

# EIR

Executive Intelligence Review

May 31, 1983

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Latin America uniting for development and debt fight  
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# EIR

## From the Managing Editor

**A**t a time when U.S. Secretary of State George Shultz has contrived a Mideast face-off which could at any moment become a superpower showdown, our Special Report provides the intelligence required to grasp this strategic conjuncture. *EIR* founder Lyndon H. LaRouche, Jr. assesses the Soviet Union's military and political plans for eliminating the unforeseen obstacle to what otherwise would have been their unimpeded global ascendancy in the 1990s: that obstacle is the new White House commitment to developing directed energy-beam antiballistic missile defense systems.

Now, an official of the Reagan administration, Norman Bailey of the National Security Council, has publicly asserted that the pathway out of the world depression is to carry out that commitment. Addressing the International Monetary Conference in Brussels on May 17, Norman Bailey of the National Security Council concluded his speech with the statement:

“... The present international financial crisis could abort the recovery much earlier if not successfully handled. . . . Not just [debt] rescheduling but restructuring will be required. . . .

“There is nothing new in all this, of course—it has happened over and over again since the industrial revolution. As one generation's technological innovations yield lower rates of return, capital is frozen and vested interests dig in; stagnation leads to collapse, unrest, and war. Then, as in 1939-43 in the U.S., by main force the grip of the vested interests is broken, resources are forcibly channeled into the new technologies under the whip of the national security threat, and the new era of prosperity begins.

“But unlike natural laws, social laws are not immutable. Necessary adjustments *can* be made without intervening social collapse and war. This is why the President's initiative to divert resources to the development of defensive technologies is so important. What could be a more important national security objective than freeing the Western world from the overhanging threat of nuclear conflict in a realistic and technologically and economically productive way?

“No—social laws are not immutable. What makes them seem so is the cumulative crushing weight of little minds of weak will and no vision. What is required and what we must have is a positive vision of attainable goals, and the will to attain them.”

That kind of mobilization has been the policy proposal of this journal for the past 15 months. We urge our readers to exert all their influence on its behalf.

*Susan Johnson*

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UPI

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Stay the murderers' hands.

## Latin America uniting for economic battle

by Robyn Quijano

Brazil, Ibero-America's largest debtor, is between \$1.8 and \$2.5 billion in arrears on interest payments, and intends to let its arrears build up to \$4-\$5 billion instead of trying for another "jumbo" refinancing loan, according to Brazilian sources. The Brazilian government has admitted its incapacity to meet IMF austerity conditionalities. Mexico, suffering 50 percent unemployment under IMF dictates, faces a general strike by up to 8 million workers on May 30. Peru and Ecuador will experience mass starvation by July, as floods and droughts compound the brutal economic contraction imposed by debt payments.

Against this reality, special representatives from 22 Latin American and Caribbean nations gathered in Quito, Ecuador on May 16 to support a proposal for an emergency economic summit of the continent's presidents, in order to resolve the problem of the foreign debt and confront the deepening economic crisis of the region. The Latin American Economic System (SELA) and the Economic Commission for Latin America (ECLA) had proposed the summit—along with recommendations for 1) continental economic integration through a Latin American economic community; 2) massive increase of trade within the region; and 3) a common front to alter the conditions attached to debt refinancing, to ensure the development of the region.

Many of these representatives went on to Bogotá, where Colombian President Belisario Betancur opened a meeting of ECLA focused on the Quito proposal.

"The moment has come for the countries of the North to

fulfil their responsibility, not to transfer 1 percent of their gross national product in the form of foreign aid, as the first Brandt Commission report suggests, but by the opening up of long-term credits," Betancur stated to the gathering.

"For Latin America, as I told President Reagan when he visited Bogotá, is not insolvent, but is suffering illiquidity problems." He called on the "North" to transfer technology, detailing the great human resources of his continent, the growing numbers of scientists and technicians over the past 30 years, and the continent's dedication to nuclear energy and the most advanced technologies.

Earlier at the Quito meeting, President Osvaldo Hurtado of Ecuador, who had requested the SELA-ECLA report, emphasized that the North must respond at the May 22 Williamsburg economic summit to the Latin American emergency, and warning that "our nations cannot continue to sacrifice if there are no solutions in sight."

### The Quito proposal

Challenging the IMF's conditionalities, the Quito proposal stresses the need to safeguard national prerogatives over economic decisions. Since, as the report states, these nations will not be able to pay debts unless they can develop, it is clear that the IMF and the gamemasters behind the international banks are playing a political game to de facto return the Third World to colonial status. Resources will belong to the creditors—or whichever creditor survives to pick up what is left at a penny on the dollar.

The Quito proposal affirms a strategy of using the economic capacities of the continent as a whole as a defense against the dismantling of productive capacity that is being demanded by the IMF and the international banks—a strategy put forward by *EIR* founder Lyndon LaRouche in the document *Operation Juárez*, which has been studied and debated throughout the continent since it was issued last August during the post-Malvinas War credit cutoff.

During the month before the document was presented, presidential tours and non-stop diplomacy quietly put into place the basis for continental integration.

The last week in April, Ibero-America's two biggest debtors, Mexico and Brazil, pledged their nations to the integration of the continent and put into place \$2 billion worth of barter deals. On May 8, the Argentine daily *La Nacion* reported that major barter deals will be arranged between Argentina and Mexico, and that, together with the deals signed by Mexican President Miguel de la Madrid and Brazilian President João Figueiredo at their Cancún, Mexico summit meeting in April, "this could be the basis for a future Latin American Common Market."

Almost every nation of the continent, whose debt totals \$300 billion, is now under strict conditionalities of the International Monetary Fund. Since barter is forbidden under IMF and GATT agreements, self-financing agreements are being put into place, and the banks are being told that foreign exchange saved by not having to pay for grains in the case of Mexico and oil in the case of Brazil, will go into debt payments.

Yet the most important aspect of the barter and common market arrangements is that they would insulate these economies against trade reprisals that could come from the advanced sector when the nations either refuse to comply with IMF conditionalities or simply stop paying the debt—two attitudes that are rapidly becoming reality across Ibero-America.

Then on May 10, Colombian President Belisario Betancur proposed the creation of a "Latin American Monetary Fund," transforming the Andean Development Corporation of the Andean Pact into a regional development bank which could be extended to the entirety of Ibero-America. The proposed fund would use the already existing Andean Reserve Fund to issue bonds for industrial development backed by the nation's central banks.

The new institution, he said, could provide "the possibility of our advancement, the strengthening of our negotiating capacity, the creation of more extensive markets for ourselves, and compensation of our difficulties in penetrating the markets of the developed nations."

Days before, in Lima, representatives of the five nations of the Andean Pact (Colombia, Venezuela, Ecuador, Peru, and Bolivia) agreed to put a similar proposal before the summit of Andean Pact presidents to take place in July in Caracas. According to the Venezuelan daily *El Nacional*, the Andean Pact agreed to set up a barter-based common market as an

"emergency cooperation program" to allow these nations to trade without dollars.

## Venezuela hits the IMF

Venezuelan President Herrera Campins, in a speech on May 12 before his Christian Democratic Party, hit the cutoff in credits that has forced Venezuela to negotiate a loan package with the IMF: "I have no doubt that in our case, we are paying for two stands we have taken during the last decade, for which we should not apologize but should instead feel proud": joining OPEC and supporting Argentina during the Malvinas War. Herrera also detailed how the present crisis evolved: First, he said, exaggerated credit was offered; then, when we were heavily indebted the interest rates were jacked up, and then "coercive measures for collecting the debt were instituted by the international commercial banks."

Herrera has received strong support for a stand against the IMF from Luis Matos Azocar, a leading economist for the opposition Acción Democrática party's presidential candidate. "The time has come to create a national front, with the participation of business, labor, and politicians, to strengthen our capacity of negotiations so that the IMF realizes that they are dealing with an entire nation, and not just a government—a minority one at that," Matos said to the press on May 13.

Colombian President Betancur also had harsh words for the international banks which are now putting Colombia through the kind of credit boycott that forced Venezuela to go to the IMF. Despite the fact that Colombia has a relatively lower debt and higher reserves than the rest of Ibero-America, Betancur said, the banks have said "Yes, you're okay, but you live in a bad neighborhood. You'd better move!"

Betancur's joke had a simple irony. Colombia is in its neighborhood to stay, and Betancur is determined, as is Mexican President Miguel de la Madrid, that Ibero-America will become "one nation" in its defense against the present economic disaster. To accomplish this, Betancur, who met with de la Madrid in Mexico two weeks before Brazilian President João Figueiredo visited Mexico, has a plan for integration that goes beyond the Latin American common market. In an interview with the Spanish news agency EFE, the Colombian president called for the Organization of American States to be transformed into a "Latin American United Nations Organization," citing the failure of the OAS now and during the Malvinas crisis to meet the needs of the area.

Betancur further proposed that the Central American integration bank be revived as a development bank, and that the Contadora group, Mexico, Panama, Colombia, and Venezuela, take up this question as part of their deployment for peace in the area.

And he reiterated his call for a \$35 billion fund within the IMF for the most devastated Third World nations, while warning that the "short-term medicine" of the IMF must be compatible with the development strategies of the debtor countries.

# Brazil's debt payments have come to a halt

by Mark Sonnenblick

The developing sector's largest single foreign debt careened out of control with the failure of a week of intensive negotiations in mid-May between Brazil, its creditors, the International Monetary Fund, and the U.S. Treasury. Brazil has slipped to a month behind in servicing its \$90 billion debt, its central bank president announced in Washington, but no creditor has dared to declare Brazil in "default," nor are the banks willing to provide new loans to disguise the default.

The Brazilians are taking a much more relaxed view of the crisis than they did last fall when they maimed themselves to keep the banks happy. Brazilian officials simply are not paying what they cannot pay despite having cut their imports by 17 percent.

Arrears are now running over \$2 billion, according to bankers involved in the crisis. The Brazilians know that a formal Brazilian default would throw more than the entire capital of most of the major American banks into the "bad loan" category. As far as Brazil is concerned, the virginity of its credit rating is lost forever, and there is little to be lost by letting its arrears proliferate to \$4 or \$5 billion by the end of the summer.

The four-part debt rescue package laboriously negotiated with its creditors under IMF auspices this past winter is a shambles. Morgan Guaranty encouraged Brazil not to declare a debt moratorium, but instead ask for a voluntary agreement that each bank would keep up its share of Brazil's \$19 billion short-term debt. That provided an escape valve for a Swiss-led faction of continental European banks which have, in the view of the Brazilians and the IMF, "pulled the plug." European banks decreased their short-term lending by \$1.5 billion. Smaller American banks have also refused to restore \$200 million in loans.

Ottokard Finsterwald of Austria's Creditanstalt-Bankverein now complains, "We said to the IMF, 'This is absurd. We haven't agreed to this plan.'" At a May 17 New York meeting of Brazilian creditors, the European banks announced that they would definitely not increase their current exposures in Brazil. The Europeans said, "This is an American problem," and suggested that the highly exposed U.S. banks give \$2 billion in new medium-term loans to cover

Brazil's immediate arrears. The Americans refused to take in the Europeans "dirty laundry" and decided that they would not give the long-rumored "son of jumbo" loan.

The only thing the banks agreed upon during their days of meetings is that Washington, i.e., the U.S. taxpayer, should bail them out. Treasury Secretary Donald Regan hinted May 13 that he may be willing to give a new round of "bridge loans" with nothing but the prospect of drowning at the other end of the bridge. Such U.S. government largesse is questionable, however, since on top of opposition from President Reagan and American taxpayers, it would discredit the arguments used in Congress by advocates of the United States giving \$8.4 billion more to the IMF than the IMF is the institution that should handle LDC debts.

## Langoni makes some observations

Neither the IMF, nor the alleged U.S. recovery, nor Brazil's stringent austerity program helped Brazil keep itself out of de facto bankruptcy. After days of battles with the IMF, central bank chief Carlos Langoni announced May 18 that Brazil would have to ask for "a waiver" of its commitments to the IMF, if the IMF did not soon give it the seal of approval for its first-quarter performance.

Langoni did not try to hide the fact that Brazil failed the IMF's good housekeeping test, but he pointed out that if the IMF does not disburse the \$400 million loan payment due May 31, the loser will be the Bank for International Settlements, which was to get those funds as partial repayment on a bridge loan given earlier this year. A rejection by the IMF also automatically voids the existing Brazilian loan package with its private banks, Langoni calmly noted, an eventuality which would only leave other Brazilian creditors stranded.

Langoni and his mentor, Planning Minister Delfim Netto, have promised the banks that they will implement IMF "shock" policies in Brazil during the second half of the year. But, as usual, they are lying, however much they may personally wish that were the case. Brazilian President João Figueiredo is now seeking to engineer a smooth presidential succession process which will keep Brazil on the path to democratization. The existing IMF program has already brought mass layoffs, riots, and other social dangers; Figueiredo is certainly not prepared to tolerate an intensification of those dangers. Brazilian officials warn that if the IMF does not loosen conditions and allow Brazil to grow, Brazil may just dump the IMF. As things stand, that would also mean dumping its deals with private creditors.

The reality is that existing institutions have failed to defuse the "debt bomb," and a new wave of debt shocks is fast approaching. "The chances of not getting into a second wave are just about nil," concludes National Security Council official Norman Bailey, one of the White House's chief debt strategists.

There is no sign yet that anyone in Washington knows how to respond.



# India: 'Put Non-Aligned on summit agenda'

by Paul Zykofsky in New Delhi

India is working to persuade the Western industrialized nations to put the proposals of the Non-Aligned movement for world economic recovery on the agenda of the upcoming Williamsburg summit. The Non-Aligned movement, of which India is the current chairman, declared on March 12 following its summit in New Delhi, that recovery cannot occur without "North-South" cooperation to reform the international monetary system for the purpose of industrializing the underdeveloped sector.

On May 17, Indian Finance Minister Pranab Mukherjee arrived in Tokyo for talks with Prime Minister Yasuhiro Nakasone, Foreign Minister Shintaro Abe, and Finance Minister Noboru Takeshita. Indian and Japanese sources report that Mukherjee carried with him a message for Nakasone from Indian Prime Minister Indira Gandhi, in which she asks the Japanese premier to both convey and support some of the Non-Aligned movement's views at the Williamsburg summit.

The text of Mrs. Gandhi's message to Nakasone, which has also been sent to the other heads of state scheduled to participate in the summit, has not been made public. However, she is thought to have reiterated the major points she made in an earlier message to the leaders of the industrialized countries, just after the March Non-Aligned summit. In that message, she urged the developed countries to agree to an international conference aimed at bringing about a new monetary system designed to industrialize the developing countries; to send high-level delegations to the June meeting of the U.N. Conference on Trade and Development (UNCTAD), where major economic issues will be discussed; and for all heads of state to attend the next session of the U.N. General Assembly, scheduled for this autumn in New York.

According to Press Trust of India, reporting from Tokyo, Nakasone has "personally studied" Mrs. Gandhi's proposals, and has "tentatively decided that Japan will lend its support to her suggestions." Indian government sources add that Japan has communicated to New Delhi in "a general way" its intention to bring up some of the concerns of the Non-Aligned movement at the Williamsburg summit. Japanese newspapers report that Mukherjee will specifically ask Nakasone to raise the urgent issue of developing sector indebtedness. Government sources in New Delhi have also reported that before the March Non-Aligned summit, the Indian government consulted Japan and France on the idea of convening

an international monetary conference to reform the world economic system, and both Paris and Tokyo responded affirmatively.

In addition to meeting with government leaders, Mukherjee is also scheduled to visit leading Japanese businessmen. One of his most important meetings will be with Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, honorary chairman of Nippon Steel, and the leader of the Japan-India business council. Last December, Nagano met with Mrs. Gandhi in New Delhi and discussed with her his idea for both a new Panama Canal and major irrigation projects in India, whose costs could be lowered if the same machinery were used in both projects.

A parallel plan has been put forward by the founder of Mitsubishi Research Institute, M. Nakajima, in which a second Panama Canal and other large construction projects in the developing countries would be linked through a "Global Infrastructure Fund." Prime Minister Nakasone, who recently praised Nakajima's plan, has been urged by many Japanese business and government officials to raise the idea at the Williamsburg summit, an idea Nakasone is known to be considering.

## India comments on Mitterrand

The government of India also reiterated the positions of the Non-Aligned movement on the world economy, in a statement issued from New Delhi in response to a speech to the OECD delivered May 9 by French President François Mitterrand. Mitterrand had criticized the existing international monetary system, and called for an international conference to create a new monetary system. But Mitterrand also stipulated that the world needs a "new Bretton Woods," a formulation usually used by supporters of the global austerity plan of New York banker Felix Rohatyn (see *EIR*, May 24).

Sources in New Delhi say that the Indian government viewed favorably Mitterrand's statement that drastic action must be taken to revive the world economy. But they were unhappy with his proposal for an international monetary conference, because he envisages such a conference as taking place within the existing system. "The conference the Non-Aligned proposes would be outside of the current system of the International Monetary Fund," a leading government official said privately.

The Foreign Office spokesman said that "India particularly welcomes President Mitterrand's assertion that no recovery can occur in the North, if economic recovery is not also assured for the South." While omitting any mention of Mitterrand's call for a "new Bretton Woods," the Foreign Office said that several points raised by the French president "deserve the most attention," including stabilization of commodity prices; tackling debt problems; lowering real interest rates; ending inappropriate conditionalities of the IMF; fulfillment by the developed countries of U.N.-mandated levels of financial assistance to developing countries; and an emergency fund for Africa.

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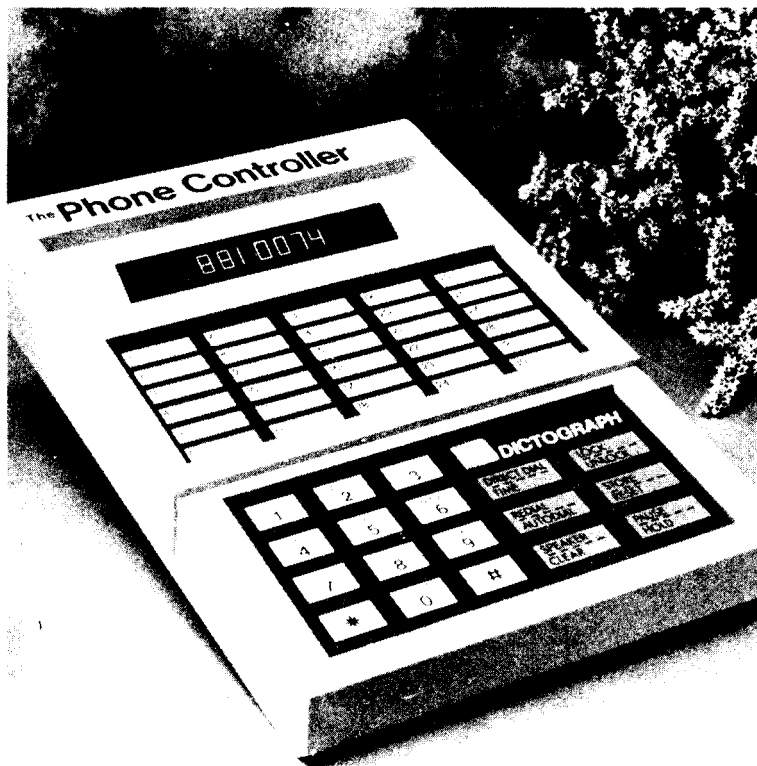
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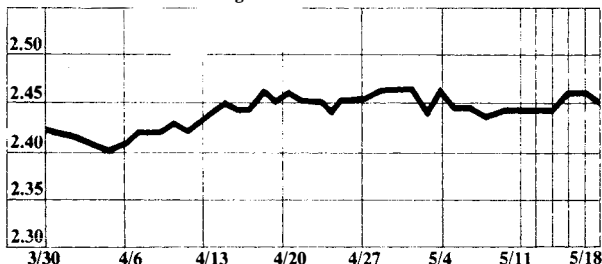
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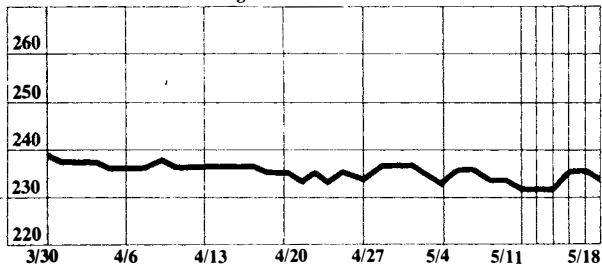
## The dollar in deutschemarks

New York late afternoon fixing



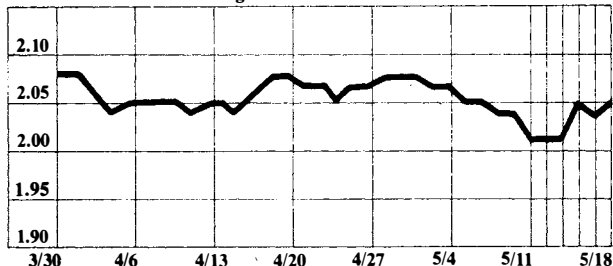
## The dollar in yen

New York late afternoon fixing



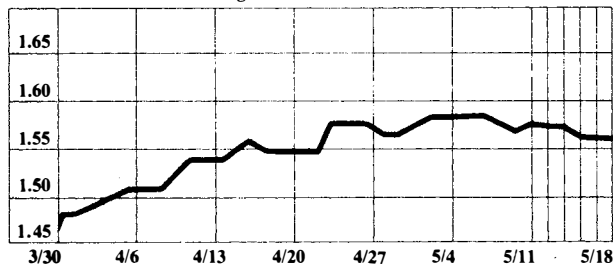
## The dollar in Swiss francs

New York late afternoon fixing



## The British pound in dollars

New York late afternoon fixing



# U.S. uptick doesn't add up to recovery

by Leif Johnson

The April U.S. industrial production index demonstrates a remarkable pattern of change as the "recovery" continues.

Although it is tempting to focus on the reported April rise of 2.1 percent over March, and note the rising trend since last December, an evaluation of the composition of the change in the index by sector since last November is unsettling. The consumer durables sectors and residential building have shown significant output increase; but nearly half of the industrial sectors (measured by their contribution to total output) have either remained flat or declined.

## How the sectors shape up

We examine first the industrial gainers in terms of both their November-April change and their contribution to the overall 5.3 percent November-April increase in the industrial production index. Among the finished products sectors, consumer durables has been an outstanding gainer. Output rose 13.1 percent from November to April, contributing 1.04 percent to the overall rise in industrial output. Of this increase, the 23.3 percent rise in auto assemblies contributed two-thirds.

The auto companies pursued a policy of "deliberate overbuild" relative to the existing market, while imposing General Motors' "lean and mean" cost reduction policies. That meant as little capital expenditure as possible, a reduction of manufacturing supplies inventory to the proverbial bone, and wresting "givebacks" on work rules and conditions.

The companies were notably successful. In the first quarter of 1982, the companies produced 1,070,995 autos with a workforce of 304,000; in the same quarter of 1983, the companies produced 1,500,872 cars with a workforce of 307,000. Yet with unemployment 2 million greater this spring than last, the problem was to sell the autos they had produced. Interest rates on auto loans were thus subsidized, first down to a 12.8 percent level in the first quarter, then down to 9.8 percent in April. The companies still produced 75,000 more autos than they sold in the first four months of this year.

In the November-April period, construction supplies output rose by 10.7 percent, contributing about two-thirds of a percent to the total index rise. This increase is entirely attributable to residential construction. In the first four months of 1983 residential construction contracts rose to \$25.3 billion, 66 percent over the year-earlier period, while non-residential building fell by 10 percent and non-building construction by 11 percent.

The rise in autos, home furnishings (including appliances), and residential construction created, in turn, the bulk of the demand for intermediate durable industrial materials, which rose 14.7 percent during November-April. Since industrial durable materials constitute 20.4 percent of all industrial output, they contributed a very hefty 3.0 percent to the overall industrial index rise. An 8.0 percent rise in non-durable industrial materials, also brought on by the residential construction and consumer durables increases, added 0.8 percent to the final industrial index.

That side of the balance sheet looks good, although we must remember that its continuation in the short run is entirely dependent on preventing a rise in interest rates and in the longer term on cutting unemployment.

### What about capital goods?

Ultimately, the consumer products industries, like all industries, must begin to renew their capital equipment. It is

this sector of the economy, along with non-durable consumer goods (food, consumer chemicals, clothing), that remains in a depressionary slump. The worst is business equipment, which accounts for 12.6 percent of all industrial output. From November to April this sector fell 2.2 percent, contributing to a 0.3 percent negative factor in the overall industrial index. Industrial equipment slumped 4.9 percent over the five-month period while building and mining equipment plunged 17.0 percent, mostly because of the collapse of the domestic oil industry but also because of reduced coal and non-ferrous ore mining.

Business supplies and energy materials, which together make up 15 percent of all industrial output, increased only 1.45 percent since last November, and contributed only 0.13 percent to the overall industrial index, signifying the essential flatness in basic industries.

It is this peculiar "twist" that warns us that the economy is not in a real recovery pattern. Recovery cannot merely mean increased production in several finished goods sectors, but must include a substantial and prolonged rise in overall activity, including particularly the output of the capital goods upon which future higher levels of production are based. Perhaps the most ominous sign of upside-down economic thinking is the boast by auto manufacturers in particular that they are able to increase productivity (they now claim to beat Japan in auto costs) without the necessary capital investment.

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#### Partial Schedule of Events

|                                  |         |                        |         |
|----------------------------------|---------|------------------------|---------|
| Sunnyvale, California.....       | June 2  | Buffalo, New York..... | June 11 |
| Anaheim, California .....        | June 2  | Seattle.....           | June 15 |
| Birmingham, Alabama .....        | June 4  | New Orleans.....       | June 16 |
| Greenville, South Carolina ..... | June 5  | San Francisco .....    | June 16 |
| Greensboro, North Carolina ..... | June 9  | Los Angeles.....       | June 17 |
| Dallas-Ft. Worth .....           | June 10 | New York City .....    | June 18 |
| Houston.....                     | June 11 | Cleveland .....        | June 21 |
| Philadelphia .....               | June 11 | Pittsburgh.....        | June 22 |
|                                  |         | Washington.....        | June 30 |

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## A set-up for the President?

*Appointing Preston Martin as the new Fed chairman could have unexpected and unwanted consequences.*

**T**he period of monetary calm which the Fed bought through monetary largesse following the danger period at the end of March is now officially over. The warning signs include the following.

1) A 16-point decline of the Dow Jones average May 16, supposedly motivated by:

2) the \$4.2 billion rise in money supply on May 12. This is to some extent a matter of the Fed's discretion, since the seasonal adjustment on these numbers has been questionable all along, and by:

3) Salomon Brothers partner Henry Kaufman and New York Fed Bank President Tony Solomon's statements over the weekend of May 14 that the decline in interest rates was over and increases could be expected in the near future.

All this may be trivial relative to the threat of Brazilian default, but it is possible that an unpleasant charade will dominate the markets in the next three to four weeks, while the Brazilian business is temporarily pushed aside.

The Business Council meeting over the weekend also marked a turning point, of sorts. The Council announced that the recovery would abort sometime next year if the President did not reduce the budget deficit. This reached some extremes of absurdity, for example, the statement of Chrysler's Chief Executive Officer Greenwald that the auto recovery would not last unless the President reduced the deficit, e.g., by a gasoline tax!

What is ironic about this is that the

sudden loss of confidence came immediately after the announcement of a 2.1 percent April rise in industrial production.

According to sources close to Bank of England top management, the point is to force a major, if not decisive, White House concession on the budget, e.g., reduction of the tax cut to half its present \$30 billion level. "For the last several weeks, everyone has been optimistic, and all the news that has come out has been interpreted in this light. Now everyone will be pessimistic, and everything that comes out will be reported in that light," one source says.

According to the Bank of England circuit, the probable appointment of Californian Preston Martin to replace Volcker will be a trigger for a crisis, at least one sufficient "to force a trade-off on the budget to protect the administration's beloved recovery," with about a four-week time span. This will be preceded by some weeks of choppy stock and bond markets. Martin, according to our best available information, is in the Volcker camp, well-liked by the Fed staff, "but what they are saying about him here and in the European markets is virtually slanderous. He is seen as a lunatic Californian." This might make some trouble for the dollar at the same time that other markets were already in hot water.

The appointment of the next Federal Reserve chairman presents the sort of trap that President Reagan is not well-equipped to avoid. For various good and bad reasons, Paul Volcker is anathema to the White House.

The good reasons have to do with Volcker's semi-covert collaboration with such opponents of the President's defense budget as House Banking Committee Chairman Fernand St. Germain, not to mention the Managing Director of the International Monetary Fund, Jacques de Larosière. In the White House, Volcker is accurately perceived not merely as a major nuisance to the economy, but as a political conspirator against the Reagan administration's most fundamental objectives.

The bad reason is that President Reagan still listens closely to monetarists like Milton Friedman. Friedman et al. have argued that the horrible episode with 20 percent interest rates had nothing to do with monetary restraint as such—on which they and Volcker agree—but with the uncertainty produced by Volcker's supposedly inadequate methods of monetary management.

How the Federal Reserve's technical basis of monetary management is supposed to function while the U.S. balance of payments shows (for 1982) \$42 billion of "errors and omissions," i.e., transfers between the Eurodollar market and the domestic banking system, Friedman and his friends cannot explain. However, there is at least some sympathy at the Oval Office in the notion that the whole job might have been done better.

Since the President plainly wants Volcker to leave, the problem of succession becomes a potential trap. Preston Martin was Reagan's savings and loan commissioner during the latter's governorship in California. Less than a Reagan team player, Martin profiles as a West Coast edition of Volcker. The irony is that the President may pay twice for having appointed him, on the issues of policy and of "credibility."

## A global D'Avignon Plan

*A "super-organization" has been created to toughen GATT and impose conditionalities on Western trade.*

**F**inance ministers of 10 major industrial countries have agreed on the creation of a coordinating committee which will toughen the powers of the General Agreement on Tariffs and Trade (GATT) by making that organization an extension of the International Monetary Fund. The committee's formation was announced May 11 in Paris by U.S. Treasury Secretary Donald Regan, and will be chaired by IMF Managing Director Jacques de Larosière and GATT Secretary-General Arthur Dunkel.

