. Bhutto", or "we want democracy." There are more than 30,000 political workers in jail, under criminal charges. Now, if you ask General Zia, "have you got any political prisoners?" he will tell you "No, not at all. All of them are criminals!" The crime of those poor people is that they want democracy!

For example, although I am a doctor by profession, and

I served humanity for 15 years, and saved thousands of lives, I was a criminal! A case was made against me of murder—I was kept in jail for three-and-a-half years, and my case was never tried in a court of law. [It was because] I was Secretary General of the party, that is the number two position in the political party, they wanted to kill me too.

I was accused of murder. They made a case that I had killed *nine* people! Even though it must be the case that I have saved 9000 people, and that I cannot even imagine killing anybody. There are so many people in worse conditions than even I was. The government says that these people are all criminals. It is very easy to label a person as being anti-government, and anti-country, and put people behind bars. There is no power of the judiciary left; all the powers of the civil courts, even up to the supreme court, have been destroyed. A martial law verdict cannot be challenged, even in the supreme court.

Another [pillar of state] is the civil administration. Because there is no constitution and no rule of law, [government officials] are the personal slaves of army people. The army has been made corrupt. They have got absolute power, and you know that "absolute power makes absolutely corrupt," and they are absolutely corrupt. They are amassing wealth and doing all sorts of illegal practices, because they think that they are not accountable before any court of law.

Then there is the press, a pillar of state. That is completely gagged. Nobody can publish a word. All the party political newspapers have been banned. The military people study each word of the newspapers before sending it to the press. That is why you western people don't know anything that is happening in Pakistan. [Nobody] can say a word against the dictatorship, if they do so, they are brutally dealt with. There is a concentration camp with 80 million people.

**Lalevéé:** Why do you think General Zia is refusing to let Mrs. Bhutto leave the country for medical treatment?

**Dr. Hussein:** He is a chronic murderer. He killed the first-ever democratically elected prime minister of Pakistan, a gem of a man, and the most [brilliant] leader the Islamic world had. He killed him most brutally. It was a conspiracy.

Because Zia could not make these ladies—Mrs. Bhutto and Benazir Bhutto—bow down before him, he wants to eliminate them physically from the political scene. That is why, when the personal doctors of Mrs. Bhutto have declared that she has lung cancer—and you know how fatal the disease is, and even one day's delay can play havoc—for the last many months he has made delaying tactics, and he has not allowed her to go abroad and get treatment. This is another murder conspiracy. He wants to kill the present PPP chairman because he wants to eliminate his political opponents.

I appeal to the world's conscience to force these brutes through their own governments—to force General Zia to stop this butchering of the political people. I am very much obliged that you people are doing a lot in this regard, and that you are holding demonstrations and protests throughout the world. I

want to shake the conscience of the world, through various media and various platforms. I forcefully demand, and you should impress on General Zia that he should allow Mrs. Bhutto to come abroad for medical treatment. . . .

**Lalévée:** What do you think about the treatment of PPP members in exile?

**Dr. Hussein:** I have met many friends here in Germany, which is an affluent society, a progressive nation, and which is proud of being right on the top in Europe. I was in despair and disappointed to see my people living a substandard life. They are being maltreated, and living almost in slums. They are treated in a discriminatory way, compared to refugees from the rest of the world.

Here in Germany there is a big hurdle, because political refugees cannot even function under the law of the land. They cannot see each other, because they are not allowed to go from one district to another. There is no need for that. I think that if we were allowed to do some political activity within the law of the land, we would be able to restore democracy in Pakistan, and go back. The [government] should not stop it, they should rather encourage democratic struggle. So I would request that the Federal Republic of Germany's government allow Pakistanis and PPP members to meet each other and they should be given political asylum here until the restoration of democracy takes place in my country.

When there is martial law in Poland, there is a lot of hue and cry, although there is no flogging being done in Poland, and there are no public hangings there. In my country, the worst type of brutalities are being done, and nobody bothers about it! What is the difference? Are we not human beings? Don't we deserve the same sympathy of the western bloc? Why are they supporting Zia and opposing martial law in Poland? Why this hypocrisy?

**Lalévée:** In this context, what do you think about General Zia's trip to the United States, planned for the beginning of December?

**Dr. Hussein:** Do you think he deserves to visit a democratic country, and that a democratic country should welcome a brute, a murderer? Nobody can think of this! I am sorry to say that there is great resentment in the hearts of 80 million people in Pakistan that [the United States] is welcoming a dictator with blood on his hands. How will he shake hands with a democratic president? We will think, "they are one and the same thing!"

If martial law is very good in Pakistan, why not impose martial law in the United States? If there will be great development, law and order, peace and so on, then it is better that they should also impose martial law there in their own country. Why export martial law to us? They should use it themselves if it is a good thing and to be supported!

I expect that the democratic forces in the United States and the rest of the Western world should oppose this visit. They must not welcome a dictator.

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## France

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# Will war on terrorism tilt political balance?

by Dana Sloan

A shift has just begun to occur in France which centers on the issue of terrorism, a subject around which a faction fight has been raging since this summer. It was at that time that hard intelligence reached the Elysée Palace and the Interior Ministry that François Mitterrand's name figured prominently on an international terrorist hit list held by the controllers of "left" terrorism in the neo-Nazi Malmö International of François Genoud. More recently that hit list has been supplemented by one set up by the Anglo-Soviet intelligence faction that is seeking a new Yalta and the destabilization of the Middle East.

A dramatic policy change in France on the issue of terrorism, which reflects an intelligence agency warfare taking place internationally, was first "announced" on Nov. 6 when police forces dependent on the Interior Ministry arrested four leading members of the Basque separatist organization, ETA, on the day a hit against John Paul II was to have taken place in Spain, and in which two of those ETA members were to have played a critical role.

Within the Socialist government of France, these events have signaled the relative isolation of Justice Minister Robert Badinter. Badinter has been responsible for freeing scores of terrorists since the May 1981 presidential elections, many of whom were clients he defended as an attorney before he entered government. His position is not expected to be helped by reports circulating of his intimate association with Henry Kissinger, who has just been exposed in Italy for having threatened the life of former Prime Minister Aldo Moro, who soon thereafter was kidnapped and murdered by the Red Brigades. Badinter has been forced into a posture of concessions, on issues including extradition treaties covering terrorist cases.

## The personnel changes

Placed at the head of the Direction de la Sécurité Extérieure (DGSE, France's CIA) at the Nov. 10 meeting was Vice-Admiral Pierre Lacoste, a career naval officer who was arrested in Spain in 1943 on his way to joining de Gaulle's



Free French forces at the age of 19. Lacoste served in various fleet assignments until 1975 when he became deputy cabinet chief to Defense Minister Yvon Bourges under President Giscard. In 1978, he was assigned to serve as chief of Prime Minister Raymond Barre's military cabinet, until July 1980 when he became a commander of the Mediterranean fleet.

Admiral Lacoste's appointment to the top intelligence job, which is accountable to the Defense Ministry, will add significant clout to France's ability to fight terrorism. In late September Prime Minister Pierre Mauroy had already called upon the entire military establishment to make the battle against terrorism "an integral part of the defense mission." Admiral Lacoste has replaced Pierre Marion, a former executive of aerospace firms, who was deemed incapable of steering the DGSE through the stormy waters ahead.

At the Direction de la Surveillance du Territoire (the French FBI), the new director, Yves-Louis Bonnet is known as a tough fighter of the green environmentalist-terrorists. Bonnet had previously made his career in the civil service in the prefect system, the state-appointed governor corps.

The extent of the faction fight within the upper echelons of President Mitterrand's own staff broke into the press on Nov. 9. *Quotidiende Paris* reported that the President's chief of staff, General Saulnier, and Mitterrand's liaison for intelligence matters, François de Grossouvre, had reached a crisis point in their relations and fight for influence over Mitterrand, with the General gaining the upper hand.

The announcement on the following day of the shake-ups in the DGSE and DST was a loss for de Grossouvre, who was behind Mitterrand's original appointment of Marion at the DGSE. De Grossouvre, a shadowy country squire, has many links into the Jesuit-oligarchical networks leading into Lebanon and the Scottish Rite Freemason lodge, the Grande Loge Nationale de France, known also as the "English loge."

This faction fight, which originally leaned heavily in the other direction, is what has permitted France to become the centerpiece of terrorism in Western Europe, with Spanish, West German, Italian and other terrorist groups using France as a base of operations into their countries.

## The U.S. input

Days prior to the outbreak of these events, U.S. Attorney General William French Smith visited Paris for talks with Interior Minister Gaston Deferre and State Secretary for Public Security Joseph Franceschi. The Attorney General has been touring Europe and the Far East as part of the White House's recently declared war on drugs and the mafia. The war was also extensively discussed at Italian Prime Minister Spadolini's meeting with President Reagan during the first days of November.

On Nov. 11 French police arrested Paolo de Stefano, the head of the Calabrian mafia, who had been operating out of a rented villa near Antibes, in southern France. De Stefano is wanted in Rome on drug trafficking charges, and his name has also been cited in connection with the assassination of

Carabinieri General Dalla Chiesa, who had recently been assigned to Sicily to run the government's war on organized crime.

Also during the same week, France signed a new extradition treaty with Egypt, where President Mubarak has staked his regime's survival on winning a war against organized crime and masonic networks. Both Mitterrand and Mubarak appear prominently on the terrorist hit list set up by the Anglo-Soviet intelligence faction.

The reorganization of France's intelligence services announced by President François Mitterrand at the Nov. 10 cabinet meeting is a sign that what had occurred to his predecessor Valéry Giscard d'Estaing in 1976, also after almost two years in office, has just begun to hit the Socialist president. After a period of ideological lunacy, softness on terrorism, and destructive economic measures, a President of the Fifth Republic who essentially defined his policies as the opposite of that of his predecessors, has begun to feel some of the weight of his responsibilities as chief executive of a major Western European nation.

