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Executive Intelligence Review

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# EIR

## From the Managing Editor

In February 1982, *EIR* founder Lyndon H. LaRouche, Jr. launched a campaign to put his longstanding proposal for U.S. development of antiballistic energy-beam defense systems at the center of Washington's strategic policy debate. In May 1982, Moscow's Patriarch Pimen of the Russian Orthodox Church launched a counter-campaign with a public declaration that "space-based anti-missile defense systems," "laser weapons and radioactive armaments" must be banned by the United Nations. In March 1983, President Reagan announced the new U.S. doctrine of "Mutually Assured Survival," the parallel development and deployment of precisely such systems by both superpowers, to defend against thermonuclear attack.

This week's Special Report was prepared by the Fusion Energy Foundation, which in 1977-78 developed LaRouche's original ABM proposal. FEF executive director Paul Gallagher, *EIR* military editor Steven Bardwell (who is also the editor of the foundation's *Fusion* magazine), and laser specialists Charles B. Stevens and Jon Gilbertson examine the frontier technologies that, in the process of securing defense, will also transform the economies of the United States and its allies. Marsha Freeman outlines what laser applications, in particular, will mean for U.S. industry.

The military necessity of a crash energy-beam program is brought to the fore by the Soviets' evident determination to embark on a course of strategic confrontation with the United States, probably before the installation of Pershing II missiles in Western Europe. It is under these circumstances that "Briefinggate" has burst upon the Washington scene: an effort to remove from office, or render helpless, the President who has begun to restore America's defense capabilities. As National Democratic Policy Committee chairman Warren J. Hamerman points out in this week's National section, the outbreak of the scandal does not simply coincide with Moscow's perceived strategic interests: the scandal-mongers—namely, the FBI and the Harriman wing of the Democratic Party—are acting at this point as actual agents of the Soviet secret service. People who would readily believe that the CIA controls such-and-such generals, Politburo members, and scientists in the U.S.S.R. may have considered the KGB too stupid to be able to obtain so many assets in the United States. The KGB has encouraged that image.

*EIR* will continue to present the evidence. And one of our Special Reports will analyze at length the "Third Rome" imperial policy of the Russian Orthodox leadership and its KGB extensions.

*Susan Johnson*

# DIR Contents

## Interview

### 12 Charles Higham

Author of *Trading with the Enemy*, an exposé of the history of the Bank for International Settlements.

## Departments

### 11 Book Review

*Trading with the Enemy*, by Charles Higham.

### 47 Italy's War on Crime

Was Calvi killed by the Swiss masonry?

### 60 Congressional Closeup

### 64 Editorial

The Court and Alexander Hamilton.

## Economics

### 4 Ibero-America moves toward debtors' cartel

**Documentation:** Three statements issued at the late June Conference on Latin American Political Thought in Caracas.

### 8 The IMF, the Bank for International Settlements, and the July 15 conspiracy

The Swiss banks may go for broke.

### 9 Brazil's 'consensus' likely to surprise the creditor banks

### 15 Recovery: then what is depression?

The U.S. economy.

### 16 Agriculture

Drying up the dairy industry.

### 17 Dateline Mexico

The Díaz Serrano affair.

### 18 Business Briefs

## Special Report



Laser defense experiments conducted from a jet airplane under a U.S. Air Force program.

Courtesy of the U.S. Air Force

- 20 Laser technologies: industrial path to the beam- weapons era**
- 22 Transforming energy for industrial use: laser revolution in U.S. productivity**
- 24 X-ray lasers could mean deployable ABM systems within three years**
- 26 Potential breakthrough in nuclear-powered lasers brings space-based systems closer**
- 28 Free electron lasers: scientific challenge for military and civilian development**
- 33 Mastering EMP for offense and defense**

## International

- 34 Kissinger's time bomb in the Middle East**  
Shultz visits the region.
- 36 Will the West halt Qaddafi's drive to destroy the Mideast and Africa?**
- 36 Why Muammar Qaddafi must be stopped: a fact sheet**  
Commissioned by *EIR* founder Lyndon H. LaRouche.
- 39 Pledging security, but boosting the IMF**  
Shultz visits Asia.
- 40 NATO's fifth column targets beam weapons**  
An eyewitness account of the recent North Atlantic Assembly conference in Copenhagen.
- 41 Italian elections: disaster for Christian Democrats, trouble for PSI, gain for POE**
- 43 World Council of Churches meeting: instrument of Eastern rites' control**  
The Eastern Orthodoxy's cultists created the WCC, and are on the verge of total manipulation of the Protestant segments of the organization at the July-August conference in Vancouver.
- 48 International Intelligence**

## National

- 50 LaRouche intervenes in Washington policy crisis**  
Defining the strategic imperatives for the United States, and the degree to which the Soviet KGB has blocked them through its assets in the capital.
- 54 Averell Harriman and the postwar effort to undercut U.S. defense**  
Part II of Kathleen Klenetsky's profile: The man who set up the "back channels" to Moscow moved in after F.D.R.'s death to strip U.S. military power and subvert the American Century.
- 62 National News**

## Ibero-America moves toward debtors' cartel

by Robyn Quijano

Political leaders representing every nation of Ibero-America called for the immediate formation of a "debtors' council" and the "economic, political, social, and cultural integration" of the continent into a "nation of republics" at the week long congress on "Latin American Political Thought" that ended on July 2 in Caracas. Ex-presidents, senators, diplomats, economists, and intellectuals with the political weight to implement such policies voted to end the International Monetary Fund's power to dismantle economies and impose genocidal levels of austerity.

To accomplish this, the final resolution called for the immediate creation of a "coordinating council on the foreign debt," a continental organization that will set the terms of what can and cannot be paid, negotiate new credits, ensure that this "global framework is respected, and coordinate reciprocal defense actions should the financial organisms try to improperly pressure the indebted countries."

This debtors' council must be formed now since "the hour of rhetoric is passed [and] opposition to the devastating aggression of economic warfare . . . can no longer be postponed. The slogan on posters of the Latin American Economic System (SELA) was "Unified we can do everything," and the final document defined this power, declaring that "the international banks need to recover their loans, and this makes the debtor nations particularly strong if they act jointly."

The final resolution also declared that "the economic pressures being demanded by the international banks, through the IMF . . . are unacceptable and impossible to apply." It recommended that the governments of the continent coordinate actions to change the terms of the foreign debt along the following lines:

- "Debt repayment should be put off as long as necessary for countries not to suffer financial pressures which affect the well-being of their people."

- "Each country should decide in what manner it will pay its debt . . . in full exercise of its sovereignty . . . [and recognizing that] a commitment to pay more than they rationally can pay could be an abuse against their own populations."

A sense of urgency was also put forward in a declaration in honor of Simón Bolívar, Ibero-America's independence hero: "Bolívar's Latin American plan, which he called a 'nation of republics,' now assumes its historical role as the only possible guarantee of development, economic emancipation, authentic political independence, and the strengthening of an inalienable cultural identity, formed from multiple contributions of universal origin.

"We call upon the governments and peoples of Latin America and the Caribbean to overcome the limitations of a limited anti-historical vision and also the divisionist efforts of foreign interests, to carry out economic, social, political and cultural integration. . . . This is the hour for resolute, audacious, and firm action. Everything that could be said on behalf of integration, the contemporary name for Bolivarian unity, has been said. It is up to us to do it."

### Bankers panic

The international banking community received the news of the Caracas meeting with measured panic, recognizing that the "debt bomb" was finally lit after long months of economic warfare. The oligarchy had won many rounds, dismantling the economies of the region, and threatening credit boycotts, asset seizures, and destabilizations. The last



time the alarm went off was last September when then Mexican President José López Portillo called on the governments of Argentina and Brazil to back his call for a debt moratorium. Ibero-America failed Mexico then, and that nation lost its sovereignty, was plundered by its creditors, and is now being fractured by separatist movements and the increasingly powerful fascist PAN party's organizing of a civil war and "the Iranization" of Mexico.

Today Venezuela and Brazil are receiving the "Mexican treatment," being forced by the IMF to give up their sovereignty, their industry, their capability of growth for the promise of loans that no banks intend to disburse. The Caracas conference underlined the losses of the past months, and emphatically stressed that the time to act is now, before the continent's most precious resource, its population is dismembered.

### IMF arsenic

During the congress, six ex-presidents met and gave a press conference on the necessity for continental unity in the battle for economic growth. Rodrigo Carazo Odio of Costa Rica called for global renegotiation of the debt, stressing that such negotiations cannot be left in the hands of those who would "postpone the national interest in the interest of economic minorities." The press asked the ex-presidents if they would put forward a joint declaration on how to confront the IMF. Former President Carlos Andrés Pérez, still an active political figure in Venezuela, answered by presenting himself as "the most well-known gladiator against the IMF," which he attacked for its "economic totalitarianism." He described the great capacity that a unified continent would have to set the terms of global negotiations, specifying interest rates, and guaranteeing new credits and markets for products. Said Pérez: "If four countries were to say we can't pay, catastrophe would come to the international financial world. We must unify the fear of Venezuela, the fear of Argentina, the fear of Brazil and the fear of Mexico, for example, with which we would succeed in convincing the international banks and the Fund of the necessity of a global framework for the solution of the Third World debt with the goal of development."

Carazo Odio backed Pérez's declaration, adding that his government had broken with the IMF because "they give the same prescription to all patients."

"Arsenic" responded Pérez, and the former heads of state all had a hearty laugh.

The spirit of the congress was clear: Although it took a tough negotiating position on a life and death issue, the leaders are still attempting to evoke the "political will of the advanced sector" for a fair settlement. Carlos Andrés Pérez underlined that the meeting was without the United States, but not against it.

Venezuelan President Luis Herrera Campins stressed after the Caracas congress ended that the debt problem must be solved by the continent as a whole, and reiterated his request that the United States attend the meeting of the Organization

## Mexico: import slashes fail to restore national solvency

In the last two weeks of June, international wires began to buzz with reports that Mexico was regaining its solvency. The ploy could not have been more obvious: create an image of Mexico as the "good boy on the block" who had put his house in order, and stood to lose by allying with his troubled neighbors to the south.

Mexican financial officials informed the Mexican population and the world that Mexico was not only meeting all its current financial obligations, but had deferred for a month drawing down the next \$1.1 billion tranche of its \$5 billion term loan negotiated in March; that the peso had been slightly revalued, to 146 to the dollar, from the 148-150 range of the past four months; that \$2.0 billion of private sector debt to foreign governments had been successfully renegotiated in meetings in Paris; and that because of Mexican government roll-back of sections of the nationalist laws governing foreign investment, the country could count on a substantial new flow of foreign investment, starting with five new hotels in the Sheraton chain.

A front-page June 27 *Washington Post* article ballyhooed: "Mexico's Debt Crisis Abates Markedly"; and this was the tenor throughout the press.

Nothing could be further from the truth. Mexico has more or less kept even with \$11 billion of interest payments so far this year (all amortization has been frozen since last summer and remains so) by *virtually eliminating imports*. Over the first four months of the year, Mexico imported only \$2.3 billion worth of goods—67 percent below the year before level of \$6.8 billion. This savage cut back in imports produced a trade surplus of \$4.3 billion, as against a trade deficit of \$1.1 billion in the same period a year before. At the same time, wage adjustments in June were kept to a 15-25 percent range, way below inflation rates.

Neither austerity measure can continue for long, without internal breakdowns. IMF-linked insiders are scheduling the next blowout, in terms of further declines in oil prices or a new devaluation or both, for as early as August. By then they hope they will have lulled Mexico sufficiently so that it will have spurned a link-up with the debtors' cartel activity.

of American States on Debt and External Financing in September in Caracas—even though the United States had opposed the convoking of the meeting, arguing that it would “politicize the debt.”

### The LaRouche card

The Caracas congress showed the greatest determination to date to carry out U.S. economist and 1980 Democratic presidential candidate Lyndon LaRouche’s “Operation Juárez,” a proposal for a debtors’ cartel and common market to forge Ibero-America as an economic superpower capable of negotiating a new world economic order. It was understood as a prelude to the July 24 celebrations in Caracas of Bolívar Day, when the heads of state of the Andean Pact nations, Spain’s King Juan Carlos, and high-level representatives from many other Ibero-American nations will meet. The next conference is likely to take more concrete action.

The political organizers of the Caracas event have put into place their defense, in case the United States government attempts to crush this initiative to save the world economy. Most of Ibero-America read the renomination of Paul Volcker to head the Federal Reserve as a continuation of policies of usury that have destroyed their economies.

But many are looking to the political forces around Lyndon LaRouche to influence President Reagan to negotiate at the moment the debt bomb explodes. Thousands of copies of Operation Juárez have been circulating throughout Ibero-America in the past year, and in the last month an Argentine edition of the document was printed, a book entitled *The World Economic Bomb and Genocide in Latin America*.

During the Caracas meeting, participants were informed of LaRouche’s support, as the Caracas afternoon daily *El Mundo* carried several articles on LaRouche’s fight against the Volcker renomination and the LaRouche policy of using the “debt bomb” to force the creation of a new international monetary system.

On July 3, *El Correo* of Lima published an interview with LaRouche on his proposal for a debtors’ cartel and what kind of response the continent can expect from Washington. On the same day, *La Prensa* of Lima commented that *EIR*’s special Debt Watch service had predicted that the debt bomb would explode in June, but since Peruvian Finance Minister Rodríguez Pastor had just successfully negotiated a loan package, *EIR*’s analysis “doesn’t apply to Peru.”

The conference proposal to create a “Latin American Coordinating Council on the Foreign Debt” will be placed on the agenda at the special Latin America Economic System (SELA) meeting to be held in Santo Domingo July 17 and 18, possibly from there to be adopted as governmental policy, diplomatic sources reported July 8.

The SELA meeting, to be attended by representatives of the Ibero-American presidents, is scheduled to concretize the proposals for continental action made jointly by SELA and ECLA at May 16 discussions called by Ecuador’s President

Hurtado.

In fact, Peru and Colombia, two Andean Pact nations crucial to the July 24 summit, have been offered loans with political strings attached. Washington sources report that a large loan to Colombia is promised but will only be disbursed after July 24 if Colombian President Belisario Betancur, who has organized for continental integration around a “Latin American Monetary Fund,” betrays the nations’ efforts to make the “debtors’ council” a potent defense pact when the nations of the region declare their inability to pay the debt.

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## Documentation

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### *‘Global framework for debt’*

*Below is the text of the resolution on debt issued by the Conference on Latin American Political Thought:*

The Conference on Latin American Political Thought declares:

The conditions of unequal trade which rule international trade ruins our countries and are an important cause of the misery of our peoples. Unjust international economic and financial relations helped cause our countries’ large foreign debts. . . .

The pressures for economic adjustments demanded by the international banks through the International Monetary Fund in order to produce the means with which to pay the foreign debts of our countries are unacceptable and impossible to apply. Future years will be long and difficult, both internally and internationally. . . .

We recommend:

That the governments of the nations of Latin America coordinate actions and establish the bases of a global framework in which to arrange their foreign debts;

That the debt service payments necessarily be based on an agreement for the indebted countries to earn higher total incomes, by means of higher and fairer prices for their exports, to be negotiated simultaneously with revising debt payment schedules;

That only a percentage of the product from the increase of export earnings be channeled into debt service. Debt repayment should be postponed as long as necessary for coun-



tries not to suffer financial pressures which affect the well-being of their peoples;

That each country decide in what manner it will pay its debt, respecting the global framework, in conformity with the capabilities of its economy, in full exercise of its sovereignty, and without submitting to demands which the country cannot meet;

That governments should not forget that a commitment to pay more than they rationally can pay might constitute an abuse against their own populations;

That it cannot be forgotten that the international banks need to recover their loans, and this makes the debtor nations especially strong if they act conjointly;

We propose that the governments constitute a "Latin American Coordinating Council on Foreign Debt," which can ensure that the global framework is respected, and coordinate reciprocal defense actions should the financial organisms try to improperly pressure the indebted countries;

That it be kept in mind that the hour of rhetoric has passed, and that today, opposition to the devastating aggression from economic warfare inflicted mostly upon dependent and poor countries, can no longer be postponed. This is the course of action derived from the message of Simón Bolívar."

## 'Plan is our only guarantee'

*Below are selections from the final communiqué of the Conference on Latin American Political Thought, known as the Bolívarian*

We direct ourselves to our populations with a message of encouragement and hope. We are citizens of distinct ideological currents and from all countries of the great Latin American nation. During the space of a week, we have deliberated and reflected on the destiny of our populations and the historical commitments of our time. . . .

Bolívar's Latin American plan, which he called a "nation of republics," now assumes the historical role of the only possible guarantee of development, economic emancipation, authentic political independence, and the strengthening of an inalienable cultural identity, formed from manifold contributions of universal origin.

We call upon the governments and peoples of Latin America and the Caribbean to overcome the limitations of an anti-historical vision, a vision without grandeur, and the divisive efforts of foreign interests, in order to carry out economic, social, political and cultural integration. . . .

This is the hour for resolute, bold, and firm action. Everything that could be said on behalf of integration, the contemporary name for Bolívarian unity, has been said. It falls to us to do it.

## 'Oppose economic warfare'

*At the Conference on Latin American Political Thought in Caracas, Jorge Abelardo Ramos, an Argentine historian and head of a small nationalist party, the FIP, delivered a call to action in his June 28 speech. The author of a two-volume study, The History of the Latin American Nation, Abelardo has argued the need for a debtors' cartel several times in the past six months. He was the first to report publicly that such a cartel was a prime item of discussion at the inauguration of Bolivian President Siles Zuazo last October. Abelardo Ramos ended his speech, which was entitled "From Bolívar to the Malvinas," with the following statement:*

Latin America needs:

- To work to create a common market, a *Zollverein*;
- To work to create a protective tariff barrier with the goal of favoring the accumulation of Latin American capital for growth;
- To work to distance itself from the world market, and from the strong currencies, which constitute a system of drainage and unequal exchange for the Latin American economy. Current monetary links are the suction pump of the financial vampirism of the multinationals. The distancing from the world market can begin a historic period which will permit Latin America to work and strengthen itself;
- To work to create a Latin American central bank which can renegotiate the foreign debt of Latin America (some \$300 billions), which is impossible to pay, without a moratorium;
- A Latin American currency must be created;
- It is necessary to establish Latin American citizenship;
- This common Latin American trade system should forge agreements with other countries of the Third World;
- Coordination among the Latin American armed forces, and the creation of a Latin American missile research and production facility;
- Founding or coordination of a Latin American airline and a Latin American commercial fleet;
- Founding of a central Latin American university to review the global history of the *Patria Grande* [Great Fatherland], and coordination of all basic scientific research;
- Founding of a Latin American news agency;
- Study and coordinated production among Latin American countries of our own space satellites for research, communication, and defense;
- Formation of a Latin American bloc in the United Nations, UNESCO and other organizations.