The legality of "linking" the two is questionable. In 1944, when Britain's chief economic adviser Lord John Maynard Keynes proposed that the IMF be invested with powers to regulate international trade, his plan was decisively voted out of existence by a disgusted U.S. Congress. Some countries, such as Mexico, currently have official membership in one but not both of those organizations.

Yet the Group of 10 finance ministers barreled ahead to create an organization which will intensify, not ameliorate, the industrial collapse in both the advanced sector and the Third World.

The new "Super-GATT" will take advantage of the IMF's powers to impose economic austerity on its member countries, in order to enforce trading policies that will open every country to dumping and commodity price manipulation.

A test case for the "Super-GATT" system is the European Community's industry-rationalization blueprint,

known as the D'Avignon Plan. Drafted by EC Industry Commissioner Count Etienne D'Avignon, the plan argued that since Europe was entering a post-industrial age, it had no need to retool its outmoded basic steel industries, whose productivity was collapsing. D'Avignon succeeded in getting EC member countries to agree to production quotas for steel output, and to dismantling the price differentials which encouraged producers to run up surpluses.

On a worldwide basis, a D'Avignon model means that if steel can be produced more cheaply in Brazil, on the basis of lower wages, there is no need for the United States to produce it at all. Or, conversely, that if U.S. agricultural producers want to undercut farmers in the developing sector, they should be allowed to do so, and any Third World country caught subsidizing its agriculture should be subjected to credit penalties by the IMF.

Thus, trade regulation through GATT becomes a vehicle for supranational control of basic industry on a worldwide basis. One major proponent of this policy is the New York Council on Foreign Relations, which, in its "1980s Project" study suggested "linkage" between supranational trade and credit practices, under the management of a worldwide "Production and Trade Organization" (PTO). The establishment of industrial production quotas, it became evident, was the ultimate objective of toughening enforcement powers over regulation of international trade.

An official at IMF/World Bank headquarters in Washington described how "Super-GATT" should work:

"The problem is that world trade is underregulated. Specifically, GATT does not have an implementation role, nor any enforcement powers. The World Bank and the IMF, on the other hand, do have the power to ask conditionalities," that is, to make availability of financing to nations contingent on the recipients' willingness to follow IMF orders in designing their economic policies.

The official praised Secretary Regan's announcement of the coordinating committee, saying, "Now we have the endorsement of the U.S. administration that we [the IMF/World Bank] should get involved in enforcing the 'dismantling of trade barriers.'"

The de Larosière-Dunkel group will include the finance and trade ministers of the leading industrial countries. The body is expected to deliberate on many far-reaching issues, including a still confidential agenda for a "New Bretton Woods" international monetary conference to be held this autumn.

A Washington trade official has revealed, in addition, that private discussions have been ongoing for some months between the United States and Brazil on linkage of finance and trade. These discussions have been aimed at discouraging Brazil from developing barter-type arrangements—direct exchanges of capital goods for raw materials, bypassing the need for conventional dollar-denominated credits—with other Latin American countries, such as Mexico. Several billion dollars worth of such deals was worked out between Brazil and Mexico this spring. According to a strict interpretation of GATT rules, these Latin American trade deals, a lifeline for economic survival, are illegal.

## The United States and the IMF

*Banking legislation in Congress centers around heightened powers for the Fund and the BIS.*

**T**wo bills pending in the U.S. Congress, if enacted, would abrogate control over the U.S. banking system to the British-run International Monetary Fund (IMF) and the Swiss-based Bank for International Settlements (BIS). Moves to this effect are taking place under cover of the scheduled increase of the U.S. quota contribution to the IMF.

The bills, which have been passed by both houses' banking committees, were written by British authorities. Bank of England chief regulator Peter Cooke was the real author of the House Banking Committee bill, a source close to House Banking Chairman Fernand St. Germain (D-R.I.) revealed May 12. Cooke, along with BIS officials, consulted with the Senate bill authors as well.

The Senate Banking Committee passed the Amendment to the Bretton Woods Agreement (S.695) on April 29, and the International Recovery and Financial Stability Act of 1983 (H.R.2930), was passed by the House Banking Committee on May 9. Both bills will be debated by the full House and Senate, with the ultimate aim of combining them into an "Omnibus IMF bill" at an upcoming House-Senate conference.

On top of authorizing \$8.4 billion in cash to the IMF, both versions of the bill would violate the U.S. Constitution. Under Article I, Section 8 of the Constitution, only the Congress has the power to regulate the currency and credit of the United States. Further, under Article II, Section 2, the

President has the sole power to make foreign policy, with the advice and consent of the Senate where treaty arrangements are involved. None of these powers may be legally given or delegated to a supranational body.

The bills will give the IMF credit controls over U.S. banks' lending to foreign countries, a measure which would cripple American export industry and employment. Comptroller of the Currency C. Todd Conover has pointed out that this will "set U.S. foreign policy." Both bills incorporate the April 7, 1983, "Joint Memorandum" on bank regulation by Federal Reserve Chairman Paul Volcker, Conover, and FDIC Chairman William Isaac.

Under the proposed legislation, the Fed and other U.S. regulators must classify U.S. banks' loans as non-performing when the IMF says so. U.S. regulators shall declare a loan to a foreign nation bad when "the IMF adjustment program has not been complied with, and there is no immediate prospect for compliance," the Senate bill says.

The IMF is given the power, via the Fed, to require U.S. banks to take major losses on such foreign loans. Once the debtor fails to meet IMF demands, U.S. authorities must force the bank to write off the loan. Each year the bank must set aside 10 percent of a bad loan's value as "special reserves" or "penalty reserves."

The House bill calls for every country which must reschedule its debt to be written off when "there is a sub-

stantial likelihood that such debt cannot be expected to be repaid on its original terms and conditions, without additional borrowing or major restructuring." If the House bill becomes law, some \$30-\$50 billion in U.S. loans to Mexico, Brazil, and other big debtors could be subject to write-offs, forcing a \$3-\$5 billion loss for U.S. banks.

The IMF is also given authority by both the House and Senate bills to set up "limits" on how much countries may borrow. "The U.S. is really advocating here a new order in which the IMF will be policing all world lending markets," a consultant for the Bank of England who helped write the bills explained. "This calls for the IMF to commence routine monitoring of all borrowings . . . of all member countries of the IMF."

The IMF shall act "as a center for the collection and exchange of information on monetary and financial problems," the Senate bill says. This confidential information shall be provided "publicly" for deliberation "upon which international borrowing and lending decisions are taken."

In addition, the Fed and other U.S. bank regulators are mandated to turn substantial control over U.S. banking to the BIS. Section 208b of the Senate bill requires that "the Federal banking agencies shall consult with the banking supervisory authorities of other countries to reach . . . the adoption of consistent supervisory policies with respect to international lending."

Title IV of the House bill gives Congress's General Accounting Office the auditing power to force the Fed to "cooperate with international lending supervisors." Title II states: "the President shall encourage the industrial nations to begin the promotion of effectiveness and consistency of regulation and supervision of international banking activities."

# Business Briefs

## International Trade

### **Barter the 'wave of the future?'**

Barter and countertrade were a principal topic of discussion among Swiss corporations and trading companies represented at a private seminar at the Geneva Institute for Higher Studies at the end of April.

The seminar, organized by the Institute's director Jacques Freymond and by Swiss National Bank chairman Fritz Leutwiler, cast gloom on developing nations' prospects of regaining the foreign exchange position required to trade normally.

In a May 18 feature by Christine Raemy-Dirks, the leading Swiss daily *Neue Zürcher Zeitung* argued, "In the last four years, as many debt restructurings have been necessary as in the preceding twenty years. In the age of foreign-exchange scarcity, more and more countries are seeking a way out through countertrade. The countries of the East bloc have extensive experience in this.

"A way of thinking has endured through the postwar period, according to which a balance of goods exchanged between two partners is better than multilateral trade in time of crisis. Imports should be paid for only by exports of one's own goods. The roundabout way to trade with third countries is left to compensation trade and 'switching.' More and more developing nations are going over to this viewpoint."

## Non-Aligned

### **India demands Soviet support**

The Indian government took the occasion of a mid-March visit to New Delhi by the deputy chairman of the Soviet Council of Ministers, I. V. Arkhipov, to press the Soviets to support the proposals of the 101 Non-Aligned nations. Arkhipov is one of the leading Soviet officials to deal with India on matters of economic cooperation.

Speaking at a dinner in Arkhipov's honor, Foreign Minister N. Rao said: "We seek your cooperation and understanding with regard to this approach. We must seek collective solutions to common problems."

Prime Minister Indira Gandhi later met with Arkhipov for 40 minutes. Press reports say the Soviets conveyed their "positive and sympathetic" response to the Non-Aligned summit, apparently after the Indians made the summit an explicit issue for public discussion.

During the Arkhipov visit, India and the Soviet Union reached agreements to expand the already extensive economic cooperation that has characterized their bilateral relations for many years. The Soviets agreed to provide to India a \$140 million credit line for a steel project.

They also concluded agreements relating to coal, oil exploration, and power projects. New Delhi will consider a Soviet offer to provide India with two separate nuclear power plants, each with 440 megawatt capacity, a modification of an earlier Soviet offer.

The draft program for science and technological cooperation for 1984-87 was also discussed, under which the two nations will cooperate in various crucial frontier fields in the sciences, which will include development of lasers, bio-technology, and low-temperature physics.

## Oil

### **Soviets ask ties with Saudis in OPEC parley**

In its ongoing talks with OPEC on limiting Soviet crude oil exports to the West, the Soviet Union is reported to be asking for full diplomatic relations with Saudi Arabia and the other oil-exporting emirates of the Persian Gulf, which have heretofore been allied only with the United States.

Last month OPEC designated Algeria to begin a dialogue with the U.S.S.R. on cooperation in limiting Soviet exports, in order to reverse the constant oversupply of crude oil which continues to erode OPEC prices.

Over the past 18 months, Soviet oil exports, particularly to Western Europe, have soared. Exports are currently estimated at approximately 2 million barrels per day, a little under 20 percent of total Western European oil consumption.

Saudi Oil Minister Ahmed Zaki Yamani acknowledged the growing role of the Soviet Union in the oil market for the first time in a mid-May statement to the press. Yamani noted that both Iran and the Soviet Union represent a threat to the current delicate oil-pricing structure which OPEC agreed to in March, following the longest bargaining session in its history.

Iran and the U.S.S.R. have consistently sold high volumes of oil at prices well below the OPEC marker price.

The Soviet conditions for cooperation with OPEC is expected to be ill-received in Riyadh. Saudi King Fahd, a firm ally of the United States, is known to be resisting pressure from his factional opponent, First Crown Prince Abdullah, to move closer to Moscow.

Abdullah was the first Saudi official to acknowledge the prospects for opening ties with the U.S.S.R. in a March interview with the Kuwaiti daily *As Siyassah*.

## Banking

### **Bankruptcy pro named to Baldwin-United board**

Victor Palmieri, the Los Angeles real estate consultant who managed the asset-stripping of Penn Central, has been named to the board of directors of Baldwin-United, the Cincinnati financial services corporation which is in arrears on \$900 million in short-term loans to banks.

The addition of Palmieri to the board follows the accession to the chairmanship of Baldwin-United of financier Max Karl, head of Baldwin's chief subsidiary, the MGIC corporation of Milwaukee.

As documented in the May 24 *EIR*, Karl's MGIC is a financial swindle, which has been repeatedly used for political dirty tricks operations against both Republican



and Democratic officials.

In addition to being a bankruptcy consultant, Palmieri acts as adviser to several private pension funds, whose funds Palmieri has been known to deploy to finance his bankruptcy reorganization schemes. Presumably, such funding will now be forthcoming for reorganization of Baldwin-United.

Wall Street insiders insist that the objective of the reorganization is to protect Karl's MGIC at all cost, even if it means shutting down the Baldwin-United holding company.

Both Karl and Palmieri are long-term associates of New York's Goldman Sachs investment bank.

Informed sources report that Palmieri's stature as a management consultant was established by Goldman-Sachs in 1970, when the investment bank hired him to reorganize the Great Southwest corporation. Palmieri also managed the real estate holdings of the Teamsters' Central State pension fund.

## **International Finance**

### **Commerce: massive 1982 flight capital**

The U.S. Department of Commerce's current account analysis for 1982 shows that \$42 billion entered the U.S. banking system during that period in the form of flight capital from abroad.

While the actual volume of flight capital was probably \$10-\$15 billion higher (*EIR* analysis shows that \$40 billion came in from Latin America alone), this figure, which appears in the "errors and omissions" side of the Commerce Department account, would reflect that volume of foreign funds which has not been put through the regular reporting channels.

This volume was double the errors and omissions for both 1980 and 1981. The cumulative non-reporting flight capital registered for the three-year period is \$96 billion.

Commerce comments on the sharp rise in non-reporting, foreign held accounts in

the *March Survey of Current Business*: "Such unusually large unrecorded flows probably reflect a number of factors: the international demand for dollars . . . which both resulted from and added to the attractiveness of the United States as a 'haven' for foreign funds and to the strength of the dollar in exchange markets; very high real interest rates in the United States; and a myriad of financial, economic, and political problems . . . in both the developing and industrial countries. . . ."

"Even if the dollar should depreciate somewhat in exchange markets in the period ahead, net unrecorded inflows . . . are likely to persist in a global environment of continued financial, economic, and political uncertainties."

## **Brazilian Debt**

### **Banks uable to reach consensus**

Tensions are mounting in negotiations over the Brazilian debt. Finance Minister Ernane Galvêas confirmed to Brazilian reporters in New York May 20 that Brazil objected to a telex sent May 16 by the largest banks in the liaison committee to Brazil's 400 U.S. bank creditors, which implied that Brazil would give state guarantees to debt owed by the Brazilian private sector. Galvêas said he sought to stop the telex "in order to let the banks reach a consensus."

Tony Gebauer, Morgan Guaranty's Brazil officer, was overheard after a May 19 dinner in New York reassuring central bank president Carlos Langoni about "a second telex."

Morgan and Citibank, erstwhile partners in forcing the original renegotiation of Brazil's debt on other banks, are now at each other's throats, according to a *Wall Street Journal* reporter.

Galvêas denied that Brazil was seeking a new medium-term jumbo loan, and characterized a *Journal of Commerce* story, "Brazilian debt moratorium likely," as "a story planted in London to create a certain environment."

## **Briefly**

● **THE STEELWORKERS** Union took out advertisements in journals across the United States May 19 attacking British Steel Corporation and U.S. Steel. The ad appeared under a headline: "The British Are Coming," with the text warning that a deal to be signed between the two firms could "be the beginning of the end for America's steel independence." The union is outraged that U.S. Steel is going ahead with the global rationalization scheme, after the union agreed to large wage and employment cuts.

● **PIK**, the USDA's payment-in-kind program set up to reduce production by awarding farmers surplus grain, has already proven futile on its own terms. According to the May 9 USDA Crop Production report, wheat yields will be at record levels, since many farmers are either leaving the program or sowing rented land. Production will be less than 2 percent lower than last year. USDA had predicted an inventory decline of 10 percent.

● **THE SHIPBUILDERS** Council of America's latest summary of merchant vessels on order shows that Sweden, which was the world's second largest shipbuilder in 1974 with orders logged at 9.8 million gross tons, reported only 524 thousand tons of unfilled orders at the end of September 1982. Sweden, which now has only one-third of the orders registered by Poland, has suffered a 94.6 percent decline.

● **THE AMERICAN** Iron and Steel Institute reports that imports of steel dropped 31.1 percent in the first three months of 1983. Largest losers were the most efficient producers Italy, West Germany and Japan, while relatively inefficient primary producers in less developed nations saw only a 3.0 percent decline in their shipments to the U.S. The greatest drop in imports occurred on the Gulf Coast as the market for pipe and structural materials for the oil industry evaporated.

## Moscow's unveiled war plan against the United States

by Lyndon H. LaRouche, Jr.

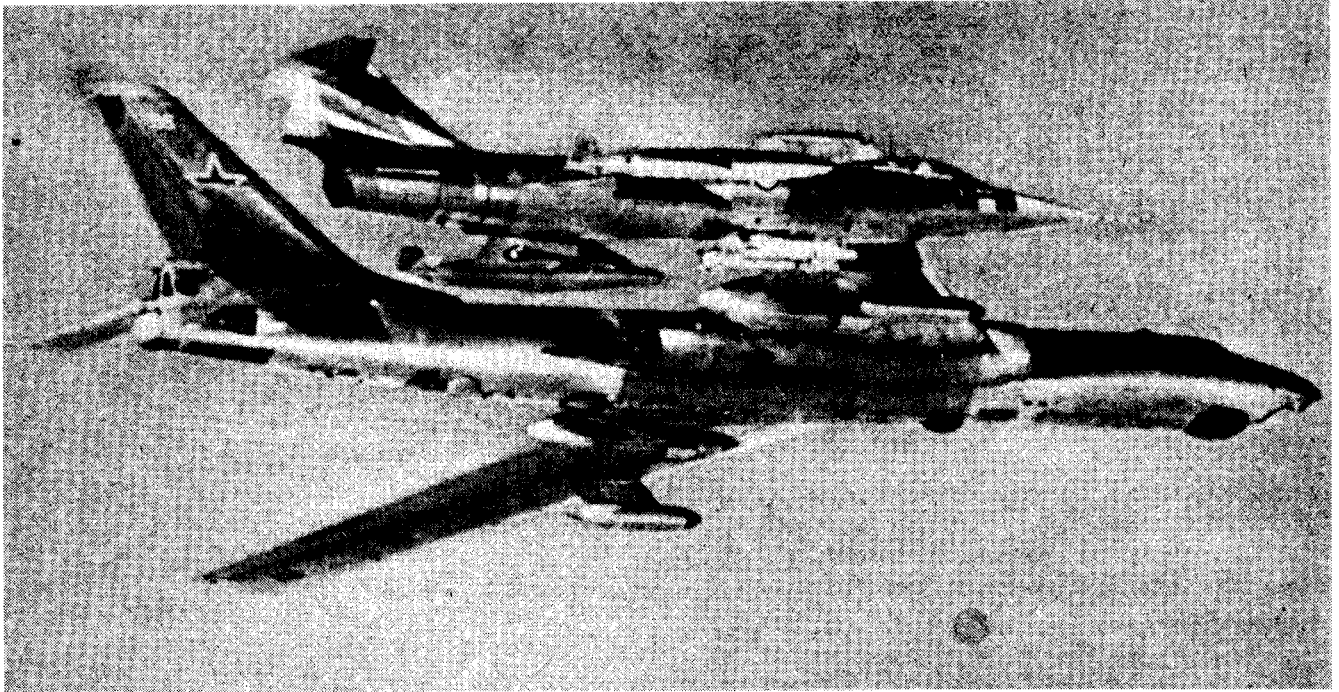
Congressmen's offices around Washington will be numbed with shock after reading the top Soviet military commander's description of Soviet war-plans against the United States published in Moscow's *Izvestia* this past May 9. It has been a long time since any major power announced in the press that it has a definite war-plan against another power, especially a war-plan implied to be made ready to go into operation as early as this year. That is exactly what the author of the article, Soviet Chief of Staff Marshal Nikolai Ogarkov, did.

The outline of the Soviet war-policy against the United States by Marshal Ogarkov contained nothing really new concerning Soviet military strategy as such. What Ogarkov wrote is only an update of the same strategic policy Moscow has maintained since Marshal V. D. Sokolovskii's *Soviet Military Strategy* was issued back in 1962. Since 1962, Soviet military policy for future war against the United States has been based on development and deployment of strategic anti-ballistic-missile (ABM) defense systems, to knock out a large portion of attacking NATO missiles, and to follow a massive thermonuclear barrage against the United States with a full-scale "conventional" assault against Western Europe, with aid of supporting nuclear weapons. Basically, Ogarkov simply restated the Sokolovskii doctrine, which has been continuous Soviet strategy for at least the past 20 years. The Soviets have been preparing to fight a full-scale thermonuclear war, to survive it, and to win it.

### Sokolovskii in practice

It's true, that since Defense Secretary McNamara and his harem of "pug-washed" whiz-kids sold the fairy tale of "Mutual and Assured Destruction" (MAD) to President Johnson back during Good Old Vietnam War-days, many people have **actually** believed that neither superpower could survive a thermonuclear war. "The Soviets would never do it!" we hear over and over again. "Both sides would be destroyed!"

Technically, surviving (and actually winning) an all-out thermonuclear war is like walking a long tightrope across a pit filled with burning gasoline. It takes



*The evidence adds up to the conclusion that the Soviet leadership is anything but "peaceloving." Above, a Norwegian Starfighter intercepts a U.S.S.R. intelligence plane.*

professional training and exactly the right equipment. That is what *Soviet Military Strategy* said back in 1962. For example:

"Possibilities are being studied for the use, against rockets, of a stream of high-speed neutrons as small detonators for the nuclear charge of the rocket, and the use of electromagnetic energy to destroy the rocket charge in the descent phase of the trajectory or to deflect it from its target. Various radiation, anti-gravity, and anti-matter systems, plasma (ball lightning), etc., are also being studied as a means of destroying rockets. Special attention is devoted to lasers ("death rays"); it is considered that in the future, any missile and satellite can be destroyed with powerful lasers."

That was first published two years after the first successful laser had been developed in 1960. Today, we have lasers with power in the tens of kilowatts range; laboratory-tested lasers could be made operational in space as early as sometime between 1986 and 1988 by the United States, if we are really committed to getting the job done. Moscow is significantly ahead of us in developing such beam-weapons systems, but with a "crash program" we could overtake them.

What Marshal Ogarkov described as Soviet war-plans against the United States is completely sensible military doctrine—if Moscow is on the verge of deploying even a 50 percent effective directed-beam strategic ABM defense system. Moscow would pay a horrible price in such a war, but unless we have a directed-beam strategic ABM defense system, Moscow would win the war, and might rule the world for one or two hundred years thereafter. Thermonuclear war, like the election of President Jimmy Carter, is a horrible

threat to the entirety of civilization, but the horror of the fact does not make its happening impossible.

To a certain kind of mentality in the Soviet Union, especially carry-overs of the "Old Believers" and "Third Rome" cults—like the gang headed by former U.S. Air Force Intelligence official Joe Churba, that plans to set off the Battle of Armageddon by rebuilding Solomon's Temple on Jerusalem's Dome of the Rock—such a horrifying war might be an acceptable price to pay for world-rule by the pan-Slavic empire after the war. Those who insist that such a war is "unthinkable" to rational governments seem to overlook the kind of wild nuts, like Iran's Ayatollah Khomeini, taking over one government after the other around the world these days.

The content of what Marshal Ogarkov wrote in *Izvestia* on May 9, should not surprise anyone who knows that Sokolovskii's doctrine never ceased being Moscow's strategic policy. What is newsworthy, is the fact that this was published so prominently in the Soviet government's leading daily newspaper at this time.

In the second section of his *Izvestia* article Ogarkov underlines very plainly the reason his threatening statement is being published at this time.

"Comrade Yu. V. Andropov, referring to talks on intermediate-range nuclear weapons in Europe, noted that our position is that the U.S.S.R. should not have more missiles or warheads than the NATO side during any mutually-agreed period. If the number of warheads of the English and French missiles is reduced, we will reduce the number of warheads on our own intermediate-range missiles by an equal number. The same approach might be extended to that class of aviation

weapons deployed in Europe. In this way, there would be an approximate parity between the U.S.S.R. and NATO both in respect to intermediate-range nuclear delivery vehicles—that is, missiles and aircraft—and in respect to the number of warheads they carry, with that parity level being considerably lower than it is today.”

### **Ogarkov's threat**

Does this sound like the typical sort of arms-control negotiations double talk? It is worse than that. The next sentence Ogarkov writes after this preceding paragraph is a lalapalooza!

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*At the present moment, the entire Soviet leadership is committed to forcing the United States into a 1962-style missiles crisis. This time, Andropov must intend to succeed where Khrushchev failed. Secretary Andropov has learned nothing from the President's March 23 address. The quality of command decision seen on March 23 is a repeatable quality.*

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“ ‘Anyone who says ‘No’ in response to this proposal of ours,’ said Comrade Yu. V. Andropov, ‘will be assuming a heavy responsibility before the nations of Europe and the entire world.’ ”

Nasty? It becomes much worse. A few sentences later, Ogarkov adds:

“These peace initiatives and far-reaching proposals have been received with understanding and hope by the world public.”

At least, Ogarkov says only “world public,” and spares us Moscow's populist litany about “progressive and peace-loving peoples.” In the next two sentences, he comes directly to the point.

“Unfortunately, there is as yet no positive reaction from the governments of the NATO countries, and this is necessarily a disturbing fact.”

In the next sentences, he writes the clincher.

“The lessons of the Second World War, and especially the Great Patriotic War, urgently demand of the Soviet Union and other countries of the socialist community that they show the highest degree of vigilance and compel them to show unceasing concern about their defense capabilities.”

Ogarkov has included here a distinction which might be confusing to most readers in the West. He is insisting that the 1939-1945 wars of Britain, France, the United States, and so forth, against Germany, Italy, and Japan (the “Second World War”), was not the same war as the 1941-1945 war of the Soviet Union against the Axis Powers (the “Great Patriotic War”). The Second World War is classed by Soviet doctrine as an “inter-imperialist war,” whereas Soviet doctrine classifies the Great Patriotic War as a “justifiable war.” The Soviet war-plans against NATO and the U.S.A. are classed as “justifiable warfare.”

The threat is very plain: Accept Andropov's terms, or the Warsaw Pact forces will be mobilized and ready to face the risk of “justifiable” intercontinental thermonuclear warfare.

This threat is shocking, but not surprising. Since March 23, 1983, when President Ronald Reagan announced the new U.S. strategic doctrine, Soviet General Secretary Andropov has consistently shown that already, long before the President's March 23 announcement, he was preparing a 1983 replay of the 1962 missiles crisis. There is strong evidence that Andropov was already committed to orchestrating such a new 1962-style missiles crisis at the time his position as successor to the dying Secretary Leonid Brezhnev was settled, by June 1982.

At the present moment, the entire Soviet leadership is solidly committed to forcing the United States into a 1962-style missiles crisis, possibly months before December 1983. This time, Andropov must intend to succeed where Nikita Khrushchev failed in 1962. In 1962, the United States had overwhelming strategic preponderance; in 1983, the U.S.S.R. has a significant military edge. In 1983, Andropov has the open support of Henry A. Kissinger's business partner, Lord Peter Carrington, David Watt of the International Institute for Strategic Studies, Lord Carver, the international nuclear freeze movement, and large bodies of clergy of many denominations. The apparent thinking is, that the international gang-up against President Reagan by Kissinger & Company, combined with worldwide economic depression, a monstrous international financial crisis, U.S. humiliation in Iran, U.S. failures orchestrated with help of Kissinger in the Lebanon crisis, crisis in Central America, and budget-crisis at home, will pile more crises on the President than he can handle all at one time. Andropov is conducting a psychological warfare campaign against both the White House and other countries. One day, Andropov makes a negotiations offer; a few days later, he explains his offer away, as he did in a speech in Finland this past week. He is working to soften the world up, before closing in for the showdown.

Unfortunately, Andropov is not merely bluffing. He is whipping up the Soviet population and institutions to be ready for a visit to the brink of thermonuclear war as early as sometime during 1983.

A closer look at some among the statements Marshal Ogarkov presents as “facts” show the direction of current Soviet policy most clearly.



*Soviet troops simulate occupation of enemy territory after a nuclear blast.*

### Is Andropov really a 'peacenik'?

If the Soviet SS-20s are fully deployed in Europe, at about 28 to 30 minutes before zero-hour, on the day the Soviet attack begins, between 400 and 500 highly accurate thermonuclear warheads from those missiles will be directed against every significant military, logistical, and other major target in Western Europe. If the shorter-range missiles of the same "family" as the SS-20s are also deployed, within 8 to 10 minutes of such a launch there would not be anything left worth mentioning of the military capabilities or economic infrastructure of Western Europe. The SS-20 deployment-capability is a massive "overkill" directed against Western Europe, before counting any other weapons.

Some would argue that the United States and NATO started this proliferation of intermediate-range ballistic missiles back during the 1974 period, with Defense Secretary James Schlesinger's announcements of "Forward Nuclear Defense" and proposals for nuclear warfare limited to the European theater. Some would argue that Henry A. Kissinger personally started the present missiles-crisis countdown during 1979, when his shouting about the "Finlandization of Germany," plus his friend Helmut Schmidt, pushed the decision to deploy the Pershing-IIs through NATO, under the label of "Double-Track" strategic-arms negotiations. Whom ever we choose to blame for this mess on our own side of the fence, this was the mess handed to President Reagan by the Trilateral Commission's Jimmy Carter.

We helped create the problem, but Moscow was already deploying the SS-20s before Kissinger pushed the Pershing-IIs through NATO in 1979. There is other evidence that Andropov is not exactly the distilled essence of the "progressive and peace-loving peoples of the world" current Moscow propaganda might attempt to make him appear.

On March 25, 1983, President Ronald Reagan made a generous offer to Secretary Andropov. He announced a new strategic doctrine of the United States, a doctrine which would make possible a takedown of the world's thermonuclear-missiles arsenals. In case Secretary Andropov missed the point of the offer, Defense Secretary Casper Weinberger and other administration officials repeated the offer in very clear language during the following days and weeks. If Moscow had offered to negotiate on the basis of that repeated offer from the Reagan administration, there would be no reason to face a new thermonuclear missiles crisis now.

How did Secretary Andropov react to this generous offer? Neither the entire text of the President's announcement, nor any reference at all to the last portion of the televised address, has appeared in any leading Soviet publication. After a few days, the denunciations of the President and his blacked-out speech began pouring out of the Soviet press, statements that many Soviet citizens would have recognized as outright lies if they had had opportunity to study what President Reagan had actually said.

Did Marshal Ogarkov tell the truth when he wrote in *Izvestia* on May 9: "Unfortunately, there is as yet no positive reaction from the governments of the NATO countries"? The truth is, that it has been Secretary Andropov who has said repeatedly words to the effect: "Either President Reagan submits to my demands, or I spit in the face of any offer of negotiations from him."