## The 'LaRouche card'

According to Jacques Cheminade, General Secretary of the Parti Ouvrier Européen (European Labor Party) and a close collaborator of Lyndon LaRouche, the coming weeks and months will be decisive for France. He has called on President Mitterrand to play the "LaRouche card" as the only way to ensure France's survival.

In his just-released statement, Cheminade notes that while it had been Jimmy Carter's election to the highest office of the United States that provided the needed shock to President Giscard, who had been primarily under the control of Malthusian factions, and then began to work on behalf of economic growth, Mitterrand's shock was provided by a combination of factors: a world financial situation at the brink of collapse, the death of Leonid Brezhnev, and the re-emergence of a terrorist international that is determined to see the destabilization of Western Europe, and the destruction of its source of oil supply, the Middle East.

"François Mitterrand finds himself face to face with the reality principle," wrote Cheminade, who is playing an increasingly important role in mobilizing republican forces in the nation. He has thus seen fit to call upon the old administrative apparatus and military layers from the Gaullist tradition to help him gain control of a situation that was dangerously deteriorating every day.

The measures taken by Mitterrand in the past week or two can perform a useful holding action. However, it is the "LaRouche card" that is the key to France's survival as a nation-state: France must destroy the enemy within, the oligarchical representatives of the "parti de l'étranger"—the forces of treason—by defeating them internationally with official support for debt moratorium for the developing sector countries and the creation of a new international monetary system that reorients credit towards productive investments.

# *New York Times* at the center of effort to wreck Israeli institutions

by Mark Burdman

The slogan of the government of Prime Minister Menachem Begin in Israel might now lawfully be, "We kept our jobs through the *New York Times*."

The political fortunes of the beleaguered Begin team were suddenly uplifted Nov. 16 by a nasty little trick performed by the *Times* senior editor Max Frankel.

Just as charges were mounting against Begin's Defense Minister Ariel Sharon, against Begin himself, and others in the government resulting from the ongoing commission of inquiry into the massacre of Palestinians in Sabra and Chatila refugee camps in Lebanon, Frankel, a conduit for the Church of England's policy line, put out a special two-part series on Israel on Nov. 15-16 in the *Times*. The aim of the series: to get the heat off Sharon.

Just returned from Israel, where he stayed at the house of British Intelligence-connected Gen. Chaim Herzog, Frankel reported in the second of the series that top leaders in the opposition to Begin were actively enlisting American support to "topple" Menachem Begin. These same opposition figures, Frankel claimed, are "counselling sharp cuts in America's non-military aid of \$800 million a year" to Israel to aid in this plan to undermine Begin.

In typical slimy *Times* style, Frankel drove his essential point home. These opposition figures, he wrote, "now risk political oblivion" for advocating these ideas.

Within hours of the release of the Frankel piece, all Israeli papers were carrying banner headlines about this opposition "plan." The substance of the story was not the shock: it is commonplace in Israel to discuss the idea of using American aid cutbacks to rein in the Likud Party government, and it is known that high-level Washington administration circles regard the aid question as one crucial way to counter the adventurism of current Israeli state policy. But in reporting on this delicate question in such intentionally crude "hit man" fashion, Frankel destabilized all the substantive elements of the issue, and ensured that Begin and company would have a new trump card.

Charges immediately went flying from high-level Likud

circles that the opposition Labour Party had performed "an act of Satan" by colluding with "an outside power" against the "sovereignty" of Israel. One Likud member of Parliament went so far as to call for a special commission of inquiry to deal with this question!

A British friend of Frankel's stationed in Jerusalem gloated in a discussion with *EIR* that "long-term damage has been done to the long-term prospects of the Labour Party. Every Likud speaker, when election time comes, will now wave copies of the *New York Times* story." One Israeli journalist close to leading Labour circles exploded on hearing of the Frankel story: "This is the best way of keeping Begin in power, by giving him this issue in this way! Goddamit, what the hell does Frankel think he's up to!" The Labour Party has issued a statement calling the Frankel article a slander, and several Labour Party members of parliament have threatened a lawsuit against the *New York Times*.

An Israeli source based in Europe commented wryly, "I am not at all surprised that the special interests behind the *Times* would intervene to prop up Sharon. After all, Sharon is involved in all the dirty West Bank land dealings, and as the Israeli army settles into Lebanon under his direction, the drug trade in the Israel-Lebanon-Syria area is booming. Sharon is in the middle of it all."

Sources in the position to know are drawing the connection between the Frankel dirty trick and the recently documented links between former U.S. Secretary of State Henry Kissinger—a good friend of the *Times* editorial board—and Sharon in arranging special West Bank land scams. The same sources are intrigued by the fact that one of the *Times*' top friends and protectors, New York State Attorney-General Robert Morgenthau, has worked with Sharon to channel "investments" into the West Bank and to build up the infrastructure of the Gush Emunim fanatics who are deployed by Sharon to illegally settle in the West Bank occupied area. The circumstances of a joint Sharon-Morgenthau appearance at a November 1980 meeting for a Gush Emunim front group are known to Israel investigators.

If the Labour leadership is not to give up the ghost as a result of Frankel's nasty operation, certain daring political moves will be required. Among these might be exposing the truth about the *New York Times*, including its involvement in helping install Adolf Hitler to power. Simultaneously, the details of the Kissinger crowd's West Bank scams should be made public in Israel at the earliest possible date. This would have the amiable linked effect of cleaning out what Kissingerian influence exists in the Labour Party itself, freeing that party to come up with novel and creative ideas for the politics of the region, instead of being bonded by Kissinger's Mafia-style step-by-step thugery.

### **The Kimche connection**

Sources have identified, in addition to Henry Kissinger, Israel Foreign Ministry Director-General David Kimche as a key behind-the-scenes architect of the operation to destroy the Labour Party and to put Israel into the hands of a "new breed" of Sephardic, or Oriental, Jews led by its most unenlightened elements.

Kimche is of Swiss origin; his family owns a bank, Kimche and Landau, in Switzerland. According to insiders, he is working closely with British intelligence to undercut U.S. influence in Israel and the region. Kimche's strategy is to "play the Soviet card." In December, Kimche's close friend Edgar Bronfman, head of the World Jewish Congress and Seagrams Liquor, and a front man for British imperial money via Canada, will visit Moscow at the invitation of Georgii Arbatov, director of the U.S.A.-Canada Studies Institute in Moscow. It is rumored that Bronfman will meet with new Soviet Communist Party chief Yuri Andropov during his stay.

Last December, Kimche worked out a secret arrangement with Bronfman whereby Bronfman would serve as unofficial liaison between Israel and the United States. Kimche's anti-U.S. maneuvers have reportedly caused much consternation in the middle and lower ranks of the Foreign Ministry as well as in the armed forces.

David Kimche's older brother Jon, who operates directly out of London, maintains decades-long ties to British intelligence as a journalist. During World War II, Jon Kimche worked for the London *Observer* at the same time as did Britain's triple agent Kim Philby, now a general in the KGB.

Several of Kimche's U.S.-based associates are currently involved in a project sponsored by the Council on Foreign Relations in New York to plan the post-Begin era. The CFR project, or study group, has reportedly drawn up a blueprint for transforming Israel into a fundamentalist Sephardic state unwilling to make peace with its Arab neighbors and incapable of ever serving as a radiation point for culture and technology in the region in the context of peace.

However, a high-level Labour Party source told *EIR* in mid-November that he and others in Israel would welcome a development-oriented approach to the Middle East, along the lines promoted by *EIR* founder Lyndon LaRouche. "There

is no doubt that any idea with a positive purpose of development, modern technology, and so on, would be helpful. The question is whether the United States would accept this policy," the source declared.

### **A political earthquake?**

On the eve of the Frankel dirty trick, the evaluation of sources in the Labour leadership had been that Israel was on the brink of a "political earthquake," as a result of the developments of the past weeks, that would bring the Begin-Sharon team crashing down from power. Despite Frankel's hurried intervention, tendencies in that direction emphatically still exist.

For one thing, Begin himself has become a political wild card, after the death of his ailing wife. There has been some speculation in Israel that, in memory of his wife, Begin will now launch some new defiant actions, perhaps including the annexation of the West Bank. Other indications are that the ailing Begin could soon retire. A scramble for power is already under way in the Likud Party corridors.

Israel is simultaneously reeling over the mysterious explosion at Israeli army headquarters in Tyre, southern Lebanon Nov. 11, which resulted in 89 dead. This has been labelled the "biggest single disaster" in the history of the Israeli Army, by the Israeli press. While Sharon is now trying to claim the episode was an accident, rather than an act of sabotage, in either case it is he who comes out smelling bad, since he is responsible for overall direction of the Armed Forces and is the original architect of Israel's occupation of southern Lebanon.

In the days leading up to the *New York Times* intervention, Sharon was being hit very hard in the commission of inquiry hearings. Colonel Hevroni, bureau chief to the head of army intelligence, told the hearings on Nov. 11 that Sharon's close aide, Avi Dudai, "was not telling the truth" in denying that Sharon's office knew of the ongoing massacre in the Palestinian camps by the Falangist forces. Three days later, Lt.-Col. Zeev Zecharia, Chief of Bureau of Israeli Chief of Staff Rafael Eytan, swore under oath that Sharon and his aides were lying when they denied to the commission any knowledge of the Falangist massacre of Palestinians on Sept. 14. Colonel Zecharia also presented convincing evidence that Begin himself had not been telling the truth in his testimony.

Zecharia's testimony was described by Israeli sources as a "political bombshell."

While it is known that bad blood exists between Sharon and chief of staff Eytan, a much more profound reason exists for the testimony of army people against Sharon in particular. According to a high-level Israeli military source, "the army as an institution thinks that Sharon's policies have jeopardized them," and are using the vehicle of the commission to fight back.