Abelardo quoted Gen. Manuel Belgrano, a hero of the Argentine proclamation of independence in 1810: "Favor the American over the foreign, and give preference to public interests over private." Simón Bolívar, he concluded, is younger than ever 200 years later.

# The IMF, the Bank for International Settlements, and the July 15 conspiracy

by David Goldman

Rumors of Brazilian and Argentine debt default swept all major markets July 7, sparking an \$18 rise in the price of gold and a 10-basis-point widening of the spread between Treasury bill and Eurodollar interest rates (reflecting quality concern among major participants). In addition, Reuters reported from Paris at *EIR*'s deadline that ongoing meetings of the Organization for Economic Cooperation and Development (OECD) in Paris were "overshadowed" by concerns over the Brazilian debt, especially in the light of Brazil's failure to come to terms with the International Monetary Fund.

At one level such rumors may be dismissed as atmospheric, but only by reference to the unpleasant fact that Brazil and Argentina are already in default, the former to the tune of over \$2 billion with respect to commercial bank creditors alone. Since the banking world has chosen to ignore the default—the equivalent of leaving the corpse of a deceased loved one in its favorite rocking chair in the living room—reports of Brazilian "default" have the impact of a rumored obituary.

Should the bankers call the Brazilian debt into default, as they may under the well-recognized rules of the game, they abandon hope of collecting more than a fraction of the \$100 billion Brazil owes them through seizure of Brazil's assets abroad, ships in foreign ports, and so forth. They would also trigger defaults on an additional \$200 billion of Ibero-American debt. It is not surprising that the bankers have not acted, instead holding their breath until Brazil can come to some form of general agreement with the International Monetary Fund, now acting as the general negotiator for the creditors in the Brazilian and other cases.

As matters now stand, either the Bank for International Settlements—the Swiss-based "central bank for central banks"—or the U.S. Treasury itself may pull the plug on Brazil July 15, the new deadline for Brazil's \$400 million repayment to the BIS. The system of "bridge loans" to Brazil collapsed in May, when the IMF—citing non-compliance with IMF conditionalities—refused to disburse a scheduled \$411 million loan installment to Brazil, preventing Brazil from repaying a similar amount to the BIS. The BIS (under impetus from the U.S. Treasury, which underwrote \$500 million of the loan) extended the deadline to June 30. As the IMF team in Brazil returned without agreement in late June,

Brazil again missed the payments deadline, and the BIS issued a further extension, to July 15.

Brazil's present chances of reaching agreement with the IMF are nil, according to sources on the Fund's Executive Board. The IMF, rather than easing conditionalities (at the expense of its tough reputation) to avoid going down in the flames of a Brazilian debt moratorium, has taken a literalist stand with respect to its conditionalities, making demands which the Brazilian government cannot accept and still remain the Brazilian government.

At the point of default July 15, the BIS may well invoke the guarantee clause embodied in the original loan, which makes the Treasury liable for \$500 million of the original \$1.3 billion lent by the BIS. The Treasury will then hold \$500 million of defaulted Brazilian paper, becoming the senior creditor of Brazil, and drastically altering the creditors' equation. According to senior U.S. intelligence sources, the Treasury has attached two-man teams to all U.S. embassies in South America, preparing a general "contingency plan" to locate and seize the assets of defaulting debtor nations, on the scale of the November 1979 Iranian assets seizure.

Sources close to the chairman of the Bank for International Settlements, Swiss National Bank president Fritz Leutwiler, say that Leutwiler wanted to force Brazil into open default on June 30, but was dissuaded from doing so by the providers of the loan, including the Fed and the Bank of England. July 15 may be a different story: it is going to be hard to postpone matters for a third time.

IMF Managing Director Jacques de Larosière, a former French Treasury official with ties to Genevan banking circles, appears to have arranged it this way. Under the rules the Treasury has set for itself since the September 1982 annual meeting of the International Monetary Fund, it cannot cooperate with refinancing operations that are not sanctioned by the IMF. The IMF, in turn, has insisted upon "conditionalities" that no country could meet; in negotiating a change in Brazil's already repudiated conditionalities, de Larosière appears to have negotiated in bad faith. After the IMF staff officials responsible for the negotiations told both the Brazilians and the U.S. Federal Reserve staff that the IMF would make every possible effort to avoid confrontation, de Larosière suddenly stiffened the IMF's negotiating position in late June. "It is almost as if the IMF were grasping at straws to

prevent an agreement," a senior U.S. administration economist commented.

De Larosière, who works closely with Bank for International Settlements chairman Leutwiler, appears to be doing his best to push through the "zero option" Leutwiler has defended, in various private speeches and in a March interview with *EIR*: to force the crisis now and let the American government take its lumps in the process.

In any case, the net effect of the IMF's tough stance is to push the United States towards confrontation with the Ibero-Americans, which has been the core of the central European position from the beginning. Swiss National Bank consultant Karl Brunner, the leading figure in the monetarist "Shadow Open Market Committee," has led a small guerilla war against U.S. congressional approval of an \$8.4 billion quota increase for the International Monetary Fund. *Wall Street Journal* editor Robert Bartley, former Treasury Secretary William Simon, former Chase Manhattan Bank chairman George Champion, former Treasury official Paul Craig Roberts, and a number of other figures associated with the Swiss-based Mont Pelerin Society have been working with Brunner against the quota increase. It is not so much that these gentlemen object to the IMF, but that they want to force a crisis between the United States and the major debtors.

Another factor is the Swiss ties of the leading Treasury officials responsible to manage the debt problem, Undersecretary Beryl Sprinkel and Assistant Secretary Marc Leland. Sprinkel is Milton Friedman's virtual alter ego, a Mont Pelerin Society ventriloquist's dummy. Leland, the former personal lawyer of Geneva's Edmond de Rothschild (and Guy de Rothschild's son-in-law), entered government service as a protégé (during the Vienna MBFR talks) of Fred Iklé, the Swiss-American Defense Department undersecretary for policy.

The Treasury Department, despite protests from most of the rest of the government (and even from Paul Volcker's Federal Reserve), has tied American policy to the ridiculous presumption that a combination of economic recovery and IMF conditionalities will cure the debt problem. This sort of thinking has dug American banks in deeper. In restating the Treasury's "what me worry" attitude before a National Foreign Trade Council press conference last month, Secretary Donald Regan told *EIR* why joint renegotiation of debt moratoria by Ibero-America was unthinkable. "Why, these countries would never get another loan!" Regan said.

The Treasury position comes down to 1) pushing Ibero-America into default, and 2) declaring economic war upon defaulting nations. At this point, Fed Chairman Volcker will, "under compulsion," leap in to save the banking system from collapse, and buy up a large portion of the banks' \$300 billion outstanding Ibero-American loans—a sum about twice the size of the Fed's balance sheet.

Both Ibero-America and the United States, barring a political deal above the heads of the Treasury, Fed, and IMF, will lose their shirts under this arrangement.

## Brazil's 'consensus' likely to surprise the creditor banks

by Mark Sonnenblick

If Brazil frustrated its foreign creditors during June, it may exasperate them in July. Take the case of Chase Manhattan senior vice-president Francis L. Mason. On June 2, Mason promised *EIR* economics editor David Goldman that Brazil will "play a little brinkmanship for a few days" with the IMF and then both sides would back down, with Planning Minister Antonio Delfim Netto forcing through radical austerity. Mason chided Goldman that anyone who has "the idea that there are some military guys who can put a gun to Delfim's back is ridiculous."

The military stopped Delfim from "biting the bullet" on austerity, and by June 28, Mason had changed his tune. In an agitated discussion with Goldman, Mason predicted, "The chances of a Brazilian debt moratorium are greater than 80 percent, probably close to 100 percent. . . . There is already an ultra-nationalist reaction in Brazil," Mason added. "There will be a change in government. Delfim Netto will be out. It's really a shame; it will be straight military and more authoritarian than today."

Mason's case is indicative of the confusion permeating the highest levels on Wall Street. He is the head of risk analysis for Chase Manhattan and one of the key figures in the formation last year of the "Ditchley Group" creditors' cartel. He is also chief negotiator for all the banks with Venezuela.

No one, in or out of Brazil, can safely predict what will happen there in the coming months. The wild back-room intrigues over choosing a successor for President João Figueiredo provide fertile soil for many surprises. And all Byzantine scenarios for succession in 1985 have been spoiled by General Figueiredo's coronary troubles.

On July 14, Figueiredo will relinquish the presidency to civilian Vice-President Aureliano Chaves, while he undergoes a full examination in Cleveland. The air force minister believes Figueiredo requires a bypass operation which would put him on the sidelines and Chaves in the saddle for two

months, or possibly longer. Military coup rumors flew thick and fast, compounded by reporters trying to plant evidence in the mouths of the military ministers. All they got in return were strong commitments to the constitutional process of succession and affirmations of military respect for Chaves.

*EIR* received a call from Rio: "The military will make a coup and use repression to impose the IMF policies. They will put the country under Roberto Campos," the caller claimed. Campos performed that role before, as finance minister following the 1964 coup, and is again articulating "what Brazil should do," in the opinion of Chase's Mason.

*EIR* does not rule out that some general with "a friend at Chase Manhattan" and a Swiss bank account may be induced to try something that would work in a banana republic. But, all available evidence shows that the military is determined to get itself out of direct management of the country, before its institutional unity is shattered and its ability to defend national sovereignty is eroded by the economic and political crises. The last thing the officers want is a bloody confrontation between the armed forces and a hungry population. They will not satisfy the expectation of Lombard banker Aldo Baiardo that by "exterminating 2 or 3,000 people the government could end the danger of revolution."

### **A social pact?**

That the military backed the successful resistance of state sector workers to IMF-mandated wage gouging during June shows a tendency on its part to seek reconciliation, rather than confrontation with Brazil's 130 million citizens. On the political side, there was no visible military backlash against President Figueiredo's blessing of the efforts of 1964 nemesis social democratic Rio governor Leonel Brizola, to form a coalition with the ruling party.

Chaves's temporary presidency is accelerating moves toward a national political alliance uniting the large moderate tendencies in opposition and ruling parties and a national social pact uniting labor and industry. Such national unity would provide a secure basis on which to break Brazil away from IMF tutelage, and make those internal changes needed to resume development. The political operation is being led by Tancredo Neves, a long time political ally of Chaves who was selected governor of Chaves's home state of Minas Gerais on the opposition PMDB ticket.

The Brazilian National Industry Confederation (CNI) will propose the "social pact" concept to the labor unions. CNI president, Albano Franco, a senator for the government party, told the Rio daily *O Globo* July 4. "What we cannot tolerate is the de-industrialization of the country to pay its foreign debt. We cannot tolerate the Argentinization of the Brazilian economy," he said, referring to the dismantling of Argentine industry under the IMF mandate of José Martínez de Hoz from 1976 to 1980. "Brazilian industries were constructed with great sacrifice during several generations," he continued. "The destruction of all these industries to pay the Brazilian foreign debt is intolerable."

Franco is pushing through the CNI his "proposal for an understanding which could reduce the country's social crisis and guarantee the survival of free enterprise." This "social pact" is to be negotiated between industry and labor unions modelled on the 1979 social pact in Spain which, he said, permitted a rapid and effective transition to a relatively stable and democratic society and to similar arrangements in Belgium and Italy.

"Guaranteeing the political opening process and overcoming the economic crisis, we would also guarantee free enterprise, the survival of businesses, employment and the wealth of the country," declared Franco. The top leader of Brazil's industrialists directly countered Planning Minister Delfim Netto's efforts to gain business applause for the savage wage cuts demanded by the IMF and the banks. Senator Franco said, "I believe that today, conscious Brazilian businessmen are no longer concerned with reducing salaries. The survival of businesses depends of better wages. . . . A strong market has strong companies supplying it."

"The economic crisis changes political behavior," Franco commented in defense of giving Brazilian workers the right to strike, which has, until now, been resisted by business and the regime.

Delfim Netto's stranglehold on Brazil's economic policy is threatened by the advent of Aureliano Chaves. The notorious animosity between economic czar Delfim Netto and Aureliano Chaves led to Delfim taking long foreign tours each time Chaves took office during Figueiredo's foreign trips and 1981 illness. Since then, almost every sector of Brazilian society, including the military, has been upset with the disastrous results of Delfim's deals with creditors and the IMF.

Delfim has earned Aureliano's hatred by slicing out of the budget all federal money for Açominas, the modern steel complex Aureliano began when he governed the state of Minas Gerais. Through bringing in dozens of multinational metalworking industries and the steel project, Aureliano hoped to keep his state from being a backwater raw materials producer for São Paulo. Açominas is today 90 percent completed, but paralyzed after selling its blast furnaces to London's Morgan Grenfel bank in a vain attempt to capitalize completion.

A hint of things to come may be seen in Trade and Industry Minister Camilo Penna, Aureliano's friend who served as his finance secretary when governor of Minas Gerais. Penna has emerged as the cabinet-level partisan of the state industries which he said were "scapegoated" for the country's crisis. "Were it not for these ventures, the country would be in worse shape. It would lack self-sufficiency in electricity and steel, two strategic elements for development," he declared June 28. Penna has revealed that he is battling in the cabinet for Brazil to avert the tragic deals made by Delfim with the banks and the IMF by engaging in direct government-to-government political negotiations with the United States for a mutually beneficial debt solution.

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## Book Review

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# The Third Reich's gold went into the BIS

by Carol White

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### Trading with the Enemy

by Charles Higham

Delacorte Press

350 pp.

New York, 1983

\$15.95

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This book is a devastating exposé of the activities of the Bank for International Settlements—specifically its coordinating function for the Nazi International.

The bank was created in 1930 at the instigation of Hjalmar Schacht, president of the German Reichsbank and later Nazi Minister of Economics, supposedly as a vehicle to ensure German reparations payments to the United States and England, but in actuality as a means for Hitler's British and American backers to make funds available to him. The Bank for International Settlements' (BIS) first president was Gates W. McGarrah, formerly connected to Chase National Bank and the Federal Reserve Bank. At the outbreak of the war, the BIS president was Thomas Harrington McKittrick, associated with the Morgan interests and a member of the British-American Chamber of Commerce.

Already in 1930, not only were Hitler's backers planning for World War II, but they included a provision in the BIS's charter making it immune from seizure, closure, or censure, whether or not its owners were at war. During World War II, the Bank lived up to its promise.

As Higham writes: "On a bright May morning in 1944, while young Americans were dying on the Italian beachheads, Thomas Harrington McKittrick, American president of the Nazi-controlled Bank for International Settlements in Basel, Switzerland, arrived at his office to preside over a fourth annual meeting in time of war. This polished American gentleman sat down with his German, Japanese, Italian, British, and American executive staff to discuss such important matters as the \$378 million in gold that had been sent to the Bank by the Nazi government after Pearl Harbor for use by its leaders after the war; gold that had been looted from the national banks of Austria, Holland, Belgium, and Czecho-

slovakia, or melted down from the Reichsbank holdings of the teeth fillings, spectacle frames, cigarette cases and lighters, and wedding rings of the murdered Jews."

As the book documents, not only did British and U.S. banks maintain their collaboration with their Nazi counterparts through the BIS, but Morgan and Chase banks defied U.S. government orders intended to freeze Nazi accounts. The Bank worked in collusion with British Prime Minister Neville Chamberlain and the Bank of England to transfer Czechoslovak money from the Bank of England to the account of the Reichsbank after the German conquest of Czechoslovakia. The gold in question, however, was held in London throughout the war, for the account of the Nazi central bank.

After the war it was revealed that the Swiss National Bank had secreted much of the Nazi gold looted from concentration camp victims as well as from the treasuries of occupied countries. They did this to protect the BIS's and particularly McKittrick's cover. The Swiss National Bank had disguised the gold as payments to the American Red Cross. In 1948, the BIS handed over a paltry \$4 million to the Allies, and McKittrick became a vice-president of Chase National Bank.

President Roosevelt is shown balancing between two tendencies in his administration. On the one hand, there was the trust-busting liberal anti-Nazi group led by Treasury Secretary Henry Morgenthau and his deputy, Harry Dexter White, who fought bitterly if unsuccessfully to get the United States to sever relations with the BIS. They were backed by Sumner Welles of the State Department and Secretary of the Interior Harold Ickes. On the other hand, there were the "economic royalists," and Secretary of State Cordell Hull, Secretary of the Navy James Forrestal, and Dean Acheson, Averell Harriman, William Draper, and the Dulles brothers, who ran cover for them.

One amazing story is that of the SKF ball-bearing plant, which was run out of Philadelphia by Herman Goering's second cousin by marriage. SKF was directly connected to an I.G. Farben-associated plant, Bosch, whose lawyer was John Foster Dulles. SKF managed to withhold ball bearings from American planes, thus grounding them, while shipping them to the Nazis through South America.

The meticulously documented book's tone is one of outrage, which by and large this reader found justified. However, it puts forward the point of view of the Morgenthau-*New York Times* grouping uncritically, so that Higham leaves the reader with the impression that he believes big business is inherently evil.

Discounting its bias, and some obvious overstatement (for example, Higham's attack on Franklin Roosevelt for giving aid to the Saudis because they were also receiving payments from the Nazis), and bearing in mind that book's failure to take into account that some contacts with the Nazis were maintained for counterintelligence purposes, the author has pulled together a picture of the global activities of the Nazi International, the grouping today associated with François Genoud which is still controlled from Switzerland.

## How Swiss banks run supranational financial alliances, then and now

*The following interview with Charles Higham, author of Trading with the Enemy, Delacorte Press, 1983, was conducted by EIR economics editor David Goldman in June 15.*

**EIR:** Let me ask you first what reactions you've had to the book, considering that the subject matter deals with, if not individuals, nonetheless institutions still operating now.

**Higham:** One by one, first of all the book has been completely ignored by the establishment, by which I mean, the *New York Times Book Review*, the *New York Review of Books*, the *Washington Post*, *Time*, *Newsweek*, *The New Republic*, *The Nation*, and all other major journals of record. The book has been uniformly, with one exception, extremely well reviewed . . . by such publications as the *Houston Chronicle*, the *Seattle Post-Intelligencer*, . . . the *San Francisco Chronicle*, an excellent review; papers across the nation in such places as Denver, Atlanta, and other cities. . . .