In any case, exactly how "peace-loving" are the terms of surrender Andropov demanded of NATO and France in his state-dinner address in East Germany? He offered to count one SS-20 warhead as equal to each British and French warhead. How fair, exactly how peace-loving was this demand? The fact is that the SS-20s are "fourth generation," mobile, precision missiles, which would hit any targeted British missile silo of choice within about eight minutes of launching, while the near-sighted British missile was out at the bank cashing its retirement check. Andropov's offer is like offering the British the right to arm its troops with one cricket bat for every Soviet machine gun. So much for Secretary Andropov's doctrine of fair weights-and-measures on the subject of strategic "parity."

Such propaganda tricks have become typical Andropovese. In an interview with the confessed drug-smuggler Rudolf Augstein, the publisher of West Germany's *Der Spiegel*, Andropov told the following bewitching little fairy tale. He said that the United States is a sea power, whose culture causes it to do such terrible things as putting thermonuclear missiles on naval vessels. We Soviets, he continued, are a continental power; Soviet land-loving missiles would not be comfortable except on land. As if it were not the massively expanding fleet of Soviet missile-carrying submarines, which Soviet circles have already hinted will be used to put about 250 thermonuclear warheads within about five minutes from

the cities of the U.S. Pacific and Atlantic coast.

There was a bit more to that fairy tale of Andropov's than almost denying the existence of Admiral Gorchkov's Soviet Navy.

He stated in the same interview, that the United States could do as it pleased in Nicaragua, but that the Soviet Union would do as it pleased with such nations on its own borders as Afghanistan. Since West Germany is on the border of the Warsaw Pact nations East Germany and Czechoslovakia, the Comrade Andropov's Soviet borders might prove soon to be the nations of France, the Low Countries, Denmark, and Austria, and then Italy, Spain, and then Portugal. It was an interesting suggestion to plant in the mind of *Der Spiegel's* German readership. It was most fortunate that Augstein, who had avoided attending his trial for international drug-smuggling in Italy at the time, was not too ill to conduct the interview in Moscow.

About a week after that interview was published in the April 25 edition of *Der Spiegel*, the Moscow press denounced the U.S. press for blacking out coverage of the *Der Spiegel* interview. We are still waiting for publication of President Reagan's March 23 announcement in a Soviet newspaper. Such are the present standards of "serious negotiations" visible from Secretary Andropov's Moscow.

### **How good is the president's offer?**

Admittedly, the Soviet leadership does have two substantial objections to President Reagan's March 23 announcement.

The first objection is not of a nature to be negotiable. Over the period 1966-82, the NATO powers had destroyed most of their research-and-development activities, had slipped at increasing rates toward a position of military inferiority to growing Soviet military strength, and were turning their economies into the obsolescence, wreckage, and strategic impotence of "post-industrial societies." By 1982, the West is in the grip of a new, worldwide economic depression, and, since August 1982, has been teetering on the edge of the biggest international financial collapse in history. No uncommon brilliance in arithmetic was needed by Moscow to calculate that by about the 1990s the Soviet Empire would emerge as an unchallengeable world-power. If President Reagan were to suddenly launch a high-technology buildup of the U.S. economy, this would be viewed in Moscow (as I recently told a Washington, D.C. audience) with all of the enthusiasm and joy of a boy who, two days before Christmas, had just learned that his own father had killed Santa Claus.

The second objection, while related to the first, was of the sort which should have been one of the leading topics of serious negotiations, if Secretary Andropov had had any interest in negotiating anything but President Reagan's humiliating surrender. In large part, because of its own internal mismanagement of its economy, the Soviet civilian economy suffers from painful capital-goods bottlenecks. This implies that, if the two powers engage in a race to develop and deploy directed-beam strategic ABM defense systems, the spill-over

of new technologies would cause the U.S. economy to boom, racing ahead of Soviet economic growth rates. This would mean that, after two or three years, the U.S. economy could easily afford a high rate of growth in spending for better ABM systems, while the Soviet economy could not afford to keep up with our rates.

Not only does the Soviet agricultural problem drag down the average productivity of the economy as a whole. According to Soviet literature itself, the Soviet managers follow an approach to replacement-capital investments which I, as an economist, find downright lunacy. They invest in replacement of "old bricks" first, and, if there are any funds left over, they might invest in new technologies! They are as bad as a typical Harvard Business School graduate!

Unlike our own recently endangered species of American farmer, or the Mexican farmers of Sonora waiting for the irrigation water to make Sonora a new "Imperial Valley," the kind of farmer saturated with "traditionalist" methods of farming stubbornly resists "Westernizing" efforts to cause him to change his ways. Nineteenth-century Russian and early Soviet literature was steeped in anecdotes, sociological studies, and so forth, on this tendency among Russian serfs and ex-serfs.

If those organic cultural-philosophical outlooks spill over into the ranks of an administrative bureaucracy in industry, and if that bureaucracy gains control of the management in the way bureaucracies usually attempt to accomplish this, the result must be more or less the same reported by the indicated Soviet literature. Such a bureaucracy is very good at making things not work, and able to avoid generating any visible profits which a central government, once detecting to exist, might divert to uses not in keeping with the special preferences of a sly, hedonistic collection of nepotic, cliquish, conniving bureaucrats.

The "trick" of good industrial management is to use up the old machinery and equipment as fast as possible, in order to eliminate the old capital goods, in favor of the most advanced replacement, or even a brand-new approach to production of that category of output. Even an industrial plant which is temporarily operating below break-even can become prosperous, if it can apply a large part of its limited replacement-capital budget for capital-goods and related investments which represent a significant leap upward in levels of technology.

Soviet Academician Velikhov, one of the world's leading laser scientists, has been given one major industrial plant as a pilot model for changing Soviet managerial behavior for the better, but there is every indication that this case is an exception.

Soviet spokesmen often excuse the failings of their economy by pointing to the catastrophic effects of World War II, and other historical facts. The facts themselves are more or less true, but 30 years after the death of Stalin, and more than 25 years after Sputnik, their economic problems today are more the result of their mismanagement of their economy,

than either historic problems or the admittedly very high percentage of national output consumed by military expenditures. Reviewing some of the leading speeches delivered at recent Soviet Party and related categories of conferences, the Soviet leadership is more or less accurately aware of the fact that mismanagement is a major problem, if not perhaps the major problem. The relevant U.S. and Western European "Sovietologists" more or less share this writer's opinion that that greatest obstacle to attempted correction of mismanagement within the Soviet economy is less technical than sociological, cultural, and probably very, very political as well.

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*The essence of the 1983 missiles crisis is the simple fact that thermonuclear 'deterrents' have ceased to be deterrents. We have reached the 'point of no return' with this deterrence doctrine. Moscow refuses to negotiate scrapping the doctrine. Therefore, unless Moscow is very stupid, Moscow has chosen either to force a decisive U.S. strategic backdown, or to go directly to risk of total thermonuclear war.*

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Whether the Soviet leadership would admit this even privately, one cannot be certain, but we must suggest that the opposition to a technology race with the United States around Moscow today is not really that the Soviet economy could not accelerate its rate of technological progress in the civilian sectors; one must suggest that the Soviet leadership is afraid of the factional uproar and related political problems which would probably erupt in resistance to any effort to force an appropriate shift in habits of management practice in a general way.

Would they actually prefer to start World War III, rather than face the possible outburst of rage from the muzhik soul of Mother Russia's Tolstoyan children of blood and soil?

Otherwise, there is no basis for any technical objections to the President's doctrine.

The present U.S. strategic doctrine, announced on March 23, is a mirror-image of the Soviet Military Strategy of Marshal Sokolovskii et al. Moscow is not in a position to denounce our following the same doctrine which Marshal Ogarkov reaffirmed even after the President's announcement.

They accuse President Reagan of threatening a "first strike" with this new doctrine. Does that mean that the doctrine they have been following for 20 years has always been a buildup in preparation for a first strike against the United States? Did the President even suggest that he was going to build the U.S. equivalent of a Soviet G-1 rocket, to put more than 100 tons of space-based thermonuclear missiles into orbit, each shot of such a missile? Your repeated references to first strike make us begin to wonder, what packages weighing more than 100 tons each you Soviets have buried somewhere, waiting to be put in orbit by a G-1-series launcher!

The Soviet leadership knows that the war-winning policy for a power with a full strategic ABM defense system is not to launch either a first strike salvo or to "launch under attack." The war-winning scenario is to disarm the adversary by destroying the arsenal he launches, after which his assault-capabilities have been depleted, and he is put relatively at the pleasure of the force which he has foolishly assaulted. Furthermore, since strategic ABM defense systems based on the physical principles of directed-beam weapons can kill missiles at a cost an order of magnitude less than the cost of the missile killed, the preponderance of strategic power shifts to the defense, as Dr. Edward Teller has stated repeatedly, and as every relevant Soviet scientist and related analyst knows.

Unless Moscow has a suspicion that the United States intends to put something like General Daniel Graham's flying junk-pile into orbit, their repeated charges of first strike are worse than nonsense.

"First strike" is already a thing of the past. By developing highly accurate missiles, and by deploying highly accurate intermediate-range missiles, such as the Soviet SS-20s and our Pershing IIs, we have forced the strategic posture of both superpowers—and also France and Britain—out of the 1970s now-obsolete first-strike posture, into a present condition of "launch under attack." A missile targeted by a precision thermonuclear missile will be destroyed unless it is launched immediately, before a first strike success could occur. "First strike" no longer has any military value, unless "sneak attack" en-masse could be assured to the attacker.

Another fraudulent objection, is the Soviet allegation that directed-beam ABM systems cannot be developed. There are two facts which expose fully the depth and width of Soviet sincerity in bleating this objection over the international news media's pages. First, it is most curious to discover the exotic Soviet logic which, in one breath, insists that such weapons cannot be developed, and, in the next breath, insists that they will be developed to make possible an early first-strike attack on the U.S.S.R. by the U.S.A. Second, some among the patriotic Soviet figures who dutifully signed the statement, are among the leading experts in the world in successfully developing directed-beam systems of proven efficiency in destroying ballistic missiles in test runs. We must conclude that Moscow does not object to its own development of such weapons, but that they wish the United States to remain defenseless against Soviet missiles. One may wonder what

their motive for that might be?

Contrary to all such objections, unless we agree to scrap the existing arms-control negotiations agenda based on "Nuclear Deterrence," and adopt a new agenda based on the President's doctrine of Mutually Assured Survival, there is no conceivable result of the radioactive-eyeball contest shaping up rapidly now, but either a decisive strategic backdown by one of the superpowers, or an actual thermonuclear war.

The essence of the 1983 missiles crisis is the simple fact that thermonuclear "deterrents" have ceased to be deterrents. The development of first-strike-capable missiles, and the inevitable progress of deployments toward "Forward Defense," has caused the missiles crisis. We have reached the "point of no return" with this Nuclear Deterrence Doctrine. At this point, we have only three options: (1) Agree to scrap the doctrine; (2) One power must back down to the decisive strategic advantage of the other; (3) Have the damned war, and get it over with.

Moscow refuses to negotiate scrapping the doctrine. Therefore, unless Moscow is very stupid, Moscow has consciously chosen either option (2) Force a decisive strategic backdown to ensure Soviet world-rule by the 1990s, or (3) Go directly to risk of total thermonuclear war.

The obvious short-term alternative for 1983, under the first option, (1) Agreement to Mutually Assured Survival, is to pull back both U.S. and Soviet thermonuclear missiles to a minimum of 20 minutes time-to-target of the opposing superpower. This means no intermediate-range, medium-range, or short-range land-based missiles of either superpower in Europe or the Mediterranean littoral. The first step of takedown of deterrent capability is superpower deployment of homeland and sea-based thermonuclear weapons only. That stops the immediate countdown in Europe.

The negotiations' problems include:

(1) **Aircraft.** The "warning-time," or "time-to-target" distinction between aircraft and missiles is a matter of order of magnitude. Strategic bombers are inherently "second strike" strategic capabilities; they are a problem of technology circa 1960, at least on principled accounts. Perhaps this means that the SALT agreements were wrong? So be it! Make new agreements consistent with reality.

(2) **French and British missiles.** Historically, as we should all remember from the early 1960s, the British missiles-policy emerged around the British insistence on developing and maintaining a "sovereign thermonuclear capability" not under the control of the U.S.A. or NATO. The *force de frappe* was designed by President Charles de Gaulle also as a by-product of the policy of military sovereignty, but de Gaulle's logic was not comparable otherwise to that of the British. De Gaulle was determined to oblige NATO to keep the thermonuclear umbrella implicitly over France, and also to create a nuclear trip-wire-defense of France in the vicinity of the Rhine, thus weakening Warsaw Pact desire to enter a non-nuclearized Germany in the first place.

There are two relevant issues here. First, the question of

the durability of absolute U.S. thermonuclear or equivalent defense-system umbrella over Western Europe. Second, the not-irrelevant fact that a sovereign state has a sovereign right to a sovereign defense based within its own territory. There is no acceptable approach to the matter of British and French missiles, except to limit the negotiations to the issues of restricting the basing of thermonuclear missiles systems to the territory of the thermonuclear power responsible for those missiles.

## Nuclear 'chicken'

All of these considerations we have cited are well known to the Soviet leadership. Their absolute objections to the President's proposed negotiations-agenda can only be the following.

(1) They are committed to ensuring that the United States does not cease its drift into qualitative strategic inferiority, by no later than the 1990s; and, are determined to prevent the U.S.A. from following any strategic policy which would ensure its strategic parity into the 1990s.

(2) Lest the United States react thermonuclearly to the threatened blinking-out of its strategic parity during the years immediately ahead, Moscow was determined, even well before March 1983, to break the will of the United States now, to force the U.S.A. into a strategic doctrine and pattern of capabilities which would ensure that the U.S.A. peacefully passes through the "point of no return" into qualitative strategic inferiority.

(3) That Secretary Andropov intends to dodge all serious negotiations, except de facto capitulation to his unilateral doctrine, until the peak of the missiles crisis has either been touched, or is clearly in sight to both parties.

The pattern of Secretary Andropov's behavior reminds us of an earlier Rand Corporation psychological-warfare simulation. This simulation was modeled on the suicidal-existentialist "game" called Chicken, in which two lunatics drove automobiles directly toward one another, accelerating along the center of a stretch of highway appropriated for this recreational activity. The first to blink and swerve was the Chicken, the loser.

Under the present mode, Moscow is quite capable of using its British-intelligence and other levers, to orchestrate the Khomeini regime into atrocities against a Soviet embassy or some caper of similar marketable value as a "political incident." If the U.S.A. is committed to defend Khomeini, so much the more convenient for Moscow. Soviet forces will crush Khomeini's Iran, and the United States will be unable to make any efficient response to oppose this. Such and other Hallowe'en practices, directed to a psychological-warfare process of attempting to disorient, humiliate, and cow the United States and its allies, are the weather forecasts for the strategic period ahead—very wet—if Moscow continues the present direction.

President Reagan's March 23, 1983 address did not trigger the indicated Soviet behavior; the Soviet game was al-



ready afoot months earlier. Reagan's proposed alternative to a crisis had the effect of unmasking the ongoing Soviet intentions. Once the President presented an offer of a real solution to the missiles-crisis threat, the Soviets were forced to expose the fact that they had not intended to have any serious pre-crisis negotiations.

There is no other explanation in sight, but that they are refusing to negotiate seriously with President Reagan for a very simple reason: They intend to plunge the world into the new missiles crisis, and have assured themselves that they will force the White House into a humiliating backdown into strategically decisive margins of concessions.

If so, and no other rational explanation of Andropov's behavior corresponds to the accumulation of evidence, then Andropov is a bigger fool than Khrushchev. Since Andropov's behavior presently is consistent with one relying on Tavistockian varieties of psychological-warfare tactics, we must presume that he imagines himself to be relying on the objective scientific foundation of psychology. Perhaps he sees himself as being psychologically scientific, objective,

and not an adventurer.

For my part, I shall do what lies within my means to persuade Secretary Andropov that his course of action is unscientific, and is objectively adventuristic lunacy.

It appears to be the case, that Secretary Andropov has learned nothing from the President's March 23, 1983 address. Had Secretary Andropov been scientific, he would have observed in the President's actions a quality of "command decision" which no President had shown in 20 years. This quality of personality is totally opposite to the Tavistock "cowboy profile" which fits precisely the psychological-warfare characteristics of Soviet preparations for a missiles crisis since November 1962. Secretary Andropov should seat himself comfortably, seating himself as any wise man would who was anticipating a new shock. The quality of command-decision seen on March 23, 1983 is a repeatable quality.

Secretary Andropov, you are facing something beyond Tavistock's comprehension. It would be better for all concerned, if you would stop the adventurous games and get down to negotiations.

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## Documentation

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# Ogarkov states war readiness is 'timely and appropriate'

*The following article, titled "Victory and the Present," was published in the Soviet daily Izvestia, on May 9, 1983 by Nikolai Ogarkov, Chief of General Staff of the Armed Forces, First Deputy Minister of Defense of the U.S.S.R., and Marshal of the Soviet Union.*

May 9, 1945 occupies a special place in the historical annals of the first country of Soviets in the world. This was the day of our great victory over fascist Germany, the victory of the forces of progress and humanism over black reaction and barbarism. At the price of enormous sacrifice and deprivation, our people and its army not only defended the freedom and independence of the motherland, but they also provided international assistance to many peoples of Europe and Asia, thus opening the gates to the path towards further social progress and democracy on earth.

Soviet citizens and Soviet soldiers and sailors are celebrating the 38th anniversary of victory in an atmosphere of great success in the political and labor areas and under conditions of growing prestige of the Soviet state on the world scene.

Together with us, this holiday is being celebrated by the working people of the fraternal countries of socialism and all progressive humanity.

### I.

Mankind has lived through many wars, great and small. But in terms of its political goals, scope and brutality, World War II has no equal in history. Sixty-one states and more than 80 percent of the world population were drawn into its crucible. The flames of war burned for 2,194 days and nights on the territory of 40 countries of Europe, Asia, and Africa and on the expanses of all the world oceans, and it claimed more than 50 million human lives.

The Second World War was unleashed by international imperialism. There is no question that the burden of responsibility for its preparation and unleashing lies above all with the Hitlerite fascist clique and the leaders of its satellites—Fascist Italy and militarist Japan. But in this context it must never be forgotten that a significant responsibility for the outbreak of the world conflagration lies with the ruling circles of the United States, England, France and a number of other

capitalist states in power during those years. They reared the fascist hordes in Central Europe as an instrument to be directed against the Soviet Union.

Today it is obvious that the politicians and strategists of Washington, London, and Paris seriously miscalculated at that time. Fascist Germany preferred to begin its march to world domination by an attack on the neighboring capitalist countries, and by 1941 it had devoured half of Europe. Under the conditions that had arisen, England, France and later the United States were compelled to join in the creation of an anti-Hitler coalition. However, even after that, as history showed, they in no way strove for the quickest possible defeat of the Hitlerite Reich, but they played a double game—they aimed at the maximum depletion of both the Soviet Union and fascist Germany in the war, setting themselves the goal of ensuring their own leading position in the post-war world. It is thus no coincidence that they did not open a second front in Western Europe in 1942, as had been agreed upon, but waited until June 1944.

Victory over fascism was won by the joint efforts of the nations and armies of many countries. However, the decisive contribution in the defeat of the fascist-militarist bloc was made by the Soviet Union. It was on the Soviet-German front—the main front of World War II—that the fate of victory was decided. And no bourgeois falsifiers can hide that historical truth.

The victory won in the Great Patriotic War [the war between Nazi Germany and the Soviet Union, 1941-45] over the enemies of our motherland was the victory of the Soviet social and state system. Socialism endured the severest hardships with honor and it manifested its indisputable superiority over capitalism in all fields—political, economic, social, ideological, and military. On the battlefields of the Great Patriotic War, the immortal name of the great Lenin, the organizer and founder of our army, loomed over the Soviet troops.

In fierce struggle with the enemy, the Soviet armed forces, our military science, and military art won a convincing victory. During the war years, Soviet troops conducted tens of strategic operations, around 250 front operations, and many hundreds of army operations, the overwhelming majority of which are even now considered as exemplary of advanced military art. They concretely testify to the unparalleled heroism of Soviet soldiers and the force of Soviet arms, to the great talent of Soviet field officers and the combat maturity of staff officers and political workers.

Especially fruitful during the war years was the activity of the Stavka [Headquarters] of the Supreme General Command, headed by J. V. Stalin. Key positions in the Stavka were occupied by Deputy Supreme Commanders, Marshals G. Zhukov and A. Vasilevskii, as well as other members of the Stavka of the Supreme General Command and its main control body, the General Staff.

The outcome of the struggle with the bitter enemy was decided not only on the battlefields, but also on the home

front. During the war, our industry, despite the significant losses and destruction which it suffered, produced more than 100,000 tanks, 830,000 guns and mortars, more than 112,000 airplanes and a great deal of other equipment and military technology—almost twice as much, and of better quality, than fascist Germany and its satellites combined.

The bold leader, organizer, and commander of the Soviet people and its armed forces in the last war was our glorious Communist Party. Armed with Marxist-Leninist doctrine, it confidently led the Soviet people to their great victory.

The victory over fascism—the strike force of international reaction—demonstrated to the entire world the insuperable vital force of the new society borne by Great October. The first socialist state in the world emerged from the war even stronger. The greatest historical consequence of the victory of the Soviet people in the Great Patriotic War was the formation of the world socialist system. This historic victory created the conditions for the stormy progress of the national liberation movement of oppressed peoples.

The outcome of the Great Patriotic War once again convincingly demonstrates that imperialism is incapable of turning back the wheel of history. This outcome is a bitter warning to the lovers of military adventures and the latter-day pretenders to world hegemony.

There is no force in the world that could stop the victorious march of socialism on the planet—nor will there ever be!

## II.

With the conclusion of World War II, nations genuinely hoped that the enormous sacrifices which they had delivered to the altar of victory would forever remove the horrors of war from their lives, and that finally a lasting and long-awaited peace could be affirmed on earth.

The reactionary circles of the West acted differently. The gunfire from World War II had not yet died out when the leaders of the United States began to work out new aggressive plans, this time against the U.S.S.R.—their ally in the anti-Hitler coalition. Possessing a monopoly on nuclear arms, the military and political leadership of the United States already in 1945 considered the possibility of using them on the territory of the Soviet Union. Subsequently, one after another, their increasingly sinister plans appeared: in 1948, the “Charioteer” plan, calling for the use of 133 atom bombs on 70 Soviet cities in only the first 30 days of the war; in 1949, the “Dropshot” plan, calling for the use of 300 atomic and 250,000 tons of conventional bombs with the annihilation of 85 percent of Soviet industry; in 1950, the “Trojan” plan, calling for the use of more than 300 atomic bombs but on 100 Soviet cities. In order to carry out these plans, aggressive military-political blocs were formed (NATO, CENTO, SEATO and others), and an entire network of military bases and other military objects were created around our country. They number one and a half thousand by the present time.

It was by no means the desire for consolidating peace that

gave rise to new military doctrines in the United States. Their very names: in the late 1940s and 1950s, "massive retaliation"; in the 1960s, "flexible response"; in the 1970s, "realistic deterrence"; and in the 1980s, "direct antagonism"—testify to the shameless aggressiveness of American imperialism. And it is not accidental that the United States is redoubling its arms budget from year to year, that it is opening one after another ever newer channels for the arms race, convulsively attempting to undermine the economy of the Soviet Union and attain military superiority. And all this is being done under the cover of unpardonably mendacious, long out-of-date ideas about some sort of mythical "Soviet military threat."

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*It must never be forgotten that a significant responsibility for the outbreak of world conflagration lies with the ruling circles of the United States, England, France. The lessons of World War II, and especially the Great Patriotic War, urgently demand that the Soviet Union show the highest degree of vigilance and ... unceasing concern about defense capabilities.*

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But it is not merely a question of ideas, not only of doctrines and budgets, but also of aggressive actions. In the post-war period, Washington has threatened to use force more than 200 times, and it has repeatedly used force in fact.

At present the United States, using the CIA and the special services of the NATO countries, is carrying out numerous provocations and diversions and economic sabotage with the aim of destabilizing the international situation and driving a wedge into inter-state relations and unleashing military conflicts.

The United States is continuing to build up its undeclared war against Afghanistan; it is organizing bloody orgies in El Salvador; it is intensifying its military provocations against Cuba and Nicaragua. It provoked the senseless war between Iran and Iraq; it is lending all kinds of support and incitement to the Israeli aggressors in the Middle East, the plundering actions of the South African racists in Angola and Mozambique, and the anti-human, bloody regime in Chile. On our

Far Eastern borders, the United States is drawing Japan, which is increasingly gripped by militarist fever, into its aggressive plans.

Today, as in the 1930s, the threat of a new world war is growing. World imperialism, international Zionism, and reaction are attempting to carve up the world in their own way. This course has become particularly dangerous in recent times in connection with the actions of the Reagan administration. Hypocritically holding forth on its alleged longing for peace, the U.S. administration is stubbornly ignoring the peace-loving proposals of the U.S.S.R. and other countries of the Warsaw Pact. The White House "Directives in the Defense Sector for 1984-1988" include as a primary goal "the annihilation of socialism as a socio-political system." In addition to this, on March 23 of this year the President of the United States announced that the United States is beginning development of a new generation of anti-missile weapons, something that will inevitably entail a new round of the arms race and will necessarily have a negative effect on the entire international situation.

In contrast to the aggressive course of the United States, the Soviet Union and the other countries of the socialist community are steadfastly and consistently pursuing a policy aimed at peaceful cooperation. They have advocated a fundamental resolution of the problems of disarmament and prevention of a nuclear catastrophe and a new world war. This is precisely the aim of the Soviet peace initiatives presented by General Secretary of the Central Committee of the CPSU, Comrade Yu. V. Andropov. They call for the removal of the material means of waging war as well as the creation of political barriers to the outbreak of war. They encompass both nuclear and conventional arms. They take into account the legitimate interests of the security of the European nations as well as the nations of the entire world.

Speaking at the dinner held in honor of a GDR [East German] party and state delegation, Comrade Yu. V. Andropov, referring to talks on intermediate-range nuclear weapons in Europe, noted that our position is that the U.S.S.R. should not have more missiles or warheads than the NATO side during any mutually agreed period. If the number of warheads on the English and French missiles are reduced, we will reduce the number of warheads on our own intermediate-range missiles by an equal number. The same approach might also be extended to that class of aviation weapons deployed in Europe. In this way, there would be an approximate parity between the U.S.S.R. and NATO both in respect to intermediate-range nuclear delivery vehicles—that is, missiles and aircraft—and in respect to the number of warheads they carry, with that parity level being considerably lower than it is today.

"Anyone who again says 'No' in response to this proposal of ours," said Comrade Yu. V. Andropov, "will be assuming a heavy responsibility before the nations of Europe and the entire world. . . ."

"All peoples and governments should reflect on the de-

gree of this danger and do everything to safeguard peace and to turn the course of events back towards détente.”

These peace initiatives and far-reaching proposals have been received with understanding and hope by the world public. Unfortunately, there is as yet no positive reaction from the governments of the NATO countries. And this is necessarily a disturbing fact.

The lessons of World War II, and especially the Great Patriotic War, urgently demand of the Soviet Union and the other countries of the socialist community that they show the highest degree of vigilance and compel them to show unceasing concern about their defense capabilities.

### III.

The preparation of our armed forces and the development of Soviet military science and military art are realized on the basis of the invaluable experience of the Great Patriotic War. In the course of the war, Soviet military doctrine and the basic tenets of our military thought were subjected to a severe test. And they withstood the trials of war. But the war did introduce corrections as well. It gave much which was new in the theory and practice of military affairs. The experience acquired in battles is still widely applied today in the practice of operative, combat, and political preparation of our troops.

Forty years have passed since the Great Patriotic War. In that time radical quantitative and qualitative changes have occurred in military affairs. Military art does not stand still. And a new war, if it is unleashed by the imperialists, will differ sharply from the last one.

Since the 1950s, the decisive means of armed struggle has been nuclear arms. The arsenal of various kinds of nuclear warheads and delivery vehicles accumulated in the world now totals many tens of thousands. Such quantitative changes have led to qualitative changes; that which was possible to achieve by nuclear arms 20 to 30 years ago has now become impossible for the aggressor. A devastating nuclear counter-strike awaits him!

At the same time, there is an accelerated improvement of existing strategic and operative-tactical weapons systems and the creation of new such systems based on the latest achievements of electronics and other engineering sciences. Significantly improved automatized systems of command and control of troops and equipment, and new, highly effective conventional weapons systems are being developed and introduced. The scope of such systems is also being significantly expanded. In the United States, for example, space-based military attack systems and weapons complexes based on new physical principles are being created. All this will naturally influence the character of a possible war, and the forms and methods of preparation for and conduct of modern operations and battle.

For this reason, it is not merely important to recall the lessons of the past war and the conclusions of military art of those years, but most important—on the basis of experience acquired, *to see and understand the perspective of development of military affairs in the future, and dialectically, cre-*

*atively, think through the changes occurring in the means and methods of armed struggle and to take timely and appropriate measures to further raise the combat-readiness of our land and naval forces [emphasis in the original].* Narrow-mindedness and a stubborn, mechanical, and unreflective clinging to old ways is dangerous under modern conditions.

Taking into account the changes occurring in military affairs and the aggressive preparations of the United States and its allies, there must be an especially well-considered and harmonious development of the branches of the Soviet armed forces, the fighting arms, and special forces, as well as modernization and improvement of the organizational structure of the forces and command and control organs.

In a new war, should the imperialists manage to unleash one, it will be impossible to contain military actions within any limited scope, as the strategists from Washington maintain. It will inevitably encompass all of the territories of the combatant states. It will be difficult to distinguish the combat front from the home front. The methods of solving tasks may also be different, especially in the beginning of the war. It is this that dictates the specific role and significance of the initial period of the war under modern conditions.

The experience of the initial operations of the Great Patriotic War has already introduced serious corrections in previously prevailing views. In 1941, large-scale operations developed all at once on a vast front, with deep penetration, and they were conducted with extremely decisive goals.