Through Nov. 18, damning testimony continued. Former Deputy Defense Minister and current Minister of Commu-

nication Mordechai Zippori testified under oath that information had been passed concerning the ongoing massacre of Palestinians to the Israeli Foreign Ministry, earmarked for Sharon's special attention, the morning of Friday, Sept. 17. This directly contradicted Sharon's denial of knowledge of the ongoing massacre, and indicates either another Sharon lie, or some kind of blockage of information from within Foreign Ministry circles.

The commission is due to complete its work within the next few weeks, and then will issue a final report. Given the growing evidence against him, Sharon, in the view of informed Israeli sources, may try in the next period to "bring down everybody with him" if he collapses politically. These sources think that Sharon may try to "judo" the commission process into an indictment of the armed forces themselves for their actions during the September events.

This raises the danger that the commission, with all the charges and countercharges it has unearthed, could become a political football, an instrument for byzantine factional intrigues, rather than a tool to rectify the direction of Israeli policy. To do the latter, the commission or other institutions in Israel, would have to be willing to investigate the deeper questions of policy that led Israel into its own "Vietnam" in Lebanon. This, again, would necessarily bring to the fore the primary role of Henry Kissinger over the past decade in having engineered the process of destabilization in Lebanon, and would show the interface between the pretentious strategic designs of Kissinger and Sharon.

This kind of cleansing process would bring real politics to the fore in Israel, and allow substantive policy dispute to openly emerge. Israeli sources report, for example, that a profound subterranean debate now exists in Israeli policy circles over what stance to take toward Egypt. According to these indications, a mainstream tendency in the armed forces and intelligence services tends to support a stable Egypt headed by a strong President Mubarak, while the groupings around Sharon want to see Egypt and Mubarak weakened and brought to their knees.

It remains to be seen whether the commission-of-inquiry process will evolve into a more fundamental policy debate of the kind the country sorely needs.

### Succession scramble

Under prevailing circumstances, it is by no means certain that Frankel's efforts by themselves can prop up Sharon, given the barrage thrown at him in the inquiry commission. Barring the launching of a new round of military provocations, Sharon may not be able to survive. As one British source in Jerusalem put it Nov. 18, "Sharon may have to be sacrificed."

The least that can be said is that Sharon's chances for succeeding Begin have drastically diminished. With Begin's own ailing health a prime focus of concern in Israel, a scramble for the succession has begun.

One candidate is Foreign Minister Yitzhak Shamir, who

has built up an "extensive" network of ties into British-centered policy circles. It was noted with interest in Britain that Shamir made great efforts to signal a desire for renewed relations with the Soviet Union after the accession to power of Yuri Andropov.

A second contender is Finance Minister Yoram Aridor, who has been a master of the game of manipulating money to cover up the extent of Israel's economic plight. But with over 130 percent inflation, and reports now surfacing about how Israel's economy is run top-down by the mafia of the "Chicago School" at the University of Chicago, it is thought that Aridor will be too discredited to run. This leaves aside the question about the extent to which Aridor's manipulations have been possible only because of the extensive "dirty money" and laundering operations expanding into Israel in the past years.

A third contender and likely front-runner is Housing Minister David Levy, a Sephardic Jew. Levy is favored by certain British-centered circles who want to shift the belief-structure of Israel into a yet more fundamentalist direction, by making more vocal the anti-Arab sentiments of significant segments of the Sephardic Jews. One of the case officers for this project is reportedly British Parliament member and Freemasonic leader Julian Amery, who spent a week holding secretive meetings in Israel during the beginning of November. Amery is reportedly also working to bring fundamentalist Christians into increasing alliance with the more extreme wings of Zionism.

Amery's activities in this regard evidently disturbed some Labour Party-linked layers in Israel, since the pro-Labour *Jerusalem Post*, in reporting on his trip, "reminded" its readership that it had been Julian Amery's brother John who had been hanged for pro-Nazi activities after the Second World War. This *Jerusalem Post* leak reportedly upset the Amery household in London a great deal.

While this effort to undercut Amery would evidence a healthy trend within Labour, the politics within that party are at this point not effectively organized to capitalize on the ongoing ferment in Israel. Irrespective of Max Frankel, Labour is still beset by internal political wranglings between party secretary Shimon Peres and former Prime Minister Yitzhak Rabin.

For this reason, attention is still focused on the office of the Presidency. President Yitzhak Navon, himself a Sephardic Jew, is seen as the one promising figure on the horizon to rally Labour around a positive conception. But Navon has not resolved yet whether he will decide to run for the premiership. An important November trip planned for him for the United States was suddenly postponed to early January, under circumstances that are not entirely clear. By the time of that U.S. trip, his intentions should be clearer, and this may pave the way for some important consultations in Washington and other American cities.

He would just be well advised to stay away from the offices of the *New York Times*.

# A political standoff at the OAS meeting

by Gretchen Small

The annual General Assembly of the Organization of American States opened in Washington, D.C. Nov. 15, bringing together foreign ministers from around the continent for a week of discussions. The meeting was the first at this level held since the Malvinas war, when bitter confrontations occurred between the United States, which had sided with Great Britain, and the majority of Ibero-American nations who demanded the United States back Argentina and its commitments to hemispheric defense treaties.

As late as mid-October, during a preliminary meeting of the Economic and Social Council of the OAS, battles between the United States and its neighbors over economic policy for the region—specifically the right of the industrialized countries to impose sanctions and embargoes upon nations who failed to meet political or monetarist criteria—became so acrimonious that rumors circulated that some delegations were considering a cancellation of the General Assembly meeting itself in order to avoid a full-scale showdown.

No such battle on the economic question, or on any other major issue has emerged. Although the meeting has not completed its deliberations as of this writing, the 1982 OAS General Assembly is already being written off as little more than a useful forum for private contacts, but settling none of the issues of debt, economic collapse and reestablishing of U.S.-Ibero-American relations on a sound basis.

## Schultz delivers Kissinger policy

U.S. Secretary of State George Shultz won favorable comment from many delegates with a “just-plain-folks” approach that contrasted sharply with Haig’s pyrotechnics at previous meetings. “I am here to listen more than talk . . . [as] I join this discussion among neighbors and friends,” he began.

The policy package outlined by Shultz was nonetheless pure Kissinger, the same policies cooked up by Lord Carrington, Shroeder’s Bank’s Lord Cecil, Henry Kissinger, et al. last May during the height of the Ibero-American war against all things British and monetarist. Smiling, “low-key,” Shultz made the following points:

(1) Debtors must meet their obligations at all costs.

“Borrowers must cut their current account deficits, raise domestic interest rates, and keep exchange rates realistic,” Shultz argued, as part of the “adjustments” needed to correct the “excesses” of growth in the past decade. The International Monetary Fund is to play an essential role in designing the “stabilization programs” required.

(2) A U.S. economic recovery and a few credits can follow only upon the adoption of these “adjustment” programs;

(3) Border conflicts and the fight against communism as it is now occurring in Central America must absorb the energies of the continent. Shultz called for international “mechanisms” to be created to police the numerous border disputes and raised the possibility that the United States might invoke the Rio Treaty of Mutual Assistance (TIAR) to combat “foreign involvement” in conflicts such as Central America’s—a proposal which provoked a few snide remarks by those present. It was TIAR’s provisions against intervention by “extra-hemispheric powers” which the United States violated when it supplied the British war effort in the South Atlantic!

## A different agenda

But a few voices suggested the agenda which should have been the joint one between a sane U.S. administration and Ibero-America.

Ibero-America’s “growing impoverishment” stems from its lack of industry, especially heavy industry, Argentina’s Foreign Minister Juan Aguirre Lanari explained in his speech. Industry “limited to light industry, few centers of energy production . . . low productivity because of backward technology and insufficient capital,” are the signs of the underdevelopment dominating the continent. Lanari urged the Ibero-American countries to strengthen their economic and technological cooperation with other developing-sector countries—and, in the long-term, to establish a Latin American Common Market, to buffer their economies from the international economic crisis.

It is the “duty of the great world powers, and of the highly industrialized countries—a duty in which their own interests are fundamentally committed—to spread material progress throughout the world,” Lanari reminded Shultz, rather than “exercising political pressure through embargos, sanctions, and other forms of economic coercion.”

Peru’s Foreign Minister, Arias Stella, urged the United States in his speech to join in founding “great multinational projects” in the region, suggesting the “colonization of the large unexplored spaces” of South America’s interior, “the mobilization of enormous natural resources which require large investments and advanced technology,” and investment in peaceful border integration programs as the kinds of project of vision that can be implemented. Bilateral cooperation in limited and isolated projects is not adequate; the region should be considered as a whole by the U.S., if the technological, financial and commercial obstacles to development and growth are to be overcome, Arias Stella concluded.

# After elections, Brazil's fight over IMF begins

by Mark Sonnenblick

There is an element of hyperbole in the comment, "The opposition is now the government" offered *EIR* by a Brazilian military strategist as early returns came in from Brazil's Nov. 15 elections. But the insider is right to stress that Brazil is now a different place.

In the first nationwide elections since the 1964 coup, moderate opposition parties picked up control of almost half of Brazil's 23 states; and those include most of the more modern, industrialized states.

In the key industrial state of São Paulo, which has been most afflicted by the past two years of recession, moderate opposition candidate Franco Montoro won by a surprisingly large margin; but the working class rejected Workers' Party leader "Lula," a radical solidarist who came in a poor fourth, and lost even his home city, in which he had led dramatic metalworkers' strikes. The population was voting for reforms, and the new lower house will reflect that. There, the government's party, the misnamed Social Democratic Party, has lost its majority and will have to form a coalition.

Ultimate authority certainly remains in the hands of the division generals in the Army High Command. But the fact that broad layers of the civilian population for the first time in a generation *believe* they have a say in Brazil's destiny makes it more difficult to predict how Brazil will respond to the immediate question facing it: Brazil's \$86 billion foreign debt is tottering on the brink of default (see *EIR*, Nov. 23).