I can only mention the occasions upon which any individual person has been heard from, and the only occasion that I could mention is when I was on the NBC news broadcast in New York City and it was a radio program; I was actually live from here in Los Angeles, and they brought on a Mr. Mills, who is apparently a vice-president of the Chase Manhattan Bank in charge of publicity and promotion internationally. Mr. Mills would not debate me directly, but appeared after I had concluded, and made the curious statement that the Chase National Bank as it then was, had in fact been open for business as usual in Nazi-occupied Paris during World War II until the end of the war, but he said that the only reason for this was to protect its French customers. . . .

So we're dealing here with something which as the Treasury documents painfully make clear—and because I knew how powerfully prejudiced Morgenthau was against corporations, I did not even rely on the statements of Morgenthau or the often-questioned and perhaps questionable Harry Dexter-White; instead I went directly to internal records, and I would not write one line until the Treasury was prepared to release those records to me.

There has been no response whatsoever from the Bank for International Settlements. There has been no response whatsoever from ITT. There has been no response whatsoever from RCA, or from any other organism that I discussed

in the book. . . .

**EIR:** Focusing on the role of the Bank for International Settlements [BIS] in particular, you note that Hjalmar Schacht, the future Nazi Finance Minister, was a principal inspirer of the notion of the BIS.

**Higham:** Yes.

**EIR:** There have been some views published, including one by James Martin of Morgenthau's staff, in 1947, which alleged that the concept of the BIS itself in the minds of those who formed it in 1930 was related to the notion of a universal form of fascism, and that the institution was in that way corrupted in its very nature from the outset. Is there a special role for the Bank for International Settlements as opposed to the venal and corrupt and sometimes bigoted American corporate elite? Is there a distinction to be made?

**Higham:** Yes. The initial purpose of the Bank for International Settlements, which was of course arranged by the World Central Bank and was inspired, as you say, by Schacht, who was at that time president of the Reichsbank, was of course to secure allowances which would not be subject to seizure, to closure, to interference, whether or not the world was at war. And in 1930 there were those who foresaw that it very well might be at war, and on this sat all the other issues.

The purpose quite clearly was to sustain financial allowances throughout the war, allowances which were to continue, and then at the end of the war there would be less of a disruption of international economic arrangements, transactions of money; nobody would be punished, the banks would continue functioning; and of course it did indeed become a crucial factor in the discussions at Bretton Woods on the issue of the World Bank, and even such distinguished figures as Lord Keynes seemed to have a highly ambivalent feeling about its usefulness. Many people believed, even in the middle of World War II, that whatever peculiarities or anomalies existed in it, it was indispensable to hold together economic alliances which were inconveniently being disrupted by war.

To impute any ideological framework to this I think might be a mistake, since evidently the people concerned were not capable of either ideology or ideals or idealism; the people



concerned were economic authorities and bankers, who quite clearly looked forward to a situation in which the war would no longer exist. Reading the bank reports is very instructive. I've read them all, and they very clearly report both on German investments and developments and trade and commerce, just as they do on American and British and so forth. I think that to draw a radical conclusion from this might be a very serious error. . . .

**EIR:** It's now, of course, 40 years later, and, for example, Sen. Charles Percy has recently introduced legislation calling for the Treasury to justify the lack of official American participation in the BIS. Do you think that your historical account has any relevance to the BIS as an institution 40 years later?

**Higham:** Something that is historically relevant can scarcely be irrelevant now. . . . The fact of the matter is that at the very highest level, convenience and practicality come before everything, and it was a pragmatic solution to an exceptionally difficult problem. And the fact that I personally might find it morally reprehensible is neither here nor there, since people operating at that level don't think in those terms. They think of what they consider to be the "common good," and the "common good," of course, is what is convenient for international banking.

**EIR:** Would you see any possible parallelisms, or even the threat of a parallelism, in the East-West straddling role of the BIS today and its role in straddling Nazi Europe and the rest of the world 40 years ago?

**Higham:** Well, it's very interesting, because in fact during World War II, as Treasury documents make clear, the Bank was very punitive towards its possible Russian connections, and they were not receptive to certain claims that were made by Russia. Those claims usually related to the Baltic nations, such as Latvia, Lithuania, and Estonia, which irrevocably fell under Russian provenance, whereas the bank unhesitatingly made loans to Nazi-occupied Poland and collaborative Hungary.

There was a somewhat punitive attitude, which I think would lead one perhaps to the deduction that they were an integral part of an anti-communist bloc. . . . I think it would be a reasonable conclusion to reach as an historian; it certainly wouldn't stand up in a court of law, which is why I only place it in your hands theoretically. If what you say is true, and I'm not really open to comment until I've seen documents, then that would suggest that the bank is still making convenient arrangements between countries which theoretically are at loggerheads. . . .

I would go on to say that across the board there seems to be more than a little evidence today that despite the presidential rhetoric, which I'm in many ways in sympathy with, that a great deal of trading is going on. And I recall that last November, in the very heat of presidential rhetoric at its peak, in the most inflammatory statements possible, that a substan-

tial trade mission took place with Moscow; and I couldn't help but notice that Mr. Armand Hammer presided over a caviar and champagne luncheon for the delegates. . . .

**EIR:** I would like to turn to the issue of Mr. Morgenthau, who was a prominent figure in your book. You mentioned before that in certain ways he was prejudiced against corporations. Certainly he emerges in a very positive light in the book, and given the fact that you cite many ugly corporate case histories, might not some of Mr. Morgenthau's prejudices spill over to the reader in that sense?

**Higham:** They would if the book were somewhat differently put together, but I . . . preferred to deal with direct and primary evidence rather than secondary statements. Knowing how prejudiced Henry Morgenthau was, for instance, I was not satisfied, interesting though they may have been, with his and Harry Dexter-White's reports on the Chase Bank in Paris. I had to see the records. So I waited 18 months for the Treasury to declassify the appropriate internal records of the bank for me. And until I received them, I would not have actually published my findings, based on Morgenthau alone. . . .

**EIR:** I should like to ask also about Sir William Stephenson, [British Special Operations Executive during World War II] who has become something of a celebrity in his old age. It's by virtue of his biography of several years ago.

You concentrate of course on the American side; that's the substance of your book. To what extent was Anglo-American intelligence cooperation critical in the Treasury efforts with respect to collaboration with the Nazis and with respect to other activities to deal with the problems you raise?

**Higham:** Well, because since the Official Secret Act precludes the release of the internal documents of MI-5 and 6, one cannot answer these questions, unhappily. I can only say that I entirely agree with the now somewhat embattled Lord Dacre, that *A Man Called Intrepid* is riddled with inaccuracies from first page to last; that the book, if it was authorized by Sir William, shows a grievous lack of memory in Sir William's present, very aged condition. . . . The whole question of Sir William remains open, and I think it's so delicate that without access to British official records, one would be wise to be silent. . . .

**EIR:** Given the development of relations between the American administration and the present British government, it's inevitable to think back to the war period and wonder what the nature of our cooperation was in those days. Certainly there were individuals in Britain, some of whom you name, who had the same viewpoint as the Dillon Reed or Chase Manhattan or Schroder banks and so forth in the United States. Is there any way you could formulate the nature of the Anglo-American relationship that did in fact help win the war and transcended this, let's say corrupt, element in the 1930s?

**Higham:** Well, one has to see that both Churchill and Roo-

sevelt were faced with an exceptionally difficult position at the outbreak of World War II in each country, because first of all Churchill had a very powerful splinter factor in England that was concerned with sustaining peaceful relationships with Germany, and he had the extraordinary skill to incorporate all of these people into a cohesive government when he took office somewhat later.

It's quite clear to me that Roosevelt took a leaf out of Churchill's book. He saw disruptive and divisive elements in his own government; he saw that there were people who had vested interests in sustaining alliances; and he simply amalgamated all the conflicting elements into something approaching a cohesive government. And indeed no other policy would have been possible. Had he exposed certain people for their misbehavior, for their malfeasance, it would have disrupted public confidence . . . when the entire country was ablaze with individual and singleminded patriotism that probably is unrivaled, at least up into the hostages crisis. Indeed, President Roosevelt became a kind of instrument of his own propaganda, creating the impression that the country was as one. . . .

So it's quite clear to me that Churchill and Roosevelt took the view that certain things must be overlooked, that the world was at war, these times were difficult, and it would not help to expose certain malfeasances. . . .

**EIR:** You open many leads which, of course, in one volume you only have time to touch on. If you were to pursue these leads for another book or recommend to other researchers where to go from here, what would be the priority area?

**Higham:** Well, I am simply an investigative journalist, historian, and biographer, and I am certainly not an economist, or an economic historian or a political historian. I think that the first thing that this book will do is, from its somewhat racy and journalistic position, to open the door to scholarship. In other words, I don't claim this book is a major work of scholarship, and I'd be a fool if I did—the book is a work of investigative journalism. . . . What I should like to see now is the subject tackled on a much broader scale with far more political and historical inferences and references, by a really major economic historian. It could be—as mine couldn't be, since it was a popular work—exhaustively footnoted; it could contain massive documentation, which I didn't have room for, and I would have lost my audience if I had included it.

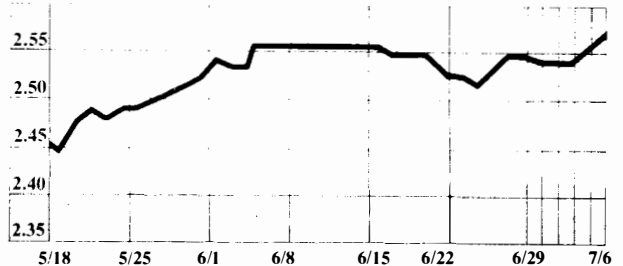
However—I must add a rider to this—I don't feel very optimistic that such a book will occur, simply because I regard the academic establishment as somewhat self-protective in these matters, and they tend to perpetuate statements that have been previously made—so that person would have to be extremely revisionist by temperament, and rather daring within the groves of academe.

I think a sequel might be in order, although I don't think I'd be qualified or even capable of writing it, which would deal with the issue of collusion with the Soviet Union in high places.

## Currency Rates

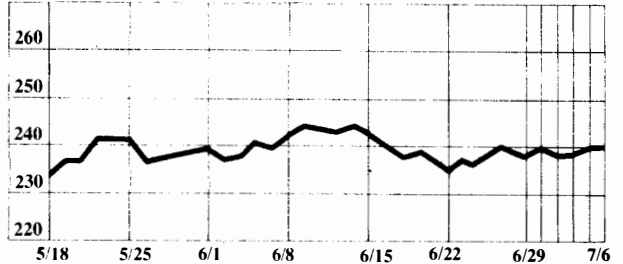
### The dollar in deutschemarks

New York late afternoon fixing



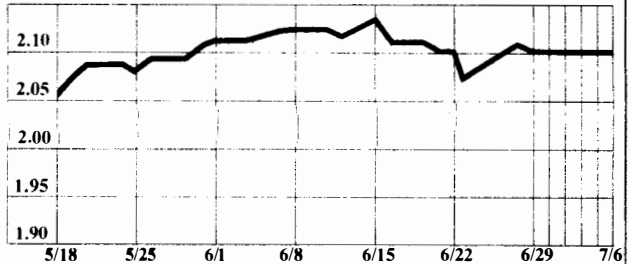
### The dollar in yen

New York late afternoon fixing



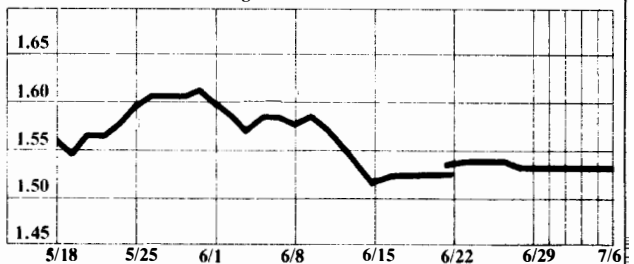
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# Recovery: then what is a depression?

by David Goldman

One of the most extraordinary events in economic history occurred on June 23, when the U.S. Commerce Department announced "a year of solid recovery." According to the department's annual survey, the "1983 Industrial Outlook," major industries including steel, auto, chemicals, machinery, construction equipment, agricultural equipment, and oilfield equipment, will never recover to their pre-depression production levels.

The International Monetary Fund has also issued a report on the U.S. economy, whose recommendations are only available to member governments. *EIR* has learned that the IMF projects no growth in the U.S. economy and no capital investment in basic industry during the next four years. Nonetheless, the IMF praises the "recovery" and argues that the United States must continue cutting wages and reducing federal support for the unemployed in order to maintain that "recovery." A senior IMF official cited the proliferation of work camps employing tens of thousands of laid-off steel, auto, and other industrial workers doing unskilled labor throughout the South, as an example of what the IMF has in mind.

If this is a recovery, then what is a depression?

First of all, the industrial base is still in a state of collapse. Machine tool orders remain 57 percent below the previous year's already-disastrous levels, leaving the industry with less than half a year's work on its order books. Production of industrial equipment is 14 percent below the previous year's level, with a 29 percent drop in mining and construction equipment. The collapse of oil drilling is only one factor; even more important is the 40 percent drop in U.S. exports to Ibero-America, including an 80 percent drop in exports to Mexico, which was the U.S.'s fastest growing market abroad until the IMF crushed the Mexican economy.

Production of railway equipment is about half what it was a year ago. Public works construction, as well as industrial construction, remain 11 percent below the year-earlier level. The steel industry, by its own most optimistic projections, will ship 68 million tons of steel this year, as opposed to 62 million last year. The total was 100 million as recently as 1979 and 110 million tons in 1974.

Even more extraordinary is the fact that *in 1982 consumption of electricity declined for the first time since World War II*. Overall electric power consumption for the first five

months of 1983 was down an additional 2.6 percent from the first five months of 1982, and industrial power use was down more than 6 percent.

With the death of basic industries, the "sunrise" industries were to have bloomed. No administration official has explained why Atari, the largest manufacturer of video games, ran major losses during the first quarter of 1983, or why Texas Instruments, the electronics giant which threw its corporate future into personal computers, also suffered losses during the first quarter.

As for the supposed drop in unemployment, it is the invention of Labor Department statisticians who decided that over 1 million formerly employed workers were no longer to be counted in the labor force.

Moreover, federal revenues during the October-April period were not merely \$22 billion below the comparable period a year earlier, but they have continued to fall since the supposed recovery began last December. This is completely without precedent. For the first eight months of the 1983 fiscal year (starting October 1982), the period of supposed recovery, the federal deficit was twice as large as in the comparable year-earlier period, which presumably represented the worst of the recession. This year the deficit has been \$161.81 billion, against "only" \$81.14 billion last year. Tax revenues have collapsed across the board. And, atop the estimated \$210 billion federal deficit, there is about \$100 billion in so-called off-budget federal support to the mortgage market, not to mention \$8.4 billion to the IMF and a few tens of billions of dollars in other off-budget operations.

Regan and Volcker bought this "recovery" through the biggest financial hoax in American history. The stupendous deficit numbers reported above are not at odds with the behavior of the economy, although deficits have always in the past evaporated during periods of recovery. *The deficit has run out of control not merely because we are not in a recovery, but because the out-of-control deficit is the means by which Volcker and Regan bought something that could be presented as a fair imitation of a recovery.*

The supposed recovery is centered in only two industries, auto and housing, with some spillover into consumer durables. With a more than \$100 billion per year federal kitty behind it, the housing industry has reached an annual level of 1.7 million new starts as of May, a 70 percent increase over the 1982 lowpoint. As a result, feeder industries have improved from levels reflecting less than half their production capability. But 1.7 million housing starts is not impressive in a country that built 2.3 million homes in 1972.

The other output category which has risen since last year is, of course, automobiles, which are 13.4 percent above last year's abysmal level. The auto companies are offering financing at 3 to 4 percent below their own cost of funds: they can afford this because Donald Regan has reduced the corporate tax rate to about zero. But the chain-letter game Regan and Volcker have played with the budget probably can't last through the third quarter of this year.

## Drying up the dairy industry

*New legislation enables the OMB to cut price supports to force farmers to cut dairy production.*

**E**arlier this year, a Congressional Research Report predicted that if there were a \$2 cut in dairy price supports, the fall in dairy sector income would endanger future milk production, especially in deficit areas.

Failing to heed the warning, Congress has put into the hands of the Office of Management and Budget, which labors under the economic fraud that the world is suffering from "overproduction" in agriculture and industry, the means to cut dairy production. H.R. 1875, passed by the House May 24 and approved by the Senate one month later, mandates that there will be no increases in milk price supports through 1985, no matter how much production costs increase.

This bill not only reverses previous U.S. government policy to ensure quantity and quality of dairy production by price supports, but gives the OMB the ability to cut price supports further if production—and the immediate cost of price supports—do not decrease. Congress has apparently learned little from the disaster of the Payment in Kind (PIK) program, which, with the same economic ineptitude that only counts costs which can be touched, was intended to reduce the "costs" of grain programs, and cut production. According to USDA figures, PIK has already cost the government \$13 billion more than all farm programs last year.

Worse still, the new legislation will roll back price supports one dollar, to \$12.60 per hundredweight, if the freeze does not suffice to cut produc-

tion and price support outlays, starting Oct. 1, 1983. The price a farmer received for his milk in 1980 was \$12.60 per hundredweight.

Further provisions of the bill show that "saving money" is little more than a cover to force farmers to slash production. By July 1, 1985, if production exceeds 6 billion pounds annually, price support levels will be reduced another 50 cents, and another 50 cents will be cut if government purchases of surplus are projected to exceed 5 billion pounds annually on July 1, 1985. In 1982 the Agriculture Department bought about 14 billion pounds.

The bill also provides for a "voluntary" paid diversion program whereby the farmer would receive \$10 for each hundred pounds of production cut. Although the cuts are voluntary, the program will be funded by a mandatory dairy check-off of 15 cents per hundredweight, which would also fund dairy promotion.

Complicating passage of the dairy package was the OMB's demand that the next agricultural bill coming out of Congress must freeze the commodity crop target price—the price at which the grain storage program allows grain to be released to the market. Though the Senate Agriculture committee did approve a bill to freeze target prices for the next two years at current levels, the administration is to date by no means assured it will get the final legislation.