Now the situation in this respect has become even more complicated. Most imperialist states constantly have various long-range weapons of enormous destructive strength in a combat-ready state. Already in peacetime they maintain highly mobile armed forces units capable of immediately beginning military action without advance deployment. This determines the unprecedentedly tense and demanding character of operations in the initial period of the war and demands from the defensive side, in the very first hours; clear-cut and active operations to repluse the attack. Under present-day conditions, such operations may be of decisive significance, as is demonstrated by the experience of local wars. This requires a profound analysis and comprehensive study of the aggressive preparations of imperialism and its true military doctrines and conceptions. This will permit the timely detection of the possibility of unexpected actions and the new means and methods of armed struggle which might be used by the aggressor.

The experience of the last war showed the extreme importance of command and control of land and naval forces for the successful conducting of military actions. Now, the demands on military command and control of the Armed Forces in operations on land, at sea and in the air, the demands on their consistency, reliability, and operative nature have acquired a qualitatively new character. Decisions will be made in short periods of time, missions will be carried out in a matter of minutes, and the art of fulfilling them will be highly demanding. This brings about the necessity of having,

in peacetime, organs of command and control which could immediately go into action at the outbreak of war without a lengthy period of reorganization.

To this end, our armed forces are constantly raising the combat-readiness of our troops and staffs as well as the field, air, and naval training of the personnel. The organizational structure of the land and naval forces and the command and control bodies are being improved, and military-theoretical thought is continuously being developed. The Leninist principles of building and preparation of our armed forces are still today fundamental in the examination of all questions associated with the strengthening of the defense might of our motherland.

Of course, combat-readiness and the combat capabilities of the armed forces are an important element, but by no means the only element involved in strengthening the defense of the state. As the experience of the past war showed, the armed forces can operate successfully only when they rest on a powerful scientific-technological and economic base, which functions reliably during the course of the war. Therefore, in the interests of strengthening the defense capability of the country, the Central Committee of the CPSU and the Soviet government are carrying out important measures to further heighten the defense potential and mobilization preparedness of industry, agriculture, transport, and other branches of the national economy, and to prepare them in time for the transition to a war footing if required. A great deal of work is also being done on the patriotic education of Soviet citizens in the spirit of great responsibility for the defense of their socialist fatherland, as well as efforts on the organization of universal military training and preparation of young people for military service. All this guarantees that the Soviet Union and its allies will be reliably secured from attack by an aggressor.

Victory Day is one of the happiest and dearest holidays we have. It is a symbol of the greatness of the immortal feat performed by the Soviet people and their armed forces in the bitter years of the Great Patriotic War. On this day we lower our battle flags in memory of the Soviet citizens who gave their lives for the freedom and independence of our motherland and for the happiness of our people. On this day we praise our war and labor veterans, the heroes of the combat front and the home front, soldiers in the reserves and in retirement—all those who steadfastly and courageously defended the honor and independence of the great Soviet fatherland. We express our heartfelt gratitude and boundless appreciation to our native Leninist Party, under whose experienced leadership the Soviet people won a world-historical victory in the Great Patriotic War and are now confidently proceeding along the path towards communism.

Steadfastly fighting to build communism in our country and to consolidate universal peace, the Soviet people and the soldiers of its heroic armed forces will always remember the bitter lessons of the last war and will do everything necessary to ensure that no one will ever be able to take us by surprise.

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## Why the Middle East is about to explode again

by Judith Wyer

Secretary of State George Shultz's pact with Israel for withdrawal of Israeli forces from Lebanon—which includes the secret proviso that Israel could march back in at any time it believes its security is jeopardized—has handed the Soviets a wide-open opportunity to play the Kissingeresque game of nuclear brinkmanship against the Reagan administration.

Moscow is using its Middle Eastern client Syria to block the Shultz agreement, and thereby spark, among other things, civil war in Lebanon. Without Syria's agreement to withdraw its 40,000 heavily Soviet-armed troops from Lebanon, the Shultz agreement is a farce. Israel has vowed that it will keep its forces in Lebanon until Syria and allied Palestinian guerrillas withdraw. Because of the flagrant advantage Israel would gain from the accord, Syria's rejection of the Shultz accord was predetermined.

The Syrian government of President Hafez al-Assad has issued a series of denunciations of the accord, pledging "retaliation" against all parties to the agreement. Less than a week after Shultz's May 8 departure from the Middle East, Syria had put together a coalition of Lebanese leaders, including the warlord Suleiman Franjeh; Walid Jumblatt, a Druze spokesman; and the Lebanese Communist Party's chief, to challenge the agreement and the government of Lebanese President Amin Gemayel.

In mid-May, Gemayel warned in a meeting with Soviet ambassador Soldotov that the Soviets should not turn Lebanon into a barter card in their conflict with Washington. Gemayel reportedly made it clear that if Moscow pursued a

brinkmanship course using Lebanese territory as the launching point, the traditionally friendly relations between Lebanon and the Soviet Union would cease.

On May 18, the day after Israel and Lebanon signed the agreement, Syria for the first time sealed off the enclave in Lebanon under its military control, thereby cutting off all communications with about two-thirds of Lebanon—the strongest signal yet that Damascus is resolved not to withdraw. The same day, Syrian Foreign Minister Abdul Halim declared: "This agreement will not pass, and will not be implemented, because we will not allow it to be passed irrespective of how matters in the region develop."

While Damascus flatly rejected a bid by the White House to send U.S. Special Envoy to the Middle East Philip Habib there, Lebanese President Amin Gemayel issued an urgent plea to Shultz that he go immediately to Syria to confer with President Assad to attempt to win Syrian cooperation before it was too late.

By refusing to deal face-to-face with Assad, who is known to be willing to talk to the United States, Shultz has allowed Syria to fall deeper than ever under Soviet influence. Having accepted \$2 billion worth of highly sophisticated arms and upward of 5,000 Soviet advisers to Syria, it is doubtful now whether Assad has the freedom to maneuver with the United States that he might have had even when Shultz was in the Middle East.

At the current moment, any trigger, such as another killing like that of five demonstrating Shi'ites in Beirut on

May 18, could set off an Israeli-Syrian war that would quickly escalate into thermonuclear confrontation.

### **Eastern Mediterranean military buildup**

Reliable sources in Lebanon report that the Soviet aircraft carrier *Novosibirsk*, carrying combat helicopters, has made its way, accompanied by two destroyers, through the Bosphorus into the Aegean to augment an already substantial Soviet naval presence in the eastern Mediterranean. American intelligence sources estimate that there are now at least 5,000, and possibly 10,000, Soviet military advisers stationed in Syria. The Syrian SAM missiles ringing the Lebanese border are all manned by Soviet personnel.

On the U.S. side, the U.S. Navy is reported to have gone on a state-of-readiness alert about May 17, in expectation of a deployment of at least 30,000 U.S. troops to Lebanon if a war between Israel and Syria gets out of hand.

Washington policymakers and intelligence officers are beginning to realize that if the United States does not prevent a partitioning of Lebanon, the United States will quickly lose its closest Arab allies, starting with Saudi Arabia and then Egypt. "Lebanon is a test," said a well-placed Washington source. "If the United States fails to uphold its pledge in defending Lebanese unity, then there is no way U.S. allies like Saudi King Fahd can continue to maintain the special relationship."

The same source said that plans to deploy thousands of U.S. troops to Lebanon are aimed at preserving the country's unity. Israeli Defense Minister Moshe Arens and Israel's agents within the Pentagon—including Mossad agent Stephen Bryen and Assistant Secretary of Defense Richard Perle—are arguing that U.S. troops should be deployed into Lebanon to separate Syrian and Israeli forces. But if the White House makes such a move without first securing an immediate Israeli withdrawal from Lebanon backed up by the threat of a total U.S. economic and arms embargo, then the United States will be walking into a military quagmire worse than Vietnam. As *EIR* founder Lyndon LaRouche stated May 10, it is urgent that the United States demonstrate forcefully its determination to rein in Israel (see *EIR*, May 24).

Israeli Defense Minister Arens is leading a faction within the Begin cabinet advocating a unilateral Israeli troop pull-back before June 6, the first anniversary of the Israeli invasion of Lebanon. Arens is justifying a pull-back to behind the Awali River, about 30 kilometers north of the Israeli border, by arguing that radical Moslems will spark violence against Israel on June 6, especially in the Chouf Mountain area south-east of Beirut. A Washington-based agent of Israeli intelligence recently admitted to *EIR* that such a pull-back would trigger an explosion of warring factions within the Druze-populated Chouf mountains. Israeli troops have been separating warring factions in the Chouf, and a pull-back would leave a dangerous vacuum. Arens and his predecessor Ariel

Sharon have been orchestrating British-style counterinsurgency operations among the Druze Muslims there.

Israel "has done its job, now it is up to the United States to solve the problems in Lebanon," the source said. "Granted, it is a losing battle since the U.S. has no military cards it can play, but that is not Israel's problem. The Soviets and the Syrians clearly have the strategic advantage. . . ."

The Israelis, for their part, have been goading the Soviet Union, even by making known through European and U.S. political circles that the Israelis possess intermediate-range ballistic missiles that can reach the Soviet Union.

Contrary to the fantasies of Shultz, Kissinger, and their British backers, this will not be a set-piece "limited war" in the British "great game" tradition.

Rather, as the Soviets have made clear in major statements (see Special Report), the Kremlin is determined to crush the United States, forcing a devastating reversal of President Reagan's decision to develop a U.S. beam weapon defense system for the strategic doctrine of Mutually Assured Survival. If they force that reversal, the Soviets believe that they will have acquired the political and military margin of superiority to ensure their geopolitical dominance throughout the world.

Reports are circulating through intelligence channels and New York financial circles that George Shultz has come under heavy attack within the Reagan administration for his handling of the Lebanese crisis, and the secret agreements he made with Israel. These agreements, concealed in a series of side letters, reportedly give Israel not only promises to renew the U.S.-Israeli military treaty known as the Memorandum of Understanding, but also promises transfer of sensitive U.S. technology for Israel to build the high-performance Lavie jet.

Production of the Lavie jet will provide Israel with sophisticated technologies to upgrade its existing intermediate range ballistic missiles. Israel plans to use the increasingly military-oriented Israeli economy to gain control over Africa, in collaboration with South Africa. The two countries share a commitment to put a hostile nuclear missile umbrella over the continent and its rich resources required for military and other high-technology production. The plan includes making Israel the third largest military hardware exporter by the coming decade.

Shultz worked to ensure that the Israelis would get U.S. approval for the Lavie plan, telling the reluctant White House that it was the only way that the Israelis could be induced to withdraw from Lebanon—thereby setting up the step-by-step negotiations that have so often defeated U.S. interests. Now, reportedly, Shultz has an offer for the Soviet Union: the United States will back down on its autumn deployment of the Pershing II missiles—whose placement could otherwise be negotiated reasonably under an agreed-upon doctrine of Mutually Assured Survival—if the Soviets will permit the Israelis to proceed unimpeded with the Lavie plan.

# 'Beam-weapons program essential for Italian national security'

General Giulio Macri is a general in the armored armed forces of the Italian Army. He was commander of the drill center of the armored units of the Italian Army at Cape Teulada in Sardinia, where there was also an alternating influx of other NATO forces (U.S. Sixth Fleet, British, and West German). He was the office chief of the Italian military delegation in Paris to the Supreme Headquarters of the Allied Forces in Europe (SHAPE) and for about six years, in the rank of colonel and then general, was chief of the First Detachment of the Central Military Preparations Office of the Italian Defense Ministry. Macri attended Nunziatella Military College in Naples and the National Military Academy in Modena, the Italian War School, the U.S. War College at Fort Leavenworth (Kansas City, Missouri), and the course on Special Weaponry in the U.S. school at Oberammergau in West Germany. The author of numerous articles on operational, technical, and historical questions in specialized reviews—*Rivista Militare*, *Rivista Aeronautica*, *Difesa Oggi*, *Aviazione*, *Aspis*, and *Quadrante*—General Macri is an expert in advanced military applications. He was a pioneer in Italy in spreading the idea of the military possibilities inherent in the use of satellites and other types of military technology in space. He has participated as a representative of the Italian Defense Ministry in numerous NATO working groups for researching the development and application of equipment and material for possible common adoption by two or more armed forces of NATO (co-production, memoranda of understanding, joint ventures). Married, the father of three daughters, he has been in the Reserve for four years, and continues intensive study, research, and publication in his specialized fields of competence.

General Giulio Macri is a candidate in the slate of the Partito Operaio Europeo (European Labor Party) in the Rome and Milan districts for the Chamber of Deputies of the Italian Parliament. He was interviewed by Giuseppe Filippini in Italy on May 16.

**EIR:** Many campaigns have been carried out in the recent period in Europe and in Italy on pacifist and anti-militarist themes; how has this propaganda been received inside the armed forces?

**Macri:** For a military man, today as in the past, the golden principle should always hold: *se vis pacem para bellum* [If you want peace, prepare for war]. Unfortunately in the Italian

armed forces, it is not clear whether consciously or unconsciously, the predominant principle seems to be "*se vis pacem nega bellum*" [if you want peace, negate war]—with all of the consequences that derive from that, from the juridical recognition of the conscientious objector, to the issuing of the new disciplinary rules, to a widespread and deepening pacifism inside the majority of the various armies. If we did not want to speak of extreme pacifism, then we would have to speak of that insidious and corrupting worm of neutralism. There is no need to waste a lot of words to understand how pacifism and neutralism are empty of content. One need only look at the two most blatant situations we have before our eyes, Lebanon and Southeast Asia. Those countries have been neutral and pacifist to the degree that internal and external forces have wanted it that way, and have been shaken by terrible conflicts the minute [those forces] have not wanted it.

**EIR:** How can a country like Italy, which is not a great power, guarantee itself an adequate security?

**Macri:** The adequacy of the national security of a middle-sized power like Italy can not be guaranteed except in three ways: 1) by inserting itself into a big alliance which can make up for the limitations inherent in the reduced economic scale of its own factors of power; 2) with the exercise of foresight in regard to the most advanced present technologies which seem to allow a total change in present strategic and operative concepts in the military sphere; 3) naturally the high costs of research and development for these advanced technologies make it more and more necessary to hook up our country with the economically stronger and technologically more advanced countries like the U.S.A.

**EIR:** How do you evaluate, then, the speech made by U.S. President Ronald Reagan last March 23, where he announced the program of developing an anti-missile defense system based on lasers or particle beams?

**Macri:** In my series of articles which appeared in *Rivista Aeronautica* already at the end of 1978, I hinted various times at possible weapons systems based on lasers and particle beams, that is directed-energy weapons systems. In particular, I was struck at the time by the resignation of General Keegan as head of U.S. Air Force Intelligence, in relation to the development that such weapons systems would have al-



ready had in the Soviet Union. Through the publications of the European Labor Party and the Fusion Energy Foundation, moreover, well before Reagan's speech, I became aware of the proposals of the U.S. political figure Lyndon LaRouche in favor of a massive development program of such weapons systems.

The thing which struck me most in LaRouche's proposals was his analysis of the links between the development of military technology, in particular that which is needed to develop laser and particle-beam weapons, and the spin-offs in the civilian economy as an element of [economic] development. I also participated in a press conference organized on this subject by *Executive Intelligence Review* in Rome, because I maintain that this viewpoint is profoundly correct.

Therefore I was not surprised by President Reagan's announcement March 23 about the technical possibilities he mentioned for developing a directed-energy antimissile system. Above all, I was very interested in the President's statement about the almost exclusively defensive nature of these new weapons. This was in turn confirmed by the speech of Defense Secretary Weinberger last April 11, to the point that the Secretary even expressed hope for cooperation with the Soviet Union.

The fact that Andropov's U.S.S.R. has preferred to respond with strategic provocations to these U.S. offers on antimissile weapons has shown that the U.S.S.R. in reality does not want peace but a confrontation. This is a very dangerous situation. The program for realizing laser or particle beam weapons must become operative right away, because in this way it will become evident that the false pacifism of Andropov and his threats don't work, and thus the U.S.S.R. will have to change its policy.

**EIR:** Various military and political circles in Europe have attacked the perspective opening up for directed energy weapons. But would collaboration on this project be possible, by Europe, and Italy in particular?

**Macri:** I think that many political and military circles did not understand the scientific importance and the military and economic consequences of the directed-energy weapons, or that they were taken by surprise by a perspective that they think is in the future even though it may be fascinating. The people currently in charge of the military policy of Europe, and Italy's in particular, feel they have their feet on the ground if they talk in terms of counterbalancing strategy, and of the possibility or impossibility of limited war or total war. They do not feel the responsibility of thinking about anything else for the near future, so they go right on being in the field of Mutually Assured Destruction, and they do not want to think about a possible form of Mutually Assured Survival.

Thus they think they have their feet on the ground, in reinforcing conventional forces, and imagining limited warfare scenarios with or without a limited use of nuclear explosives. They do not realize that they are further and further from a reality which instead they ought to face very fast. I

think, instead, that Western Europe as a whole and Italy should immediately and urgently give political support to the project that President Reagan announced last March 23 and which was reaffirmed by Defense Secretary Weinberger, so as to support him also in the present battle in the U.S. Congress and Senate to pursue the research and development efforts of laser and particle beam weapons as essential components of a valid antimissile and nuclear defense. In the light of such prospects, I would see a further step forward by the European powers and Italy toward forms of cooperation and collaboration at all levels, the scientific one of research and development and the applied one of the technical services of the armed forces [working] with the similar U.S. technical services.

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*Italy must exercise foresight in regard to the most advanced technologies which seem to allow a total change in present strategic concepts. Above all, I was very interested in the President's statement about the defensive nature of these weapons. The fact that Andropov has responded with strategic provocations has shown that the U.S.S.R. wants confrontation.*

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The involvement of the interested industries would come as a consequence, producing an economic and productive spin-off whose breadth could be compared to the Manhattan Project, the Atoms for Peace policy, and the Apollo Project which put the first man on the moon.

**EIR:** What are the particular types of directed energy weapons in which Italy and Europe would be most interested?

**Macri:** From the information which I have available to me, there is no reason to think that Italy cannot participate right from the R&D phase in the five types of directed beams weapons systems currently under study both in the U.S.A. and the Soviet Union.

These five types of directed-energy weapons system are, as is known: laser beams, particle beams, microwaves, plasmas, and electromagnetic impulses. Each system is in principle capable of generating the required potency and energies to reach and disarm a target. Such a weapons system, commonly called "beam weapons," effectively disarms a nuclear warhead by neutralizing it or destroying it. It is hardly nec-

essary to remember that a hydrogen bomb can be detonated only by a powerful initial atomic bomb explosion which can spark a chain reaction in the lithium and deuterium mixture. The weapons system commonly called "beam weapons" prevents the initial explosion and substantially transforms the warhead or explosive nose cone into a dud. The missile, like a satellite, may fall to earth's surface, but it can no longer explode. Scientists agree that the emplacement, for example, of defensive lasers on the battlefield, even at the lowest level of technology, could be defended from other similar weapon systems, whereas a missile cannot be effectively defended from a laser beam or particle beam without a massive protection which would cause it to lose both its range and its necessary velocity.

**EIR:** What are the systems whose technology is most within reach for possible military applications?

**Macri:** Laser beams, particularly chemical ones, will be the first usable developed systems. Such coherent light lasers of single wavelength can easily be focused with great precision at present, and there is no reason to believe that the U.S.S.R. is doing anything else. These systems are being intensely studied. Theoretical and applied research, however, is being carried out on all the five types of directed energy systems both for possible military applications and for research on thermonuclear fusion. There already exist lasers of several megawatts, and a chemical laser with enough power to be utilized for significant military jobs like knocking out intercontinental ballistic missiles in flight could be put up in five years. Such lasers would use as their active medium a gaseous compound of fluorine and either ordinary hydrogen or deuterium, whose chemical reaction emits laser light. For more limited military purposes that require less power, lasers could be developed in even less time.

The U.S.S.R. already employed a chemical laser in 1981 in an experiment in which a ballistic missile was shot down. In 1972, in the U.S. military program Eight Card, some wood slabs were ignited at two kilometers distance with a gas laser of 60 kilowatts power. The same laser drilled a hole in a moving target of very small size. In 1976, a U.S. high power laser shot down a drone aircraft from a land-based position. In 1978, the U.S. Navy destroyed a high velocity antitank missile of the TOW type with a chemical laser, and in February 1983 a land-based Soviet laser irreparably damaged a U.S. satellite.

While I am not acquainted with experiments which use directed energy weapons systems other than lasers, I can say from a technical standpoint that particle beams make ideal weapons because they destroy the target like a heavy, very powerful little hammer. On the basis of these considerations and experiences, we can say that anyone who says these weapon systems are 20 years in the future does not have his feet on the ground. By experience I know that technical problems get resolved in the process of posing them. The important thing is political will.

## Reagan presents his to the West German

*In an interview published May 11 in Bunte Illustrierte, one of West Germany's leading family magazines, with a circulation of several million, President Reagan explained to a European audience the concept of the anti-ballistic missile defense that he had announced on American television March 23. Reagan's interview, titled "President Reagan's message to the Germans," is excerpted here in a re-translation from the German.*

**Bunte:** In October it will be exactly 300 years since the first Germans immigrated to America. In your view, is there a special German element in American history? Which Germans do you most admire?

**Reagan:** Over 60 million Americans are of German descent. This heritage has a great influence on our national character. The strong hands and good hearts of the industrious German forefathers helped to build a strong and good America. Germany sent us heroes for our revolutionary war, like Baron Johann de Kalb and Baron von Steuben, politicians, scientists and engineers—including Einstein and Roebing, whose 100th birthday is being celebrated this year; also artists, composers, theologians, businessmen, entrepreneurs, and great sportsmen like Babe Ruth. It is almost impossible to say who among them I most admire. German names fill our history books, appear on our maps and in the family trees of our family Bibles. . . .

**Bunte:** You have recently developed the idea of securing world peace with unconventional weapons. Can you explain this further? Critics fear that this will extend the battlefield of the earth into space.

**Reagan:** When I spoke about a strategic defense initiative in my speech of March 23, I indicated that during the past decades American deterrence policy has relied strongly, even exclusively, on offensive nuclear weapons. This deterrence concept is based on the premise that neither side would risk an attack due to the catastrophic consequences it would have. The price of such an attack would far exceed any conceivable gains. This concept has led on both sides, the U.S. and the Soviet Union, to the development of offensive nuclear weapons. I see the day coming when our trust in our offensive power fades and we recognize the possibility of an effective defense. Inter-continental missiles are the most threatening

# defense strategy population

of all nuclear weapon systems, which upset the balance of forces in the most sensitive way. Measures to protect ourselves, our families and our countries from annihilation should be incentive enough for disarmament and to ease much of our anxiety.

Certainly the implementation of this concept will meet with objections and impediments. But the perspective of a nuclear holocaust, where each side aims a cocked gun at the other, is not acceptable. The development of a defense system could prevent our peoples from being hostages to the preservation of peace. Therefore, I have ordered a comprehensive examination of technologies and other areas dealing with defense in its broadest sense, in order to evaluate how our security and that of our allies can be guaranteed by such methods.

We do not propose any particular weapon system, but we have begun the basic research that could lead to a new development by the turn of the century. It is still too soon to advocate precise systems. During our research we will adhere to all existing treaties and will consult closely with our allies. We hope that defense systems against nuclear missiles, once they are developed, will be fully included in arms control measures.

No, we will not take the arms race into space. The Soviets are the only ones that have operational anti-satellite weapons. In 1979 they rejected our proposals to ban all such weapons, and they are continuing a comprehensive research program for space-based weapons. Unfortunately their deeds give the lie to their words about the peaceful use of space—words recently revived.

**Bunte:** Do you believe that a limited nuclear war in Europe is possible?

**Reagan:** Let me first stress that our policy is aimed at preventing conflicts and at settling differences of opinion by peaceful means. We and our allies will not use our weapons except in response to an attack. I do not believe that a limited nuclear war is possible.

During the entire postwar period, the United States has made it clear that the American inter-continental missiles are a component of the defense of Western Europe. In 1979 NATO strengthened this link with the so-called two-track decision, according to which intermediate range missiles

would be stationed in five European NATO countries, unless an accord with the Soviet Union were to make the stationing unnecessary. The deployment of the Pershing II and the land-based cruise missiles will guarantee a full palette for the deterrence of Soviet aggression—from conventional weapons up to the inter-continental missiles stationed in the United States.

A convincing confirmation of how U.S. forces are coupled to the defense of Western Europe was provided by none other than Soviet Defense Minister Dmitri Ustinov, on April 6 in East Germany: "Should Washington think we would respond to an attack with the Pershings and cruise missiles only by retaliating against targets in Western Europe, it would be thoroughly mistaken. A counter-strike will inevitably follow against the U.S.A."

Like all NATO's weapons, the cruise missiles and the Pershing II would not have been developed but to deter war. If we maintain a balance of weapons, there will be no attack; and NATO will successfully preserve the peace for another four decades. . . .

**Bunte:** Mr. President, is there anything you would like to say to the Germans?

**Reagan:** The populations of the United States and the Federal Republic of Germany are bound together by their common values, convictions, and interests. Together we will face many challenges in the coming years.

I am convinced that these challenges will be successfully met thanks to our deep commitment to Western values, our deep trust in democracy and our faith in God. We are committed to the peaceful competition of ideas like individual and national freedom.

The Federal Republic and the United States have pledged themselves to the cause of peace. And we will maintain our defensive forces, which are necessary to guarantee our security. At the same time we will not neglect our efforts to reduce the danger of war through negotiations—in Geneva, Vienna, Madrid, and wherever we have the possibility to make progress to a more secure future. The United States has made proposals that were hailed by our allies and supported by the population of the Western democracies: proposals for the drastic reduction of warheads on intercontinental missiles, proposals for eliminating a whole class of nuclear weapons, for the banning of chemical weapons, for reducing to an equal number the Warsaw Pact's troops and NATO's troops in Western Europe, as well as a stop to the proliferation of nuclear weapons to unstable areas of the world, which endangers equilibrium.

I hope that the Soviet Union will join the German and American populations in our mutual striving, like that of the population of Poland, to erect a cathedral of peace—out of the deepest sense of duty and devotion.

As I said in a speech before the Bundestag in June of last year: "If we build peace conscientiously, it will last as long as the spires of the Cologne cathedral. . . ."

# *Force de frappe* has now become obsolete

by Philip Golub

There is still no sign that the French government has understood the implications of President Reagan's March 23 speech on Ballistic Missile Defense (BMD) technologies or that it is responding to technological and political imperatives. In the midst of a crisis unfolding between the two superpowers, France will have to choose between survival in the laser age or the tactics and technologies of an already obsolete MAD era.

Unfortunately, if the new long-term defense policy the government proposed is to be taken seriously, it appears that budgetary restraints and ideological considerations are currently overruling strategic reality. Debate on the military proposals began in the National Assembly on May 19.

There are two primary aspects of the international strategic situation which affect French national security: 1) the rapid advances made both in the U.S.S.R. and the United States on BMD laser technologies, with early applications expected within three to five years; and 2) the Cuban-missile-style showdown between the superpowers precipitated by Andropov's consolidation of power and official Soviet rejection of President Reagan's proposal for parallel U.S.-Soviet development of space-based ABM systems. France must prepare for both.

France's nuclear *force de frappe* is already militarily obsolete in its present mode of deployment. The massive introduction of highly precise SS-20 missiles has rendered the Plateau d'Albion site vulnerable to a Soviet first strike with an intermediate range missile. The French bomber fleet would have little chance of effectively penetrating Soviet defenses unless it were equipped with laser technologies capable of repelling anti-aircraft missile attack; and the strategic submarine forces are constantly "tracked" and vulnerable to a first strike strategy.

Hence the *force de frappe*'s previous capability to threaten intolerable losses in Russian population centers is no longer effective.

The introduction of Pershing II missiles in Europe does not remedy France's predicament. The Pershings give the United States the capability—if it so desires—to strike Soviet territory in response to an SS-20 preemptive strike, but does

not restore to France the mastery of its own destiny. When the *force de frappe* was initially introduced it was with the aim of giving France—and implicitly Europe—an independent deterrence. "Would Jimmy Carter have gone to war for Bonn?" is a legitimate question raised in European quarters.

The SS-20 should thus have forced a redefinition of French nuclear strategy to a *launch-on-warning policy* which, though apparently aggressive, is the way to ensure the survival of French strategic forces.

Launch-on-warning is precisely the policy that the Russians have announced they will adopt once the Pershing II missiles are deployed in Europe. On the Russian end, it implies that the entire Soviet strategic arsenal will be launched whenever any threat of launch from the other side is perceived, even in case of accidental firing. For France to safeguard its nuclear forces, it must be ready and able to launch the entirety of its strategic arsenal at moment zero-plus-one of the sighting of a missile attack.

The five- to eight-minute flight time of Russian IRBMs renders any other policy impracticable—except surrender. A launch-on-warning policy will make the *force de frappe* "survivable" for a couple of years more if peace is maintained in the world.

Within 5 to 10 years, and perhaps even sooner, the *force de frappe* will be technologically entirely obsolete, as laser and particle beam defenses are deployed by the superpowers. Professor M. Felden, head of the plasma physics laboratory at the University of Nancy, correctly observed at a recent conference in Paris that the planned increases in the French ICBM and submarine-launched ballistic missile forces will be largely meaningless after 1984 unless a massive effort is made to develop the new BMD laser technologies. "What will be the use of a new submarine planned for 1984 when it will be destroyed [by laser technologies]," he asked.

Studies by the French and other military forces on the implications of the Malvinas war have corrupted strategic thinking in France: the coming conflict is a superpower showdown and a technological race, not a series of limited wars in the developing sector (though these are not to be excluded).

Second, despite the commitment of the government to maintain the French nuclear arsenal, a strategy for its survival has not been worked out.

Hence the scent of the *Air Land 2000* report of NATO commander Gen. Bernard Rogers permeates the government's programs. The document, a plan for conducting depopulation and resource-control wars in the developing sector, is the counterpole to current official White House thinking. Electronics gadgetry and conventional forces are made supreme at the expense of those weapons systems which will destroy even the most sensitive and advanced electronics.

Budgetary constraints are determining strategic thinking, rather than strategic reality dictating allocations. Such was the fate of France's political and military elite in the late 1930s, when it sought to fight according to the methods of World War I.

## Vatican's war on cults begins in Honduras

The Honduran Bishops Council's unequivocal condemnation of the Rev. Sun Myung Moon's Unification Church in early April is the opening salvo in a campaign by the Vatican to halt the proliferation of the fundamentalist cults whose aim is to submerge the nations of Central America in civil and religious wars.