While the opposition won as much or more than was expected, the elections were also a personal victory for President João Figueiredo. They were, indeed, held with relative smoothness despite the efforts of a small military faction associated with the dark days of repression under President Medici (1969-74) to sabotage Figueiredo's political opening. Also, the mass vote for the PDS was not so much for its lackluster candidates, nor even the government resources they used to buy votes, but an expression of faith in "João." And no act by the President did so much to galvanize the hope and admiration of the population than his Sept. 27 United Nations speech in which he documented the failure of the present world economic system with its high interest rates and collapsing world trade to provide even the possibility of survival for developing countries.

That speech is now serving as the rallying point for diverse sectors of the population who see the alternative of a

new international economic order outlined by Figueiredo as preferable to their nation being torn apart in a vain attempt to keep up with debt obligations. The Rio Store-Owners Club, for example, ran a full page newspaper advertisement on the eve of the vote reminding Figueiredo of his U.N. speech and his "unbreakable commitment to keep open not just the ballot boxes . . . but also the factories, stores, public works, and other employment."

The ad was prompted by the universal belief that Brazil would, in the words of the merchants, "after the 15th take measures which are incompatible with the country's social and economic development objectives." As anticipated, Finance Minister Ernana Galvêas revealed on Nov. 17 that Brazil was signing with the IMF for a \$1 billion "compensatory financing facility." He denied that Brazil was negotiating for any of the IMF tranches which impose conditionalities, such as those accepted by Argentina and Mexico.

There is an almost unanimous understanding in military sectors that submitting to IMF "surveillance" and "recommendations" is the equivalent of allowing a foreign power to rip up national sovereignty. Civilians know the price of what Planning Minister Delfim Netto tagged, not long ago, "The Fund's inflexible, obsolete, and counterproductive methods."

## Military factionalization

Civilian political dynamics are increasingly shadowy projections of a behind-the-scenes battle between military factions over the 1985 succession to the presidency. The old Medici grouping has been winning back state power at the expense of the faction around former president Geisel and his advisor Golbery, who believe Brazil can only be a world power if it develops every line of high-technology industry and has a participatory political system. These two military factions have barely coexisted inside the Figueiredo regime. Each faction focused its campaign energies on different PDS candidates and on coopting "opposition" support in the 1984 electoral college, primarily composed of officials just elected.

A case study may be found in the strange behavior of Leonel Brizola, governor-elect of Rio de Janeiro and *bête noir* of the military hardliners. Brizola worked hard to split the opposition vote in the state of Rio Grande do Sul, thereby giving a surprise plurality to an unsavory hatchetman for the Medici wing of the regime's party, precisely the faction which had overtly threatened to prevent "socialist" Brizola from taking office.

And don't be surprised to see a plethora of operations designed to prematurely erode the Figueiredo presidency, to tie his hands from following through on his U.N. commitment to help lead the world out from under its crushing debt problem. Decisive moves against domestic and international financial sector asset-stripping would, on the contrary, serve to consolidate his presidency. Cognizant of that, one New York banker moaned, "Maybe he'll pull one like Mexico; so the guy makes himself a hero right before he leaves by nationalizing the banks and nobody would dare to reverse it."

## Church at a crossroads

*A factional fight among Roman Catholics will play a role in determining the course of the critical next six months.*

Long-time enemies of Mexico in Anglo-American intelligence circles have set a six-month deadline for fomenting civil war and chaos. The planners are counting on a deteriorating economic situation and a polarization of social forces around the recent banking nationalization to unleash such an apocalyptic scenario.

The Catholic hierarchy, with its vast influence over millions of Mexicans, will play a key role in determining whether Mexico falls victim to these plans. This is the case not only because Mexico is an overwhelmingly Catholic country, but because the Church has largely shaped the heated national debate which broke out after the government's move against the anti-growth private banks Sept. 1.

Shortly after that date, several bishops took to the front pages of the press to either spurn popular hysteria over the government's "socializing" moves or to call for giving the government measures a chance to prove themselves. An intense factional struggle had broken out inside the Church.

Rather than being divided along "left" versus "right" lines, the Church leadership is irreconcilably split between pro-growth forces identified with such papal encyclicals as Paul VI's *Populorum Progressio* on the one side, and anti-industrial, feudal-minded circles long associated with the oligarchical banking families.

These latter forces are deeply committed to reversing Mexico's modernization and to a civil war if necessary to accomplish that. In state-

ments for the press Sept. 18, a bishop blasted the Mexican constitution for prohibiting priests from involvement in political agitation and criticized the secular education system established by the same constitution. It was only "in times of great tensions such as the Cristero War, that the voice of the Church was heard," he said.

The message was unmistakable. The Cristero War of the 1920s was the last bloody effort of this country's oligarchic families to destroy the nascent pro-industrial nation-state which had emerged from the 1910 Revolution. Financed by circles around the Espinoza Iglesias and other banking families, bishops and priests around the country rallied backward peasants as cannon fodder in a "holy war" against the government.

The feudal outlook has been backed by Bishop Bello Ruiz from the oligarchy's port of Acapulco, who on Oct. 24 called on workers not to demand salary increases and instead engage in a "national crusade of prayers to ask God to prevent the coming of socialism to Mexico." The bishop of Ciudad Obregón, in Sonora, made similar statements.

This agitation from the pulpit has already found some response. The city of Leon, a Cristero stronghold during the 1920s, has witnessed two "collective prayings" of thousands in the last month. Manipulated peasants and housewives have been drawn to pray the Virgin of Guadalupe "Queen of Mexico and Empress of America" to "save Mexico from communism."

Church sectors represented among

others by the president of the Mexican Episcopal Conference (CEM), Cardinal Ernesto Corripio Ahumada, are instead calling for moderation. In a speech before the CEM Nov. 16, Corripio further stated that the Church "must promote and back all truth and good promoted by the state because wherever there is a little bit of truth and good, the Lord Jesus is there in some way." Above all the Cardinal's messages have stressed the defense of workers' rights as proposed in John Paul II's recent *Laborem Exercens* encyclical.

A September document issued by the "Pastoral Committee" of the CEM went further in blasting the oligarchy's usurious credit policies as the cause for the country's economic crisis. "The exchange controls are necessary in a society lacking solidarity . . . and still underdeveloped," the document said, "the expropriation of private banks in favor of the nation . . . gives the state an instrument to finance priority sectors" of the economy.

The document then identified the anti-Christian evil the Church must fight: "the monetarist theory [of which Milton] Friedman is the main spokesman." A rather pointed remark, since for years Friedman has been the local oligarchy's favorite ideologue.

The document condemns Friedman for advocating reductions in public spending "which generally lead in the short-term to a reduction of economic growth."

Given the strict constitutional separation of Church and State in this country, the Vatican has, as usual, taken a low profile in the factional fight. The Pope's representative Jeronimo Prigione called on Sept. 17 for national reconciliation and moderation. Next February, the Pope will visit Mexico.

# International Intelligence

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## **Costa Rica: security nightmare for Reagan**

President Reagan will have fully 1,600 security agents with him when he visits Costa Rica early next December, according to a wire service report originating in San José. One hundred agents are already deployed to the country, carrying out a "logistical analysis" of the one-day visit.

EIR founder Lyndon LaRouche has warned Reagan not to stop in Costa Rica because of the security conditions in the country. Costa Rica, the "Switzerland of Central America," is the playground of operatives of Permindex, the international assassination organization implicated in the John Kennedy assassination. A Zionist-Mafia drug connection, involving the Meyer Lansky networks, among others, was recently upgraded. The country is a center of arms traffic and terrorist safehousing for all sides in the civil wars which are decimating Central America.

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## **West German court shields Lucifer-worshippers**

The 24th Civic Court of Hamburg, West Germany has issued a temporary injunction against distribution of "Stop the Green Menace," the European Labor Party (EAP) pamphlet which has almost sold out its second printing. The injunction was issued on behalf of the "Anthroposophical Society," which, as the pamphlet documents, largely controls Germany's "greenie" environmentalist movement. The Anthroposophs have charged the EAP with defamation for describing them as "Lucifer-worshippers." Pending trial, the court threatened a 500,000 deutschemark fine (more than \$200,000) should the EAP continue distributing "Green Menace" despite the injunction.

The Anthroposophs were founded by Rudolf Steiner. He was extremely close to the British Cliveden Set's special cult, the Isis-Urania Temple of the Order of the Golden Dawn under Bertrand Russell's friend, Aleister Crowley. Together, the Golden Dawn and the Anthroposophs founded a Nordic-Aryan race-cult in Bavaria called the

Thule Society. Almost every founding member of the Nazi Party, including Hitler, were Thule Society members. Some, like Gregor Strasser, creator of the SA Stormtroopers, were immediate followers of Rudolf Steiner.

By embracing the "philosopher" Friedrich Nietzsche, Steiner became both a fascist and a "Lucifer-worshipper," for Nietzsche rejected the Judeo-Christian concept of a universal good, the principle of the Logos or Holy Spirit. Steiner joined Annie Besant's "Theosophical Society" of Manichean devil-worshippers based in London in 1902. He founded a Theosophical magazine called *Lucifer-Gnosis* (*Lucifer Knowledge*). In 1913, he left the Theosophists to found the Anthroposophists because he wished to present his fascist-paganism as "true Christianity." Lucifer-worshipping Nazism would better be spread by using at least the terminology of the Christians. That, the anthroposophs did, as a matter of documented historical fact. That, the facts documented in the European Labor Party's "Stop the Green Menace" pamphlet shows, they continue to do today, presently under the protection of the German courts.

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## **Kirkland getting new French hobby horse**

American and French trade-union sources have confirmed that Lane Kirkland is planning to switch AFL-CIO recognition in France from the old social-democratic union, Force Ouvrière, to the social fascists of the CFDT union, headed by Edmond Maire. Kirkland spent several days in Paris in mid-November to oversee the project.

The CFDT represents the largest number of actual fascists in France as an organized force. Under the leadership of Edmond Maire and Jacques Chereque (the latter will be meeting with Kirkland in Paris) the CFDT has called for dismantling the French nuclear energy program and has pioneered the "autogestion" (workers' self-management of austerity) project for France. The CFDT calls for an abandonment of the principle of progress by the labor force, and its substitution with solidarism in the form of "equality of sacrifice."