Congressional insiders accurately predicted that the bill would get bogged down and not be voted on until after

the July recess.

Initially, the House had stalled by separating the dairy issue and the target issue into two separate pieces of legislation. The House has, however, attached the commodity freeze amendment to an existing bill, H.R. 2733, thereby speeding up the legislative process.

A survey of dairy economists published in the April 18 issue of *Feed-stuffs* claimed that deductions in milk prices would cut the number of farmers, but would not reduce overall output because improved feeding and management and rigid culling of the herds will increase average production per cow.

Lending institutions in Pennsylvania predicted that upwards of 30 percent of the state's dairymen would leave the industry in the next two years. Wisconsin will probably lose 10 to 15 percent over the next five years, and Minnesota, experts said, will lose 15 to 20 percent of their 26,000 dairymen in the same period.

The dairy economists were most critical of the 50 cent assessment tax that Agriculture Secretary John Block proposed last year, a tax which also cuts the amount of government support a farmer receives on the basis of "overproduction." This tax, passed last spring, will take two successive 50-cent deductions from dairy government supports for every 100 pounds of milk a farmer produces. The tax was scheduled to go into effect Oct. 1, 1982, but was tied up by court action after a Federal District court in South Carolina issued a preliminary injunction prohibiting the collection of the tax and ordered refunds of money already collected. On June 11, a U.S. Circuit Court of Appeals ruled to proceed with the collection of the tax and to collect the second tax beginning Aug. 1.

## The Díaz Serrano affair

*Former Pemex czar Jorge Díaz Serrano may be going to jail; will Carlos Hank González be next?*

The government announced in the last week of June that it was beginning prosecution of the former director of Pemex, Jorge Díaz Serrano, for corruption. It was the first corruption case under the de la Madrid administration which indisputably involved landing what is known here as a *pez gordo* (big fish).

The question of moving on the powerful ex-Pemex boss had been in the air since U.S. grand jury investigations last summer brought indictments against three American firms for paying kickbacks to high-level Pemex officials. The question was always: Díaz Serrano knew or should have known. But was he personally corrupt?

The evidence assembled by Mexico's top anti-corruption official (and intimate of President de la Madrid), Controller Francisco Rojas, says yes. The charges presented by the Controller to the Attorney General's office implicate Díaz Serrano directly in a scheme to skim off a share of a tanker project worth \$34 million.

The former Pemex head, dumped from his post by President López Portillo in June 1981, but rehabilitated and given a senator's seat from the state of Sonora in December 1982, would have to be stripped of his congressional immunity before he could be tried. The Mexican congress took the first steps in this direction July 4. It is unlikely that the Controller's office began a move of this kind without a commitment to carry it through to full prosecution.

Díaz Serrano took his case to the public June 30. He stated that he had

attempted to halt any corruption of which he had personal knowledge, but the forced-march pace of Mexico's oil bonanza during his years in the post had made close monitoring impossible. It was an environment of "many green lights and few red ones." There are many "who believe that I should have converted myself into a kind of moralizing guardian of Pemex," he declared. "But that would have meant putting aside my central function, which was that of increasing production, and thus increasing the wealth of the country."

It would have been an astute defense—if Díaz Serrano's own enthusiastic endorsement of the Club of Rome and its zero growth doctrines at the beginning of this year hadn't given the lie to his "nation-builder" image. It was also at the beginning of this year that he declared his readiness to examine schemes to hock Mexican oil directly for debt payment, raising eyebrows over his real motives for promoting the oil development in the first place.

One of the most interesting things about the Díaz Serrano prosecution is that it disrupts the "Bush connection" into the United States. Díaz Serrano is a former business partner of George Bush's, and they remain close. "Bush" is in fact shorthand for a much broader Díaz Serrano link to Texas and California oil interests, including the shady side of the Schlumberger interests and of Armand Hammer.

Within Mexico, Díaz Serrano does not walk the plank alone. The real question right now is who will go down with him, and the dilemma is an acute

one for de la Madrid and his inner circle.

One direction the inquiry can move is toward former Mexico City mayor Carlos Hank González. Hank was such a craftsman of corruption that under his regime, the dividing line between doing business and governing disappeared entirely; he is one of the two or three wealthiest men in Mexico.

Two facts should not be forgotten: 1) de la Madrid and Hank fought bitterly throughout de la Madrid's presidential campaign last year, and the animosity persists; 2) the key factor when Díaz Serrano was fired as chief of Pemex in June, 1981, was not oil price squabbles but the fact that Díaz Serrano was a stalking horse for Hank in the presidential sweepstakes then shaping up. López Portillo was determined to block Hank's access to further power.

De la Madrid almost certainly wants to see Hank burned. But the president is under intense pressure from forces both inside and outside the country—groups interested in emasculating the powers of the Mexican presidency—to turn the issue on former president López Portillo. *The News*, Mexico City's English-language daily and a vehicle for joint pronouncements of the U.S. embassy and the Alemán speculative interests, defended Díaz Serrano in a June 30 editorial as a man who was "right all along," but "has remained a mark of the politicians, casting blame [on him] for our current plight rather than on such real authors of it as López Portillo."

Hank González's strategy for survival is to hang on as tightly as possible to López Portillo's coattails, and present de la Madrid with the choice of going after both—or neither. De la Madrid has only begun to pick his way through this minefield.

# Business Briefs

## Research and Development

### MITI promotes 'Technopoles'

In order to aid companies moving into new "technopolis" cities to reduce their initial investment, Japan's Ministry of International Trade and Industry (MITI) and the Japan Development Bank (JDB) have decided to set up a special leasing company. It will help firms lease plant and equipment, test and research facilities, and machine tools at low interest rates.

The Japanese Diet has already passed a MITI-designed bill to create 19 "technopoles" of 200,000 people each as new centers of science and high-technology industry. The first site is scheduled to be designated by the end of this year.

According to Japan's JJI press, the new leasing company will be financed by Japan's trading companies, construction firms, and machine tool makers. The JDB will provide additional funds to the leasing company at 7.3 percent interest and MITI will also provide interest subsidies to the company.

## European Labor

### 'Vredeling proposal' accepted by EC

The "Worker Rights Proposal," commonly known as the Vredeling Amendment after the European Community (EC) Social Affairs Commissioner who proposed it, has been assented to by the full EC Commission.

The Vredeling Amendment gives workers the "right" to approve or reject most management decisions of companies with more than 1,000 employees in the EC. Employees would vote on new technologies, investment decisions, layoffs, relocations, and plant closures. Manufacturers would be forced to submit financial and other information on business activities unless such disclosure would "substantially damage the company's interests or lead to the failure of its plans." A tribunal would determine the confidentiality of any given piece of information, and worker representatives would

have legal recourse if management failed to "meet consultation requirements."

## IMF Quota

### LaRouche warns: 'Take no advice from traitors'

Every living former Treasury Secretary of the United States except one has issued a statement urging the House of Representatives to speedily approve the \$8.6 billion increase in U.S. taxpayers' quota contributions to the International Monetary Fund, on the grounds that "The IMF has been remarkably successful," but "the resources of the IMF are being depleted rapidly," and if they are not replenished by Congress, the debtor nations' economies will contract, and protectionism will spring up as in the 1930s. "The IMF was created in response to the lessons of the Great Depression," reads the statement. "Unless we learn from the lessons of the past, we will inevitably repeat earlier mistakes."

The statement drew the following response from *EIR* founder Lyndon H. LaRouche, Jr. July 2: "These former Treasury Secretaries, bunglers and incompetents all, created the present world economic crisis. I, Lyndon H. LaRouche, Jr., consider anyone who accepts their advice to be a Benedict Arnold."

Soviet chief Yuri Andropov, he said, exulted at last month's Soviet Communist Party Central Committee meeting about the way in which capitalism was duly collapsing. LaRouche emphasized that if these former Treasury Secretaries' counsel is followed, there will be a total, final international financial collapse, and "the American people had better learn to live with poverty, or learn to speak Russian."

LaRouche, architect of the LaRouche-Riemann econometric model with the world's best forecasting record, was specifically referring to the debt crisis resulting from the IMF's practice of subjecting developing-sector nations to policies of austerity which have completely undermined their previously insecure ability to meet debt payments, and have threatened to destroy national institutions. The International Monetary Fund is currently running a \$7

billion to \$8 billion shortfall in its own liquidity, which it expects that U.S. Federal Reserve Chairman Paul Volcker will remedy by forcing the quota increase through Congress, or unofficially funneling U.S. assets into the IMF.

The former Treasury Secretaries who signed the statement on June 28, following a visit to the White House, include John Sneider, who under Harry Truman helped preside over a return to "fiscal conservatism" and vast reduction in U.S. exports, after the gigantic World War II growth of the economy; C. Douglas Dillon and Henry Fowler, the investment bankers who under President Kennedy conspired to launch the offshore Eurodollar markets, drain the U.S. of liquidity for industrial growth, and undermine the dollar; John Connally and George Shultz, who during the August 1971 crisis and the Smithsonian negotiations thereafter, convinced President Nixon to sever the dollar from its gold reserve backing and thus put the Euromarkets on the path of exponential debt financing without creation of wealth to back it up; and G. William Miller and Michael Blumenthal, who helped create Jimmy Carter's record of sabotaging the industry, currency, balance of payments, and foreign economic relations of the United States, before and after Carter's 1979 appointment of Paul Volcker.

## Agriculture

### House bill would kill all dairy price supports

New York Rep. Barber Conable has introduced a bill to change features of the dairy price support program that would, if enacted, eliminate any remaining relation to parity, which ensures that the prices a farmer receives cover the cost of production. The proposed legislation, H.R. 3292, could keep prices at a low \$11.60 per hundredweight indefinitely.

Coming on the heels of the just-passed Dairy Compromise bill, H.R. 1875, which cut dairy prices to farmers by \$1 and will keep them at that level until 1985, this bill changes permanently the dairy price support program of the Agricultural Act of 1949 by eliminating any reference to price supports



# Briefly

being set in the range of 70-90 percent of parity.

Under the proposed legislation, the Secretary of Agriculture would be directed to establish a price support for milk which would assure an adequate supply. In no event would the support level be less than \$11.60 per hundredweight—the level set by H.R.1875. The \$11.60 level would be maintained as the support level indefinitely, at the discretion of the Secretary.

This bill would pave the way for what the Office of Management and Budget has demanded for the past year, that decisions setting price-support levels would be made by the Secretary of Agriculture, rather than Congress.

The Farm Bureau has sent a letter to all House members urging support of this legislation.

## Corporate Strategy

### Did Baldwin-United nearly go bust?

Various financial outlets now claim that the June 30 reorganization of the debt payments of Baldwin United, the Ohio-based financial services company, barely averted unleashing a far-flung shock wave within the U.S. financial system. Baldwin United is a dirty-money operation, controlled by organized crime figures such as Wisconsin's Max Carl.

Baldwin-United owes \$1.2 billion to banks and other creditors, and has had a stay of payment in effect since April. As of midnight June 30, this stay of payment was extended until October, after debenture holders who had extended credit to the firm threatened to declare Baldwin in bankruptcy in order to assert claims on the firm's collateral.

"If Baldwin had gone into bankruptcy," the *Wall Street Journal* commented on July 7, "the effects would have been widespread." Several investment banking sources further insist that the Baldwin case will eventually be the excuse for a congressional investigation of the insurance industry, and will lead to a push to have regulation of insurance practices shifted from the state to the federal level.

The Baldwin reorganization now in effect gives the company until October 15 to resume payments on debt. The firm has begun to sell off subsidiaries and to collect early on back promissory notes. The first week of July, one of its borrowers, shipping magnate and jet setter Daniel K. Ludwig repaid Baldwin \$77 million he borrowed some months back.

However, experts in the insurance industry do not think Baldwin's future is secure. The potential for a "domino effect" still exists. If the company were to go under, two possible results cited are: 1) that purchasers of annuity policies all over the country will make a "run" on the insurance industry, to pull out their cash; and 2) that a law suit could be effected against Merrill Lynch, which has marketed over \$700 million worth of Baldwin annuities.

## U.S. Labor

### Economic collapse hits family units

Bureau of Labor Statistics figures on family participation in the U.S. labor force indicate the impact of the current depression on family units.

Comparing the rates in the first quarters of 1981, 1982, and 1983, the percentage of families in which the "bread-winner" is unemployed, has risen from 4.1 million (or 7.3 percent of the total number of families in the work force) to 6.0 million (10.5 percent) between the first quarter of 1981 and the first quarter of 1983. Families in which no one works rose from 1.9 million to 2.8 million over the same period, a rise of over 50 percent.

Most devastating in terms of the family may be the loss of jobs by husbands. The number of male heads of household who are officially unemployed while some other member of their family works has risen from 1.0 to 1.7 million, representing a rise from 4.9 percent to 9.1 percent of the number of families where this could occur. In the brief information bulletin in which these figures appear, there is no information on the number of husbands included in the families in which no one has a job.

● **PANIC** broke out in Yugoslavia July 3 when a television program broke the news that all corporate institutions, including banks, factories, republics, and cities were liable for Yugoslavia's foreign debt. The television station, besieged with calls, had to assure its listeners that no private individual or foreign savings were affected. Yugoslavia was granted a four-month moratorium on \$139 million in interest payments Jan. 17, but a new payments plan requires the country to pay \$6.5 billion starting July 17 through the end of 1983, with all state institution, liable if payments are not made.

● **CARLOS LANGONI**, head of the Brazilian Central Bank, called a press conference in Brasilia July 7 to try to quell rumors that Brazil had declared a debt moratorium or that its creditors had declared Brazil in default. However, according to New York State banking law, loans that do not generate interest revenue for 60 days automatically must be declared in default, and reliable sources report there is a July 15 deadline on much of the debt for which Brazil stopped making interest payments in mid-May.

● **JULIO GONZALEZ DEL SOLAR**, the central bank president of Argentina, had to deny rumors July 7 that Argentina, rather than Brazil, had declared a debt moratorium.

● **CARACAS'S** two largest papers reprinted the text of President Herrera Campins's Independence Day speech July 8, at the specific request of the office of the president. Campins's speech emphasized that Ibero-American debt must be treated as a continental problem, and titled his statement, "U.S. Must Participate in OAS Meeting on Debt," referring to the early September meeting in Caracas on Debt and External Financing in Latin America. To date, no U.S. press but *EIR* has covered the planned meeting.

## Laser technologies: industrial path to the beam-weapon era

by Paul Gallagher

Secret military-science policy meetings are currently in progress near Washington, formulating technology recommendations for the senior Interagency Task Force headed by NSC Director William Clark, which is charged with implementing President Reagan's March 23 assured-survival strategic doctrine. The new doctrine was launched by National Security Decision Directive 85, "Eliminating the Threat From Ballistic Missiles."

These meetings, coordinated by former NASA director Dr. James Fletcher, have drawn top program leaders from the U.S. national laboratories into Washington for the past weeks; on June 30 a classified briefing was held for a larger group of industrial and university experts, to seek their input and involvement in shaping the program.

Members of the task force, in public presentations over recent weeks, have made two things clear: First, the development of the necessary anti-missile beam, sensing, pointing, and guidance technologies is already well under way in our national and industrial labs, and these new defensive weapons "are much closer to realization than most people think," in the words of Presidential science advisor Dr. George Keyworth in a recent interview. Second, the basis of the program is the revolutionary technologies which perform work, *of all kinds*, by coherent radiation rather than heat-power. These are "directed-energy beam," or "relativistic beam" technologies—laser, particle-beam, plasma beam, and related high-energy-density plasma phenomena propagating at or near the speed of light ("relativistically").

The following Special Report reviews the most advanced of these technologies for ABMs, which also represent the greatest potential revolution for industry and science beginning this decade. These technologies are the leading edge of a cultural mobilization to destroy the evil doctrine of mutually assured destruction, properly denounced by the President March 23, and to launch a new industrial/scientific revolution.



*At the University of Rochester in New York State: prototype of the Omega laser now used to pump x-ray lasers.*

### **Research or mobilization?**

But there are clear indications the task force members are merely assessing various lines of successful R & D for incremental budget increases, rather than conceptualizing a crash program mobilizing American high-technology industrial and lab capabilities to achieve protection of the country against missiles at the earliest possible point.

A crash program is the only program that will work, for two overriding reasons. First, the Soviet leadership, which fears not ABMs as such but the technology race inherent in directed-energy ABM development, continues to act as if they *think* the new U.S. strategic doctrine can be reversed by a showdown. Andropov and company are in an incredibly dangerous "flight forward," to try to rid themselves of President Reagan, his European and Japanese backers, and his new defensive-weapons doctrine. (See page 50.) A crash development program for beam-weapons, with the President "on the warpath" mobilizing American technological optimism around it, is the message Andropov needs to end the Euromissiles showdown by negotiation rather than brinkmanship.

Second, the U.S. economy is a shivering wreck, with 80,000 bankruptcies in four years of Federal Reserve Chairman Volcker, and underlying technological obsolescence and rot long before that. The country's high-technology industrial mobilization capabilities are hanging by the slim thread of the federal defense budget, in the aerospace and related industries and the national labs. Unless that mobilization button

is pushed fast and hard, using advanced energy-beam technology development in depth as the "science driver" for an economic recovery, it will be futile to try to develop a mere R&D line of directed-energy anti-missile weapons.

Keyworth, the U.S. Joint Chiefs of Staff, and other military spokesmen publicly insist that, for the President, defensive weapons are a new strategic doctrine across the board, transforming all questions of weapons and weapons negotiations. Naval Chief of Operations James Watkins said recently in a New York speech, "The whole purpose of the President's new vision is to defend our people *and* our allies." Watkins estimated that 25-40 percent of Soviet defense spending is now for strategic and civil defense. The Russians are building extremely large new "Pushkino" phased-array radars for ABM tracking, and Watkins asserted that they are building new ABM *sites* at new missile launch silos—"some of the key elements [of ABM defense] are now deployed."

### **'Defense in depth'**

Laser industry representatives were told May 17 by DOD Directed Energy Office head Maj. Gen. Donald Lamberson, to produce for "a defense in depth . . . to engage the attacker at every opportunity with a layered series of systems. A single directed-energy weapon could be designed with the capability of negating large numbers of targets in a relatively short time"—here the demanded technology is the x-ray laser—and we "may find lasers engaging hundreds of missiles in boost phase as the first layer of a ballistic missile defense-in-depth, and then particle beam weapons engaging a large fraction of the surviving reentry vehicles in mid-course phase."