The Bishops Council attack on the Moon cult as anti-Christian—denying the fundamental doctrine of Christ's consubstantiality, that he was both God and man—lays the basis for the Church to denounce not only other right-wing cults, but also the left-wing "liberation theology" of the Jesuits. This left-right conflict has been used to generate the population wars in the region (see *EIR*, May 10).

The Honduran bishops made their attack after General Gustavo Alvarez, the Honduran Defense Minister, was inducted into the cult. Mexican and European sources have reported that Alvarez has given the Unification Church and its political front group, the Confederation of the Associations for the Unification of the Societies of the Americas (CAUSA) permission to recruit among Honduras' military officers. CAUSA was created as a special Latin American split-off of the World Anti-Communist League (WACL), an international protective organization for death squads in Guatemala, Honduras, El Salvador, and elsewhere.

Excerpts from the April 8 statement follow:

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Because of the establishment in our country of the movement CAUSA . . . the Bishops of Honduras upon mature reflection and in compliance with our pastoral duty to defend the security of our faithful in matters of faith and morality, to all priests, nuns and the faithful in general we declare the following:

In a world anguished by division over the great dangers of materialism and communism, before a youth which increasingly lacks confidence in its elders and their values, the Unification Church . . . with studied and subtle psychological techniques . . . utilizing all the means of social communication, especially the press and television, for its propaganda . . . choose very suggestive and attractive themes, which are proposed in the most acceptable forms. . . .

They know especially how to attract the youth which, being the most idealistic, are the most easily subjugated by these well expressed causes and, at the beginning, there is little or no reference to religious questions. . . .

They make every effort to make their first invitations appear attractive, including presenting themselves as one with the predominant church of the area. Here they make use of one South American priest who, according to our sources, is under sentence of canonic suspension by his Catholic bishop.

Once their neophytes are captured, the Unification Church . . . little by little begins to invite its initiates to longer meetings or retreats . . . submitting them to psychological techniques that can be described as destructive and which lead in some cases to nervous breakdowns, even insanity, suicides, loss of will and liberty. . . . "I am a thinker, I am your brain," says Moon to his people. . . .

While this process of indoctrination is going on, which could be described as a sort of hypnotic domination of a person, the religious aspects of the Unification Church little by little begin to appear, because under the force and weight of religion it is very easy to dominate man. . . .

The Unification Church, although headed by someone who passes himself off as a Christian, must in reality be considered an anti-Christian religion. . . . For this church, Jesus was only a man and not God and man. For Moon, although Jesus was the first man to obey God, a great number of errors stained his mission of salvation and unification of humanity and made him fail. But now, according to Moon, Jesus has conferred upon him the mission Jesus was unable to complete. . . .

This church also insists that Jesus was the bastard son of Zachary and Mary and even denies his divinity. Losing faith in Jesus, it is easy to create a lack of confidence in any other Christian Church that is His. Therefore this church is not simply one more Christian church but a truly anti-Christian church. . . . The Christian must know absolutely that Christ is the best unifying link between himself and God. As John Paul II said in Managua, "Christ came to reestablish the lost unity so that there would be 'just one flock' and 'just one shepherd'. . . . This unity was of such motivation to Christ's mission that he 'came to die to reunite as one the sons of God which were dispersed.'" Outside of Christ, instead of uniting ourselves, we will divide ourselves.

Taking into account all the grave dangers the Unification Church presents . . . we absolutely prohibit any priests, nuns or other religious persons from taking part or simply attending any . . . meeting of . . . any other organization of the Unification Church.

We seriously alert all lay persons and all persons of good will . . . to the serious threats to the psychological, religious and civic integrity of those who give themselves to CAUSA. . . . To the extent we can, we prohibit all lay persons who want to remain Catholics, from giving their names to CAUSA or participating in its gatherings. . . .

# Will Spain ally with Latin America in debt and development fight?

by Katherine Kanter

*EIR correspondents Elisabeth Hellenbroich and Katharine Kanter spent the second half of April in Madrid, where they conducted interviews with a number of government officials as well as private individuals. The second part of their report will include further interviews and discussion of questions of technology, anti-narcotics and anti-terror measures, and national defense.*

There is only one real danger confronting the present Socialist government of Felipe González, now President of Spain: that monetarist ideologues including those in the Bank of Spain grouped around Deputy Governor Mariano Rubio Ximenez succeed in imposing a so-called "stabilization program" designed in fact by the International Monetary Fund (IMF) to create precisely the economic and social conditions for a coup d'état on the model of Pinochet's 1973 takeover of Chile.

Spokesmen for such a stabilization, or rather, destabilization, program include Rafael Termes, president of the Asociación Española de Banca (AEB, the private bankers' syndicate) and José María Figueras, president of the Consejo Superior de Camaras de Comercio (the chambers of commerce syndicate), which reflects the pro-Trilateral Commission, pro-IMF world outlook of Catalan strongmen Miguel Roca Junyent and Ramon Trias Fargas, of Minoria Catalana and Convergencia i Unio parties respectively.

Catalonia, on the northeastern corner of the country, is on the whole a political stronghold of those anglophile circles identified with the Trilateral Commission and the IMF. Both Termes and Figueras have recently called for wage freezes, heavy tax increases against private citizens, restrictive monetary policy, and so forth. The details of that IMF program have undoubtedly already been worked out, since the president of the Parliament Gregorio Peces-Barba and Industry Minister Carlos Solchaga explicitly referred to the necessity of such a plan "immediately after the municipal elections on May 8," which the Socialists won.

Finance Minister Miguel Boyer, whose statement attacking Friedman we publish below, had declared prior to the

elections that no such program would be imposed. However, it is certain that the selfsame plan Jacques Delors is now using to strangle France is in the wings for Spain, the crucial difference being that in Spain, republican institutions and leadership are, for obvious historical reasons, far more fragile than in France.

## Ibero-American questions

These correspondents were fortunate enough to attend a major conference organized by the Institute for Ibero-American Cooperation (ICI, based in Madrid), entitled "Encounters in Democracy," on April 27-30, to which a number of pro-development Latin American leaders such as former Venezuelan president Carlos Andres Perez and former Panamanian president Aristides Royo, now Panama's ambassador to Madrid, had been invited. The conference exemplified the dangerous shortcomings of Spanish policy toward Latin America, as well as of Latin American vacillation on the crucial issue of the debt.

There is a strong political faction in Spain which maintains close ties with Latin America and is otherwise cognizant of the fact that Spanish self-interest is closely tied to that of Spain's former colonies.

This faction is represented by leading Spanish political figures, including Felipe González and King Juan Carlos. González is considered by the best of the Latin American leaders to be the European statesman most concerned with the crushing problems besetting that continent. King Juan Carlos' speech in Algeria in mid-May was another clear indication of the thinking of the best circles in Spain toward Latin America. Covering that speech, the newspaper *Ya* had spoken of Juan Carlos' wish to "bring Latin America to the Maghreb." The king had discussed the need to create an economic and political community of interests between Spain, Latin America and the Maghreb in line with Spain's historical interests and role—a theme he has taken up at numerous points in the past.

Yet, indicating the problems besetting these leaders was

the fact that the Spanish delegation to the economic panel was headed by Enrique Fuentes Quintana, former economic vice-president under Adolfo Suarez, former head of the studies department of the Banco de Espana, and now head of the Foundation of Savings Banks. Fuentes-Quintana is one of the most noxious monetarists in the country. He came accompanied by the equally fervent monetarist Luis Angel Rojo, present head of the same department of the Bank of Spain, often described as the "headquarters of the Friedmanite conspiracy against Spain." The fact that the debt question was not dealt with from the standpoint of a debtors' cartel, imperatively to include Spain, with its \$30 billion dollars in foreign debt, can in large measure be attributed to the presence of these individuals, acting as stand-ins for the IMF.

The final declaration of the conference plenary session, reflecting pressure from the Latin Americans, was much stronger in its formulation against monetarism than the statement from the Group of 77 meeting at Buenos Aires, and González in his closing speech specifically referred to the debt issue as touching Spain and Latin America equally. Yet no concrete steps were proposed towards the unity of the debtors. And González failed to lay out a concrete program for Latin American development, though this has been the focus of discussions in all parts of Ibero-America for months. The announcement by Foreign Minister Moran of the creation of an interministerial development agency for Latin America seems a step in the right direction, but how soon, and with what content?

Without a debtors' cartel and an Latin American common market, neither Spain nor Latin America will survive as sovereign nations. The word democracy, bandied about *ad nauseam* in Spain today, has become a kind of incantation as though its mere repetition could conjure away the threat of a coup. As the 19th-century statesman Joaquín Costa underlined, neither laws nor constitutions are any obstacle to a coup once the very economic and industrial fiber of the nation have been eroded. The debtors' cartel is the common weapon of Spain and Latin America against the enemy within, and the enemy without. The only alternative is a coup and civil war.

*EIR* plans to publish a Spanish-language supplement on "Great Projects" for investment in Ibero-America, to orient the thinking of Hispanic political and business milieux. Since the age of Charles III, indeed, the shock-wave effect of cross-national, cross-continental infrastructural projects on the economy—projects like the building of a Second Panama Canal—has been proven as the way to generate higher levels of employment, profit, and skills. This point was aptly made by what was probably the best contribution by a Spaniard to the Latin American conference in Madrid: that of the physicist Fernando Flores Sintas of the Complutense University, dealing with the cultural pessimism generated by the 1930s Civil War, as shown by the emigration of many research workers, to the point where Spain today has only one-sixth the Euro-

pean average of scientists. Flores recommended, as did *EIR* founder Lyndon LaRouche in 1982, the creation of scientific institutes in Latin America to carry out the research for a second industrial revolution.

Instead, we find the Spanish government talking of slashing its nuclear program. To stop the ensuing panic, Industry Minister Solchaga clarified that only third-generation nuclear reactors now in construction will be affected by the proposed cuts. The fact remains, however, that the highly indebted Spanish nuclear industry will go bankrupt if the nuclear plan is substantially slowed. Yet the official line is that the economic crisis means the country has already too much energy. Should the Spanish government go ahead with its "ideological impulse" to slash the nuclear program, whether Spain would have the means to do anything at all in Latin America is very much a moot point. Illusions on the right

### Illusions on the right

A certain fraction of the right-wing opposition, nominally opposed to Friedmanite economics, has simply folded its hands awaiting a general on his white horse. The public deficit stands at 1 trillion pesetas, the currency at a historic low of 137 against the dollar, down from 105 only last year, employment at over 17 and a half percent, foreign debt at \$30 billion, and reserves have dropped by almost \$1 billion since December 1982.

As the second installment of this series will describe, the international controllers of Basque terrorism are poisoning the situation in the Basque region to the core, most recently challenging the authority of the state by the outrageous kidnapping of a personal friend of the king, Diego Prado y Colón de Carbajal, for whose ransom they demand 1.25 billion pesetas. Alongside this, the terrorists have carried out a series of brutal murders designed to bring the the police and military to the boil. Right-wing phantasms lie heavy in the air: plans are already drawn to have all hell break loose before the autumn, and use this to pull a bloodless, Turkish-style coup.

There will be no such clean coup. The economic situation of Spain is no better, and no worse, than that of any other semi-developed nation in 1983, the year of the biggest financial and international crisis since World War II. The coup will be the same for France, Italy, Spain and Greece: a coup by Friedman, the IMF and their Pinochet-style enforcers. If the right wing, not to speak of the government, wishes to avoid a new Civil War, they should leave nostalgia to monks and spinsters and launch a feasible program, namely:

A debtors' cartel that would include Spain;

An Ibero-American common market and Great Projects for industrialization;

Rejection of any cuts whatever in the nuclear program.

Without a commitment to such a program, there are no "traditional Spanish values," no *dei ex machina*, no economic upsurges which will intervene to pull the country from under a new fascism with a very undemocratic face.

## ICI director: 'We support joint debt discussions'

*The Spanish Council of Ministers issued an official statement April 28 supporting the efforts of the Contadora Group—Mexico, Colombia, Panama, and Venezuela—to find a peaceful, negotiated settlement of the Central American crisis. The statement followed the visit of Spain's Foreign Minister, Fernando Moran, to Mexico and Colombia, in preparation for a late May presidential visit by Felipe González. Felipe González, widely known and respected in Ibero-America, has expressed his willingness to aid in negotiations if so requested by Ibero-American leaders. Below are excerpts from an interview with Mr. Luis Yañez, director of the Ibero-American Cooperation Institute (ICI) of Spain. The ICI, under the González government, has assumed a more active role in promoting and strengthening Spanish-Latin American cultural, economic, and social relations and interchange. It is reported that the ICI may be upgraded to the level of a government ministry in the future. The interview was conducted by EIR correspondents Anno and Elisabeth Hellenbroich and Katherine Kanter April 20 in Madrid.*

**EIR:** It seems the most important strategic problem for Ibero-America is debt. Over the last year, several Ibero-American presidents, like President Osvaldo Hurtado of Ecuador, Siles Suazo of Bolivia, or Carlos Alzamora, the head of the Latin American Economic System (SELA), have called for the formation of a debtors cartel or for joint action. How do you see such proposals?

**Yañez:** We, as a government, as Spain, have supported the initiatives of President Hurtado of Ecuador as well as those of President Siles Suazo to achieve strategically joint discussion of the Ibero-American foreign debt, through regional integration organizations, some of them unfortunately in crisis because of growing protectionism by many countries. But we support the idea of the need for a common strategy of the Ibero-American countries, [when] facing third countries and blocs, to deal with the extremely grave situation of the foreign debt. That is our position on this question. Spain has collaborated in refinancing of the foreign debt of various countries, with the result at least of successful negotiations. This is the case of Cuba, Mexico, and various other Ibero-American countries that are involved in renegotiation of their foreign debt. That is our position on this question. Spain has collaborated—of the foreign debt these countries have with the rest of the world.

**EIR:** Antonio Blanca, the special representative of French Prime Minister Pierre Mauroy, stated several weeks ago in Caracas that the IMF is responsible for genocide in Ibero-America. Could you give us your opinions on what he said?

**Yañez:** I don't know about these statements. But there is no doubt that the demands made by the IMF on developing countries, concretely on the Ibero-American countries, are excessively draconian; they see only the monetarist aspect of the economic situation, without considering the social consequences and the level of development of those countries. I think that the international financing and credit institutions must . . . consider other circumstances and conditions that are not exclusively the interests of the centers [of economic power]. . . .

**EIR:** In the case of Central America, some of President Reagan's advisers are trying to trap him in what they call a "second Vietnam," without making the mistakes made in Vietnam. How do you think Spain could help President Reagan get out of a situation that could be very tragic and which could lead to a strategic catastrophe?

**Yañez:** We have always had the impression that the U.S. government, the Reagan government, has a tremendous flow of information on the Central American situation; it has a lot of facts, but doesn't understand the situation. Paradoxically, it doesn't know how to interpret those facts. [The Reagan administration] doesn't draw the conclusions that seem to us appropriate concerning the situation. It seems to me that there is an excessive tendency in Washington to see exclusively East-West relations, relations between the blocs, in the Central American situation. While we do not ignore the interests that the Cuban-Soviet axis may have in the zone, this is not the basic element of the situation. The basic elements are socio-economic, a situation of underdevelopment, of dependence, of extremely lacerating historic injustices that have not been solved in the slightest degree. Thus, as long as the policy of President Reagan continues to be the way of force, the solution of conflicts by exclusively military means, the problem can never be resolved. It can be prolonged indefinitely, because a military victory is not possible for either the guerrilla forces or the forces opposing that oligarchy. Here is where I believe that Spain, as well as other countries in or outside the area, can contribute: by communicating that message to the U.S. administration, and, concretely, Spanish President Felipe González has already had some talks with high-ranking U.S. officials to this very effect. In the near future, in June, [Felipe González] is going to go to the U.S. and will meet with President Reagan. I hope that by then the Central American situation is not already absolutely irreversible, which is the real danger of the situation. We are the first to be concerned that the countries of Central America—like Nicaragua or El Salvador or others—are not turned into sat-

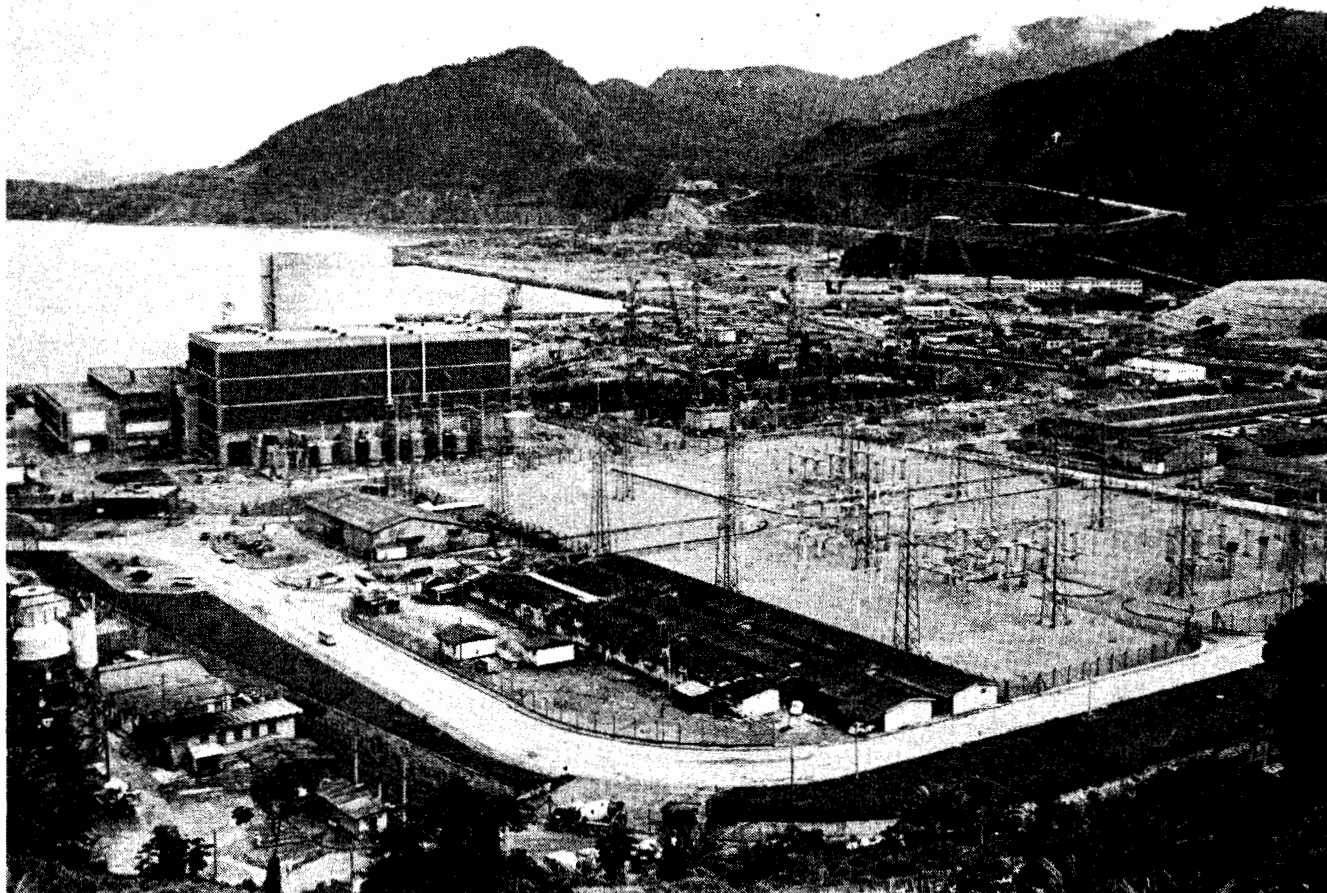


ellites of the Soviet Union. But we think that some of the black and white, "pure and tough" attitudes, and lack of comprehension of the problems on the part of Washington are pushing those countries toward such undesirable positions.

**EIR:** Mr. Lyndon H. LaRouche, head of a faction of the Democratic Party, the National Democratic Policy Committee, recently made a proposal for Central American peace that includes the following points: close the borders totally, freeze arms sales, create an international commission under the leadership of Belisario Betancur, cut back \$4 billion aid to Israel, and promote a policy of big industrialization projects for Central America, including construction of a second Panama Canal. Would you comment on these points?

**Yañez:** Well, I believe that these are constructive suggestions. The comment that could be made about what makes the proposal as a whole constructive—rather than to comment on the specific points, which, in any case should be left to the governments of the region, or to those governments

seeking to bring peace to the area—is that it addresses the roots of the problem. These are problems that are historic in nature, about social inequalities, about the absence of reforms during the last 50 years, about conditions that are almost prehistoric in the countries of the region. I believe the spirit of these proposals is being made concrete by the Contadora group, by the four countries that are seeking a negotiated solution, and which, of course with the support of other European countries such as Spain, we believe can be a way to solve the problem. But, in fact, these initiatives must overcome the rigidity and intransigence not only of the United States or Reagan, let us be fair, but also that of the government of Nicaragua, which does not accept the withdrawal of the military advisers, of the military assistance it receives from Cuba and the Soviets. But I hope and believe, that if there were, if ways could be developed, to guarantee to the parties that certain accords would not be violated, I believe that there is still time to reach a peaceful and negotiated solution in the region.



*The Angra dos Reis nuclear complex in Brazil: will Spain cripple itself or join Latin America in a development effort?*

Dennis Small/NSIPS

make any comment. Now with respect to the other points, it seems to me that everything that really attempts to help maintain the status quo is positive.

## Foreign Minister: 'Countries in crisis should coordinate'

*The following interview with Spanish Foreign Minister Fernando Moran, was conducted in Madrid on April 30, following the Institute for Ibero-American Cooperation conference. The minister is a former professor at the Escuela Diplomática in Madrid. He is an expert in African affairs, on which he has written a number of books and articles. Minister Moran was ambassador to Portugal for several years, from which period he retains a keen interest in the Portuguese-speaking nations. The minister is known for a somewhat "Gaullist" stand on the NATO issue, as he does not favor further integration into the military alliance. He is the author of the diplomatic protocol to the recently signed Hispano-American Friendship Treaty, which defined the issue of Spanish national sovereignty more clearly than in previous negotiations.*

**EIR:** What are the most important results of this conference?

**Moran:** I think that the conference itself is the most important, more so than the conclusions put down in black and white. To gather so many personalities of so many different tendencies, the fact that representatives of Honduras and Nicaragua have been able to sit down at the political roundtable and have laid out their points of view frankly, the fact that there were minimal guidelines and orientation, all that seems to me the most important thing.

**EIR:** What do you think of the possibility, as Lyndon H. LaRouche has proposed, of creating a cartel of Ibero-American debtors, including Spain and France?

**Moran:** Spain doesn't have much [foreign] debt, it doesn't have the same proportion of debt that Mexico has, for example, but I think that it can be effective to coordinate the postures of these countries suffering this economic crisis.

**EIR:** Lyndon LaRouche has made a four-point peace proposal for Central America, suggesting that President Reagan should announce U.S. support for the initiatives of the Contadora Group, including Colombia, Venezuela, Mexico and Panama. LaRouche has also proposed that Reagan announce the cutoff of \$4 billion in aid to Israel, because of Israeli arms trafficking in the region, and that the President declare war on the Jesuits and the right-wing cults in Central America. Finally, the President should immediately begin implementation of genuine measures for long-term development of the region. What do you think about this?

**Moran:** Regarding the freezing of credits to Israel, you understand of course, that as minister of foreign affairs I cannot

## Economics Minister: 'Monetarism is destructive'

*Miguel Boyer is the Spanish Minister of Economics and Finance. The following exchange took place in Madrid on April 30.*

**EIR:** What do you think of Milton Friedman and the monetarist model that he proclaims for Europe and Ibero-America?

**Boyer:** I am not a monetarist. It is a simplistic theory of economic functioning and one that has had bad results in countries that need economic development and that have great social injustices; in the U.S. itself, monetarism is being put in question, even by a conservative government.

## Former Foreign Minister: 'Debtors need to find solution'

*José Maria de Areilza was until April the president of the Council of Europe Parliamentary Assembly. He is a former foreign minister of Spain. The interview was conducted in Madrid on April 29.*

**EIR:** What do you think about creating a cartel of Ibero-American debtors?

**De Areilza:** It seems good to me. I don't know if it should be called a cartel, but for the inter-American debtors to reach agreement on finding a real solution, realistic and viable, seems very good to me.

**EIR:** What do you think of Milton Friedman and monetarism?

**De Areilza:** The "Chicago boys" have set up an economic and financial plan in Chile that has had poor results. That's because of the emphasis on and the tenacity in maintaining that policy, which in theory is acceptable but which in practice has been a failure. I believe something similar has happened in Argentina. The ministers under the military regime have applied a liberal monetarist policy, and they've ended up with rocketing inflation and a chaotic economic situation.

Here in Spain there has not been, fortunately, an excessive application of the Friedman school policy, but there are some big defenders of that policy on the [political] center and right. I think that that policy cannot be applied in Spain with any chance of success.

## Great Britain's gift to Fat Henry

*The British have a birthday present for the man who designed the 1973 Arab-Israeli war—a "comeback."*

On the evening of May 26, at the Hotel Pierre in New York City, the honored tenets of the leading world faiths will be violated in a most offensive way, as professed dignitaries from the international political jet-set will congregate to celebrate the 60th birthday of Dr. Henry A. Kissinger, a man who by all standards of justice should instead be spending his birthday answering some tough questions from the Italian criminal courts.

For most Jews, it will be all the more disturbing, indeed a travesty, that the organizer of the private dinner of "dignitaries" at the Hotel Pierre, is Harvard University Professor Guido Goldman, the son of the late respected Jewish spokesman (and conscience) Nahum Goldman.

In his last years, Goldman, by contrast with Kissinger, approached a rare type of wisdom, evidenced in his tireless struggle to prevent a new Middle East war. Kissinger at 50 set up the machinery of the 1973 Oil Hoax War, which brought the world to the brink of nuclear holocaust. Ten years later Kissinger's birthday is occurring almost to the day of expected new hostilities in the Mideast—hostilities that have been arranged by the "Kissinger Associates" crowd run by Britain's Lord Peter Carrington, in conjunction with the U.S.S.R.'s party chief Yuri Andropov.

While *EIR* has only received preliminary hints as to what Helmut Schmidt plans to present to Fat Henry, we can assert with greater certainty

what treasure the landed aristocracy of the United Kingdom has in mind.

During the weekend of May 13-15, fifty-plus strategists congregated at the elite Ditchley Park estate in England, under the auspices of Kissinger cronies such as Lord Weidenfeld (of the Weidenfeld and Nicolson publishing empire) and Sir Philip Zulueta, Trilateral Commission member and director of the spy nest known as Rio Tinto Zinc. The meetings are held under bond of secrecy, but *EIR* was made aware that "the comeback of Kissinger" was one of the whispered subjects of conversation in-between the official pompous panels.

One Ditchleyite expressed it this way in private: "There's no grand strategy emerging now from Washington, there isn't a Kissingeresque design. There is more than one crisis in the Middle East: there is Lebanon, there is Iran. On the U.S.-Soviet level, what has to be done has to be done through behind-the-scenes crisis management. There have to be trade-offs—offer to pull back the Israelis, if the Soviets let the U.S. back into Iran. There is something in sending signals that the crisis-management dialogue is being set up. We should emphasize the war danger, to signal that things will get very bad unless crisis-management prevails. Shultz has been going in the wrong way."

Discarding Shultz, the Ditchleyite, who is situated at one of the United Kingdom's more prestigious university centers, indicated there was

one individual who could work with Carrington and Schmidt (known in certain circles as the "most polished political prostitute around") to take the reins of decision-making away from the White House: "It would require the elevation of a particularly knowledgeable figure in foreign affairs. Why not bring back Kissinger himself, as some kind of national security adviser to Reagan? He's made some mistakes, but he's by no means over the hill."

The polite fellows of Ditchley would not say, at least not while sober, what they intend to do with Reagan intimate Judge Clark, the present U.S. National Security Adviser. But their idea, to borrow a term from the British, certainly is "bloody" in its implied implementation: only a war in the Middle East and the ensuing humiliation of the White House, plus a few well-placed assassinations (character or otherwise) could provide the atmosphere for getting Kissinger back into an official position.

In a moment of lucidity, the Ditchleyite confessed, "Politically, of course, Kissinger is finished in the U.S. His meddling has been badly received. So, he can't run for office, but. . . ."

Kissinger is not exactly the most popular person in the Middle East either. There, where memories of infamy and betrayal run deep, there are many influentials who would want to give the ex-(rated) Secretary of State a birthday present of the "banana peel" variety.

From this standpoint, *EIR* is closely monitoring Kissinger's anticipated June 26-27 stopover in Israel for a series of high-level meetings. A well-informed Israeli political observer told us, "There has been a sentiment in Israel that Kissinger has been double-crossing us again. This is not appreciated."

## Genscher: Reagan's adversary

*Operating on a British policy track, the foreign minister is reviving an evil form of Ostpolitik.*

**F**riends of the United States, and especially of President Reagan, were quite shocked when Chancellor Helmut Kohl used his governmental address in May to announce that his upcoming state visit to Moscow will begin on July 4—American Independence Day.

This odd decision, which is viewed here as an affront to the United States and Mr. Reagan, came a few days after British analysts had stressed in a series of discussions with *EIR* that Kohl would revive *Ostpolitik*, the old Willy Brandt policy of special deals with the U.S.S.R. at the expense of the Atlantic Alliance.

It is being asked here how it could be possible that a Christian Democrat like Helmut Kohl, who presides over a government which is considered "conservative," got involved in policies usually discussed only in meetings of the Anglo-Soviet Roundtable.

The answer can probably be found in the person of the West German foreign minister, Hans-Dietrich Genscher, head of the liberal Free Democratic Party (FDP), which defines its political outlook as standing in the tradition of such devout (and anti-American) British liberals as Adam Smith and John Stuart Mill.

The special flavor of the FDP's policies is the attempt to revive the debate on the alleged special historical mission to be pursued by continental Europe—a theory also known as the *Mitteleuropa* thesis, dating from the turn of the century. The geopolitical aim would be deals between continental Europe and the Russians—both

power blocs being defined as distinct from the American "sea power" across the Atlantic.