The CFDT maintains particularly close

relations with Finance Minister Jacques Delors, who is the architect of France's submission to the International Monetary Fund.

The AFL-CIO grouping, headed by Irving Brown and Jay Lovestone, is behind an effort to topple the present Socialist-Communist coalition in the government to replace it with a "socialist-centrist" grouping, in which Delors would be able to consolidate his controls over economic and financial matters.

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## **British attack on energy-beam proposal**

The British continue their offensive against moves in the United States to adopt a defense policy based on the development of energy-beam weapons, with the publication in the Nov. 15 *Guardian* of an article attacking President Reagan's arms policy.

The article states that included in the arms build-up Reagan is pushing is the development of X-ray technology. These are described as "utopian" programs that are only being included as a way of getting an increase in the military budget. Such weapons could not be used until into the 21st century, the *Guardian* asserts, and calls for control of technological progress in the military field to ensure that they don't ever get deployed. The *Guardian* also joins the chorus of British outlets attempting to discredit Dr. Teller by calling him dishonest.

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## **Kissinger boys make further gains at DOS**

According to State Department sources, Secretary of State George Shultz is considering three replacements for former Director of the Office of Policy Planning Paul Wolfowitz. After serving as special assistant to Arms Control and Disarmament Agency Director Fred Iklé in 1974-76, Wolfowitz had maintained ties to former Secretary of State Henry Kissinger. He was recently appointed Assistant Secretary of State for East Asian Affairs.

The three replacements under consideration include longtime Kissinger crony Hel-



## Briefly

mut Sonnenfeldt, who served as Kissinger's special assistant from 1969-72 at the National Security Council and later as Kissinger's State Department counselor. The controversial Sonnenfeldt, who had been under State Department security surveillance in 1959-67 for allegedly leaking classified information to Israeli and other intelligence agencies, was also the first man Kissinger advised George Shultz to hire. Also under consideration for the Policy Planning post is the former Kissinger Soviet expert at the National Security Council and State Department William Hyland. Hyland, who has also been brought into Shultz's immediate entourage by Kissinger, is identified in Kissinger's latest book as one of his two closest friends (the other being Winston Lord, the chairman of the New York Council on Foreign Relations). The last name reported to be under consideration is Peter Rodman, who reportedly "ghost-wrote" Kissinger's autobiography.

Policy Planning maintains access to all "classified" information and has been the center of support for Tel Aviv's policies over the years within the U.S. government.

### *AID visit to "straighten the Egyptians out"?*

The U.S. Agency for International Development (AID) is disgruntled by the bad public relations the official Egyptian press has begun to give them. *EIR* has learned that AID Director M. Peter McPherson is "tentatively" scheduled to visit Cairo late in November in response to a series of excoriating articles which appeared in Egypt's semi-official *Al Ahram al Iktasiki* newspaper in early October, accusing his AID office of plotting against Egypt's security. According to a risk analyst who specializes in Egypt for a leading Wall Street commercial bank, "maybe McPherson will go there to straighten the Egyptians out."

Egypt has the largest AID bureaucracy in the developing nations. The Alexandrian Mafia, sheltering the remnants of former King Farouk's family and friends, is heavily involved in its administration. For his part McPherson was a major architect of the genocide-advocating Global 2000 Report.

Egyptian President Mubarak, according

to Cairo sources, is to arrive in Washington some time in January to discuss the future of Egypt's economic relations with the United States. It is expected that he will raise the same theme he did in his last visit in February 1982: the need to get the Malthusian AID bureaucracy out of the way so that the billions of dollars in U.S. aid to Egypt can be spent effectively, not on the murderous "basic human needs" approach AID dictates. AID has been the leading force in attempting to dismantle Egypt's state sector in favor of a Hong Kong-style economy. Aside from a vigorous population-control program AID has been an open advocate of busting Egypt's trade unions in order to promote sweatshop labor.

According to an Egyptian journalist, the free-enterprise program AID has been pushing is exactly the same policy the old British-allied King Farouk regime espoused. *EIR* was recently told by a State Department official in charge of "environmental affairs" for Egypt that Egypt was "better off under Farouk" than the nationalist regime of Nasser, because Nasser-built up expectations in the Egyptian people."

### *India to boost nuclear power*

India will increase installed nuclear power capacity from the present 860 MW to 10,000 MW by the end of the century, Prime Minister Indira Gandhi stated Nov. 6. Five nuclear stations, consisting of four units each, will be built across the country, she said.

Mrs. Gandhi outlined the country's nuclear development plan to the parliamentary consultative committee attached to the Departments of Atomic Energy, Space, Science and Technology, Electronics, Ocean Development and Environment. Initially the stations will consist of 235 MW units, but these will be switched to 500 MW units, for which design work is now under way.

For the 21st century, a prototype 500 MW fast breeder reactor based on thorium fuel is now being developed, the Prime Minister explained. India has domestic thorium reserves that are among the largest in the world.

The Indian nuclear research establishment is also one of the world's best.

● **THE ARGENTINE** central bank announced Nov. 18 that it will pay off \$5.5 billion in private-sector debts—four to six years from now.

● **JOURNALISTS** are descending on Tegucigalpa, the capital of Honduras, for "the expected" outbreak of war with Nicaragua, according to wire service reports appearing in Ibero-American newspapers on Nov. 16.

● **TERMITES**, according to Science magazine Nov. 6, "do more than dine on the succulent wood of innumerable homes. They may also contribute as much as half of the atmospheric methane produced each year." That's 165 million tons, along with 55 billion tons of carbon dioxide. This poses a cruel dilemma for environmentalists, since these two gases are the major influences on the "greenhouse effect" that is held to be smothering the planet. Now the greenies have to choose between fresh air and World Wildlife Fund leader Prince Philip's beloved "creepy-crawlies."

● **PRINCE LOUIS** Ferdinand of Prussia declared, on the occasion of his 75th birthday celebration Nov. 9, that although because of his advanced age he was unlikely to regain his throne and restore monarchy to Germany, "my grandson might." The Prince, whose bash received wide publicity, began stumping in September, when he declared that the depth of the world crisis forced him to give up his previous political neutrality.

● **THE CLUB OF LIFE** held its first Asian working meeting in New Delhi on Nov. 16. The event was hosted by Indian Club of Life founders R. K. Mishra, Ganesh Shukla, and Col. Rama Rao. It was also addressed by *EIR* Contributing Editor Uwe Parpart, who has been on tour in India.

## Federal 'gridlock' intended as pretext to scrap Constitution

by Susan Kokinda, Washington correspondent

Talk of a "collision course" with Congress over economic and defense policy has intensified as the House Republican leadership balked over President Reagan's militant "stay the course" intentions. On Nov. 18, House Republican leader Robert Michel (R-Ill.) left a White House meeting and declared that there was no more room for cuts in domestic spending. Michel's announcement, immediately tagged a "revolt" by the White House press corps, came two days after President Reagan announced in a New Orleans speech that he hoped to accelerate his 1983 tax cut, maintain the proposed level of defense spending, and that it was in the area of domestic spending that further cuts would have to be made.

Governmental gridlock between President Reagan and the Congress has now emerged as a distinct possibility, during both the December lame duck session, and more importantly in the 98th Congress convening in January. Such a "failure of government" is tailor-made for Secretary of State George Shultz and his team of "crisis managers" to step into the breach and implement more severe austerity measures than have been seen already. Shultz, in league with the AFL-CIO's Lane Kirkland, is fanning the congressional revolt from behind the scenes, in an effort to weaken the resistance of the President to such "crisis management."

It is no coincidence, therefore, that simultaneous with the emergence of this "deadlock in crisis" scenario, an elite group of anglophile policy makers, with George Shultz's personal counsel and Trilateral Commission member Lloyd Cutler at its head, has publicly surfaced a debate over the need for a complete overhaul of the American Constitutional structure and its replacement by a British parliamentary system. Their

concern is that pro-constitutional forces will ultimately resist the demands of the supranational Malthusian for more and more austerity. To forestall such resistance, this anti-republican elite would tear down the very fabric of the Constitutional system.

The *EIR* of the week of Nov. 16 exposed the existence of the semisecret Committee on the Constitutional System (CCS). *EIR* founder Lyndon H. LaRouche's precise formulation of the oligarchy as "neo-Malthusian world federalists" is nowhere more clearly represented than in the composition of the CCS. Top genocidalists and Anglo-Saxon racists from the Committee for the Year 2000, the Club of Rome and the Population Crisis Committee, such as Robert "Bodycount" McNamara, William Fulbright, Elliot Richardson, Walter Cronkite, and Sen. Claiborne Pell, sit side by side with such avowed Tories and apologists for the British parliamentary system as Lloyd Cutler, C. Douglas Dillon, James McGregor Burns, the Christian Science Monitor's Richard Strout, and Brookings' James Sundquist. The major target of the CCS, as of Ted Kennedy's similar constitution-wrecking Project '87, is the dissolution of the separation-of-powers doctrine, which has thus far enabled the American system to resist wholesale supranational control.

### Setting the stage

While the CCS will plot in secret (and will not reveal its sources of private funding), it was determined that public perception might be softened up by surfacing the debate into the public domain. The instrument was to be Rep. Reuss' Joint Economic Committee, which conducted three days of

hearings from Nov. 9 to 18 on "Political Economy: How to Make the Government Work." A full complement of the oligarchy's neo-Malthusians and British apologists were present: Fulbright, Cutler, Dillon, Richardson, John B. Anderson, Strout, Burns, Sundquist and others.

In his press release announcing the hearings, Reuss puts the austerity issue right up front: "There is an unspoken assumption about our political system . . . that it will inevitably survive any economic disaster, however severe. But how secure are we, really? . . ." Burns was even more blunt about the opportunity presented by such economic dissolution, predicting a "series of national and worldwide crises which will so sorely test our national institutions, that, suddenly, many will understand the need for constitutional change and we must be ready." Dillon cited the "great danger of a very serious economic problem in the near future," and the threat of thermonuclear war.