A directed-energy weapons crash program will require very high power lasers in the near-infrared and visible-light spectrum, raising the challenge of developing lasers powered by nuclear fission reactions—light, launchable, and very energy-dense relative to chemical or similar laser pumping-power sources. It will require high-power, very high-frequency lasers in the ultraviolet and x-ray spectrum, for multiple, instantaneous "shock" disabling of missiles in the boost phase. FEF's Steven Bardwell demonstrates that the x-ray laser, which underwent its second series of successful underground proof-of-principle tests in April, may be not decades but a few short years away as an ABM system. We will require high-power "relativistic" electron and other particle beams for terminal-stage defense, and an understanding of electromagnetic pulse (EMP).

The greatest and most versatile advances of all may come from the free electron laser, which can be generated now from the self-amplifying combination of a relativistic electron beam and a beam of laser light.

Each step up the spectrum of greater frequency, intensity, and tunability of coherent radiation, is another potential revolutionary jump in human productivity, and another set of crucial advances in fusion power development, plasma physics, and science.

# Transforming energy for industrial use: laser revolution in U.S. productivity

by Marsha Freeman

Over the next decade, an array of technologies in basic industry could increase American productivity at least four-fold. These technologies, in metal working, energy conversion, and materials processing, depend upon *directed energy*.

Today's basic industry uses energy primarily in the form of heat—the most dispersed form available. It is possible and more efficient, however, to apply the specific energy required by a particular industrial process, rather than bombard it with a large amount of gross thermal energy.

We produce our universal electric power, today's form of directed energy, using huge rotating equipment, suffering a loss of two-thirds of the energy converting heat from fuel to electricity. And, for hundreds of years man has produced machines largely by cutting, machining and shaping them with other pieces of metal. Today's machine shops are noisy, hot, and labor intensive.

But by using energy selectively, to a specific purpose, it will be possible to eliminate the use of "metal on metal" for basic manufacturing and replace clanking pieces of machinery with near-silent laser, electron beam, and plasma processes.

## A revolution in metal-working

The first laser for industrial use was produced in 1966, a spinoff of research and development programs of the Department of Defense's first military rangefinder. More than 4,000 lasers are in use in industry. The machine-tool industry uses low-power lasers, under one watt, to calibrate numerically controlled machine tools and make sure they are doing precisely what they were designed to do. Hewlett Packard Company reports cases of 100 percent improvement in productivity when laser calibration is used to correct otherwise undetectable minor variations in straightness in the machinery.

Carbon dioxide lasers in the multiple-watt to kilowatt range are being used in many industries to drill, weld, cut, machine, and heat treat a wide variety of materials. Lasers today drill holes in nipples of rubber baby bottles, in plastic irrigation piping, and in cardboard for perforation.

Laser are cutting sheet metal to produce gears and other parts, and applied to plastics, textiles, glass, and paper. Lasers in pulses of a million a second cut holes in cigarette paper. Experts in the laser field estimate that at least 25 percent of U.S. industry's sheet metal cutting could be replaced by laser cutting, with a resulting 5- to 10-fold increase in productivity.

Drilling and boring done by machine tool and machinery

builders could make use of laser technology; an estimated 20 to 30 percent of these operations could be replaced by lasers. The resulting productivity increases would be in the range of five-fold.

Laser welding is an emerging technology which is faster, more precise, and less intrusive than submerged arc and other conventional welding. In general, laser welding uses only two-thirds the energy of conventional processes. Three-quarters of today's spot welding could be replaced with laser welding stations, resulting in a three-fold increase in productivity.

Laser structural welding, including the welding of large plate steel pieces such as those used in shipbuilding, will be used, as higher powered, kilowatt lasers are made economical. At least half of today's structural welding could be done by lasers over the next five years, and productivity would leap 5- to 10-fold.

The U.S. Naval Sea Systems Command in Minneapolis has recently sponsored a program, "Laser Welding of Mild Steel," to develop more advanced manufacturing technology for defense materiel. A kilowatt laser replaced the submerged arc welding technique, and produced a 17-fold increase in productivity at decreased cost. The laser only required one pass through the material—arc welding had required seven. The Navy reports that \$357,189 was saved on 1,200 welds, and that in the future the experimental laser system will be used in hardening, cladding, alloying, and cutting.

Soviet laser experts report they are using kilowatt-powered laser systems shipbuilding welding. United Technologies has used a 200 kilowatt laser to weld submarine parts two inches thick; this process will be applied to commercial shipbuilding.

One of the most promising laser uses is in metal surface treatment. Laser heat treatment for strengthening is in limited use, and replaces the need to put an entire part into an oven by delivering a beam of laser energy to only the specific surface that requires heat treatment. The Illinois Institute of Technology laser center reports that laser heat treating of large gears, rather than carbonizing them, which takes nearly an entire day, costs about 20 cents a gear, compared to a dollar for the conventional method. The laser process takes minutes.

Lasers can also be used for surface alloying and cladding. Nuclear power plant fuel rods and other metal exposed to hostile environments often do not need their entire parts made

of high-strength or non-corrosive alloys. The surface of the metal can be coated with a thin layer of the expensive alloy by a laser, rather than the bulk alloying done by today's technology.

High-powered lasers, in the multi-kilowatt to megawatt (million watt) range will do large-scale heat treating, cladding, and alloying of surfaces. Experts project that fully half of the work in the field of surface treatment could be replaced with lasers, with a two- to three-fold productivity increase, or more.

### **Why lasers boost productivity**

The productivity increases with laser metal-working results from, first, the impossibility of wearing out a laser. Down-time to sharpen steel tools and replace them is eliminated; the laser can run continuously as long as it has materials to work on. Second, if the laser is combined with the simplest computer control, one worker can supervise more than one laser machine station.

Because the laser is cutting or drilling or welding more precisely than any steel-on-steel machine, fewer—if any—steps are required after its use to clean rough edges. A laser generates less waste and uses less material per part produced, with significant savings.

These savings are also obtained using laser machining which can replace a wide variety of mechanical devices. It is estimated that 20 to 30 percent of U.S. metal machining could make use of laser technology.

### **First-generation lasers in primary capital goods**

For the purpose of modeling the increase in productivity in the capital goods sector with introduction of laser technology, we have assumed that 50 percent of the nation's capital stock in the machine-tool and machinery-producing sector will be replaced by lasers in the next five years. To make this possible, the laser industry will have to move from its handcraft assembling methods to mass production. Engineers involved in this problem have devised designs for kilowatt-sized lasers which would make them amenable to assembly line production. These redesigned lasers have the potential to drop the cost from today's \$35 to \$40 per watt of installed laser capacity to perhaps only \$10 per watt.

At that price, the laser machine tool would become competitive with conventional machinery and could be introduced into virtually every machine shop in the country, considering the expected return on investment that would accrue from the productivity increases.

The laser manufacturing facility needed to produce 25,000 industrial lasers in the next two years, would use the laser itself as a flexible machine. Therefore, this would be a self-replicating factory, since the factory would use lasers to produce lasers. The facility would need the basic laser station—a numerically controlled milling machine, a lathe, and a diamond machining station for the laser's optics.

Diamond machining itself has the potential to drop the cost of laser mirrors from \$400-to-\$500 today to perhaps \$100. Automated assembly of the power supplies needed for the laser system would have to be developed and could be supplied out-of-house from smaller companies. Each automated facility would cost about \$75 million, and could turn out 500 lasers a year. Developers point out that the hundred kilowatt-range industrial laser is about the same size and complexity of an experimental automobile, and could be produced on an assembly line in about the same time.

### **Computerized laser flexible machining**

After the first five-year introduction of today's lasers in the metal-working industry, lasers will increasingly be combined with robotic stations to produce the factory of the future. This facility will require virtually no people for day-to-day operation. Computers will give directions to lasers that which will perform the majority of the processing functions; and computer-controlled robotic systems will keep the laser machining station supplied and handle all of the products.

This concept of laser flexible machining sees the laser as the universal machine, which could, in the same production cycle, cut, heat treat, surface alloy, weld, and drill holes. About 80 percent of the metal manufacturing done in this country could eventually be replaced by computerized laser flexible machining.

The Japanese Ministry of International Trade and Industry (MITI) is spending \$57 million on a seven-year program to develop flexible machining with a laser. Twenty Japanese companies are sharing in this R&D program with the goal of developing a system to build machine subassemblies weighing up to 1,100 pounds in lots of 300.

The Illinois Institute of Technology laser center is developing multi-beam laser flexible machining stations for use in Midwest heavy industry. General Electric and other robot manufacturers are also working to wed the laser to automatic control.

In 1982 Coherent, Inc., a manufacturer of industrial carbon dioxide lasers, reported in *Laser Focus* that it had demonstrated a prototype robotic laser welding system, welding M-1 tank turbine engine parts. The system welded 80 to 100 inches a minute with a two-pulsed laser system of 575 watts. The two welders were out of phase, so while one was welding, the robot was loading the other. The station ran unattended for eight hours, and produced superior parts. The U.S. Army Tank Command estimated that \$4 million will be saved using this robotic laser system for 8,000 tank units.

Over the next decade, laser-robotic combinations will replace whole factories, and link the most advanced manufacturing technique to the computer control which has existed for decades.

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*A full report on the economic impact of lasers is available from EIR Special Services: "The Economic Impact of the Relativistic Beam Technology," \$250. Call 212-247-8820.*

# X-ray lasers could mean deployable ABM systems within three years

by Steven Bardwell

President Reagan's science adviser George Keyworth has said of the ballistic missile defense system proposed by the President: "These programs are a lot closer than people think. . . . All the components already exist—we simply have to assemble them." This striking assessment, reported in a June 14 *Washington Times* interview, is confirmed by a new analysis of x-ray laser technologies recently completed by the Fusion Energy Foundation. Based on extensive dis-

cussions with leaders in the American physics community and experimentalists in several foreign countries, FEF researchers have concluded that the "state of the art" in x-ray lasers is far advanced, not only justifying Keyworth's statement, but making development and initial deployment possible within the next three years.

Three independent indications point to a near-term x-ray laser ABM system.

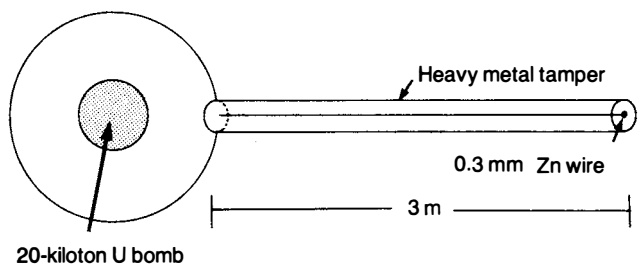
1) Scientists at Lawrence Livermore Laboratory in charge of the x-ray laser system have repeatedly hinted that the scientific and engineering progress is so rapid that they expect to "present the next President" with a working system for ABM defense. In several conversations they have emphasized that chemical laser-mirror systems are *irrelevant* because the x-ray laser will be deployable *sooner* than a chemical laser system. This confidence has been, apparently, conveyed to Congress as well, since it has, for two years, redirected the U.S. program increasingly toward "short wavelength"—a code phrase for x-ray laser systems.

2) Three independent reports of successful tests of different x-ray laser components have circulated. The first (the February 1981 *Aviation Week & Space Technology* article, corroborated by Soviet analysis) is known to have been based on detailed data from the Dauphin test. This is not a "leak" in the usual sense. This test demonstrated the scientific proof of principle of the x-ray laser. It was, reportedly, so successful at producing a monochromatic, collimated beam of x-rays that the diagnostic equipment installed for the experiment was vaporized by the pulse of x-rays. This report was followed by one on tests of sensing and pointing system for an x-ray laser, and another for other system components.

One of the great virtues of the x-ray laser is that its small size makes possible separate testing of the sensing and power technologies.

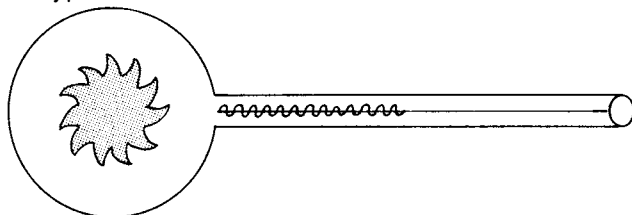
3) The significance of these tests has been misunderstood by the scientific community not privy to classified data because of the obvious engineering problems of the published designs of a nuclear-pumped x-ray laser. These problems, noted by critics of the x-ray laser, are the following:

**Figure 1**  
**X-ray laser configuration**



20-kiloton U bomb

X-ray pulse



Zn plasma,  $10^8$  degrees,  $10^9$  A/cm<sup>2</sup> photo current along axis of rod

For discussion of such a device, F. V. Bunkin, et al., "Specification for Pumping X-Ray Laser with Ionizing Radiation," *Soviet Journal of Quantum Electronics*, 11:7 (July 1981), p. 971.

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**Energy output efficiency:** The reported pulse energy of the first experiment was one megajoule. For a workable near-term system two or three orders of magnitude increase in energy would be necessary. The problem involved the inherent inefficiency of the designs described in speculative reports on the device. They all showed (see **Figure 1**) that only a small amount of the pumping energy released by the bomb energy could be used, imposing a geometrical limit on the efficiency of the device because of the small area that the lasing medium subtended at the active surface of the device.

**Beam divergence:** Since the only known focusing mechanism for collimating the beam was the geometric one—using a small diameter rod (really a wire) several meters long—increasing the area irradiation of the rod meant increasing the beam spread. The two requirements create a fatal trade-off: a brightly focused beam has low power and a high

power one is spread over a large area.

**Pointing:** The pointing difficulty of the x-ray laser of pulse energy in the range of the first test is roughly the same as that of a chemical laser system. Overcoming this difficulty is a challenging task that itself would require about several years. However, if the power could be increased by 100 to 1,000 times, the pointing accuracies would be relaxed sufficiently so that the pointing would come within *present* technological capabilities. That is, there is a similar trade-off between pointing difficulty and energy. Low energy systems conceivable now require very severe pointing accuracies, but the high energies necessary to relax this accuracy seem unattainable with the design in **Figure 1**.

### A hypothetical design

Based on discussions with a large number of physicists involved in weapons and inertial confinement work, FEF researchers have proposed a design which shows that each of these problems can be solved with technologies which are well known in the weapons field and which already form the basis for the current generation of “advanced” nuclear weapons. **Figure 2** shows a geometric configuration which uses present bomb technology to completely solve the inefficiency inherent in **Figure 1**. By using x-ray focusing mirrors, the whole pump energy is focused on the lasing medium. These ellipsoidal cavities are a standard component of small, efficient nuclear weapons. This design also removes the trade-off between accuracy and efficiency, by using two physical principles to focus the beam, with reasonable rod dimensions. The result is a beam 20 microradians in divergence, giving dramatically lower requirements for pointing accuracies.

The configuration of lasing medium shown uses a hyperbolic horn at the inside surface of the rod, which focuses the x-rays reaching the rod into a one-dimensional flux of radiation. This radiation in turn produces a zinc plasma and an intense photocurrent. The combination of the photocurrent, its magnetic field, and the inertial effects of the heavy metal tamp, give focusing beyond that provided by the geometric one of the lasing medium itself. Thus, a rod with larger diameter (hence more stable and able to contain more energy) can be used. The technologies involved in the construction of these focusing horns, the tailoring (or filtering) of x-radiation, and the use of intense photocurrents are all standard components of recent generations of nuclear weapons.

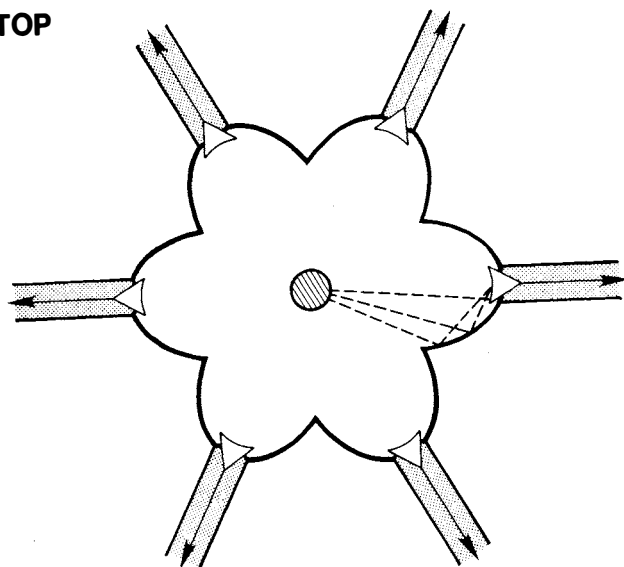
This design shows that once the scientific principle of the lasing principle has been demonstrated (which was two and a half years ago), it is only a question of known bomb technologies combined with communications and control capabilities that remain to be answered.

Two conclusions follow from these facts:

1) The United States is close to the deployment of an x-ray laser. First deployment would seem to be possible within two to three years.

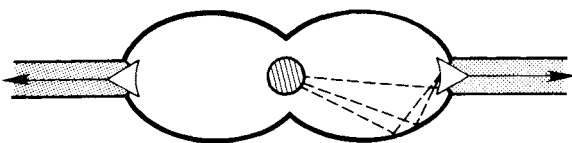
**Figure 2**  
**Hypothetical design for X-ray laser**

TOP



- K $\alpha$  line ellipsoidal resonance mirror
- ← Zn lasing medium (1mm diameter)
- ▨ Pb tamper (1m length)
- X-ray path
- ▨ Nuclear charge

SIDE



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# Potential breakthrough in nuclear-powered lasers brings space-based systems closer

by Jon Gilbertson

The use of laser beams in either ground-based or space-based beam weapon systems requires a very large energy source. This will be relatively easy to obtain for a land-based laser weapons system (compared to a space-based system), but is likely to be very costly with the types of high-powered lasers now being developed. These lasers are usually either driven (or pumped, in laser lingo) by electrical discharges, chemical reactions, or electron beams, and therefore require large amounts of either electricity or chemicals as their energy source.

Because of the large volumes, space and weights of these energy sources, high-powered lasers driven by these methods are out of the question for space-based systems. A future requirement, then, for space-based lasers (advantageous for land-based lasers as well) is development of a far more dense and compact energy source. An obvious candidate for this task is nuclear energy from an advanced type of nuclear fission reactor—the most energy-dense non-explosive source available today.