That notion, appearing today in former British Foreign Secretary Peter Carrington's proposals of "a more independent Europe," is also Mr Genscher's main policy orientation, and it is quite interesting to note that Yuri Andropov has made overtures to this political current in Western Europe. This was done in the context of an interview given to the weekly *Der Spiegel*, in which Andropov spoke of the Soviet Union as "a continental power" as having distinct interests from the United States as "a sea power."

Political insiders in Bonn have repeatedly pointed to the fact that when Helmut Kohl was voted chancellor on Oct. 1, 1982, the first foreign diplomat to congratulate him was Moscow's ambassador to Bonn, Vladimir Semyonov. This gesture was more than a matter of politeness; ever since, the Soviet ambassador has been briefing the chancellor's office with a certain regularity. Chancellor Kohl's decision to visit Andropov on July 4 must be seen in this context.

But foreign policy in Bonn is not defined by Kohl, who has a profile of relative indifference to international and economic questions. Foreign policy is defined by the foreign ministry, which maintains close ties with the British and also with the bastion of British-flavored geopolitics in the United States, the State Department.

There are reasons to go so far as to describe Foreign Minister Genscher as

an asset of former U.S. Secretary of State Henry Kissinger, Lord Carrington's business partner. Rumors in West Germany have it that Genscher's political career was funded through channels of the U.S. National Security Council at the time that body was headed by Kissinger. It was, therefore, not surprising to hear a high-ranking official at the Bonn foreign ministry say months ago that "we consider George Shultz a man of Kissinger's, and we would welcome it if Kissinger could increase his influence within the U.S. administration, especially concerning Mideast policies."

It is no secret in West Germany that Genscher has maintained close relations to Kissinger through Helmut Sonnenfeldt since at least the early 1970s, and also relations to Carrington. Mr. Genscher's allegiance to the British perception of world politics was proven at the beginning of the shooting war between Britain and Argentina over the issue of the Malvinas Islands last spring.

Literally minutes after the British Crown had posed an ultimatum to Argentina to back down before Britain's flagrant violation of the Monroe Doctrine, Genscher ordered his Ambassador in Buenos Aires to march into Argentine leader General Galtieri's office to warn him that if he did not give in, Bonn would exert her power in Europe to pass economic sanctions against Argentina. The sanctions were pushed through despite protests from industrialists against the damage to West German economic interests in South America as a whole.

Genscher has furthermore maintained a policy of "special relations" with radical Islamic regimes hostile to the United States—most prominently with Iran's Khomeini and Libya's Qaddafi. That story will be the subject of a future column.

## Magistrates under siege

*The people who commissioned the Bologna massacre in August 1980 are now moving against the judges.*

**J**udge Aldo Gentile, who had investigated the 1980 Bologna massacre and made the discovery that behind it were masonic circles headed by Henry Kissinger and Italian financier Gianni Agnelli, has been indicted for slander.

The incredible procedure was initiated by Judge Vincenzo Tricomi of Florence during the week of May 9; it also hits the star witness, Elio Ciolini, and the Italian consul in Geneva, Ferdinando Mor.

These three are charged with having acted with the aid of elements in the secret services and the carabinieri (Italy's paramilitary police) to convince French counterespionage agent Elio Ciolini to name certain names as having ordered the terrorist bombing in the Bologna train station that left more than 80 dead.

Ciolini allegedly was convinced by a bribe of 100 million lira, along with a promise that he would be freed from the Swiss jail where he was serving time for fraud.

The "slander victims" were to be members of the Montecarlo super-lodge: Henry Kissinger, Gianni Agnelli, Carlo Azeglio Ciampi and Guido Carli (the present and former governors, respectively, of the Bank of Italy), as well as Olivetti general manager Carlo De Benedetti and others.

The Rome state's attorney has named Judge Orazio Savia to probe the story of the 100 million given to Ciolini by the Italian secret services: even former Prime Minister Giovanni Spadolini will be questioned since he gave his blessing to the operation

which led to Ciolini's revelations.

We thus find ourselves confronting the most brazen attack on the independence of the magistracy, as well as the interference of foreign powers in Italian affairs—a plot whose final goal is a coup d'état in Italy. For, without a shadow of doubt, the attack on Gentile comes from Henry Kissinger and his freemasonic flunkies in Italy: Agnelli, De Benedetti, and Socialist Party leader Bettino Craxi.

Kissinger in particular has everything to fear from the Italian magistracy, which has asked him several times to respond to the accusation of Corrado Guerzoni, that he in effect ordered the assassination of Christian Democratic Party president and former prime minister Aldo Moro. It is true that the star witness of Gentile's investigation into the Bologna bombing, Elio Ciolini, is an ambiguous character whose statements have to be handled with tongs.

Ciolini told Gentile of the existence of a masonic super-lodge, the Comité Montecarlo, created by the now-jailed Licio Gelli, which pulled together the cream of the Italian section of the Trilateral Commission.

The super-lodge presided over the management of a colossal international arms traffic; it discussed plans for political and financial control of Italy; during one of its meetings it was decided to give the commission for the Bologna atrocity to the Nazi networks of Stefano Delle Chiaie, a well-known terrorist who has been working out of bases in South America.

Ciolini also produced documents from the papers and transcripts of the secretary of the Montecarlo super-lodge, Enzo Giunchiglia. The courageous judges and investigators who had succeeded in making Ciolini talk had nothing more to do at that point than to sift out the true from the false in Ciolini's declarations. At that point the reaction of the alleged "slander victims" exploded and they succeeded in blocking Gentile's work, got the case taken away from him, and now finally are accusing him of having committed fraud and slander.

The masonic sects of Propaganda-2 and the Trilateral Commission are extremely vulnerable to the Italian magistracy's probing: this is why Bettino Craxi, right after his meeting with Henry Kissinger in Milan on May 18, announced early elections and at the same time unleashed a violent attack on the independence of the judicial branch.

According to Craxi, the magistracy has too much power. He proposes creating the new position of judicial commissar, who would sit in on cabinet meetings and could censure the activities of the judges according to the convenience of certain gangsters.

Craxi is tremendously bothered, for example, that the judges want to try Socialist Domenico Pittella, a senator.

Pitella used to run the Salus clinic in Lauria, which was used by Red Brigades from all over Italy; and with terrorist Giovanni Senzani had planned armed attacks on the maximum security prison at Palmi, to liberate Red Brigades founder Renato Curcio and his friends.

The Socialist leaders are deeply involved with terrorism and drugs. Michele Papa, the liaison between Muammar Qaddafi and Billy Carter, is one of the most famous examples.

## Iraq-Syria rapprochement?

*Saddam Hussein may be the fall guy in Moscow's so-called turn toward Iraq.*

In recent months the Soviet Union has been quietly engaged in a diplomatic effort to align the rival Ba'ath Party regimes of Iraq and Syria. That is a formidable task, given the animosity between Syrian President Hafez al Assad and his Iraqi counterpart, Saddam Hussein.

Thus the Soviet effort may require some changes in the governments of either Iraq or Syria in order to succeed. French sources say that in all likelihood Iraqi President Saddam Hussein will be sacrificed and replaced by a pro-Soviet, pro-Syrian military leadership.

It is in this context that France, which has close relations with Saddam Hussein's government, is concerned about reports that the Palestinian terrorist Abu Nidal now has a contract for the assassination of Saddam Hussein.

Abu Nidal is an asset of the same old-Nazi nexus associated with Swiss-banker François Genoud, a top controller of extremist Muslim fundamentalists like former Algerian President Ahmed Ben Bella. The founder of the Iraqi Ba'ath Party, Michel Aflaq, who has been identified in the plot to eliminate Hussein, is reported to have gained new power in Iraq, and is responsible for pressuring Saddam Hussein to allow Abu Nidal's return to Iraq last year. Shortly after taking power in 1978 Hussein attempted to clamp down on the Abu Nidal-Aflaq group, which was maneuvering against his bid to strengthen ties with the

government of the United States.

Whether Moscow is working with Aflaq and Abu Nidal is not known, but there are signs that Moscow is preparing its own assets within the Iraqi military to replace Hussein. The recent Soviet decision to increase military support for Iraq in its war with Iran is seen as an attempt to woo military factions inside Iraq.

Over recent weeks, delegations from the Syrian and Iraqi ruling Ba'ath parties have been rumored to be secretly meeting to prepare for such a reconciliation. Aflaq, who converted to Islam two years ago, has been playing a key role.

An entente between Syria and Iraq under Moscow's tutelage is viewed as a crucial component of the Kremlin's drive to gain full control of the "northern tier," which runs from Syria through Iraq to Afghanistan.

Should this objective succeed, Iran will be surrounded by a Soviet-dominated Iraq and Afghanistan, with the Soviet military mobilized on its northern border.

A senior official at the Soviet foreign ministry delivered a stern warning to the Khomeini regime in early April that Iran's northern neighbor was prepared to isolate Iran should Khomeini continue to pursue an "anti-Soviet" policy. The message reportedly contained an oblique threat to cut off all Comecon channels of civilian and military trade.

The recent Khomeini crackdown on the Iranian communist party, the

Tudeh Party, however, was not what credulous observers in Washington, D.C. were supposed to find it.

There is reason to believe that the Soviets themselves, in the person of a member of the Politburo, Geidar Aliyev, engineered the crackdown. These days the discredited Tudeh is not a useful vehicle of influence for the Soviets, who have direct assets within the mullarchy and other entities. It may well have been the Soviets who leaked, through the British, details of "secret plans" by the Tudeh to take over Iran.

The Jordanian daily *al Akhbar al Usbu* reported at about the same time that once Moscow succeeded in realigning Iraq and Syria, it would break the Syrian alliance with Iran. This alliance has permitted the cash-strapped Khomeini regime to sell oil in exchange for military and other essential imports. And Syria has provided essential backing for Iran's drive to weaken Saddam Hussein as Iran persisted in its military drive against Iraq.

In the long run, the Andropov regime fully intends to capture total control over the oilfields of the Persian Gulf, thereby gaining access to the primary source of oil for most of Western Europe and Japan. This would drastically advance Andropov's effort to Finlandize Europe and push the United States out of the Middle East.

OPEC recently opened a dialogue with Moscow in order to urge the Soviets to limit exports of crude oil to Europe, exports which have seriously undercut the OPEC price.

But Moscow has set its price for limiting its oil output: the U.S.-allied Gulf states, starting with Saudi Arabia, must open formal diplomatic relations with the U.S.S.R., a move which would further erode U.S. standing in the region under current circumstances.

## Goodbye to the Ali Baba of Acapulco

*The man who built up Mexico's drug, real estate speculation, and dirty-money sectors unfortunately leaves many heirs.*

On May 15, the day after Miguel Alemán Valdez died of stomach cancer, the elite of Mexico gathered to mourn the passing of the former president.

For three hours, the private TV network, Televisa, broadcast the proceedings throughout the country. Most of Mexico watched former presidents Luis Echeverría and José López Portillo, as well as current president de la Madrid, pay their last respects. Interior Minister Manuel Bartlett gave a eulogy on how Alemán had taken the cry for industrialization and made it into a reality during his 1946-1952 presidency.

Even Javier García Paniagua was there, visible on the cameras—the former president of the PRI who had broken all the rules of the game in his drive to capture the presidential nomination in 1981. He had not been seen publicly for a year, a wise policy in a political system which neither forgives nor forgets its renegades. His appearance at the service gave rise to the insistent whisper that he was “Alemán’s political godson.”

*El Heraldo* newspaper, owned by a former associate of Alemán’s, proclaimed Alemán “the best president Mexico ever had,” and there was a nostalgic air to the obituaries in the rest of press.

However, reality began to intrude with a veiled barb from Echeverría. Interviewed by Televisa, he declared that the most fitting memorial would be to rebuild the monument to Ale-

mán at the Ciudad Universitaria campus of the National University at the south of Mexico City.

It was not as innocent a suggestion as it sounded. Everyone there knew that a previous monument to Alemán on the site had been blown up twice with dynamite by students in the 1960s. It crossed more than a few minds that rebuilding it today would be an invitation to yet a third demolition.

The real dimensions of the man was conveyed by the wag’s epitaph, “Ali Baba has died—but not the 40 thieves.” The reference was to the group of drug runners, real estate speculators, dirty money launderers, and tourism moguls who rode to multimillion dollar fortunes on Alemán’s coattails in the late 1940s and early 1950s. For most of Mexico’s young population, this history has been dulled by the propaganda of the media empire set up by Alemán and his close cronies, an empire centered around the *Novedades* and *Heraldo* newspapers, and the all-powerful Televisa private TV monopoly.

Ever since his presidency three decades ago, Alemán has been acknowledged affectionately in international mafia circles as the father of the Mexican drug trade. During and after his presidency, he made a strenuous effort to legalize the casinos that President Lázaro Cárdenas had banished from the country in the late 1930s. Alemán’s efforts to reinstitute these centers of illegal money, drugs, weap-

ons, and prostitution, came to nought.

The eulogies focused on the limited consumer-import-substitution industrialization that occurred under his administration; yet Alemán preferred to be known as the father of “industry without chimneys”—Mexico’s tourist trade. It was Alemán who in the post-war period built up Acapulco as the golden spa of the rich, the glamorous, the sleazy, and the drugged.

It was also in Acapulco that Alemán hosted Henry Kissinger; he was such a good host that in the 1970s Henry decided to make Alemán’s home in Acapulco his annual February vacation retreat. It was on one of these trips that, according to the lore of the resort, Henry took a fancy to a youthful Romanian waiter—and smashed the waiter’s skull with a bottle when his attentions were rebuffed.

It is not known if Henry made it to the funeral.

Alemán’s death, at age 83, came two months after the passing of one of his closest and dirtiest cronies, Bruno Pagliai. A more or less penniless Pagliai had arrived from Argentina after World War II, only to hook up with Alemán, gain a concession at what is now the Tamsa steel works, and work his way up to a top position in international dirty money circuits (his name figured in the revelations about the fascist P-2 Masonic lodge in Italy).

In effect, the core of a generation has passed on, but not without leaving the spores of their moral and economic rot. Alemán’s son, Miguel Alemán Jr., one of Mexico’s wealthiest and most powerful men in his own right, has already broken new ground. For Televisa, which he heads, he has prescribed the use of clinical brainwashing techniques to instill in the population a Malthusian hatred of population and economic growth.

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# International Intelligence

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## Brazilian ambassador mocks George Shultz

Sergio Corrêa da Costa, soon to be Brazil's ambassador in Washington, has, with diplomatic grace, delivered a series of rebukes to Secretary of State George Shultz. In presenting the Brazil-American Chamber of Commerce Man of the Year Award to Shultz at its well-attended May 19 dinner in New York, Corrêa prefaced his reading of a statement adulating Shultz sent by Brazil's Foreign Minister Ramiro Saraiva Guerrero with the following disclaimer:

"Ambassadors do not always agree with what they are requested to read or say by their ministers, but they go ahead and do it with a smile and a convincing tone. Diplomats have the required training and genetic make-up. A diplomat can be disarming even though his country isn't."

Turning to Shultz, the ambassador-to-be observed, "A famous predecessor of yours, Henry Kissinger, once said, and he wasn't joking, 'If I could choose one ambassador to whom I could entrust the nation's fate in a crisis, it would be George Shultz.'"

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## General strike to stop IMF policies in Mexico?

The 1.5 million-member Mexican Workers Confederation (CTM), backed by 4 million workers of the Labor Congress, has set May 30 as the strike deadline if a demand for 50 percent wage increase is not met. As of May 19, strike notices had been delivered to 2,175 companies throughout Mexico.

Tension in the labor movement is the highest it has been in almost 50 years. The demands are challenging the policies of the International Monetary Fund, which hold sway over the country.

The head of the CTM, Fidel Velázquez, insisted May 18 that if Mexico's Minimum Salary Commission granted only a 15 percent salary increase (a level being advocated by the IMF) in its findings at the end of the

month, "that would violate the constitution."

Mexico's most powerful labor leader cited the sixth paragraph of Article 123 of Mexico's constitution, which states that "the minimum wage for workers shall be sufficient to satisfy the normal needs and honest pleasures of the head of a family," including material, social, and cultural needs, and the provision of an education to his or her children.

The official Mexican inflation rate has been at an annual 90 percent for the first four months of the year. Reliable unofficial estimates are considerably higher.

Finance Minister Jesus Silva Herzog, the man who negotiated the IMF accord and insists that "in the long run" it will benefit Mexico, said May 18 as he left for Washington and New York debt talks, "We will fulfill the economic and social needs of the country, and the IMF agreement."

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## East German leader hails the Green Party

In mid-May, East German communist party leader Erich Honecker hailed, for the first time, the West German environmentalist-fascist Green Party. In an open letter published on page one of the official daily *Neues Deutschland*, Honecker declared that "the political goals of the Green Party are completely identical to the goals of the German Democratic Republic." He said the Greens' proposal for a nuclear-free zone in West Germany is coherent with official East German state policy "and also with that of the U.S.S.R."

Honecker's message came just in time for the opening of the Second Congress on European Nuclear Disarmament in West Berlin. The gathering was attended by peace leaders such as Egon Bahr and Rudolf Bahro of West Germany (Bahro is a former East German "dissident" who emigrated West but evidently retains the favor of high East German leaders), Richard Barnet of the Institute for Policy Studies in the United States, and E. P. Thompson of Great Britain.

However, Honecker's endorsement of the Greens is apparently limited to their

wrecking operations against Western industrial society. West German Green Party leader Petra Kelly, who was present at the West Berlin conference, attempted to take the peace movement over to the other side of the Wall, with a brief "peace demonstration" at the Alexanderplatz in East Berlin. She and her co-demonstrators were immediately arrested and dispatched westward.

The final results of the Congress on European Disarmament could not have displeased Honecker or Yuri Andropov. The Congress concluded with an agreement to push through a "European Security Order," decoupled from the United States. The movement is planning a "hot anti-missile autumn" of protests against the U.S. deployment of Pershing II missiles in Western Europe.

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## POE fields 50 candidates to block coup efforts

The Partito Operaio Europeo (POE), the European Labor Party in Italy, has announced a slate of 50 candidates determined to 1) inject strategic military and economic issues into the June 26 early Italian elections, and 2) destroy the plans for a coup attempt and the civil war provocations mapped out in April by Henry Kissinger and Socialist Party boss Bettino Craxi.

The slate will put in the forefront of its program President Reagan's military initiative to develop a beam weapons defense system, and will outline the spinoff effects of such a program for Italy's collapsing economy.

Most of those who have joined the slate thus far are from Rome and Milan, and represent a cross-section of the Italian population.

For the first time, the POE will also run candidates in the south, where a slate has announced in the important port city of Bari.

Candidates on the POE slate contend that at present Italian politics is determined abroad and that the Italian population must wage a battle for its national independence. Otherwise, the candidates say, the next phase for Italy will be complete chaos or a coup by would-be "Il Duce" Craxi.



## Arbatov admits Soviet subs off Scandinavia

Moscow geopolitician Georgii Arbatov recently admitted that Soviet submarines have intruded into Swedish territorial waters and will continue to do so. The admission was covered in Scandinavian newspapers which leaked reports of a private speech Arbatov gave before the Carnegie Endowment for International Peace on April 25.

The Norwegian paper *Verdens Gang* quoted Arbatov: "The Soviet Union is sending submarines into Sweden's internal waters. . . . The Soviet Navy can play cat and mouse with anybody trying to track or hinder the submarines. . . . The Swedes are naive if they believe neutrality protects them. . . . If they believe they can stop the submarine traffic, they are living in a dream world."

The Swedish foreign ministry said of Arbatov's reported statement, that it "proceeds from the standpoint that the information is false." But the story was carried in almost all Swedish newspapers on May 15, creating a big scandal for Arbatov's frequent collaborator on disarmament affairs, Prime Minister Olof Palme.

## French Communists join with the Greens

The General Secretary of the French Communist Party (PCF), Georges Marchais, instructed the party's mid-May cadre school to revive the "class struggle." After denouncing the austerity policies of French Finance and Economics Minister Jacques Delors, thus taking the first step in breaking "governmental solidarity" with the ruling Socialist Party of President Mitterrand, Marchais called on the party to "radicalize" and amplify the discontent among its followers. The PCF has only two aims, said Marchais: world peace and human rights. The PCF is organizing a June 19 peace demonstration in Paris, focusing on anti-Reagan slogans. The demonstration is being coor-

inated with the Trotskyists of the "Fourth International" and the environmentalists; the West German Green Party ecologists have also been invited.

Under orders from Soviet leader Yuri Andropov, recently made public in an advertisement in *Le Monde*, France is to be the scene of chaos and destabilization, with the eventual destruction and/or humiliation of President Mitterrand because his administration condemns Andropov's peace game.

## Swiss praise 'new Soviet position' on war strategy

Under the headline "News from Soviet Strategic Doctrine," the Swiss banking daily *Neue Zürcher Zeitung* has claimed that the Soviet Union has definitively moved away from Marshal V. D. Sokolovsky's 1962 war-winning doctrine (including beam weapon development), and that a Soviet "compromise in Geneva seems not to be excluded."

On May 17, the U.S.-Soviet talks on "Euromissiles" resumed, amid warnings in the Soviet media that President Reagan must accept the Soviet proposals.

Where does the *NZZ* derive its optimism? From a publication of the Soviet Scientific Research Council on Peace and Disarmament, which has just published a new booklet titled "How to Avert the Threat to Europe." The pamphlet attacks the West for "painting a picture of an aggressive and offensive Soviet doctrine" by "quoting passages from the works of Soviet military experts, even those from the sixties. . . ."

In other words, adds *NZZ*, "Sokolovsky is no longer quotable. His major work, *Military Strategy*, by the way, for the past year could not be found in any Moscow bookstore."

The new pamphlet, *NZZ* rejoiced, proves beyond doubt that the Soviet Union has fully endorsed the Western doctrine of "deterrence in the sense of strategic stability." It indicates a "tangible, new refining of Soviet strategic thinking." The recent Andropov proposals, "as well as expected moves" by the Soviet leadership, "can only be evaluated on this background and appropriately replied to."

● **THE STOCKHOLM** International Peace Research Institute (SIPRI) will hold a by-invitation-only conference on "military activities in space" this September. SIPRI's experts on space-based weapons systems are opposed to President Reagan's policy for development of space-based antiballistic missile systems.

● **THE ISRAELI** Prime Minister office's chief spokesman, one Mr. Kadishai, is "the regular contact point between the Christian evangelical movement and Prime Minister Begin," an Israeli source has noted. "The Christians, through Kadishai, have more access to Begin than any Jews do!"

● **THE BAHAIS**, a British Freemasonic-front mystical sect, are expanding their operations among Mexico's Indians. According to a Bahai representative in Mexico, Carmen de Burafato, Mexican Indians "are very spiritual," and are important in the Bahais' campaign to undermine the "dogmatic Catholic Church" inside Mexico.

● **ISRAELI MINISTER** without Portfolio Ariel Sharon's connections to "Communist elements among Lebanon's Druzes" may explain how the Mossad was involved in the April 18 bombing of the American embassy in Beirut, Israeli, sources have suggested.

● **THE FUERTHER** *Nachrichten*, daily newspaper of Henry Kissinger's city of birth, Fuerth, reported April 30 that the European Labor Party had demanded the revocation of Kissinger's "honored citizen" status granted by the city's mayor. The EAP, the paper reported, wants Kissinger designated "an undesirable person."

# Will Reagan tame the U.S. 'budget process' beast?

by Criton Zoakos

If Yuri Andropov had the capacity to evaluate the intricacies of institutional fighting between Congress and the American presidency, he would have been able to gain a more reliable insight into the mind of President Ronald Reagan and thus develop a healthy mistrust for his own preconceived notions of Reagan's "psychological profile," upon which the General Secretary is basing his current bout of confrontationist tactics.

The current fight between Congress and President Reagan over the federal budget is an instructive case in point. Against all earlier indications and against what most observers still believe, President Reagan is about to obtain congressional approval from most of his defense budget—and that from a Congress which two weeks earlier had overwhelmingly voted for an idiotic "nuclear freeze" resolution.

## The events of May

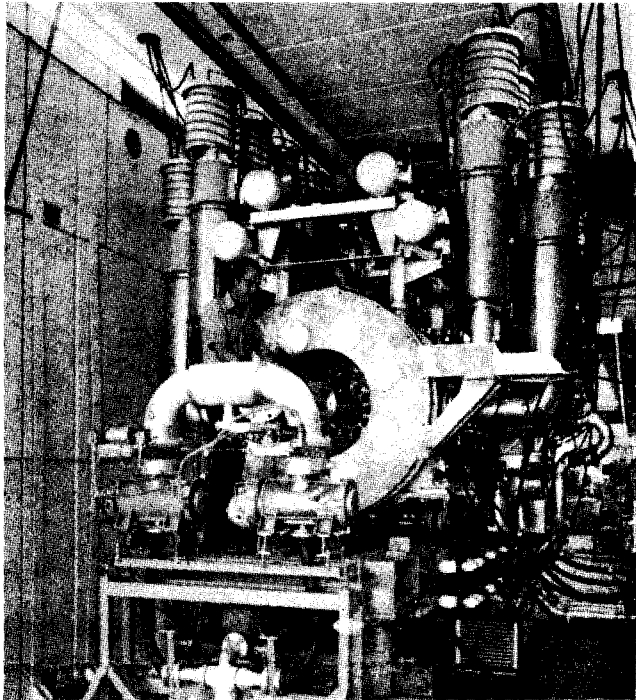
In eight days spanning the second and third week of May, the relevant congressional committees approved all the President's requests for the MX missile, each one of which Congress itself had unceremoniously junked last year. Considering that the President has made no concessions to his arms control detractors, the MX appropriations votes signaled that something unusual is afoot in the relations between Congress and the White House. Earlier, the President had received a letter signed by 143 members of the House of Representatives, asking him to veto any version of a federal budget which would not be in agreement with his commitment for a "third year tax cut," indicating thus the ability to sustain a presidential veto in this matter. Finally, on Friday, May 13,

the full Senate voted to kill two successive budget resolutions which had been designed by the Senate itself to be "anti-Reagan" resolutions.

The legal deadline for producing a "budget resolution" had been passed without any budget resolution and with both anti-Reagan resolutions defeated. The White House, in a meeting with Sen. Bill Armstrong (R-Colo.), indicated that it would be pleased if no budget resolution at all were produced this year. White House press spokesman Larry Speakes also made it clear that the existence of a "budget resolution" is less important to the White House than the "third-year tax cut."

The entire weekend of May 14-15 was spent with wild howls all over Capitol Hill over the threatening collapse of the exotic beast called "The Budget Process." Solemn appeals were made for the troops to rally around the imperiled "Budget Process." Oaths were taken that only over "our dead bodies" will the "Budget Process" be junked. The Majority Leader of the Senate, Howard Baker of Tennessee, penned a brave article for the May 15 issue of the *Washington Post* entitled "We Will Pass A Budget Resolution," quoting Winston Churchill, the American Constitution, Senate Budget Chairman Pete Domenici, and history at large. The first thing Monday morning, May 16, Senator Mark Hatfield (R-Ore.), made an impassioned speech in the Senate, asking all to preserve the integrity of "the Budget Process."

"Many have viewed the events of last week," the senator from Oregon intoned, "as evidence of the demise of the budget process, and have greeted that prospect with some



*An experimental test accelerator developed for the Navy's charged particle beam program at Lawrence Livermore National Laboratories. National defense and economic recovery have been tied to the stake of "fiscal" cultism.*

enthusiasm. I do not share that view. I believe the congressional budget process must be preserved, and I earnestly hope that a budget resolution will be adopted by the Senate, and a conference report adopted by both Houses." Then: "[D]espite . . . my other occasional frustrations, I believe the congressional budget process must be maintained *to protect our prerogatives vis-à-vis the executive branch and to promote discipline in our own fiscal affairs* [emphasis added]."

Hatfield proceeded to quote from the senator from Tennessee, Howard Baker: "The congressional Budget Process lies at the heart of modern and coherent democracy. . . . [E]verybody wants to decide what the budget will be; but nobody wants to serve on the Budget Committee. . . . Every senator and congressman wants the most money he can get for his favorite federal programs, but nobody wants a tax increase or a large budget deficit. . . . Each legislator must serve both the special interests of his constituency and the central interests of the nation, but doing both at the same time is like trying to rob your own bank. . . ."

The next day, President Reagan was singularly unimpressed by all this. He called a press conference in which, among many other things, he announced to Congress that he will certainly veto any budget which does not preserve his dear "third-year tax cut." He went on to blame Congress for various horrible sins, but especially that of failing to control "runaway federal spending" which then causes all those horrible tax increases. Ronald Reagan had great fun unleashing every bogeyman of mainstream America against a helpless, bungling Congress.

### Three billion for beam weapons

Then, officials of the Defense Department responsible for research and development announced that for next year, the spending for the President's program for beam weapon strategic defense systems for 1984 will be \$3 billion, not the originally projected \$1 billion. The newspapers carried this report back to back with Soviet government announcements that the Soviet military is about to adopt a "launch on warning" strategic posture.

The evening of the President's press conference, many enraged members of the legislative branch appeared on national television to issue denunciations of Reagan ranging from "irresponsible demagogue" to "the greatest alibi artist ever to occupy the White House." However:

One day later, the Senate, with relish, went and ate its hat before the whole country. That is how the *Washington Post* reported the memorable lunch: "A frazzled Senate Budget Committee yesterday shifted gears, scuttled a bipartisan compromise and approved, 11 to 9, a low-tax, high-deficit budget that closely resembles one earlier approved by the White House. Only a day after President Reagan went on national television to denounce any budget compromise that might jeopardize his tax cuts or military buildup, the committee's efforts to build a compromise on the basis of bipartisan cooperation collapsed in a crossfire of partisan recriminations. . . ."

This, of course, is not the end of the matter. It is rather the beginning of a new round in which Reagan will keep pounding Congress until he gets what he wants. What will that be? If sources in the office of the Majority Leader of the House are to be believed, "there is no doubt that the President will get exactly what he wants for his defense buildup. . . . it may not be the 10 percent increase he originally asked, but it will be an increase greater than any other President ever got." But, the sources continued, "somebody has to pay for this money, and he won't get what he is asking in tax policy."

This horsetrade is not complicated: there is quite a beautiful simplicity to the whole fight. But the observer must know what the President is in fact doing when he threatens to blow up "The Budget Process," because this threat is his essential instrument.