In fact, it is precisely the extent to which American republican principles of technological progress have been violated and replaced by the systems analysis form of genocide practiced by the International Monetary Fund, and the sister form of austerity practiced by the Federal Reserve and the Office of Management and Budget, that any crisis exists. Shultz, who as recently as his Nov. 18 press conference publicly embraced the IMF's international enforcer Henry Kissinger, is directing the American deployment against the efforts of Lyndon LaRouche and allied forces to effect a Hamiltonian solution to the international debt crisis. Shultz continues to arrogate domestic economic policy making power, attending a recent White House briefing, as one participant noted, "wearing his economic and budget hats, not his State Department hat." Shultz' budget hat is old hat, since he was the first director of the then-newly-created Office of Management and Budget in 1970. It is that increasingly dominant budget process, in which the Federal Reserve Board controls economic reality from outside the "process," which has strait-jacketed Reagan and the congress into the confrontation over non-issues pending in 1983. Congress, especially, has nearly ceased its legislative functions, under the now all-engrossing functions of the "budget process."

### **New requirements of global genocide**

Yet, despite the past and present capabilities to implement austerity which Shultz and his fellow travelers have put into place over the years, the magnitude of the current crisis demands more. Herein lies the oligarchy's need to finally crush that unique ability of the constitutional system to resist Malthusian policies. Elliot Richardson, who testified on Nov. 17 and nominally opposed constitutional reform of the parliamentary type, merely proposed it in a different guise. Richardson suggested that most of the problems of the U.S. government could be solved if an adequate data base for more comprehensive global modeling and forecasting were to be adopted. Asked afterwards by *EIR* to elaborate, Richardson immediately pointed to the *Global 2000 Report*, which ad-

vocates the elimination of 2 billion people by the year 2000, and to the efforts of the super-elite Committee for the Year 2000 to establish an office in the executive branch whose purpose would be to impose the Malthusian constructs of Global 2000 on U.S. policy making. Richardson revealed that the Year 2000 Committee is preparing legislation to create such a global modeling office in the executive branch. A few minutes after this exchange, Richardson reminded Chairman Reuss that Walter Cronkite is co-chair of the Year 2000 Committee. Cronkite, of course, serves on the Committee on Constitutional Systems. What Richardson did not mention was that George Shultz was about to join the Year 2000 Committee, when called to replace Alexander Haig. The annoying necessity of taking an oath of office precluded Shultz from openly affirming his higher allegiance.

The genocidalists' concepts of futurism permeated other testimony as well. James McGregor Burns, a long-time parliamentary sympathizer of the CCS, declared that one of the most serious penalties paid by the United States for its inefficient form of government is the "inability to engage in realistic, comprehensive planning." With the eugenicist immigration movement of previous decades hovering in the background, Burns cited America's failure to more carefully plan immigration policy as his prime example.

Another CCS member and Trilateral Commission member, Sen. William Roth (R-Del.), is running a parallel operation against the executive branch, with his proposed new "Hoover Commission," which would streamline the executive along more "efficient" lines.

### **World Federalist attack on nation state**

As long as sovereignty resides in the constituency-based institutions of the American constitutional republic, as long as those constituency-based institutions can be made to operate for the good by a powerful political movement, such as that represented by Lyndon LaRouche's economic development-based peace movement (see Special Report), the oligarchy stands in danger of losing control in the U.S.A.

Throughout the JEC hearings, Reuss deprecated this constituency-based activity as "errand running," suggested that an ombudsman take over those functions from legislators, allowing them to focus on national policies. Other witnesses such as Sen. Lloyd Bentsen (D-Tex.), Cutler, and Fulbright, proposed extending the length of terms of office of members of Congress and the President so as to avoid the "distractions" of reelection. Various proposals were advanced to limit the President to one six-year term and to similarly cap the number of terms of Congressmen and Senators, again to avoid the reality of facing the voters.

Crucial also to the parliamentary reformers' schemes is tightly interlocking the executive and legislature so as to enhance the "efficient" implementation of Malthusian dictates of their global "Privy Councils." In his Nov. 9 testimony, Cutler admits that the paralysis of government brought about by separation of powers has manifested itself most in

the areas of national security and economic policy, precisely "because of the growing interdependence of the world, and because the President of the United States remains the only world leader who cannot commit the government he heads to the necessary policies." This is the content of the attack on the doctrine of separation of powers. They justify it by arguing that the Founding Fathers' fears that national sovereignty could be subverted by oligarchical demagogues and cliques—fears which motivated the doctrine of checks and balances—are no longer valid!

In order to eliminate the ability of each branch of government to resist such subversion, the wreckers propose that the President, members of the House, and a proportion of the Senate be placed on one line on the ballot, forcing voters to vote for an entire party slate. Other parliamentary proposals, notably advanced by Reuss, including allowing the President to draw his Cabinet from the legislature, and the breaking of deadlocks by providing for either the President or the legislature to call for new elections. Even Richardson noted that such a reform of the American structure would yield such instability as to "make Italy in the post-war period look like the Rock of Gibraltar."

The Senate "delaying tactics" and its ability to reject treaties by only one-third of the Senate came under special attack by Reuss. As well, Sen. Mathias, under his chairmanship of the Rules Committee, has empaneled a commission to examine how to streamline the procedures of the Senate.

The charter members of the Paul Volcker Protection Racket in the House of Representatives—Speaker Tip O'Neill, Henry Reuss, Richard Gephardt (D-Mo.), Tim Wirth (D-Colo.), and Leon Panetta (D-Cal.) are pushing for tighter party discipline and threatening to "punish" those boll weevils and other Democrats who voted their constituencies in the 97th Congress rather than the policies of the Volcker-supporting Democratic Party leadership.

That the servile British Parliament and party structure is the model for these Anglophilic revisionists is nothing new to American political battles. Under the leadership of Woodrow Wilson, the Democratic Party adopted rules binding members to vote according to Democratic caucus dictates in 1911. As Senator Works lamented in the wake of the 1913 passage of the Federal Reserve Act, the policy of caucus discipline was "the most unfortunate feature of legislation under this Administration. Neither would Congress have bowed the knee and surrendered to the monied interests of the country the ownership and control of the reserve banks with enormous power that goes with them."

The parliamentary coup which was the enactment of the Federal Reserve system had come as the culmination of 40 years of oligarchical subversion, which began in the post-Civil War period. The oligarchs have long memories. The unfinished assaults on the sovereign American nation represented by the Species Resumption Act, the Federal Reserve Act, the budget process and Global 2000, are to them merely the precursors of their current intention to finish the job.

## The World Wildlife Fund: lock away the resources

by Lonnie Wolfe

Last month, at a press conference in Bali, Indonesia, the World Wildlife Fund, the international elite of the environmental movement headed by Britain's Prince Philip, launched what it termed "the most important environmental campaign in history."

Ostensibly aimed at protecting jungle habitats and tropical rain forests, the Fund's oligarchical controllers have made clear that the real goal of the campaign is to halt prospects for the industrial development of the impoverished nations of the developing sector. By so doing, the World Wildlife Fund hopes to stop the development of sovereign nation-states which can challenge the neo-colonial domination of the world by the oligarchical families and their retinue.

According to sources in the U.S. intelligence community, the Fund is targeting several development projects in Africa, Asia, and Ibero-America, and its primary focus will be to stop the industrial development of Brazil's rain forest areas. Prince Philip and other World Wildlife Fund leaders expressly fear resource-rich Brazil's potential development into a world superpower and plan to stop this at all costs. According to one source, the Fund views its operations as a direct counter to American political leader Lyndon H. LaRouche and his mobilization for an Ibero-American debt bomb and an Ibero-American common market, a plan that focuses heavily on Brazil.

### What is the World Wildlife Fund?

The World Wildlife Fund was created in 1961 at the personal instigation of Holland's Prince Bernhard, later a central figure in the Lockheed scandal, and the British royal family. Its international executive includes most of the crowned heads of Europe and leading members of the world's black oligarchical families.

These networks deploy their forces cooperatively with the International Union for the Conservation of Nature (IUCN), founded in the early 1950s by British intelligence operative Julian Huxley, then working for the United Nations Education and Social Organization (UNESCO). Both the World Wildlife Fund and IUCN work closely with the Draper Fund for Population Activities, an international command post of the population-reduction movement.

# a conspiracy to of the world

While the Carter administration was preparing its Global 2000 document, the World Wildlife Fund and the IUCN were working on a parallel project—the World Conservation Study. Released during the summer of 1980, the World Conservation Study was billed by its sponsors as “the apolitical Global 2000.” When the Reagan administration took office, directors of the Fund’s U.S. operation, led by the Republican director Russell Train, immediately started selling the study to their new friends in Washington, especially then Under Secretary of State James Buckley and Vice-President George Bush. Current Secretary of State George Schultz is said to be a supporter of the study. Prince Philip’s campaign against development to “save the rain forests” emerged as a policy recommendation of the World Conservation Study. The Fund and its allied forces have spent the last two years putting the necessary forces into the field, developing the command infrastructure and mobilizing resources, to make the campaign work.

The Fund’s published literature talks of the desire of such families to protect “vanishing species” from the ravages of modern society, but private sources close to Prince Philip paint another picture of the Fund’s purposes. For nearly 500 years, the ruling oligarchical families of Europe governed the present developing sector via direct colonial administration, guaranteeing that these areas would be permanently under-developed, that their resources would be looted, and that their forests and jungles would be maintained as hunting preserves for the members of royal households.

By the close of World War II, it was politically untenable to maintain the colonial system. While the colonial empires were dismantled, new forms of feudal manipulation were developed to maintain the colonial system by other means.