## History of nuclear lasers

When the first laser was demonstrated in the early 1960s, scientists and engineers began thinking of how lasers could be driven with nuclear energy. But instead of extracting energy from a nuclear reactor in the usual form—heat—ways had to be created to extract energy as light. To accomplish this in a radioactive environment, at acceptable conversion efficiencies and in a configuration that produces a practical laser beam, was, and still is, a formidable task.

Experimental work began on nuclear lasers in the late 1960s, but a demonstration of nuclear pumping wasn't achieved until 1974, almost simultaneously at two locations: Los Alamos Scientific Laboratory in a joint experiment with the University of Florida, and at Sandia Corporation. Both tests used fission fragments to excite different types of gas lasers, and both finally succeeded in obtaining lasing action, although at an extremely low power output.

These tests and a few others proved in principle the feasibility of nuclear-pumped lasers. At least one large power-engineering corporation has a prototype design under study.

## How nuclear lasers work

Nuclear lasers convert the kinetic energy of the fission fragments, a direct product of nuclear fission, into light.

These fission fragments—fission products, in familiar nuclear power plant terminology—contain 85 percent of the energy released in the fission reaction, and therefore any successful nuclear laser must be capable of absorbing this energy in some way. Gamma rays, neutrons, and other radiation make up the other 15 percent of fission energy, and are not very important for nuclear lasers.

A laser medium can either be a solid, liquid, or gas—but in all cases must be transparent to the laser radiation (i.e., light), and remain so during all operating conditions. Solid lasing mediums are generally very susceptible to nuclear radiation damage and thus far have been unsuccessful. Similar problems have occurred with liquid lasers, although some recent work at the University of Florida with inorganic liquids has shown some promise.

The greatest success to date has occurred with gaseous lasing media, which are the least susceptible to nuclear radiation damage. It is also much easier to mix a gaseous lasing medium with a gaseous nuclear fission fuel and maintain a transparent medium.

## Concepts under investigation

The problem in making the nuclear laser work is to get the kinetic energy of the fission fragments uniformly dispersed and absorbed in the lasing medium, such that the laser will still lase. This is difficult to achieve for any significant laser power output.

Two basic approaches for developing a usable nuclear-pumped laser are under investigation. The first, direct nuclear pumping, has been studied for several years. A more recently developed concept is the “duo-media approach.”

Using the second approach, a University of Florida research team led by John Cox and Richard Schneider has recently developed a scheme for achieving the kinetic energy transfer, and has proposed a laboratory test program to verify its feasibility. Instead of directly transferring the kinetic energy of the fission fragments to the laser medium by ionization, which is the usual approach, they propose to transfer it as light directly from the hot (3000°K) uranium carbide reactor fuel particles. This would keep the reactor fuel material and the lasing medium separated, eliminating some of the problems associated with mixing the two materials. This light then impinges on the laser medium, in this case an inorganic

liquid, causing excitation and lasing.

During normal power operation, the fuel particles heat up due to the absorption of fission fragment energy. Like a piece of hot iron, the particles become almost "white hot" (but at a much higher temperature than iron). This heat energy is then radiated as light, instead of being conducted by some cooling material, as in most nuclear reactors. It is this light that excites and pumps the laser medium.

Since such a reactor will normally operate in a pulsed mode, the light will radiate as instantaneous flashes, in the manner of a camera flash bulb. Thus, the laser would also operate by pulsing the beam.

The reactor design concept chosen for this system, called a colloidal core reactor, was developed in the early 1970s for the NASA nuclear rocket program, and work on it was dropped when that program was cut. It operates with a mixture of helium gas and small suspended solid particles of uranium carbide fuel swirling around inside a vessel in the form of a vortex.

The other concept, the direct pumping system, has received more attention. It uses a  $UF_6$  fueled gaseous nuclear reactor fuel mixed with either a  $CO_2$  or Ar-Xe based lasing gas medium. The two materials are intimately mixed in this concept. Test experience to date has shown that although it does produce lasing, the lasing is rapidly quenched (stopped) by one of the many complicated transitional states of the  $UF_6$  molecules.

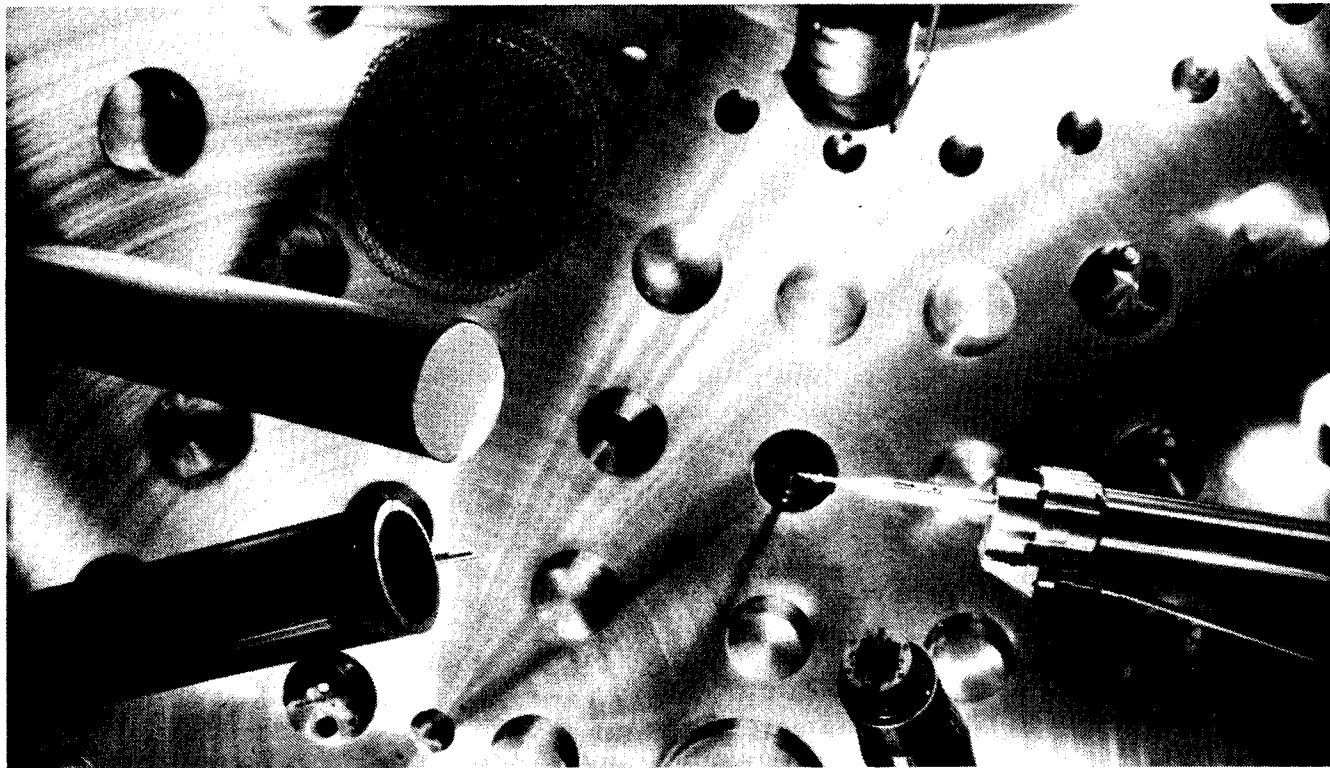
### Application as a beam weapon

The colloidal core nuclear reactor and the proposed liquid laser system would make an excellent space-based laser weapon. The estimated 5 percent conversion efficiency could produce a laser beam power output of 10 MWs—twice the minimum necessary to knock out ICBMs—and do this with a total reactor power output of about 200 MWs.

This reactor, designed to operate in a pulsed mode, would be turned on only when called upon to fire the laser. It will therefore never generate any significant amount of fission products, and thus an accidental re-entry and breakup in the earth's atmosphere is not a significant hazard.

The unique design of this compact, Greyhound bus-sized integrated nuclear reactor/laser system incorporates rotating cylindrical moderator/reflector control elements which provide rapid power pulsing, and therefore laser firing many times a second if necessary. One-megajoule pulses of 1-millisecond duration are envisioned from this machine-gun-like output.

It was the military application of the nuclear power reactor on the nuclear submarine that proved feasibility, and provided the impetus for the commercial nuclear power industry. And it will be the military implication of these more advanced and complicated fission reactors and laser systems that will prove their operational feasibility. As before, the commercial applications of these systems will be a direct spinoff, especially for the fusion energy program.



*Inside the target chamber of the Shiva laser fusion apparatus at Lawrence Livermore Laboratory in California: these classified experiments led to the nuclear-pumped x-ray laser. Above, 30 trillion watts of optical power are focused from the top and bottom onto fusion fuel targets at the tip of the positioner at right.*

Courtesy of the U.S. Department of Energy

# Free electron lasers: scientific challenge for military and civilian development

by Charles B. Stevens

Both classified and unclassified experiments throughout the world, most recently at France's Orsay Laboratory for the Utilization of Electromagnetic Radiation, show that the energy of high-quality electron beams can be directly converted to laser radiation.

Theoretical and computer studies based on these experiments indicate that this conversion of "free electron" energy into laser beam energy can be scaled to high power levels and readily tuned to a wide variety of wavelengths with extremely high efficiencies compared to conventional lasers. This free electron laser (FEL) promises to be a most versatile tool for laser applications—such as optical communications, isotope separation, metal cutting and finishing, photochemistry, anti-missile beam weapons and inertial confinement fusion—and for making feasible entirely new ones such as intercontinental transport of power and laser beam propulsion of satellites.

Thus, the FEL promises to be the "electric motor" of the emerging laser industrial revolution.

As announced in the June 24 *Le Monde*, scientists at the Orsay Laboratory for the Utilization of Electromagnetic Radiation reported that on June 22 that they were able to extend the operation of their FEL, which is based on an electron beam storage ring, to the shorter "red" wavelength—about 0.6328 micrometers—at low beam power levels of about 50 microwatts. The previous short wavelength record for an FEL was held by Stanford University which achieved outputs in the multimicrometer infrared range. The French team which is led by Dr. Yves Petroff who has been collaborating with Stanford's Dr. John Maddy, the inventor of the FEL concept, for the last several years. This most recent FEL breakthrough demonstrates the increasing progress of FEL technology in general and will have immediate applications in the full range of laser photochemistry and spectroscopy research.

## Ordinary lasers

Light amplification through the stimulated emission of radiation—or the laser, as the process is abbreviated—has existed only since 1960. In the simplest terms, the laser is a machine that converts incoherent energy (light or heat or other electromagnetic energy) into coherent energy, where the wavelengths are the same and the wave patterns are all

traveling in step (in phase).

The first systems to generate coherent electromagnetic radiation (see **Figure 1**) consisted of alternating current generators and electronic devices like vacuum tubes and magnetron devices like the gyrocon and klystron. To achieve the shorter wavelengths found in ordinary lasers, scientists had to manipulate electron motions on an atomic scale and within an atom or molecule. This, in general, has limited lasers based on specific atoms or molecules to one or at most a few specific wavelengths. And while tunable dye lasers, which can be varied continuously throughout a range of output wavelengths, have been developed, they are both inefficient and limited in terms of range and power level achievable.

Because of this specific dependence on particular atoms and molecules, the ordinary laser is generally quite inefficient at high power outputs. The FEL represents the *return to coherent electromagnetic radiation based on free electron motions*.

All lasers consist of three elements: an *energy pump*, a *lasing medium* that the energy pump excites into activity, and a *host material* that maintains the lasing medium in a desired configuration during the lasing process. In ordinary lasers, energy pumps can be flash lamps, particle beams, neutron beams, or even a laser beam itself—all external to the lasing medium. These pumps direct their energy into the lasing medium, which can be a gas, a liquid, or a solid (such as glass doped with a specific atom or molecule). For gas lasers, the host can simply be a bottle to hold the lasing gas.

One reason for the greater efficiency and versatility of FELs is that the energy pump and the lasing medium are the same—an intense beam of monoenergetic electrons. For the FEL, the host consists of a magnetic field.

Existing free electron devices (i.e., electrons not tied to a specific atom or molecule), such as the gyrocon, klystron and traveling-wave tube, achieve the generation of coherent electromagnetic radiation with efficiencies ranging from 20 to 90 percent with wavelengths ranging from 1,000 to 10 million microns. The FEL is expected to eventually extend the operation of free electron devices to shorter wavelengths ranging over the far infrared, the infrared, visible, and ultraviolet-soft x-ray, which respectively range from 1000 to .1 microns in wavelength, with efficiencies ranging from 20 to

40 percent. This is the range in which ordinary atomic and molecular lasers operate at maximum efficiencies from 0.1 to 5 percent at high power outputs. The FEL would thus operate at more than an order of magnitude of greater efficiency and with the ability to tune in on any of these specific wavelengths.

The FEL can be operated either as a oscillating cavity which generates a coherent laser beam, or as an amplifier which vastly increases the power level of an input laser beam. A pure FEL could consist of one module acting as a oscillating cavity to create the initial beam and a second module utilized to amplify the beam to high power levels. The workings of the FEL are more readily demonstrated in the case of the amplifier stage.

The FEL amplifies the intensity of an input laser beam through resonance with the radiation emitted from high-energy (high-velocity) electrons. For simplicity consider a single electron as shown in **Figure 2**. The input laser beam and single electron propagate from right to left along the z-axis. Wiggler magnets above and below the input beams cause the electron to oscillate back and forth in the y-direction. The wiggler field polarizes the input laser beam—which is also traveling in the z-direction—so that its electric field ( $E_s$ ) is in the same plane as the wiggling electron. The oscillating electric field of the laser beam interacts with the wiggling electron such that it retards the electron's motion. This deceleration of the wiggling electron generates electromagnetic radiation. If the spacing (or rather period) and strength of the wiggler magnetic field, the velocity (energy) of the electron, and the wavelength of the input laser beam maintain a precise harmonic relationship, then the radiation emitted by the decelerating electron will be "in tune with" the input laser beam. The result will be an increase in the input laser beam's total energy exactly by the amount lost by the decelerating electron.

The harmonic relationship, otherwise known as the synchronism condition, specifies that the spacing of the wiggler field must be approximately the same as the wavelength of the laser field for electrons with velocities much less than the speed of light, i.e., nonrelativistic electron velocities.

Because of the technical difficulties of fabricating very small magnets, the radiation that can be amplified by nonrelativistic electrons is limited to wavelengths longer than several thousand microns. To overcome this difficulty and get to wavelengths commensurate with lasers—between 0.1 to 10 microns—relativistic electron beams must be utilized, i.e., electrons traveling near the speed of light.

Relativistic electron beams can overcome this problem of the large spacing of the wiggler magnets because of two effects predicted by the theory of special relativity. First, from the standpoint of the electron moving at near the speed of light, anything stationary, such as the wiggler magnets, appears to be contracted in the z-direction of **Figure 2**. This relativistic "Lorentz" contraction shrinks the spacing between the wiggler magnets in the z-direction.

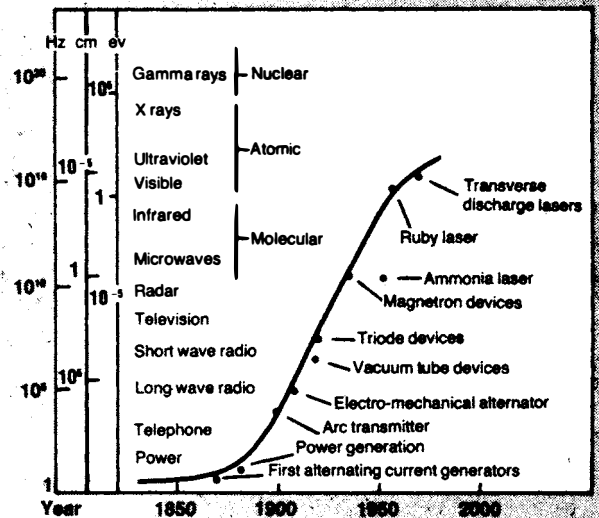
Simultaneously, from the standpoint of stationary ob-

jects, the wavelength of radiation emitted by the decelerating electron appears to be "Doppler" shifted to shorter wavelengths. (This phenomenon is similar to the change in pitch of a train's whistle when it passes by us.)

Because of these two relativistic effects, with careful adjustment of the electron's initial velocity, the electron will emit radiation at a wavelength corresponding to that of the wavelength of the input laser beam, thereby amplifying the intensity of the laser beam.

These relativistic effects diminish with decreasing velocity of the electron. This can be countered by progressively by the electron will change. This can be countered by progressively tightening the spacing between the wiggler magnets and/or increasing the strength of the magnetic field.

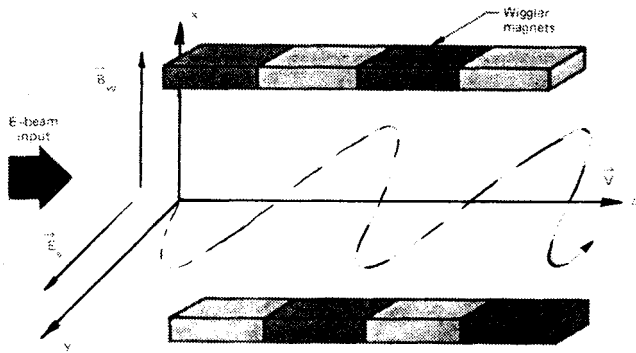
Extending the above concepts to a beam of relativistic electrons involves many technical and theoretical difficulties. All of the electrons must have the same velocities. This is extremely difficult to achieve in high-current, high-energy electron beam accelerators. But as part of the strategic defense effort, electron beam guns for shooting down incoming warheads with the requisite quality beams are being developed at the U.S. National Laboratories. The Advanced Test



**Figure 1**

The points on the graph show the date of the first development of devices for generating coherent radiation in the range described in the list to the left of the graph line. The vertical axis, in three columns, shows the frequency (in hertz), the wavelength (in centimeters), and the photon energy (in electron volts). The development of infrared, visible light, and ultraviolet lasers increased the range of available frequencies of coherent radiation exponentially. The free electron laser will duplicate this accomplishment and extend it to shorter wavelengths.

Adapted from Baldwin, et al, *Review of Modern Physics*, October 1981.