### The 1974 turning point

The United States had managed to survive for almost two centuries without a "Budget Process." Then the year 1974 arrived. In the midst of an explosion of "Watergate scandals," hitting both the Presidency and the very guts of Congress—and resulting in the demise of such powerful committee chairmen as Wayne Hayes and Wilbur Mills—the Brookings Institution, Edmund "Global 2000" Muskie, "gay liberator" Alan Cranston, and others of their ilk rammed through Congress something called the Congressional Budget and Impoundment Control Act of 1974.

Its ostensible purpose was to enforce fiscal accountability and reduce the gap between federal revenues and federal

spending, i.e., control the growth of our national debt. It was all a hoax. National debt in 1973 was \$457 billion dollars. In 1983, after 10 years of "The Budget Process," it has grown to over \$1.3 trillion. The beast of "The Budget Process" destroyed the last remnants of sound economic reasoning in Congress and contributed greatly toward creating the present depression.

The Budget and Impoundment Control Act of 1974 created, for the first time in U.S. history, the Senate and House Budget Committees and the beast "Budget Process," which entails for the following procedure:

Every year, on some predetermined day after the spring equinox, the following ritual is to be performed. The Budget Committees of both houses, after arduous horsetrading, will propose to their constituent bodies a certain ceremonial text called "The Budget Resolution." This will contain within it certain guidelines, in the form of percentages associated with certain general areas of spending and certain areas of revenue. After the two Houses adopt this ceremonial text, then the actual real-life committees, which in the old days used to take care of real-life problems, such as the Armed Services, Public Works, Commerce and Science, Labor and Human Resources or Foreign Affairs Committees, go to work trying to fit their responsibilities within the guidelines of the ceremonial text. For about 10 years, congressmen have been making decisions, but not on the merits or demerits of a certain water project, or research and development project, or internal improvement project, or a commercial, scientific, defense, environmental, or any other need. They have been making decisions on how to best fit things into the ceremonial "Budget Resolution" guidelines.

If, for example, the glamorous environmentalist lobby manages to sneak into the "Budget Resolution" a handsome spending guideline, then the Environment, De-Industrialization, and Organic Grass Growing Subcommittee will spend all that money whether there is need for it or not. On the other hand, if the Snail Darter Lobby succeeds in assigning a low figure for water projects, dam construction, and so forth in the ritual "Budget Resolution," then no water projects will go ahead, whether or not the nation dies of thirst.

The "Budget Process" has replaced the last remnants of debate on the basis of merits and needs with a wild game of numerology and horsetrading. It has also instilled in the ranks of Congress irrational habits of thinking about economic subjects, as well as entrenched vested interests, in the form of the Budget Committees which preserve these irrational habits.

Now, President Reagan is threatening to take this whole thing away. Hence the clamor, the squeaking, and the hysterics about "our prerogatives vis-à-vis the executive branch." Reagan's overall current strategy appears to be this: Either you guys give me what I want in the budget, or the "Budget Process" is finished.

But what is it that he really wants? The third-year tax cut,

or his defense budget? The President says, loud and clear, that if he doesn't get his "third-year tax cut" the "Budget Process" will die. Under the circumstances, he could not have said that he'll kill the "Budget Process" over his defense budget.

Then, Congress comes back, from both Houses and both parties, to suggest that they will give him his defense budget if he lets them have their "Budget Process." But then, they add, somebody will have to pay for defense, Mr. President. "Your third-year tax cut must go."

One month ago, nobody would have ventured to predict that President Reagan would get his defense budget approved. Now the MX appropriation has gone through and he is almost certain to get a 7.5 percent increase in defense spending, the amount any reasonable bargainer has in mind when he starts by asking 10 percent.

In the weeks ahead, we may see the following situation unfolding: any budget from Congress which does not contain a 7.5 percent defense increase *and* the "third year tax cut" is vetoed by the President. A huge brawl continues. Congress, to preserve its "Budget Process" gets closer to the 7.5 percent but remains adamant in its opposition to the tax cut. After some theatrics, as soon as Reagan get all he wants for defense, he will turn to the American people and inform them that the terrible, horrible Congress defeated him and did not allow him to carry out his cherished "third-year tax cut." Reagan, acting presidential, will bow before the inevitable and sacrifice his precious ideology for the sake of preserving the function of government.

Then, a few months later, during the presidential campaign, he will point out to the electorate that if economic ills are still with us, Congress is to blame for having killed an important part of his economic program. "The little recovery we have achieved would have been much greater, had my program not been mutilated by Congress."

It is regrettable that the republic has degenerated to the point that such theatrics become necessary on the part of the nation's Chief Executive to obtain the resources required for the nation's defense in a period of national security emergency. This, however, is our own problem, and our own to solve.

But now, back to General Secretary Andropov: the thought may cross your mind, Mr. Secretary, that Ronald Reagan is exploiting the image other people have of him as a "simplistic, intransigent ideologue." He is convincing a horrified Congress that unless his ideological, "Neanderthal" obsession with "third-year tax cut" is satisfied, he'll bring the house down. By this means, he has obtained his defense budget, which most of your peacenik dupes had considered as good as dead. It makes you wonder, did he really give a hoot for the "third-year tax cut," or did he just employ this irrelevancy to get the defense budget needed for his doctrine of Strategic Defense?

An "ideological cowboy" is one thing. But this is something else.

## 'Fruitfly' Democrat setting 1984 issues

by Freyda Greenberg

*Below EIR inaugurates a series of profiles of presidential aspirants.*

**Born:** Palo Alto, California, June 19, 1914.

**Education:** Pomona College, 1932-33; University of Mexico, 1935; Stanford University, 1936.

### **Political offices and affiliations:**

- Controller, State of California, 1959-67; U.S. Senator, California, 1968 to the present.
- United World Federalists, founding member and president, 1949-52; California Democratic Council, president, 1953-57; California Democratic Central Committee, 1954-60; The Draper Fund.

### **Business:**

Real estate: Ames-Cranston Company, Palo Alto, 1947-58; Carlsberg Financial Corporation, Los Angeles, 1968.

### **Policy profile:**

Advocate of global disarmament for past 30 years; environmentalist; anti-war activist in the 1960s. Senate initiatives have included: denying underdeveloped nations nuclear technologies; the nuclear freeze; domestic content legislation; Credit Control Act.

### **Campaign advisers:**

His \$500,000 Senate staff: Gerald F. Warburg, Cranston's top adviser on the Senate Foreign Relations Committee; Marshall D. Shulman, Special Adviser to the State Department under Jimmy Carter, director of Averell Harriman's Russian Institute at Columbia University; Sidney Drell, Stanford University; Paul Warnke, Carter Administration arms control negotiator and leader of the nuclear freeze movement; Jessica Tuchman Mathews, served on Jimmy Carter's NSC with Zbigniew Brzezinski, daughter of Barbara Tuchman, prominent author and advocate of turning modern civilization into a new feudal age.

The significance of Alan Cranston's bid for the 1984 Democratic presidential nomination goes beyond the level of consideration of "can he win against Ronald Reagan?" Cranston, a sophisticated professional in mass media and polling, is setting the issues for the campaign; Cranston has decades of experience organizing "grassroots" efforts against "establishment" issues; and Cranston may be an option for a vice-presidential slot.

### **The campaign strategy**

Cranston began his efforts as the 1984 "peace candidate" at the May 1982 Democratic Midterm Convention in Philadelphia. The result was the passage of a nuclear freeze resolution at the convention. While courting his favorite constituencies—the feminist, environmentalist, and "gay" caucuses—Cranston has put significant efforts into labor.

The AFL-CIO leadership has traditionally maintained some semblance of a pro-defense posture, but the Cranston candidacy has exposed how lacking in content that posture is. Cranston is reported to be the closest of all the candidates to the Lane Kirkland leadership of the labor federation, although by no means the most "salable" to their members. Cranston's sponsorship of "domestic content" legislation in the Senate, anomalous for the "supra-internationalist"-oriented Senator, was the result of a Kirkland-Cranston arrangement. A top Cranston adviser is Kirkland confidant Victor Kamber.

In January 1982, following a straw poll victory at the California Democratic Convention which was only won after imposing gag rules against dissenting Democrats, Cranston toured 54 cities in 22 states. At his Feb. 2 announcement of candidacy, he established the nuclear freeze as the main issue. Since then, the other Democratic contenders, including the supposedly more moderate John Glenn, have followed suit.

It is anticipated that the national convention in 1984 will be brokered, i.e., a bargain will be struck between blocs of delegates pledged to a variety of candidates. With this in mind, the delegate selection plan for California proposed by Democratic National Committee chairman Charles Manatt's law partner Peter Kelley calls for an outright reversal of previous reforms and the reinstatement of a "winner-takes-all" primary—an obvious boon to Cranston. Throwing aside the proportional representation policy where a candidate receiving more than a certain threshold, say 15 percent, gets some delegates, the Kelley plan would give the primary winner 209 California delegates.

In addition, in true California fashion, the candidate would have the option of replacing an elected delegate with a more colorful personality, such as a movie actor.

The black and women's caucuses have responded by filing a minority plan to retain proportional representation and prevent "bumping," which will be decided on June 4. Tom Hayden, husband of a "colorful personality" (Jane Fonda)

and head of the radical environmentalist Committee for Economic Democracy (CED), who had previously denounced the winner-takes-all primary as anti-democratic, is supporting the Kelley plan because "that's what Cranston wants." The CED has become the on-the-ground forces for Cranston's campaign, and not only in California. The CED deployed heavily in advance of the Massachusetts Democratic Convention this March.

### **The Cranston record**

Alan Cranston, now in his third Senate term, began his political career when, from 1936 to 1938, as foreign correspondent for the International News Service in England, Italy, and Ethiopia, he traveled through Europe producing sophisticated profiles of the German and Italian populations under fascism. In 1940-1941, Cranston worked for the Common Council, one of the first official groups to develop techniques for polling and mass-propaganda. Next he went into the Office of War Information (OWI) which worked closely with the FBI, OSS, and British intelligence's Special Operations Executive. Cranston specialized in Italian affairs, serving on the Council for American-Italian Affairs Inc. in 1945-46. After the murder of Carlo Tresca, the editor of the anti-fascist and anti-communist *El Martele* in 1943, Cranston was accused by an associate of Tresca's, V. Montana, of doing the bidding of the Soviet KGB in the shaping of the Italian post-war regime.

His "freeze" politics go back to his participation in the founding of the World Federalist movement following World War II. Cranston served as president of the United World Federalists (UWF) from 1949 to 1952. From this and kindred movements came the roots and the personnel for the freeze effort today. During the March 1983 freeze debate in Congress, Rep. Jim Leach (R-Iowa) added to the freeze resolution an amendment given him by the World Federalists which called for the eventual elimination of nuclear and non-nuclear weapons and standing armies! (See *EIR*, March 22, 1983.)

In a recent interview, Cranston insisted that though he was with the UWF, "I do not feel that world federalism is a realistic objective."

### **Confrontation politics**

The elected career of Alan Cranston has been based on what the 1960s student movement called "confrontation politics"—mobilizing fringe grassroots campaigns as the "backbone of the Democratic Party." Today, Cranston is attempting to consolidate the Democratic Party as an environmentalist/disarmament battering ram. Beginning in 1952, Cranston ran a similar crusade in the California state Democratic Party through the vehicle of the California Democratic Council—using civil rights activists, then peace activists, then environmentalists to battle moderate and conservative Democrats.

In every race Cranston won, beginning with his victory

in 1957 as the first state Democratic controller since 1866, his opponent has been an extremist. In 1957, a neo-Nazi group emerged to attack him. In his 1968 Senate victory, Cranston became the nation's first successful "peace candidate," against an opponent who wrapped himself in an American flag in support of the Vietnam War. By the time of Cranston's election to the U.S. Senate in 1968, moderate Democrats like San Francisco mayor Joseph Alioto and state Democratic leader Jesse Unruh had been driven out of politics or brought under the sway of the "fruitfly Democrats" such as Cranston himself and former governor Jerry Brown.

Yet, as late as 1968, at the height of his anti-establishment Senate candidacy, Cranston became a director, unsalaried vice-president, and salesman for Carlsberg Corporation, one of California's largest real estate companies. In conjunction with Eli Broad and Donald Kaufman, among the nation's largest homebuilders, and with Las Vegas casino owner and St. Louis mob attorney Morris Shenker, Carlsberg engineered a "development" scheme in the Roseville, California area which resulted in the local price of land jumping from \$200 per acre in 1970 to \$30,000 per acre by 1980. Cranston continued selling Carlsberg offerings as of 1969, after his election to the Senate; Arthur Carlsberg served as finance chairman of his 1968 campaign.

### **Freezing to death**

While many congressmen have voted for the nuclear freeze, a core group, led for the most part by Alan Cranston, want to freeze far more than nuclear weapons.

Cranston is a member of the depopulation lobby's core institution, the Draper Fund, and is an endorser of the Carter administration's *Global 2000 Report*, which calls for the reduction of the world's population by 2 billion by the year 2000.

In an April 1982 article in the *Washington Post*, Cranston called for a freeze on all nuclear technologies. He targeted the "volatile regions like the Middle East, South Asia, or Latin America" (not the U.S.S.R.) for monitoring. In a Senate speech in March 1981, Cranston accused Iraq of "blackmailing" oil-dependent Western European nations to acquire nuclear technology, and of beginning a "Manhattan Project-type" program to become a nuclear power, although he noted there was "no evidence that Iraq had designed a bomb." Ignoring Israel's development of nuclear weapons systems, Cranston called for the United States to cut off nuclear technology assistance to France and Italy, who were assisting Iraq. In 1980, Cranston and his aide Jerry Warburg (a member of the banking and British intelligence Warburg family) sabotaged the U.S. agreement to reprocess fuel for India's Tarapur nuclear installation.

A study by the Fusion Energy Foundation in March 1982 concluded that as a result of the Cranston-promoted reversal of the "Atoms for Peace" policy, some 115 million people have died in the space of 10 years in the Third World.

# Editors take aim at administration

by Christina Nelson Huth

On May 10 through 14, five hundred of the nation's leading newspaper editors got together at the posh Fairmont Hotel in Denver, for five days of dancing, drinking, overeating, and listening to "wild west" stories. This gathering was the 1983 conference of the American Society of Newspaper Editors (ASNE), organized and dominated by the national wireservices and newspaper chains. The featured guests at the editors' fest were Hollywood personalities Warren Beatty and Robert Redford, and more than half the proceedings were devoted to exploring the spirit of the Wild West, as a spirit suitable for the American future.

The most radical spokesman for the ethic of the untamed frontier was Colorado Gov. Richard Lamm, who recently shocked the nation with an endorsement of a 19th-century incident of cannibalism involving Colorado pioneer Alfred Packer, in his book, *The Angry West*. Lamm told his audience that the American West is a "colonial territory" which has been plundered by the industrial interests of the East Coast. He shared the podium with *Washington Post* stringer Joel Garreau, whose popular book, *The Nine Nations of North America*, retails a Civil War-vintage British intelligence scheme to balkanize the American continent.

Next came panels on cowboys, Indians, the western art of impressionist Frederick Remington, and a luncheon speech on the political role of America's hispanic population by San Antonio Mayor Henry Cisneros.

## Presidential politics

When the editors meet again next year in Washington, D.C., the 1984 presidential nominations may be decided, and the race for the White House in high gear. How did the nation's leading newspapermen deal with the issues that will shape the primary contests one which they must soon begin to report to their readers?

In this category, they were subjected to three extravaganzas: a declaration of war on the Reagan administration's Department of the Interior and Secretary James Watt by Carter-administration Interior Secretary Cecil Andrus; a rigged debate between New Right spokesman Paul Weyrich and

Chicago's Rev. Jesse Jackson, who was presented as a spokesman for the minority-based Democratic Party opposition to President Reagan; and a debate on national security during which neither side mentioned the President's defensive weapons development program.

Secretary Watt addressed the conference on the morning of May 11, and reiterated his support of nuclear energy and the "stewardship of man over nature." Watt warned against growing environmentalist influence in the United States, noting that the greatest threat to the global environment today is soil erosion, a threat which arises from the fact that more than half the world's population depends on firewood for fuel and heat, rather than advanced energy sources. Dedicating "one American strip mine or one American oil well" to supply energy to the developing sector would do more to help the environment than all the radical environmentalist movement has accomplished in past years, Watt said.

Cecil Andrus, known in the West for helping Jimmy Carter undermine water resource development, addressed his response not to Watt's remarks, but to initiating a campaign against Watt. Andrus's speech featured accusations that the current Interior Department has improperly released advance information on planned oil-lease sales, and smacked of the rumor-mongering that prepared the recent massacre of Reagan's appointees at the Environmental Protection Agency.

## The spectacle

Next came the 1984 presidential race presented as a contest between the radical right and the radical left, represented respectively by obese Heritage Foundation cult-peddler Weyrich and race-demagogue Jesse Jackson.

Swallowed whole by the editors as a potential Democratic nominee for the White House, Jackson demonstrated in an interview with this writer that he is far better equipped to run interference for the Republicans in 1984 than to represent any voter on critical issues of economic, foreign, or strategic policy.

But it was the panel on the nuclear arms race and American strategic policy most clearly revealed the political and moral imbecility of the assembled editors. This panel faced off Dr. Helen Caldicott, an antinuclear evangelist who heads the environmentalist Physicians for Social Responsibility, against Ronald Lehman, a sidekick of Richard Perle, the assistant secretary of defense who has emerged in recent weeks as a leading saboteur of President Reagan's Mutually Assured Survival defense policy within the administration.

The editors sat in stupefied silence for more than an hour, buffeted between Caldicott's emotionally provocative descriptions of the effects of a thermonuclear exchange, and a string of lies from Lehman that "deterrence is the keystone of America's security and that of our allies." Despite the urging of this reporter, more than two dozen editors refused to challenge Lehman's deliberately damaging misrepresentation of administration policy.

## Lamm: 'ABM support a tragic initiative'

*Colorado's controversial Gov. Richard Lamm granted this brief interview to EIR press services coordinator Christina Nelson Huth on May 11, at the American Society of Newspaper Editors' annual conference in Denver.*

**Huth:** Do you support the recent resolution introduced into the Colorado State Assembly supporting President Reagan's defensive weapons development program?

**Lamm:** This is a tragic initiative, tragic, and I do not support it. In fact, I thought it had been killed in committee. It will lead only to a further buildup of nuclear arms. As I understand it, there is a good deal of opposition. The Republican governors have rejected it, and so has a good part of the GOP in the Senate.

**Huth:** In your presentation, you lamented the move from East to West by unemployed industrial workers. Couldn't you see your way clear toward supporting the President's program based on recent computer-model studies which show that it will create millions of productive jobs in the U.S. economy?

**Lamm:** Don't tell me about increases in industrial production and new jobs. If everyone in the country got cancer tomorrow, there would be more industrial production of hospital beds, and more jobs—in the hospitals.

**Huth:** Do you think that your recently published endorsement of cannibalism has embarrassed the State of Colorado?

**Lamm:** Why should I answer that question?

## Lehman: 'Defensive systems far down the road'

*From an EIR interview with Ronald Lehman, deputy assistant secretary for nuclear policy and arms control, who addressed the American Society of Newspaper Editors on May 12:*

**Huth:** You said in your remarks today that "deterrence is the keystone of the NATO alliance," and "the substance of the security of the United States and the collective security of our allies." You did not mention President Reagan's March 23 announcement of a new strategic doctrine which will move us from the era of deterrence to the era of Mutually Assured Survival. Your associate, Mr. Richard Perle, has made sev-

eral speeches in Europe recently, also failing to mention the President's announced national policy. Why is this?

**Lehman:** What you have said is not a correct statement of President Reagan's intentions. I do not think that the President intends to move the United States away from a strategic doctrine based on deterrence.

**Huth:** As a spokesman for the administration, don't you think that you could have effectively countered [previous speaker] Dr. Helen Caldicott's nuclear war horror stories with a simple statement that the United States is, under President Reagan's direction, marshaling its scientific and technological resources to deploy defensive weapons technologies which can destroy nuclear-armed ICBMs in space?

**Lehman:** This panel discussion was very short. We had little time, and many important aspects of the issues to discuss. Possibly if there had been more time, I would have discussed the role of defensive systems in America's strategic posture. In fact, I usually discuss this question. But you must remember that defensive systems, whatever role they may eventually play, are far down the road.

**Huth:** You do not agree with scientists who say that the U.S.A. can develop a point-defense directed energy beam system within seven years, and a complete area defense of the United States and our allies within 10 to 12 years?

**Lehman:** Look, there are a thousand technologies we could pursue. . . . I cannot give an assessment of an exact time frame. . . . Obviously, defensive weapons will play a major role in enhancing future stability. We now have a major interdepartmental study underway among the Arms Control and Disarmament Agency, the State Department, and the Defense Department on their feasibility. When this is complete, I am sure we will have more to say.

**Huth:** Do you think that the United States should spend as much as the Soviet Union on these technologies?

**Lehman:** At least, and the Soviets are spending billions of dollars a year, aren't they?

**Huth:** There are rumors on European intelligence circuits that your boss, Mr. Perle, is the high-level Reagan administration leak to Soviet and Israeli intelligence on U.S. high-technology development efforts.

**Lehman:** That is outrageous and wrong.

## Jackson: 'Freeze weapons or burn people'

*On May 12, the Rev. Jesse Jackson of Chicago addressed the American Society of Newspaper Editors annual convention in Denver on the topic "Representative Democracy, the Changing Lineup." He was interviewed by EIR following his speech.*



**Huth:** There has been a good deal of discussion of your possible candidacy for the Democratic Party presidential nomination. How should a black candidate address the question of the deepening economic crisis?

**Jackson:** The first thing we need is corporate responsibility to the American worker. During the course of his administration, President Reagan has invested \$750 billion in taxpayers' money in various programs to stimulate jobs in the private industrial sector. But have these various programs spurred reindustrialization and created new jobs? No, they have not.

Moreover, the President's program has done nothing to address the situation in which organized labor finds itself in deadly competition with slave labor overseas. . . . This is why I am interested in the promotion of an international trade union movement.

**Huth:** During your presentation, you mentioned the need for black leadership's involvement in issues of international importance, and criticized the press for refusing to report on your international travels. What position do you take on the recent vote in the Senate Banking Committee to increase U.S. funding of the International Monetary Fund by \$8.5 billion a year? We see this as a use of taxpayers' money to increase the power of a supranational institution that is enforcing austerity and starvation on many nations of black Africa.

**Jackson:** The increase in U.S. IMF funding may not in fact result in giving more power to the IMF. In terms of U.S. relations with Africa, what I want to stress is the absolute necessity for the United States to end all aid to South Africa.

**Huth:** Will you comment on the recent report from the President's Commission on Education, which asserts that a "wave of mediocrity" has swept through our schools?

**Jackson:** I have taken leadership in this issue for more than six years, and I agree that our schools are swept with mediocrity. There are two principal reasons for this: 1) there has been a reduction of opportunities for students, particularly minority students, due to reduction of investment in education by the Reagan administration. What happened when the Russians embarrassed us with Sputnik? We countered by investing in science scholarships and education programs. This sort of effort is needed today. Secondly, we must address the issue of motivation and effort by young people. American children spend five hours a night in front of the television. . . . We must rekindle the drive to excel, which in my experience exists more in the developing sector than in the United States.

**Huth:** Do you think President Reagan's recently announced program to mobilize America's scientific resources behind a high-technology defensive weapons development effort will have the same encouraging effect as the post-Sputnik programs on America's students?

**Jackson:** It is absolutely clear that the nation must move forward on the science and technology front. We need more

mathematics education, and more high-technology training in our schools—but for everyone, not just for the white males who seem to dominate the most prestigious and high-paying jobs in industry and the sciences.

**Huth:** You must be encouraged by recent studies showing that the Reagan beam weapons program, concentrating on 21st century technologies such as lasers, would create millions of new jobs in the American economy every year.

**Jackson:** I don't know how the President's defense program would create new jobs. But I do know one thing: We must choose the human race over arms—either we freeze nuclear weapons, or we burn people. We must talk unconditionally with the adversary, although we must agree only conditionally. I believe that leadership must be prepared to do anything, and go anywhere, in order to negotiate.

*(Rev. Jackson referred the following questions to his press secretary.)*

**Huth:** There is a good deal of gossip on the political circuits around Washington to the effect that Reverend Jackson is functioning as a Republican "mole" in the Democratic Party. The option of a black independent or third party candidacy in 1984 would certainly hurt the Democrats. . . .

**Press Secretary:** We are not talking about a third party candidacy. We are talking about running a black candidate in the Democratic Party's presidential primaries. Reverend Jackson is not considering an independent or third-party candidacy for 1984.

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# Education and national security: will American children be 'laser literate'?

by Carol White

The present array of statistics, all pointing to the educational backwardness of American children, is jolting, but surely can come as no surprise to any parent, educator, or prospective employer of skilled manpower. In fact, the abysmal situation in our schools, particularly in the fields of mathematics and the sciences, has periodically been put before the public since the wide circulation of the 1980 Wirszup report—which showed U.S. education to be far inferior to that in the Soviet Union.

At that time, a number of serious studies were begun to assess the implications of the problem in terms of future manpower needs, particularly in engineering. The same situation seen in our elementary and secondary schools was replicated at the university level, where we found a failure to invest in advanced laboratory equipment, a shortfall of American citizens willing to go for post-graduate engineering degrees, and an accompanying shortage of teaching staff. The shortage of secondary school science and math teachers is far worse.

## How bad is it?

The President's National Commission on Excellence in Education shows a 77 percent decline in mathematics teachers in the past 10 years and a 65 percent decline in science teachers. Half of the newly employed science and mathematics teachers are unqualified. Forty-three states report a shortage of mathematics teachers; 42 are short of physics teachers, and 38 lack enough chemistry teachers.

Between 1960 and 1977 the percent of students enrolled in science and mathematics courses in secondary school declined around 50 percent. With the modest expectation of a 40 percent increase between 1978 and 1990 in the demand for scientists and engineers, a shortfall of 200,000 engineers is predicted.

From 1962 on there has been a steady decline in mathematics and verbal scholastic aptitude test performance. In international standardized tests, U.S. students register well below those of other industrialized nations. On 19 academic tests, American students were never first or second and were

last seven times. This is not so surprising considering that one-half of all U.S. high school students take no math or science beyond tenth grade. In Japan nearly all college-bound students take three years of science with their three-year secondary school course and four years of math in the same time. In the U.S.S.R. the requirements are far more stringent, including five years of physics, four of chemistry, four of biology, and leading to two years of calculus.

Most other countries keep their children in school for longer hours. A Japanese factory worker will have spent thirty percent more time in the classroom than an American worker; and of course, the American child may be studying driver education or some other elective in lieu of an academic subject. One-sixth of U.S. college graduates major in mathematics, science, or engineering, compared to one-fourth in Japan, one-third in West Germany, and one-half in the U.S.S.R. As a result, the Japanese graduate more engineers in absolute numbers than we do, with about half the population; and per capita they have 2.6 times as many engineers as the United States. For the Soviet Union the figure is 4.1. It becomes clear that this is indeed a national security matter when we learn that the Defense Department is spending millions to rewrite manuals to bring them from the eleventh- to the sixth-grade reading level.

## The roots of the problem

One might think that the problems in education are a result of the present depression and cutbacks in spending. And of course curtailment of student loans and grants plays a part in creating a shortage of teachers. Yet depression psychology probably has a two-fold effect. There is less drug use among students and greater seriousness, probably because of the pressure to get a job in a tighter market. This also affects the secondary level where college scholarships are at premium. On the other hand, minority youth reflect the 40 percent rate of youth unemployment in the ghetto with a 40 percent rate of functional illiteracy. Amazingly, despite the depression, the United States spends more on education at every level than any other country in the world—\$215

billion—and we get less for it.

There are a number of bills before Congress, mainly addressed to increasing the number of secondary school teachers trained to teach mathematics and science, through an enlarged loan and grant program, through in-service training, and through various devices to provide pay incentives selectively. There are also various proposals to provide tax and other incentives to industry to contribute equipment and personnel to schools and universities. Perhaps the most interesting thing about the collection of bills is the number of them, an indication that education is a hot item this pre-election year. In all there may be some 30 of them before Congress.

In general these bills give lip service to the need to meet the future challenge of technological development as well as to reverse the current downslide. However, the context in which technology is defined is the *post-industrial society*. Therefore, where technological needs are spelled out, it is the computer which is stressed. This is a dangerous mis-emphasis for several reasons. On the one hand, it mis-estimates the actual impending shortfall of skilled manpower and engineers which we are facing; on the other, it suggests dependence upon the computer as a teaching device.

## Technology for the future

As a recent LaRouche-Riemann model study shows, the economic impact of President Reagan's March 23 speech, which called for an immediate national mobilization to develop laser beams as a defensive weapons capability, can lead to two million new productive jobs each year. Many of these would be construction jobs for the power industry; but a first priority would be to replace the machine tool industry with laser devices. By the end of the decade, we can assume that at least half of all machinists will be laser operators.

Even before fusion power is commercially viable, we will be converting our steel industry to plasma processing of iron and steel, (in which a 30,000° gas is used to reduce or or scrapmetal almost instantaneously). The kind of skills which will be demanded of the typical production worker will include competence in fields which are today assigned to engineers. This will include a sophisticated knowledge of optics and understanding of field theory, as increasingly, plasma processes are organized to take advantage of the non-linear geometries which they develop.

We can expect even more profound changes in the chemical industries, as we develop a range of lasers capable of exciting precisely tuned chemical reactions. When we add to this the incredible diagnostic capabilities opened up by the x-ray laser for medicine as well as for materials testing, it is clear that educational reform must be in the direction of introducing intensive training in science.

Scarce money is not the key issue. We may well question why the American gets so little for his education tax dollar. The fact is that during this century science and mathematics have been taught through the distorting prism of British New-

tonianism, and this means that we have a built-in disadvantage compared with Germany or even Japan, both of which look to the German Humboldt educational tradition as a guide to shaping curriculum. (Ironically, the Japanese are introducing the classical curriculum at a time when the Federal Republic of Germany has increasingly phased it out following the Brandt educational reforms.)