The World Wildlife Fund, say those sources familiar with the thinking of Prince Philip and Prince Bernhard, was created as a new form of colonial administrator. In specific, the goals established in 1961 called for placing the maximum amount of the world’s land surface in “untouchable” game preserves, national parks, national forests, etc. These areas were to be administered through agents of the Fund, operating often within the governments of the newly decolonized countries. Such areas represent a feudal stranglehold on the

potential development of whole continents, a way to perpetuate the colonial system by other means.

From the beginning, the concern for the “cute little animals,” was a fraud and convenient way to mobilize maximum public pressure against nationalist development programs.

Thanks to the work of the Fund, approximately 10 percent of total world surface is safely tucked away in game preserves, national parks, and national trusts. Key areas of Kenya, for example, containing vast resources, are in game preserves. In Africa in particular, the location of these areas makes a competent and coherent cross-national development plan almost impossible.

## A new Malthusian order

A close associate of Prince Philip reported that behind their latest campaign is a “secret plan” to create a new Malthusian world order based on “corporatist principles.” The idea is to use the corporate and financial institutions dominated by the oligarchical families that comprise the Fund to control all world economic and political activity.

It was “corporatist principles” which Benito Mussolini and after him Adolf Hitler used to organize fascist economies earlier this century. Now such principles will be used to carry out the next stage of the Fund’s plan for genocide in the developing sector as specified in the Carter administration’s *Global 2000 Report*.

“Our policies are to teach the principles of corporatism,” said the associate of the Prince, who recently completed a tour of the United States on behalf of the Fund’s “protect the rain-forests” campaign. “We say combine corporate efficiency with environmentalism, which translates into doing more with less—less energy, less industrial capacity, lower population levels.

“What Philip is doing is to say to government leaders and corporate leaders around the world,” the associate continued, “that we intend to make you more effective. No confrontationism, just sober warnings about realities and demonstration of profitability of environmentally sound policy.

“Then,” explained the associate, reiterating the uselesseater policy of the Nazis, “if you want to force lower population levels, show that it is more economically sound to have less people around. Get people agreeing with that—which is what the Prince is doing. Build a consensus among the elites.”

The current Volcker depression aids the Fund and its leaders in carrying out such a “cost-effective policy.”

“There is a global economic crisis,” said Philip’s associate. “The more chaos there is, the more effective we are. We intend to show people that environmentalism is the only way out of the crisis, and that there really is no other way. We tell people that the world is awful but that we can make it better. When governments are failing, listen to the non-political elite—the voice of reason in the time of chaos. We control the leaders and they take it from there.”

An examination of the corporate support network and the board of directors of the Fund reveals the way in which it

controls policy. All levels of policy are represented: the oil companies, the mining conglomerates, the top corporate and investment banking circles, the leading corporate consultants and international management agents, as well as former executives of the World Bank, and the International Monetary Fund.

In each country, the Fund cultivates the support of such policy circles, while insinuating their own people into top leadership positions. For example, the Fund boasts of its points of control within the Brazilian Development Ministry and in the top Brazilian banking institutions.

This enables the Fund to launder its policy through several conduits, often presenting themselves as friendly "trusted experts" on development. David Rockefeller, of Chase Manhattan Bank, a Fund supporter, and Citibank Vice-Chairman John Reed, a U.S. director of the Fund, have already insinuated themselves as lenders and advisers on development to developing-sector countries. Top accountants and lawyers, such as Fund director J. McLain Stewart, the head of the major international consulting agency McKinsey and Company, and former U.S. ambassador to Great Britain Eliot Richardson of the Wall Street law firm of Milbank, Hadley, Tweed and McCoy, are among these advisers.

"We have to be very careful with these thin-skinned Brazilians," said Roger Stone, a Fund director and Latin American expert, explaining why the Fund must lie to put its policy across. "They're paranoid the colonial powers will come and put up the British or U.S. flag. . . . We can't say to the Brazilians, 'Don't build anything.' They answer: 'You just want to keep us down. You only want to maintain the balance of power on your side.' Or they will say: 'You only want to keep our population down. That's genocide.' . . . The way we work is not to say shut it down. . . . Our tack is to set the priorities of development."

The banks are key to this policy, said Stone. "We can't work directly with the banks because the Brazilians, for example, might accuse them of withholding financial resources. But from a conservationist standpoint, the answer is to stop everything—and that is what we tell the bankers to do with their lending."

Another Fund director, Howard Clark, the retired chairman of American Express, explained how this is done: "We don't tell bankers about saving the trees in Brazil. We just tell them that these countries have too many people, their populations have been growing too much, they've done too much foreign borrowing, and that this is endangering the banks. . . . Now, this might nicely save our forests, but this is not where it starts. It starts that we are just not going to give them any money. . . ."

### Who, us?

An official of the World Wildlife Fund in the United States bristled when it was suggested that his organization was against development.

"We are not opposed to all development," he replied. "If

there are resources in the ground, somebody will get the idea to take them out. The problem is when these schizophrenic national leaders get the idea that these resources can be used to develop their nations for their own interests. We are not opposed to mining these resources, for a profit. Look at our board. Who do you think does the mining? Who develops the resources? Who provides the capital? We all want people to make a profit. In fact, we are the ones who will make the profit. That is the way it's always been.

"I guess you can say our real problem is with the nations themselves," he continues, "and their immature leaders. And that is why we are so important."

## WWF's board of directors in the United States

As of November 1981, the World Wildlife Fund's Board of Directors included:

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Since at least May 1982, following an under-publicized visit to London, Henry Kissinger has been coordinating a drive to consolidate control of the Reagan administration for the Tri-lateral Commission wing of the Republican Party. Secretary of State George Shultz is fully collaborating with this effort, which will put Kissinger in charge of enforcing the "controlled disintegration" economic collapse and depopulation of the developing sector.

This *EIR* Special Report, written by *EIR*'s Washington Bureau, provides the details of Kissinger's drive, including the implications for domestic and foreign policy. Includes profiles of Kissinger's collaborators, especially Helmut Sonnenfeldt, and the role being played by the Jack Kemp-led "opposition." Profiles of recent administration appointments also included.

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# National News

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## Shultz and Baker move to oust Donovan

Although he is meeting with intense White House resistance, Secretary of State George Shultz, aided by White House Chief of Staff James Baker III, is reported to be in the forefront of a movement aimed at ousting Secretary of Labor Ray Donovan.

Shultz, according to sources close to the AFL-CIO, is said to have devised a scheme for selling the idea to the President. A long-time intimate of the AFL-CIO "Research Division" and Lane Kirkland dating back to his 1969 tenure as Secretary of Labor, Shultz, in league with Kirkland, heavily promoted in presidential circles a so-called jobs plan recently put forth by Transportation Secretary Drew Lewis which would impose a five-cent tax on gasoline at the pump in order to fund a reputed "infrastructural" renewal program. Under the plan, new jobs would be "created" in repairing roads, bridges, and tunnels.

Shultz is trying to convince the President that if he "goes for" the AFL-CIO sponsored program, he might secure the endorsement of AFL-CIO Building Trades President Robert Georgine for 1984. The AFL-CIO "infrastructure" plan would largely provide jobs for construction workers and other building trades employees. Shultz, supported by Baker, is, however, said to have informed the President that the White House would also have to fire Donovan in order to secure Building Trades support.

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## Byrd makes deal to support Volcker

Senate Minority Leader Robert Byrd of West Virginia is coordinating a four-way deal among the Democratic Party clique around Charles Manatt, Federal Reserve chairman Paul Volcker, a grouping inside the administration, and AFL-CIO President Lane Kirkland to force an austerity and monetary policy package through Congress early next year.

Senator Byrd will seek passage of legislation supporting the Fed's monetary policy. The legislation has been cleared by Volcker and by James Baker III. It will be backed up, said a spokesman for the Senate Democratic Policy Committee, by a slight lowering of interest rates.

But a drop in interest rates by a few points will not promote a recovery, Byrd's aide admits. "Interest rates must be perceived as continuing to fall or we risk some kind of social explosion," said Byrd's aide. "The Fed knows this, and the markets expect it."

In exchange for the cosmetic lowering of interest rates, Volcker is reportedly demanding severe cuts in the budget, especially in defense, and a rollback of the Reagan tax cuts. "If we are going to cut the budget more, we have to keep people thinking that interest rates are coming down," the Committee spokesman said. "The election showed that they won't accept new cuts any other way."

As the final part of this package, Baker and George Shultz are trying to convince the President to re-appoint Volcker for another year as Fed chairman when his term expires in August 1983. Byrd is lined up to guarantee Volcker's confirmation by the Senate.

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## LaRouche: 'AFL-CIO must fire Kirkland'

*EIR* founder Lyndon LaRouche demanded that the AFL-CIO fire its president, Lane Kirkland, in a statement issued Nov. 13. "Rumors have reached my office that AFL-CIO president Lane Kirkland, the single individual most responsible for the world depression because of his support for the usurious interest-rate policies of Federal Reserve chairman Paul Volcker, is now working [with Senate Minority Leader Robert Byrd] on drafting a bill that supports the Volcker [monetary] policy," LaRouche said. "The labor movement must move immediately to fire Kirkland, . . . a member and protégé of David Rockefeller's Trilateral Commission, has been the leading U.S. defender of Volcker's policies. . . . He has caused the loss of more jobs than Herbert

Hoover.

According to latest available government figures, U.S. unemployment now stands at 10.4 percent. A recent *EIR* study puts actual unemployment—including part-time workers, those dropped from the unemployment rolls, and many others—at 20 million. Figures for the developing sector are far worse.

Kirkland's aides report that he has met with Volcker on a number of occasions, and lobbied against any congressional action condemning the Fed's policies.

"Kirkland has supported Volcker by the 'Kissinger method'—outright thuggery through complicity of his friends in organized crime," LaRouche asserted. "AFL-CIO officials openly bragged to investigators of Kirkland's role in a conspiracy run by Henry Kissinger and organized crime boss Roy Cohn to assassinate my wife, Helga Zepp-LaRouche, a public figure in the Federal Republic of Germany. Kirkland's first thug moves against me and my wife began after Kirkland realized I was the leading figure in the growing anti-Volcker movement around the world."