**Figure 2**

Mechanism of energy transfer in the FEL. An electron is injected in the z direction into the field,  $B_w$ , whose field lines lie along the direction of the x axis, of a periodic array of magnets (the "wiggler"), which imposes a transverse oscillatory motion on the electron (in the y direction) as it traverses the array. This oscillatory motion causes the electron to emit electromagnetic radiation. The kinetic energy lost by the electron is transferred to a co-propagating laser beam which has an electric field,  $E_s$ , associated with it. It should be noted that the angle at which the trajectory of an electron is bent when it crosses a magnetic field is proportional to the product of the electron's velocity and the strength of the magnetic field. Therefore, both the magnetic field strength and the velocity of the electron together determine the "period" of the oscillatory motion of the electron in a wiggler field. By increasing the strength of the magnetic field while the electron velocity decreases, this period can be kept constant.

Accelerator (ATA) facility at Lawrence Livermore National Lab in California is an outstanding example. This electron beam gun generates a 10,000-ampere high quality beam of 50 million-volt electrons. For an inertial confinement fusion free electron laser, we would need an electron gun generating a 1.1 billion volt, 20,000-ampere high quality beam; this would involve significant advances in electron beam accelerator technology.

Secondly, with a simple monoenergetic beam of electrons which are evenly spaced along the line of propagation of the beam, only a minute fraction of the electrons would be in synch with the electric field of the input laser beam. This problem could be overcome if the electron beam consisted of shockwave-like clusters or clumps of monoenergetic electrons.

Happily, according to recent theoretical studies, there already exists a mechanism which transforms the uniform beam into a series of electron clusters. This occurs if the input laser beam is quite strong; any electron with an energy close to the synchronous energy will, on the average, lose energy at the same rate as a synchronous electron. In effect, the input laser beam selects electrons with the proper phase relationship. As a result, entire ensembles of electrons may then interact coherently with the input laser beam, permitting high

energy-extraction efficiencies.

**Figure 3** shows the general layout of a typical FEL device.

To create a laser beam from scratch—i.e. without an input beam—the FEL must be transformed into an oscillating cavity. This is done by placing partially silvered mirrors at either end of the wiggler cavity. Over a period of time a coherent laser beam will be formed and reflected back and forth in the cavity. Once formed the beam will build up in intensity in the manner described for the FEL amplifier. The wavelength of the FEL generated laser beam can be tuned to a desired wavelength by either changing the spacing of the wiggler fields or by changing the input energy of the electron beam. Such FEL oscillating cavities are capable of only generating laser beams of minute power levels since optics, such as mirrors, must be placed in line with the electron beam and thus are very susceptible to beam damage.

The first generation FELs will probably consist of a FEL amplifier combined with a conventional laser. A FEL module can be tuned to amplify any wavelength of conventional laser beam input by either changing the initial energy (velocity) of the input electron beam or by changing the physical spacing of the wiggler magnetic fields. Eventually, FEL oscillating cavities will be combined with FEL amplifiers to produce a fully tunable high power FEL.

## Prospects and applications

With the near-term prospect of scientific and technological spin-offs from the new beam weapons defense policy announced by President Reagan on March 23, the United States is on the verge of a new industrial revolution. And this revolution will be most generally characterized by technologies based on plasmas and directed energy beams. In this context, the free electron laser will play the same role as the electric motor did in the electricity industrial revolution at the turn of the 19th century. Eventually the various components of the FEL will be generated with self-organized plasma structures, making FELs both more efficient and capable of attaining extremely intense beam outputs at even shorter wavelengths.

In the most general sense, the FEL is simply the structured interaction of three electrical currents. First, the current in the wiggler magnetic coils interact with the free current represented by the electron beam. This interaction generates a potential—the laser beam—which propagates at the speed of light. Depending on the wavelength of the output laser beam, this potential will interact with various types of electrical circuits. For example, at long wavelengths this potential will simply generate electrical currents the same way that radio waves do in antennas. At shorter wavelengths this potential will interact with the electrical "circuits" found in molecules and atoms—the electron orbits. At even shorter wavelengths this potential will even transform the electrical circuits found within the nucleus—i.e., generating nuclear transmutations.

Experts in the field say that given a crash program, tunable

ble FELs with efficiencies ranging from 20 to 40 percent and continuous power outputs from 10 to 100 megawatts can be achieved within the next five years. Much of the U.S. FEL program is already part of the classified beam weapons effort. FELs placed on mountaintops and connected to the utilities' electric power grid could be utilized both as direct line of sight terminal defense beam weapons and indirect, long range systems making use of orbiting mirrors for retransmission of the FEL beams to intercept ICBMs in both the launch and mid-course phases of their trajectories.

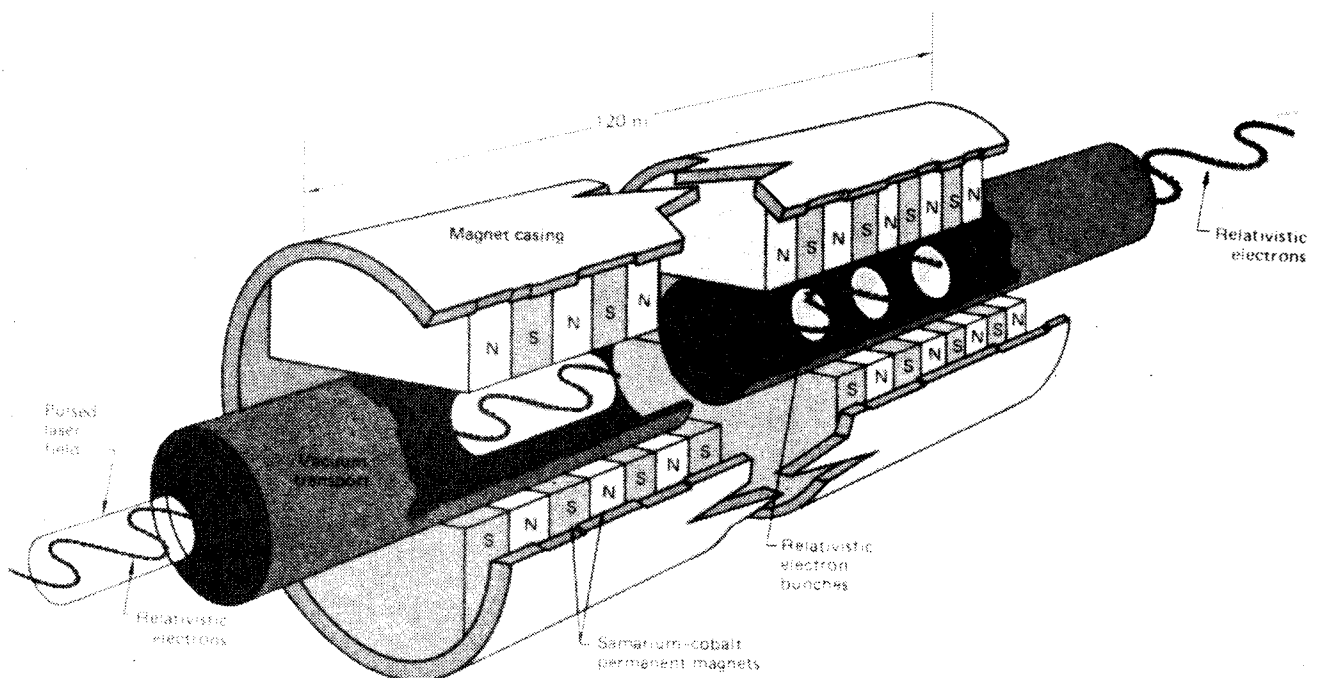
The same FEL strategic defense system could alternately be utilized in a number of civilian areas, including intercontinental electric power transmission; satellite and spaceship propulsion, and even the propulsion of jet aircraft when they are above the clouds; communications; remote sensing; and round the clock farming.

**Power transmission:** At the present time base-line electric power plants are utilized most inefficiently. They are run full steam during the peak electric load periods of daylight hours and virtually shut down at night. Furthermore, peak daytime loads are often met with small (and therefore high-cost) backup power generators. Given a network of FELs and orbiting mirrors, electricity generated by power plants on the nighttime side of the world could be transmitted at 20 percent efficiencies to the daytime side, in the form of laser beams,

and be reconverted into electricity with solar cells at the receiving sites. But unlike solar radiation, conversion of FEL laser beams to electricity would be extremely efficient and economic, because the beam radiation is both coherent and at a much higher energy flux density. Only a few square meters of solar cells could generate megawatts of electrical output utilizing FEL beams. Existing optical technology would make the transmission of these beams completely safe.

In the case of developing countries, the FEL power transmission system would make possible the instant electrification of the remotest areas in an economic fashion. For example, a small megawatt solar cell grid could be placed by helicopter on a remote farm. Farm machinery could then be directly connected to the solar cell module. As the history of U.S. rural electrification demonstrates, this system alone could rapidly increase Third World agricultural productivity by more than an order of magnitude.

**Energizing and propelling satellites and spaceships:** Jet aircraft when cruising above the clouds could be directly powered by FEL laser beams employed by the same power transmission system. Lenses carried above the aircraft would focus and transmit the FEL beams into the jet engines to provide the heat which is usually generated by burning kerosene. This would vastly increase the cargo carrying efficiency of aircraft, since existing long-haul jets are primarily



**Figure 3**

Artist's conception of a typical FEL device. The wiggler consists of a series of magnets 120 meters long. A beam of high-energy (relativistic) electrons enters the device together with a pulsed laser field. At a certain distance along the wiggler, the kinetic energy of the electrons (now bunched as described in Figure 2) is transferred to the input laser beam. Figures 2 and 3 were adapted from "The Free-Electron Laser Amplifier," by Donald Prosnitz and James C. Swingle, Energy and Technology Review of Lawrence Livermore National Lab, Jan. 1982.



loaded with kerosene fuel which is consumed during the flight. Extremely large jet liners capable of in-flight repair and maintenance would be kept in continuous flight for months at a time, off-loaded in the air by helicopters and other vertical take-off aircraft. Large space shuttles could be accelerated via FEL-powered jet engines within the atmosphere to orbital velocities and therefore be propelled into space without the use of inefficient booster rocket engines.

**Laser light transmission of information:** As is currently being demonstrated by optical fiber transmission of telephone calls in parts of the United States, this technology is extremely efficient and economic. Tunable high power FEL beams will extend this optical transmission capability to open links between the ground and orbiting satellites. (Laser beams are already utilized for communication between satellites in orbit.) Long distance communication costs could be decreased by several orders of magnitude and extended to the remotest regions with minimal infrastructural prerequisites, as in the case of electric power transmission discussed above.

**Detecting targets and remote sensing:** As Dr. Edward Teller of Lawrence Livermore National Lab most recently pointed out in the June issue of *Laser Focus*, laser beams are most efficient systems for this purpose. Laser beams can be utilized as an extremely short wavelength radar—ladar. Tunable 10- to 100-megawatt FEL beams would be quite capable of detecting the most indiscernible type of targets such as

low-flying cruise missiles and submarines; given the tunability of the FEL, beams directed from orbiting mirrors would even be able to detect the chemical make-up of the exhaust of various types of aircraft. In the same manner all types of chemical emissions could be detected and located from space. This would be a powerful tool for understanding and controlling industrial and “natural” pollution. Laser remote sensing from space could also be extended to geological and oceanographic mapping.

**Night-time irradiation of specific crop fields:** The same FEL-orbiting mirror system could be utilized, not just to increase the rate at which various agricultural crops could be grown; round-the-clock hot-house experiments have already shown that constantly irradiated plants grow exponentially faster and a larger and healthier plant results. These effects are enhanced by shining specific wavelengths of light on specific types of plants.

Other major applications of FELs include industrial level photochemistry and isotope separation; lithography for electronic microchip production; x-ray microholography of living cells; materials preparation and research; smog, fog and cloud dispersal; and metal cutting and heat treating.

Given that President Reagan’s March 23 initiative will result in a crash effort to develop the FEL, all of the above peaceful applications could be fully realized before the end of this century.

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## EXECUTIVE INTELLIGENCE REVIEW

### Special Technical Report

# BEAM WEAPONS: THE SCIENCE TO PREVENT NUCLEAR WAR

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

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# Mastering EMP for offense and defense

by Charles B. Stevens

Since June Dr. Edward Teller of Lawrence Livermore National Laboratory has emphasized in several national interviews the need to educate industry and the public about large electromagnetic pulses (EMP) generated by space-based nuclear explosions. One large, space-based nuclear explosion is capable of generating an EM pulse sufficient to destroy most unshielded electrical and electronic devices and systems throughout the United States without necessarily causing any other type of direct bomb damage. But as Dr. Teller's recent testimony before Congress strongly indicates, his concern about EMP effects may not be limited to that generated by offensive Soviet nuclear explosions. EMP effects could be used as part of a layered defense against nuclear-tipped missiles. This particular defense could be generated with part of the U.S. arsenal of offensive nuclear warheads.

This possibility of using nuclear explosions in space to interdict ICBMs was noted by Marshal V. D. Sokolovskiy in his famous book *Soviet Military Strategy*: "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."

All nuclear explosions generate extremely short bursts of intense radio waves—EMP. These EM pulses are created when the initial radiation (x-rays and gamma rays) of the nuclear fireball ionize and accelerate electrons in the air and thereby produce large electrical currents. In exoatmospheric (space-based) detonations, EM pulses were found to be both more intense and extensive than in air bursts. The United States discovered this empirically in 1962 when a space-based nuclear test over Johnson Island generated an EMP signal which "turned off" the lights in Hawaii thousands of miles away. At the same time, the Soviets exploded a 60 megaton monster H-bomb in a high altitude test. The Atmospheric Nuclear Test Ban Treaty was signed shortly after this test series. In retrospect, U.S. scientists realized that the Soviet Union was aware of a dramatic increase in EMP associated with high altitude detonations long before 1962. The U.S.S.R. had completed an extensive program of high altitude nuclear explosions to empirically map out the potential of EMP effects. In several recent speeches, Dr. Teller has noted this and the Soviets' publication of an explanation for intense high altitude EMP in the 1950s' open scientific literature.

EM pulses dramatically increase in amplitude and extent in exoatmospheric, as compared with atmospheric, detonations for two basic reasons. EMP is primarily due to bomb-

generated gamma rays. The electrical current that they create through the ionization and acceleration of atmospheric electrons is called a Compton current. It is this short-lived current which generates the EM pulse. In the atmosphere burst case the Compton current propagates symmetrically outward from the point of detonation. Thus, if we drew lines representing each radial direction along which a Compton current is found, it would define a sphere with the detonation point being the center. This simply reflects that the gamma rays are deposited into the atmosphere in a spherical shell.

In the exoatmospheric case, though, only a portion of this spherical shell of gamma rays intersects the earth's atmosphere. As a result, the Compton current generated is no longer spherically symmetrical. Therefore, the interaction between the Compton current and the earth's magnetic field is greatly enhanced. And this interaction leads to the generation of a Compton current perpendicular to the radial direction. This new, transverse component of the Compton current generates out-going and in-going fields of the magnetic dipole type. The out-going magnetic dipole EMP is a short pulse of high amplitude, because the Compton current pulse moves outward in synchronism with this part of the EMP.

The earth is surrounded by a thin plasma (the ionosphere) whose properties determine conditions for shortwave radio communication. EMP and the Compton currents which generate it interact with the ionosphere, causing long-lived disturbances which interrupt and distort radio communication.

It has been long recognized that EM pulses can directly disrupt the functioning of ICBMs. If an ICBM warhead is not shielded against EMP, EM pulses can be absorbed into the electrical circuitry of the missile's guidance and detonating system, causing short bursts of intense electrical current which either destroy or permanently disrupt the circuits. And the effectiveness of electromagnetic shielding can always be overcome through increasing the intensity of the EM pulse. This has spurred great emphasis on the development of optical fiber circuits for military systems, since these non-electrical circuits are not affected by EMP.

EMP may have a number of possibilities for indirectly disrupting an ICBM. The huge amounts of energy contained in the ionosphere are normally so diffuse that the ionosphere is harmlessly traversed by an ICBM; but it may be possible to use EMP as a sophisticated kind of "ionospheric modification," and so replicate the self-generated beams, streamers, and density changes that are seen in other ionospheric modification experiments. Some combination of bomb-pumped plasma instabilities in the ionosphere, scientists have speculated, may be usable for large-area defense against ballistic missiles. In such an application, a high-altitude burst of a nuclear weapon or deposition of energy from an x-ray laser would be used to energize the ionosphere and to act as a "seed crystal" for organizing ionospheric plasma energy. The resultant plasma instabilities may be capable of generating missile-destroying electron beams, electric field changes, or plasma density variations.

## Kissinger's time bomb in the Middle East

by Mark Burdman and Nancy Coker

Henry Kissinger arrived in the Middle East the last week in June to ensure that U.S. Secretary of State George Shultz would not follow through on President Reagan's orders to effect a breakthrough in the deadlocked Lebanon troop withdrawal plan.

A few days before Shultz's arrival, Kissinger flew to Turkey and then to Israel, where he spent a week proffering his services as "crisis manager" and quietly encouraging the Israelis to consolidate their hold over southern Lebanon. "Kissinger wants to maintain the status quo in Lebanon," said one intelligence source. "Maintaining the status quo means, of course, de facto partition." According to unconfirmed reports, Kissinger also stopped over in Syria.

A long-time asset of that faction of British intelligence which is allied with the Soviet KGB, Kissinger, in coordination with such ongoing operations as "Briefinggate," is doing his utmost to bring down Reagan, or at the very least force him not to run for a second term. Kissinger's special weapon is the Middle East. An architect of Lebanon's 1976 civil war, he has championed the partition of Lebanon for years, and is nurturing the complementary designs of the Greater Israel fanatics in Israel and the Greater Syria fanatics in Syria.

Unless President Reagan manages to get both the Syrians and the Israelis out of Lebanon fast, the Middle East will blow up in his face. Reagan told Shultz, who was in Pakistan on the last leg of a tour of Asia, to go to the Middle East and do whatever was necessary to bring about Syrian cooperation with a U.S.-mediated plan for withdrawal of foreign troops.

Reagan's urgent order to Shultz followed indications that Israel was on the verge of carrying out a partial pullback of

its troops to behind the Awali River in southern Lebanon. This would nullify the U.S.-mediated Lebanon-Israel agreement for complete and simultaneous withdrawal by Syrian and Israeli forces, resulting in the de facto partition of Lebanon between Israel and Syria. It would also create a vacuum in the Chouf Mountains near Beirut, currently the scene of warfare between Druse and Christian militiamen. Full-scale civil war could easily erupt as a result of the Chouf situation, shattering the Gemayel government and drawing in U.S. troops stationed in the region.