The problem in the United States has been exacerbated over the past several decades; but it dates to the turn-of-the-century when Deweyite forces gained control of the schools through the establishment of pseudo-professional education departments. It will be quite a surprise for most Americans to learn that classical Greek was typically taught at the secondary level in the United States even into the early 20th century. The works of the German mathematical genius Gauss were translated into English and circulated in this country almost as quickly as they came off the press, by a group of educators led by Benjamin Franklin's great-grandson Alexander Dallas Bache, the president of Girard College in Pennsylvania. As principal of Central High School in Philadelphia, Bache introduced the German gymnasium curriculum into the public schools.

In fact, a careful reading of Franklin's own scientific writing shows him to be an opponent of Newton's method. Thus, in his writings on electricity he takes a sly dig at Newton when he remarks that he is republishing his original experiments without amendment, even where he now knows himself to have been in error, because he understands that the process by which he came to formulate hypotheses is the most important thing which the reader will learn from reading about his electrical experiments. This was precisely the viewpoint of Kepler earlier who stated that he was reprinting his first major work, *Secrets of the Universe*, unamended so that the student might learn how a scientist comes to make a great discovery. This is the Platonic method, emphasizing hypothesis formation, which governed Humboldt's educational curriculum.

Unfortunately, the Newtonian method, which denies the scientific truth of universals, and therefore, deprecates the significance of hypotheses, is taught today in our schools. Hypotheses are treated as mere arbitrary rules of the game; and science is degraded to the observation of data for the purpose of making plausible assumptions and compiling statistical norms.

It is true that students educated in this manner can nonetheless make major scientific contributions, but they will do so only despite this misdirection.

It is far better to spend \$216 billion dollars on any science education rather than expose children to the kind of electives which now fill their school day. Better yet would be a return to a the kind of classical curriculum developed by Wilhelm von Humboldt which produced great scientists such as Bernhard Riemann and the numbers of good scientists who elaborated his discoveries. As is well-known, both the Soviet and the U.S. scientific establishments have been highly depend-

ent upon German emigré scientists, and particularly those educated at Riemann's Göttingen University. Best would be the development now of a curriculum based upon Riemann's major discoveries.

The course of study appropriate to this understanding would emphasize the study of hydrodynamic physical processes, beginning with the groundbreaking work of Leonardo da Vinci, and culminating in secondary school with a thorough understanding of the principles of the laser—both its construction and its use. This implies a thorough grounding in optics, and electromagnetic field theory. It also poses to would-be educators the task of cleaning up that theory to eliminate the assumptions of British empiricism which infect so much of science and turn quantum electrodynamic theory into gibberish.

For mathematics it means cleaning out the new mathematics once and for all—and with it the garbage of algebra. Mathematics is geometry. Anything else is either pernicious ideology or should be taught in the context of its necessary application, for example in a science workshop, as a tool for calibrating experimental devices or constructing models. It is a pathetic delusion, now being circulated in mathematical circles, that we can remedy the evils of the new math by replacing computation with the computer, and dropping some of the worst formal rhetoric associated with logical proof structure, which was introduced with the new math.

New math, like quantum electrodynamic theory, asserts that the world is irrational and all rules are essentially arbitrary. What matters is playing the game by the rules, once these are laid down.

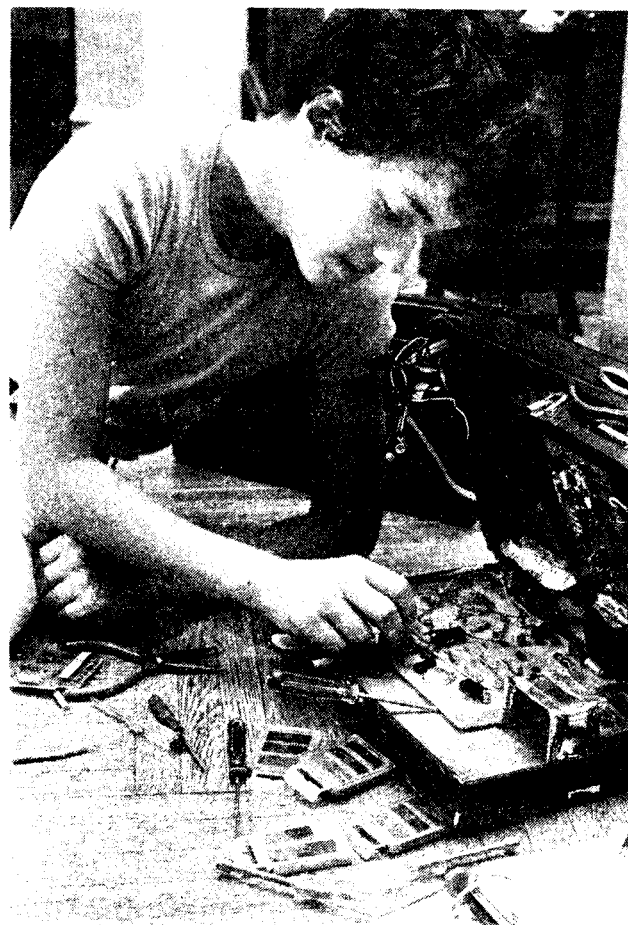
With the computer, the ideological content is masked since the rules of the game become the apparatus of software design, whether this is totally imposed on the student from without, or he or she learns to program the machine.

We must teach our children by allowing them to construct models of greater and greater complexity. We must take them through the LaRouche program for geometry, beginning with folding the circle to establish the construction of the basic regular polygons. We must show them the joy of exploring the potentialities and limitations of the regular solids—the solids relationship to the golden mean, and the limitation of their number to five. Then we must introduce them to the complex-number field as it is expressed by the development of a cone. As the children progress with geometry, they are able to appreciate the scientific accomplishments of Leonardo and to assimilate his method.

They can progress with Kepler to understand the amazing congruence between geometric principles, the physical principles of planet formation, and the direct relationship of these to the well-tempered musical scale.

### **A national mobilization**

The President's Commission described the current situation) in the widely quoted introduction to its report: "If an



Philip Ulanovsky/NSIPS

*There is a vast difference between "computer literacy" and "laser literacy."*

unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war." The situation is not merely defined by the weakness of teachers or the impoverishment of the subject matter which they teach. The schools are havens for drug pushers and pedarasts in the liberal environment now rampant in our society. When we couple the evil effects of the rock-drug culture on young people with the added demoralizing influence of the zero-growth movement and environmentalism which rob them of an incentive to become scientists, we realize that a thorough clean-up is necessary.

### **A leap ahead: the lasing principle of energy**

A great deal has been written about the present technological backwardness of American industry. How we deal with this is relevant to the problems we face in education. Just one example is the steel industry, which still uses the more than a century old open-hearth technique of steel production in 11 per cent of steel furnaces, while in Japan it has been completely replaced by the basic-oxygen process (BOP). If we consider the energy content of a ton of steel, we find

that the BOP is 10 times as productive as the open hearth method.

Obviously, it would be better for the United States to be totally converted to the BOP; however, we cannot afford to merely catch up with the Japanese. For that reason, it is imperative that we leap-frog ahead and begin a major conversion of our existing steel industry directly to the plasma steel-making process. We need to apply the same least-action principle to education.

To maintain and increase our national scientific and engineering eminence we must incorporate Riemann's methods directly into our pedagogy—in mathematics as well as physics. Whether in science or mathematics, all of Riemann's work was devoted to elaborating the principle of perfection as it expressed itself in the physical universe. Thus, his papers on relativistic physics and shock waves provide a method for transforming energy to higher ordered energy densities. The lasing principle offers a unique experimental proof of this method.

While plasma steel processes will be important in the period ahead, the laser will have wide application as a bridge technology to the plasma age. The lasing principle is also an extremely important pedagogical device. The laser illustrates that it is the hydrodynamic, directional coherence of energy which accomplishes work. When we heat a covered pot to boiling and the cover bobs up and down, we may attribute the work of lifting to the random motion of the excited molecules of water; such motion itself is merely an effect of the radiant energy emitted by the gas or electric range. Any other view of the situation is pure mystification. What, after all, are the so-called molecules that are otherwise supposed to be hitting each other and rebounding?

The same lasing question comes up when we consider sound waves. Sound waves produce condensation and rarefaction of a medium—but what precisely condenses? Why does it rebound? All of the obvious, so-called common-sense answers merely perpetuate the illusion that matter is made up of Newtonian hard balls that interact; or that matter is imbued with a mysterious capacity for elasticity. A relative sophisticate will venture that the molecule is surrounded by a field, and that when two molecules interact, it is really because of the delicate embrace of their fields.

Until we go beyond the Newtonian-Aristotelian notion that the universe is composed of discrete objects which interact, we will be placing blinders upon the potential brilliance of our youth. We must begin to teach young people from their earliest years that the universe is continuous. What appears to us to be discrete space is merely that projection of the universe which is apparent to us through sense perception. When we apply our reason to knowing the universe, then like Kepler, or Franklin, or Riemann, we directly apprehend the continuity and perfectability of the universe.

If we are to realize the implications of President Reagan's March 23 speech, we will need a national mobilization. Not

only will the schools have to be upgraded, but we will need to transform the skill level of a whole section of the existing workforce. While the job seems awesome, there is a precedent in the mobilization which took place during World War II.

### **The World War II experience**

Between 1941 and 1942, three million people were trained. Programs which typically took a year to complete were accomplished in a third of the time. Exemplary was the training of 700 micro-range radar operatives by Dr. Robert Moon, seconded from the Manhattan project to accomplish the task. Not only was he training a cadre in a new technology, but he was training operatives to become their own repairmen—a necessary step under war-time conditions. His course, for high school graduates with a smattering of calculus, took them through partial differential equations on the one hand, and the construction of radar sets on the other. Precisely this is the approach which we need in the schools and at the work sites, as, for example, we train top-flight machinists to operate laser devices.

What happened in Maryland was a case in point. As early as 1929, companies began establishing aircraft-worker courses in Baltimore schools along with in-plant training. Ten thousand employees of the Martin company studied at company expense at Johns Hopkins University, 10,000 at the University of Maryland, and another 10,000 in the Baltimore schools. The courses they took included work in chemistry, aircraft, radio, engineering, and management. At the same time the State Department of Education participated in the Food Production War Training Program, a 36-hour course of study which taught them how to maintain their farm equipment themselves. Tens of thousands of farmers went through this program in Maryland alone.

This country needs a mass mobilization of labor on the scale of World War II to re-establish the vitality of our productive workforce and our schools and universities. The average age today of machine tool workers today is 58. It's about time that we connected the treason in our schools with the treasonous idea that this country cannot afford to reindustrialize. If we are to survive as a nation, now is the time to reverse this unacceptable depreciation of manpower.

Computers are useful tools and can be usefully introduced into classrooms in a limited way. The idea that they are appropriate replacements for hands-on experimenting or modeling is just as dangerous as the equally stupid idea that so-called information is a substitute for production. The idea that curricula should be modeled around the potentialities of the computer is not only absurd but dangerous. Who, after all, would talk about devising a curriculum to exploit the benefits of the ballpoint pen? Let's devise curricula which bridge the next period for young people who will need to assimilate new concepts at an accelerating rate as we enter the plasma age. Let's all become laser literate.

## Simpson blasts local veto on nuclear plants

Senator Alan Simpson (R-Wyo.), chairman of the Senate Environment and Public Works Subcommittee on Nuclear Regulation, has expressed alarm at the way Public Law 96-295 (mandating state and local involvement in emergency evacuation plans for nuclear power plants) is being used to shut down two nuclear plants at Indian Point, New York.

Simpson announced in the *Congressional Record* May 12 that the subject of emergency preparedness at nuclear power plants "will be the subject of careful scrutiny by myself and others" in his subcommittee.

The Nuclear Regulatory Commission set June 9 as the deadline to alter evacuation plans in case of nuclear accident at Indian Point. The NRC has said it will shut down the plants if that is not done. One of the affected communities has refused to cooperate, preventing the formulation of the plans and posing the prospect that the Indian Point reactors will be closed.

"It was certainly not this senator's intent," Simpson said in response to the threatened shutdown, "nor do I think it was the intent of the other senators and congressmen involved in the drafting of Public Law 96-295, to confer upon state or local governments what amounts to a de facto authority to veto the operation of nuclear power plants. If that is in reality where we are with emergency planning as we know it today, then as the *New York Times* so forcefully states, 'The devolution of power over nuclear power from the federal to local level has gone too far.'"

Simpson added that he "certainly expected that state and local governments would be called upon to assist in the preparation and implementation of emergency plans, and, in most in-

stances, that cooperation has been forthcoming."

Simpson said he intends to look at the possibilities for rewriting the law.

## Ruckelshaus ducks the DDT issue

By a vote of 97 to 0, the U.S. Senate has confirmed William Ruckelshaus as the new administrator of the Environmental Protection Agency, despite serious questions aired at his confirmation hearings. A variety of witnesses had raised the issue of Ruckelshaus's role in banning DDT during his previous tenure at EPA.

Not a single senator appeared concerned about a policy decision which has caused a resurgence of malaria in the developing sector and the deaths of hundreds of millions of people from that disease.

Witnesses from the National Democratic Policy Committee and other organizations had detailed in the confirmation hearing the arbitrary process by which Ruckelshaus had banned DDT in the early 1970s, despite an extensive EPA examination which concluded that DDT should *not* be banned.

In the floor discussions, Senate Environment and Public Works Committee Chairman Robert Stafford (R-Vt.) claimed that every word Ruckelshaus had ever written and every position he had ever taken had been carefully scrutinized. Yet, when Ruckelshaus was questioned about the DDT decision, he answered merely that the ban was only a ban on domestic use, and therefore he was not responsible for the international consequences which followed when other countries, frightened by the U.S. decision, ceased to use DDT.

In the limited floor debate on Ruckelshaus, "Kissinger Republi-

cans" spoke in favor of the Ruckelshaus nomination, touting him as the man who could "clean up the EPA."

Ruckelshaus's ardent supporters included Stafford, John Chafee (R-R.I.), Howard Baker (R-Tenn.), Slade Gorton (R-Wash.), and Richard Lugar (R-Ind.).

## Melcher leads round one against IMF in Senate

Senator John Melcher (D-Mont.) offered an amendment to the budget resolution which advocates cutting the amount of the U.S. IMF quota increase from \$8.5 billion to \$3.4 billion, thus holding the increase at 20 per cent. The resolution was defeated by a vote of 76 to 19, with a core of conservative Republicans and anti-Volcker Democrats who were supporting Melcher in this initial foray.

Melcher argued that the quota increase was a bailout of the major U.S. banks whose bad loans would be made good at U.S. taxpayers' expense. When Sen. Charles Mathias (R-Md.) said that giving the money to the IMF was necessary to the maintenance of U.S. exports to the Third World, Melcher replied, "That hardly seems relevant to the discussion, since the countries getting International Monetary Fund monies will have to reduce their imports. Mexico will be required under IMF requirements to reduce its imports from us."

IMF supporters Mathias and Banking Committee Chairman Jake Garn (R-Utah) seemed extraordinarily defensive, indicating enormous anti-IMF constituency pressure.

The vote on the IMF legislation is likely to occur before the Williamsburg economic summit at the end of May. Senator Garn has not yet released the Banking Committee's report on the IMF. Thus senators may

not have a chance to study the report, with its wide-ranging regulatory changes, until shortly before the vote.

## **H**ouse expands civilian R&D authorization

The House of Representatives passed the Department of Energy Civilian Research and Development Authorization Act for FY1984 on May 12 by a vote of 230 to 132. The bill is roughly a half-billion dollars more than administration requests and roughly 10 percent larger than the FY1983 authorization.

The bill includes \$500 million for the magnetic fusion program, an increase of \$33 million over the administration request, but only a 7 percent increase above last year.

Rep. Marilyn Lloyd (D-Tenn.) stated that the magnetic fusion funding "amounts to a barely discernible real growth" in the program compared to last year.

However, she noted that the additional \$33 million "would support mainline projects with related university work, accelerate technology development for plasma heating, and encourage planning and design for the next Tokamak device both at the Oak Ridge Fusion Engineering Design Center and the Princeton Plasma Physics Laboratory."

The bill also adds \$5 million for the fusion material irradiation test (FMIT) at Hanford, Washington, and provides \$3.5 million for research on compact, high-density systems and \$5.5 million for the Mainline Mirror Machine at Lawrence Livermore Laboratory, which has support work being done at MIT.

The bill adds \$40 million for the high temperature gas reactor, an additional \$9.5 million for the light water reactor safety program, \$20 million

for electric energy systems and energy storage systems, and \$13.5 million for R&D on fuel reprocessing for breeder and high temperature gas-cooled reactors.

In supporting both the advanced gas centrifuge and atomic vapor laser isotope separation (AVLIS) for uranium enrichment, the bill adds \$11 million to accelerate development of centrifuge machines to increase the power efficiency for the Gas Centrifuge Enrichment Program at Portsmouth, Ohio.

The bill adds funding for energy-intensive fossil fuels processes, such as magnetohydrodynamics, but also supports solar, other energy-diffuse systems, and "conservation."

## **C**linch River funding still in trouble

In its May 12 authorizations for FY1984, the House left no money to be spent for the Clinch River Breeder Reactor until specific funding is approved on another bill. This provision, voted on as a separate amendment, will supposedly give the Congress and the administration time to integrate private-sector money into the CRBR project.

The amendment passed 388 to 1; if a plan giving the private sector great financial liability and investment is not put together, funding for Clinch River will cease at the end of FY 83.

## **H**ouse committee targets defense laser programs

The House Armed Services Committee voted the third week in May to eliminate the laser weapon programs of the military services that are the basis for the first phase chemical laser antiballistic missile (ABM) system

proposed by the Fusion Energy Foundation and others. Along with the severe cuts in the military service programs, the committee voted increases in the research and engineering budgets of the Defense Advanced Research Projects Agency (DARPA) in the areas of advanced laser and particle-beam development.

The move appears to be a Democratic Party leadership attempt to box the President's beam-weapon program into a "research and development" bargaining chip for arms control negotiations.

The committee voted to eliminate the U.S. Navy SeaLite laser weapons program and the U.S. Air Force space-based laser program, and to cut the U.S. Army program 39 percent and the U.S. Air Force Airborne Laser Laboratory program 61 percent. At the same time, the committee cut the U.S. Army program in anti-missile missiles 56 percent.

The Navy program has developed the most powerful, continuously operating laser in the U.S., the mid-infrared chemical laser (MIRACL). This laser once upgraded can be installed on mountain tops and direct its beam towards orbiting mirrors for focusing on ballistic missile targets. It is also the present basis for development of laser isotope separation, and for defending U.S. Navy aircraft carrier task forces from attack. The U.S. Air Force Airborne Laser Laboratory has in the past demonstrated the ability to acquire and track ballistic missile targets. The U.S. Army program has developed a land-mobile laser weapon system, the Mobile Test Unit, that has attracted considerable interest in Europe for defense against Soviet aircraft and battlefield missiles.

The committee's action must still face the full House, and if approved there, a Senate-House conference committee.

# National News

## Administration will ask more funds for ABMs

Undersecretary of Defense for Research and Engineering Dr. Richard DeLauer announced at a breakfast press briefing for reporters in Washington May 17 that the administration will recommend increased spending for antimissile defense for fiscal year 1985 by about \$500 million from the approximately \$2.6 billion slated for 1984.

DeLauer, who included in his reckoning all programs the Defense Department considers relevant to anti-missile defense, stated that "something over \$3 billion" would be recommended by the administration's interagency study panel on President Reagan's March 23 directive to develop space-based defense systems. The panel, headed by DOD official William Thayer, is responsible to NSC Chairman William Clark.

DeLauer's statement counters the House Armed Services Committee attempt to cut over \$1 billion from military R&D, including \$300 million directly from ABM-system research. Administration spokesmen Kenneth Adelman and Fred Iklé gave aggressively pro-ABM development testimony to the Senate hearings of a space-defense opponent, Kissinger Republican Larry Pressler (S.D.)

DeLauer said the DOD program is likely to encompass a broad range of technologies for disabling ICBMs rather than a specific weapon system. He named one prominent example, tests of how lethal high-power lasers are against fast-moving objects, for use in "a wide range of antiballistic missile weaponry."

## Moynihan aide seized for heroin; FBI blushes

Eric Breindel, a Senate Intelligence Committee staff aide to Sen. Daniel Patrick Moynihan (D-N.Y.), was arrested May 17 for possession of heroin. The arrest occurred

after Breindel purchased five bags of heroin for \$150 from undercover Washington D.C. policemen.

Breindel's arrest comes only two months after the FBI gave him security clearance to work on the committee. Moynihan has told reporters he believes Breindel did not compromise U.S. security. However, some observers believe that Breindel might have been the source of the leak of a National Security Council document on Central America during May. That leak is considered the most serious to have occurred during the Reagan administration.

Prior to his appointment by Moynihan, the 27-year-old Breindel had written articles for the *New York Times* and the *New Leader*, a publication tied to the League for Industrial Democracy of the AFL-CIO. While employed at the *New Leader* in 1980, he wrote a lengthy slander of *EIR* founder Lyndon LaRouche, calling him a potential new Hitler. Reporters inquiring about his charges were referred by Breindel to Willkie, Farr and Gallagher, the law firm of the Anti-Defamation League.

Breindel was probably instrumental in formulating the senator's hysterical public denunciation of the pro-classical education slate supported by LaRouche's National Democratic Policy Committee in the May 3 school board election in New York City.

## George Kennan warns things have gone awry

George F. Kennan, the 79-year-old dean of American "Soviet handlers," warned May 17 that the two superpowers are on "a march toward war."

In a rare public appearance before the American Committee on East-West Accord, Kennan stated that, after several years of deterioration, U.S.-Soviet relations are in a "dangerous and dreadful condition." Stopping just short of saying that war between the two superpowers is inevitable, Kennan noted "the antagonism, suspicion, and cynicism" and the increasing militari-

zation of their policies.

"Historically speaking, these phenomena . . . when they occur in relations between highly armed great powers, are the unfailing characteristics of a march toward war," he stated.

Kennan ignored the war-provoking policies of Yuri Andropov. Rather, he claims, "official" American policy makers have an overly belligerent view of the Soviet leadership, forcing the Soviets into a more paranoid, military profile. Kennan proposes as a solution to the war crisis, a return to "détente-era agreements. . . ."

The current Soviet leadership is really very balanced and pragmatic, Kennan states wishfully; "They will, given a chance, go quite far with us" to avoid war.

## Bipartisan industrial commission launched

The Industrial Policy Task Force of the bipartisan Center for National Policy met April 22 at Ted Kennedy's home in northern Virginia to discuss the American economy and its prospects in the 1980s and to create a coalition between Harriman Democrats and Kissinger Republicans to back Kennedy's call for a National Industrial Development Corporation.

The ostensible purpose of the commission is to salvage American smokestack industry and to ensure that "new technologies don't die on the vine." Attendees included Sen. Russell Long (D-La.), Chrysler Corp. chairman Lee Iacocca, liberal Republican Illinois Governor Thompson, AFL-CIO head Lane Kirkland, and Lazard Frères banker Felix Rohatyn.

The proposed National Industrial Development Corporation would get 10 percent of its funding from the government, which the group says must be more active as "broker and investor." Remaining funds are to be raised on the financial markets, under arrangements worked out among financiers, industries, and labor unions involved, as in the Chrysler bailout plan. This



program will be proposed to Democratic presidential candidates for inclusion in the party platform.

## Congress: cancel McNamara

House Armed Services Committee members led by Rep. Sam Stratton (D-N.Y.) ripped former Defense Secretary Robert McNamara to shreds for proposing the unilateral disarmament of the United States in his May 19 testimony before the committee on behalf of his alternative defense spending proposals. House members were visibly shocked by the depth of McNamara's proposed gutting of U.S. defense capabilities.

Ranking Republican William Dickinson (R-Ala.) got McNamara to state on the record that he proposes cancelling the MX missile, the B-1 bomber, the F-14, the F-15, two battleships, three aircraft carrier task forces, reducing prepositioned ammunition and supplies in Europe by half, cutting U.S. troop strength, reducing the number of AWACS, and scaling back the number and rate of production of the M-1 tank. McNamara also admitted that he wanted to eliminate ballistic missile defense.

Stratton called McNamara's proposals "a program for unilateral disarmament. . . . I've always assumed that what Franklin D. Roosevelt said in World War II is what U.S. policy is, that we are the 'arsenal of democracy.' NATO is credible only because the U.S. is behind it." Stratton expressed incredulity that McNamara was proposing reducing the U.S. preparedness commitment in Europe.

Representative Robert Badham (R-Cal.) asked McNamara how long it had been since he had received top secret briefings. "I haven't had them, I don't claim to have had them," McNamara answered, "and I don't need them to come to these conclusions. . . ."

Stratton attempted to pin McNamara down on his figures of how much U.S. strategic capability would survive a Soviet first

strike, one of McNamara's justifications for his proposed cuts.

"The Soviets have four hard-target capable systems and we don't have one yet," Stratton said. "Why don't you want us to have just one?" Attacked for not addressing the questions directly in his answers, McNamara protested, "Mr. Chairman, I didn't ask to come here and testify."

## Washington sets up post-industrial team

In the weeks since his inauguration April 29, Chicago Mayor Harold Washington, in addition to blocking all business of the Chicago city council, has assembled a transition team including former advisers to Mayor Jane Byrne and his opponent Richard Daley, Jr. that will carry out the post-industrial society policies of the University of Chicago.

The Washington campaign was a sophisticated psychological warfare and media operation, run by a California public relations firm, Zimmerman, Galanty and Fiman, to split the Democratic Party along racial lines.

Washington has particularly targeted Edward Vrdolyak, the chairman of the Cook County Democratic Party, demanding his ouster as city council president in order to force factionalization of the council.

Don Rose, a former Byrne adviser on "reform," orchestrated much of the media coverage of Washington, while nominally serving as consultant to various Republicans, according to Chicago sources. Rose used networks developed decades ago by his father-in-law, who was the vice president of United Press International in Chicago and a member of the Multi-Racial Council, which coordinated Fabian networks around the University of Chicago's Saul Alinsky and Jesuit Father Egan.

Don Haider, a Northwestern University professor who was Byrne's first budget director and economics adviser to Richard Daley III during the primary campaign, has also joined the Washington team.

## Briefly

● **DR. ROBERT GRANT**, chairman of Christian Voice, a Washington lobby of conservative evangelicals claiming 300,000 members, issued a statement in April that "President Reagan has seized the moral high ground" in announcing a national program for a space-based ABM system. Grant called the nuclear freeze "one of the greatest hoaxes ever perpetrated" and is intended to "psychologically and militarily disarm the U.S. while the Soviets proceed with their massive military buildup. . . . Should the freeze succeed, it will guarantee the continuance of the immoral doctrine of Mutually Assured Destruction . . . and make an ABM defense system appear unnecessary. . . . Only when such a defense against missiles exists, will the real danger of nuclear destruction be removed."

● **ONE OF** the top five national security figures in the Carter administration has privately conceded that the Soviet Union's peace offers are a hoax and "there is now no possibility of getting an agreement." Said this former official, who continues to act as an authoritative spokesman for the Harriman "arms control" wing of the Democratic Party, "The Soviets are activating their 'get tough' provocative track. I think there will be a very dramatic escalation of tensions globally as a result. . . . They have some kind of technology that we can't cope with that makes their subs hard to locate. . . . The Soviet offers are so ridiculous that they make any negotiating worse. I think they are preparing for five more years of Reagan. It is hopeless. We are in for a tough few years with little hope for deals."

● **JERRY BROWN** revealed in mid-May that he will be the new unsalaried chairman of the National Commission on Industrial Renovation, which the former California governor has just founded. According to a report in the *Los Angeles Times*, the focus will be on "high technology industries."

# *Stay the murderers' hands*

*"Who did strike out the light?"  
"Was't not the way?"*

The rampaging cultist Macbeth's hired assassins destroyed their own futures by dousing their victims' light. The blundering murderers of the industrial North's nuclear plants are doing the same.

The "advanced sector" did not gain that title by killing needed technologies. Yet outside the Soviet Union and Japan, the murderers of the North's technology have free rein. While the advanced sector dies, Third World nations such as Argentina continue to build their advanced-energy base with nuclear power—despite the efforts of the International Monetary Fund.

Even without increased energy demand, the advanced sector's power grid will sputter to collapse long before this decade is out. Already two electrical regions of the United States are operating on 3 percent power reserves. (For decades the standard for national safety has been 20 percent.) Operating overworked coal- and oil-fired plants, which continue to lose their efficiencies, means a quick end to that meager 3 percent reserve. The United States has not commissioned one nuclear plant since 1979. Since 1980, more coal-fired plants have been canceled than commissioned.

Other than the already constructed or nearly completed nuclear plants that are idle, the U.S. "electricity pipeline" is empty.

The only reason the United States is not now suffering killing blackouts, according to the National Electrical Reliability Council, is that the country has been using less and less electricity since 1980—a consequence above all of economic depression.

But the West faces a far more immediate power threat than the blackouts of the mid-1980s.

The U.S.-U.S.S.R. superpower showdown that has

been orchestrated by George Shultz and Yuri Andropov in the Middle East may accomplish this year what the murderers of nuclear power would otherwise accomplish later this decade: annihilation of the West.

The sole means for this to be avoided is for the United States to act on the Commander in Chief's new strategic doctrine announced March 23. A unified national effort to do what is necessary to develop space-based beam weapon technologies is the only two-by-four at hand that may knock some sense into the Kremlin.

The gear-up for the plasma-based industries the beam weapons require would put an end to the economic depression in the West. But, recall the the National Electrical Reliability Council: with the present electrical grid, an economic recovery will cause the collapse of our power grid.

The United States now has only 78 operating nuclear fission plants. Between now and the time we can rely on the plasma energy of nuclear fusion, America will need at least 1,000 fission plants and a comparable number of conventional-fired plants to provide the necessary electrical grid for a beam weapons technology-based economy.

Officials who are using the ruses of "evacuation procedures" and "potential internal sabotage" of nuclear plants as their latest rationale for killing atomic energy must be quarantined as menaces to national security. While the Soviet Union goes ahead full tilt with its own beam weapon development program, Yuri Andropov and Erich Honecker of East Germany have used the Western press to "slyly" hail the anti-nuclear environmentalists that are destroying the West.

A unified West can do more than merely call into question the motives of the Malthusians who have placed the U.S. superpower in its current strategic predicament with the murder of nuclear power. We can stay the murderers' hands now.

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