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## *Sun-Times* demands death of black child

Sheila Jones, National Democratic Policy Committee-supported candidate for mayor of Chicago, issued a statement Nov. 16 denouncing the role of the Chicago *Sun-Times* newspaper in promoting ending life-support to a seven-month-old black child hospitalized after a serious accident.

The *Sun-Times* reported Nov. 1 that Loyola Medical Center was suing to have the child taken off the life-support system against the parents' wishes. Jones called a press conference to state that this was the euthanasia policy carried out in Nazi Germany, and to recognize Judge Walter P. Dahl's order to keep the child alive for at least another week.

But in his Nov. 4 coverage of the situation, *Sun-Times* reporter Tom McNamee alleged that the parents did not want the child taken off life support because the child had been abused. His innuendo was then report-



ed as fact by *Sun-Times* reporter Lyn Sweet, who wrote, "A hospital Wednesday was told by an appeals court to continue to keep alive by artificial means a baby whose brain stopped functioning after he was beaten."

"It is not by accident that Lyn Sweet is the same reporter who wrote the most sickening, fawning article about Prince Philip's trip to Chicago," Jones stated. "Prince Philip is the most outstanding advocate of reducing the world's population by 2 billion persons by the year 2000—aimed at the population of the developing sector, and blacks and Hispanics in the advanced sector. . . . The *Sun-Times* thought they could blackmail the parents into agreeing to pull the plug with the threat of branding them with child abuse."

The *Sun-Times* assertion Nov. 4 that Alex Haymer had been beaten came 10 days after the child was first taken to Palos Community Hospital Oct. 21 by his father after he rolled out of his infant seat and fell. The parents were told Oct. 24 by neurosurgeon Timothy Scarff that tests indicated that the baby's brain was dead, and he requested permission to turn off the respirator. When they refused, Loyola Medical Center, to which the child had been transferred, filed a petition Oct. 29 to remove Alex from the respirator, which was heard Nov. 1. There was no mention of child abuse until the Nov. 4 *Sun-Times* article. The child's fate will be decided in Appellate Court.

## FEF holds seminar on beam weapons

Sixty-two people, including 22 from congressional offices, attended a standing-room-only Fusion Energy Foundation Capitol Hill seminar on the need for a beam-weapon development program. Dr. Steven Bardwell and Paul Gallagher outlined Lyndon LaRouche's new peace movement, explained the strategic and economic promise of beam-weapon development, and attacked the nuclear freeze movement.

Some congressmen who are strong nuclear freeze advocates, such as Reps. Ed Markey (D-Mass.) and Barbara Mikulski (D-Md.) were taken by surprise when Gallagher

quoted Ramsey Clark, who said that the freeze is a movement against technology; Jonathan Schell, who approvingly described the freeze as an attack on national sovereignty; and Arthur Westing, who has called for conventional buildup. Rep. Joe Moakley's (D-Mass.) office, another freeze supporter, attended because they have a bill in congress to start negotiations on treaty limitations on such deployments of space technologies. Rep. Carl Pursell's (R-Mich.) office attended because of their interest in fusion, and the fusion program in their district. Post-industrial advocates such as Rep. Albert Gore (D-Tenn.) attended; Reps. Ben Gilman (R-N.Y.) and Frank Wolfe (R-Va.) both indicated that constituents wanted them there. Various Armed Service Committee members came, including Reps. Dave McCurdy (D-Okla.) who is "pro-defense" but are looking for a viable way to preserve the peace; Marjorie Holt (R-Md.); Tom Foglietta (D-Pa.); and Marvin Leath (D-Tex.). Some offices attended looking for a way to politically defuse the nuclear freeze; others were seeking arguments and alternatives to some of the current defense programs as a way of cutting the budget; and still others were looking for a new leg to the nuclear defense triad as the land leg becomes more "vulnerable." Other offices attending included Reps. Norman Lent (R-N.Y.); Hank Brown (R-Colo.); Ike Andrews (D-N.C.), who also asked for legislation; Chalmers Wylie (R-Ohio); Corcoran (R-Ill.); and Senators Garn (R-Utah); Grassley (R-Iowa); and Laxalt (R-Nev.).

Ten individuals attended from the administration, representing the Peace Corps, State Department, OMB, Department of the Army, the Department of Energy, General Services Administration, Health and Human Services, and the National Defense University. Military associations such as the American Defense Preparedness Association and the Navy League were also present. Thirteen attended from 10 embassies including: the German Democratic Republic; U.S.S.R.; People's Republic of China; Pakistan; Turkey; Korea; The Netherlands; Iraq; Austria; and Yugoslavia. Six reporters came, including *Aviation Week*, *Air Force Times*, *Congressional Quarterly*, *Aerospace Daily*, *People's Daily* (P.R.C.), and *Voice of America*.

## Briefly

● **NEW YORK TIMES** publisher Arthur Sulzberger has called for the end of the "fairness doctrine" under which television and radio broadcasters are required to give equal time to the various participants in an electoral campaign in a speech at Columbia University Nov. 17. Sulzberger was at the university to receive its Alexander Hamilton medal for "distinguished service and accomplishment."

● **KERMIT LAUGHTON**, the DOE official in charge of commercial plutonium reprocessing, told the American Industrial Forum Nov. 17 that "administration support at the highest levels" already exists, but the industry is "conspicuously silent" on the matter. The administration is considering a DOE proposal to budget \$250 million to buy plutonium for reprocessing at the Barnwell facility, if and when that half-finished plant comes on line.

● **MAX DEAN**, a leader of the National Democratic Policy Committee in Michigan, was elected one of 23 members of the Genesee County Michigan Democratic Party Executive Committee the week of Nov. 8. Dean is a long-time leader of the Democratic Party in Flint, Michigan, and in the Flint NAACP.

● **SOVIET SCIENCE** award goes to American Robert W. Freyman, the first non-Soviet to be so honored by the Murmansk Polar Geophysics Institute. Institute head N. A. Gorokhov presented the medal to Freeman for experimental work in Alaska confirming predictions by Soviet theoreticians on the phenomenon of long-delay radio waves.

● **McGEORGE BUNDY**, addressing a New York University alumni meeting, was asked if he supports Edward Teller's proposal to develop anti-missile beam weapons within five years. "I've been told we can't develop this sort of thing in this century," he replied. "Rarely do I agree with Teller. The Soviets don't have a lead in this area."

## Editorial

# What is the *New York Times*?

On Nov. 16 a Gestapo-style *Nacht und Nebel* raid against the New York City office of PMR Printing Company—printer of this magazine and other publications associated with Lyndon LaRouche—took place when 15 policemen deployed by Manhattan District Attorney Robert Morgenthau carried out a four-hour search of the plant. The action appears to have been conducted on behalf of the *New York Times*, which is attempting to place responsibility on LaRouche associates for a recent supplement which the *Times* says was spuriously inserted into its Sunday edition.

This raid is meant to be the beginning of a conspiratorial “fishing expedition” aimed at fulfilling the *Times*’s years-long war against all persons and organizations connected with Lyndon LaRouche.

The *New York Times* is the antithesis of what Americans understand a “free press” to be. It has a history of treason and evil-doing from its inception. It has been committed for more than a century to the oligarchy’s policy of depopulation and feudal economic systems. Its great “compassionate liberal” pose is just that, a pose. How could it be otherwise for a newspaper which belongs to families tied to British banking, the British-controlled narcotics traffic, and the British crown?

During the American Civil War, the *Times*’s apparent editorial line and its actual activity were poles apart. At least one of its war correspondents (posted to Washington, D.C.) was exposed as a Confederate spy. Lincoln declared him *persona non grata* on Capitol Hill.

After the Union won that war against backward slaveholders and their British sponsors, the *Times* evolved its editorial line toward the policies which brought Britain back into U.S. economic affairs through the Federal Reserve System, and which established a growing “special relationship” with Britain during the First World War.

When Thomas Edison first began the electrification of New York City, a vast operation which transformed the city and the world, the *New York Times* violently polemicized *against* electricity. It was “dangerous,” they said, and particularly “dangerous” to workers involved in it. Scare story followed upon scare story,

“exposé” upon “exposé.” The *Times* lost that round, but it has never stopped promoting the zero-growth Luddite rampage which is now called environmentalism.

The *Times* has always arrogantly believed in its right to make and break governments. Witness Watergate; witness Abscam; witness the current Israeli scandal we describe in the International section of this week’s issue.

From the early 1920s onward, past the beginning of World War II, the *New York Times* promoted and endorsed Adolf Hitler unblushingly. As early as 1922, when Hitler was a local rabble-rouser in the streets of Munich, the *Times* covered him like this: “Suddenly, every one jumps up and a roar of applause sweeps through the big hall. Upon the speaker’s platform steps a simple, modest-looking, slender man of medium height who seems underfed and overworked. . . . Gradually one is gripped by his strictly logical construction as by what one may almost call the overpowering strength of conviction. . . . In fact, in spite of the speaker’s moderate tone, a very hurricane of elemental passion seems to be sweeping over the audience. . . . Everywhere there are flashing eyes and exalted spirits. Youthful forms, although showing signs of semi-starvation, brace up proudly.” (According to the historian David Irving [*The War Path: Hitler’s Germany, 1933-1939*], Adolf Hitler himself was a freelance correspondent for the *Times* in Bavaria in the 1920s.)

When the *Times* covered the architect of the Nazi economy, Hjalmar Schacht, it called him “agreeable, charming. . . . Schacht ended by leaving everybody with a very good personal impression.” The year was 1933.

And, in October 1939, *six weeks after* World War II had begun, the *Times* ran an editorial wholeheartedly endorsing Hitler’s just-proclaimed “peace offer” to France and England: “There is no reason to doubt Herr Hitler’s word that he wants peace.”

The *Times*’s fascist policies have never altered. When Pol Pot butchered the people of Cambodia, the *New York Times* again supported a mass murderer and the cannibal “economy” he imposed.

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