Israel's strategy is precisely to draw the United States into the crossfire. Israeli Foreign Minister Yitzhak Shamir has suggested that the U.S.-led multinational military force, together with United Nations troops and the Lebanese army, go into the Chouf to "keep the peace" once Israel pulls out. Reagan is reportedly reluctant to send U.S. Marines into the Chouf, and fears that the Israelis are setting him up. To facilitate Israel's pullback plans, the French are offering to send in their own troops. Hours before Shultz arrived in Israel on July 6, French Foreign Minister Claude Cheysson flew into Tel Aviv to discuss the "French option" with Shamir. Cheysson also visited Syria.

Lebanese officials have notified Shultz that they fear that a partial Israeli pullback will lead to partition and renewed civil war. The Saudi Arabians are also worried; Foreign Minister Saudi Faisal told reporters at the conclusion of Shultz's lightning visit to Saudi Arabia that "partial withdrawal inherently means they [the Israelis] will keep a piece of Lebanon."

Israel claims that by redeploying its forces to southern Lebanon, Israeli casualties will be reduced. But what will happen as Lebanese leftists, Palestinian radicals, and Muslim

Brotherhood extremists escalate their assaults on Israeli positions in the south?

The Israelis are not lying, however, when they say that their partial withdrawal will mean that they will remain in Lebanon for "many years," as one foreign ministry spokesman put it.

Shultz appeared unperturbed by Israel's plans for a partial withdrawal. He was also quite sanguine about his failure to get the Syrians to agree to withdraw from Lebanon. The basis for Shultz's indifference? According to the State Department, his role in the Middle East is not successful diplomacy but "damage control"—or, to use the term his friend Henry Kissinger prefers, "crisis management."

Reagan is said to be unhappy with Shultz's performance in the Middle East, but Washington insiders doubt that the President will oust him. "If Reagan fires Shultz, it will look like he has lost control, and this would not be good on the eve of the [election] campaign. Getting rid of two secretaries of state in one four-year term is a bit much. The most the President will do is take Shultz out behind the barn and give him a good tongue-lashing."

In recent weeks, Syrian President Hafez Assad, working through Nazi International-Soviet assets in the Palestine Liberation Organization, has effectively taken over the PLO and reduced Yasser Arafat to a figurehead in order to block any diplomatic solution to the Middle East that excludes Syria. Soviet chief Yuri Andropov has also abandoned Arafat: he recently sent Arafat a message saying that he was "sorry" about Arafat's plight, but he had no "way of pressuring Syria in the present crisis."

### **Kissinger's role**

The role of Henry Kissinger in the current Middle East mess is not to be underestimated. In several locations outside this journal, including most recently Seymour Hersh's book *The Price of Power*, the story of the devastation that Kissinger has wrought in the Middle East has been told. The graves of Saudi King Faisal, PLO peace advocate Issam Sartawi, and tens of thousands of Lebanese and Palestinians, testify to the predominant influence Kissinger has exerted over the direction of Middle East policy since his sabotage of Secretary of State William Rogers's late-1960s plan for peace in the region.

Insiders in Moscow know that Kissinger's role in this process began during the 1950s, when he teamed up with "Dr. Strangelove" physicist Leo Szilard, Lord Bertrand Russell, and Moscow's Pugwash crowd to enunciate the doctrine that superpower "equilibrium" and "crisis management" necessitated the enforced destruction of the populations and energy resources of the Middle East.

Kissinger's latest Middle East shuttle began during the week of June 20, with a secretive stopover in Turkey, which has been identified by European intelligence sources as a likely focus for a superpower crisis in the coming months. According to an unimpeachable source based in Nicosia, Cyprus, the leaders of some of Turkey's newly reconstructed

political parties, including Turgut Ozal of the Motherland Party, refused to meet with Kissinger, because, the source said, "they mistrust his intentions."

Kissinger flew to Israel on June 26 in the private jet of Turkish-American magnate Ahmet Ertegun, head of the dope-traffic-linked Atlantic Records Company and the owner of the Cosmos soccer team. In Israel, Kissinger gave three "scholarly" lectures, using the occasion to present himself as positioned for a political comeback after the 1984 U.S. presidential elections. Using Tel Aviv and Jerusalem as back doors to Washington, Kissinger cozied up to his audiences (who, of course, contained many individuals who remember how Kissinger's co-management with the Soviet Union of the 1973 Arab-Israeli war nearly provoked world war) by advising an immediate "pact of strategic understanding" between Israel and the United States; a pact which insiders interpret as introducing a new phase into the "Lavie Project" for transforming Israel into the world's third-largest arms exporting and manufacturing power.

The illusion of a "comeback" will only work in those quarters unaware of the recent strategic shifts among the elites in the United Kingdom away from their alliance with Moscow and such Anglo-KGB assets as Kissinger. It is ironic in this light that Israeli gossip columns reported July 1 that Henry's son David has just been appointed a "parliamentary assistant to a Conservative member of parliament who is known *not* to be in Margaret Thatcher's inner circle!"

Israeli President Chaim Herzog and his equally anglo-philic brother-in-law, former Foreign Minister Abba Eban, have evidently not received, or ignored, the relevant messages from London. Both bent over backward to honor Kissinger.

The Herzog-Eban angle to the Kissinger trip may have another significance, which *EIR* is now investigating. Each is married to one of the Ambache sisters, members of an old Egyptian Jewish clan whose family connections extend into monarchist circles in Egypt and sultanate circles in the Ottoman Empire. In Egypt, the ties to the former monarchy are maintained by Jihan Sadat, widow of slain President Anwar Sadat. Jihan's current intrigues to keep the Sadat political apparatus intact and to deflect the economic development efforts of President Hosni Mubarak are now a focus of discussion in Egyptian circles. Jihan Sadat was one of the very few Middle Easterners to attend Henry's 60th birthday party on May 27, in New York City.

Jihan's circles overlap Egypt's mafia networks, who oppose the nationalist economic development path of Mubarak, as enunciated in the recent speech at the Belgrade UNCTAD conference where he called for the initiation of "great projects" throughout the Third World as the key to global recovery. Kissinger and his mafia associates abhor everything that policy represents. The circumstances of Kissinger's mid-June private meetings in Monte Carlo and the destabilization capabilities represented by the Comité Monte Carlo Freemasonic lodge to which Kissinger belongs are now under examination by *EIR* from this standpoint.

# Will the West halt Qaddafi's drive to destroy the Mideast and Africa?

by Thierry Lalevée

"There can be no alliance with Libya. There can be only one solution: the creation of a pan-African military force to intervene into Libya and overthrow him [Qaddafi]!" said one Sudanese ambassador, who wanted his thinking relayed anonymously. In the week following *EIR* founder Lyndon H. LaRouche's June 24 decision to launch an international mobilization against Libyan madman Muammar Qaddafi and the publication of the following fact sheet, such opinions have been heard far too rarely.

The practitioners of *realpolitik*, the cynics in Europe and even Israel, claimed that any actions against Qaddafi would be "counterproductive" because, as one Israeli put it, "it would bring to power a more rational man, doing rationally what Qaddafi does irrationally." Hardly a persuasive argument. More pragmatic assessments came from Italy, France, Germany, and Britain explaining that Qaddafi, as a "known evil" surrounded by intelligence agents of all nations, could be controlled and contained.

Some such arguments might not be surprising, if one takes into account Western "important economic investments" in Libya. But refusal to act against Libya at this point does not represent anyone's genuine interest, economic or otherwise. Continued toleration of Qaddafi is a tragic moral failure of the international community to stop pure evil, a

moral failure compounded with stupidity. It is not merely Africa or the Middle East which are Qaddafi's chosen battlefields. The Western world, especially Europe at this time, is being hit by Qaddafi operations of all kinds.

The Libyan-sponsored separatist movements in Spain, the Mediterranean islands, and Italy have begun a rampage over the past weeks. In Spain, new groups such as the "Pueblo Bubi" have been created as part of the broader umbrella organisation called CRIDA, a front for the CIEMEN (see factsheet, below). In Italy the CIEMEN-associated Liga Veneta received enough votes to elect a member of parliament and a senator.

In Sardinia, local judges are preparing to bring Libyan-paid Sardinian separatists to trial in September, following investigations of an operation in which Michele Papa, the man who introduced Billy Carter to Qaddafi a few years ago, played a central role.

With such developments, a few European intelligence agencies are ready to close in on Qaddafi's European networks, a response of only limited value if the madman himself is left free to destroy half of the African continent, driving countries into civil war—or toward better protectors. This is the challenge to all those who have committed themselves in words to maintain peace and stability worldwide.

## Why Muammar Qaddafi must be stopped: a fact sheet

The following fact sheet has been authorized by *EIR* contributing editor Lyndon H. LaRouche, Jr., advisory board chairman of the National Democratic Policy Committee, who called on June 24 for an international campaign against bloody Libyan dictator and Soviet puppet Muammar Qaddafi. "All courtesy arrangements with Libya should immediately des-

ist, and operations against Libyan agents should immediately begin.

These operations should not only be aimed at Libya, but also at Qaddafi personally," stated Mr. LaRouche. The American political leader called on the countries of the European Community (EC), the United States, and members of

the Organization of African Unity (OAU), to immediately impose a total embargo against Libya.

As the facts presented here will show, what prompted Mr. LaRouche and *EIR* to initiate this campaign is the intolerable policy of aggression pursued by Muammar Qaddafi, both in Africa and in the Middle East, most recently displayed by Libya's aggression against the country of Chad, as well as the participation of Libyan troops on the side of the Syrian troops against the Palestinians loyal to PLO Chairman Yasser Arafat in Lebanon. In participating in and initiating such developments, Qaddafi is deliberately setting into motion a chain of crises that threatens several African and Middle Eastern nations with destruction and wars.

Created by Venetian oligarch and Mussolini adviser, Count Volpe di Misurata, Libya today is a fundamentalist-cult state, but not a nation. It is nothing but a base of destabilization jointly controlled by networks of the Swiss Nazi International and Soviet chief Yuri Andropov. Qaddafi at this point has been integrated fully into the new "Islamic-Marxist" apparatus of Geidar Aliyev, the former Soviet party chief of Azerbaijan and Politburo member. Over a period of months, Aliyev has been rebuilding the old apparatus of the 1921 Comintern-sponsored conference in Baku of the "Anti-Imperialist Congress of the People of the Orient," chaired, according to Swiss sources, by his father. The Baku conference brought together Islamic fundamentalists, national minorities, and other associations committed to the "dictatorship of the proletarian nations of the East over the Western world." Today this apparatus includes Libya and Syria and their military and terrorists capabilities, Kurdish minorities used against Turkey, Baluchistan minorities and their allies inside the Ahmadiyya mystical sect and the Pakistan National Party, the last of which is not committed to fight the dictatorship of Zia-ul Haq and of the Jamaati i Islami, but to dismember Pakistan itself.

As *EIR* is documenting in other published locations, this Soviet policy carried out by Aliyev, is shared by the Swiss-based factions of Europe that advocate a *Mittleuropa* policy and which perceives the United States as its primary enemy. This is directly relevant to the case of Libya's Qaddafi. Although personally protected by members of the Cuban and East German (Stasi) intelligence services, Qaddafi maintains Swiss-based Nazis as advisers, including: Swiss Nazi banker François Genoud, controller of former Algerian President Ahmed Ben Bella (see below), and his close associate, Nazi convert Ahmed Huber, who characterizes Qaddafi as "such a marvelous and romantic bedouin."

### **The Terror International apparatus**

Though at this point no one can determine whether Muammar Qaddafi or his prime minister Jalloud is the real master of Libya, an international capability for terrorism, subversion, and propaganda has been built over the years centered in Libya.

On the level of propaganda, especially around Qaddafi's

*Green Book*—which in fact was written by Sicilian lawyer Michele Papa—there are two main bodies: the External Relations Office of the Libyan People's Congress led by **Ahmed Shahati** and the Arab People's Congress led by **Omar el Hamdi**. Both organizations sponsored the founding in 1977, first in Malta, then in Barcelona, Spain, of the **Congress of the Mediterranean Progressive Socialist Organizations**, with a permanent secretariat manned by Libyans.

Backing up that apparatus are Libya's intelligence services, led by **General Boubakheir Younes**, whose operational and liaison departments are led by the two cousins, Said and Mansur Qaddafadam. Said was for several years the first secretary at Libya's embassy in London. He maintains a close liaison with one of Libya's most important operations abroad: the **Main Event** publishing house, led by former Liberal Party leader Louis Eaks, a.k.a. **Aziz Yaffi**, editor of the PFLP-connected *Free Palestine* periodical. This intelligence network is active right now in the Middle East, aiding in the coordination of activities between Libya's intelligence services and the Abu Nidal terrorist group based in Damascus.

In Lebanon, these groupings are involved in plotting the massacre of those Palestinians loyal to Yasser Arafat, in order to destroy the PLO as an organization representative of the Palestinian people. This deployment is the continuation of the Libyan policy behind the assassination of Palestinian leader Issam Sartawi in Lisbon by Abu Nidal's terrorists. It aims at dissolving the PLO into warring and radicalized units under the exclusive control of Tripoli, Damascus, and Moscow. Should the United States and the rest of the international community allow this to happen, the world will be drawn soon into a new Middle East conflict with unimaginable disastrous consequences.

Aside from the terrorist capability represented by Abu Nidal, et al. operating under partial Libyan sponsorship, Qaddafi has created his own **Islamic Legion**, whose first mission ended in failure in Uganda. Today the Islamic Legion is marauding throughout northern Chad, operating under the cover of the tribal forces of Libyan puppet Goukouni. In December 1980, the rebel Goukouni had been installed as Chad head of state by Libyan troops during a prior Libyan invasion of Chad.

Libya's latest aggression against Chad could result in the splitting up of that country, allowing Qaddafi to use it as a launching pad against the neighboring Central African Republic, Sudan, Cameroon, and Nigeria, as well as against Mali and Niger. In these countries as well as in southern Algeria, Qaddafi has control over the **Touareg** bedouin tribes along the so-called Qaddafi path linking Libya to the Western Sahara and the Atlantic coast. In his plans for expansion, Qaddafi is following the old dream of an "Islamic Caliphate" to be led by Libya's Sufi warrior Order of the Senussiyya of which Qaddafi is rumored to be a member—as was former King Idriss. Goukouni's father was a close friend of the head of this order.

Since the last coup of Captain Rawlings, Ghana has been

a Libyan outpost in Western Africa, a role confirmed last April when the Rawlings attended a “*Green Book* conference in Tripoli” during Easter. According to well-informed Western African sources, Ghana has become a serious security threat to the Ivory Coast, Togo, Benin, and even Nigeria.

Ongoing investigations by the Northern African nations of Morocco, Algeria, and Tunisia are revealing the Libyan hand behind Islamic fundamentalist networks which, although not representing an immediate danger of general subversion, are being groomed as potential terrorist commandos for individual terrorist actions, or for operations of the kind launched in Gafsa (Tunisia) three years ago. Individuals of these various countries, especially recruited in the immigrant-milieus in Europe, are being trained in Libya; arms smuggling networks are being intensified via the “Qaddafi path” or other more direct roads.

Broader operations against Northern Africa are more blatant in the case of former Algerian president Ahmed Ben Bella, a protégé of François Genoud and admirer of Iran’s Khomeini. Ben Bella is currently a paid agent of Qaddafi, with whom he visits regularly in Tripoli. With Libyan money, Ben Bella has put together a French- and Swiss-based terrorist apparatus which interconnects the old network of the Trotskyist Fourth International of Michel Raptis, a.k.a. Michel Pablo, in Paris and in the Maghreb. This network includes Jacques Verges, a.k.a. Jacques Mansur, the lawyer of the now-apprehended Gestapo butcher Klaus Barbie.

### Qaddafi’s European friends

To understand how it was possible for the car of U.S. Vice-President George Bush to be attacked on June 25 in West Germany by a group of greenies, one has to look toward Tripoli and its longstanding and self-avowed relationship with West Germany’s Green Party. To understand how it was possible later in the evening for the leaders of the Green Party to be seated a few meters away from Bush in the German government-sponsored state banquet, one has to look also toward Tripoli and toward one of Qaddafi’s best agents in West Germany, Foreign Minister Hans-Dietrich Genscher, who has over the past few months released from jail all Libyan agents condemned by the German courts for assassinations or assassination-attempts against Libyan opponents in Germany. Genscher’s release of Libyan terrorists is also consistent with his decision to dispatch arms and drug smuggler Sadeh Tabatabai on a plane out of Germany—a few hours before the German courts condemned Tabatabai to prison for drug smuggling.

Supported now most openly by Moscow and the GDR, the Green Party of **Petra Kelly** and **Otto Schily**, and of former Nazi Vogel has for years developed close relations with Qaddafi on the basis of common ideological beliefs as developed in the *Green Book*. A key mediator in that relationship was R. Langer, leader of the South Tyrolian secessionist movement and a key European leader of the ecology movement. It was Langer who introduced Qaddafi to Schily,

as well as to other members of the Green Party. The relationship was made official in spring 1982 during the Qaddafi visit to Europe where, under the sponsorship of then Austrian Chancellor Bruno Kreisky, Qaddafi met in Vienna with the entire leadership of the European greenie movement. A concrete result of that connection was the establishment of the **North/South Gesellschaft** in Salzburg and the **Progress-Communication** public relations firm of Vienna led by one Zepphauer. Both the N/S association as well as the Pro-Com firm are cover-operations for the laundering of Libyan money into the greenies’ coffers, under the guise of promoting trade and tourism with Libya.

This is complementary to Libya’s involvement with European-based separatist movements, best represented by Langer. Langer presently is planning the establishment in coming months of a European federation of minorities, linking up minority-oriented organizations from Northern and Southern Europe. Preliminary meetings took place to that effect in April in Brussels and in Bolzano, Italy. Together, on a common platform, the “European ethnics and minorities” and the ecologist movement throughout Europe, plan to run for the 1984 European parliamentary elections.

A key driving force in that operation is the Barcelona based **CIEMEN** organization created in the late 1970s as a Center of Study of European Ethnic Groups and Minorities. Its founder, **Father Aurilli Argemi**, is based out of the **Abbaye St. Michel de Cuxa** at the French/Spanish border and leads a network with extensions throughout Southern Europe, from southern France to Italy, to Corsica, Sicily, and Sardinia. In Spain, the CIEMEN, which is known to be financed by Libya, works for the “autonomy” and ultimate “independence” of Andalucia, as well as with the Basque terrorist ETA. The Abbaye St. Michel de Cuxa has also been regularly used by Kurdish groups as well as by left-wing terrorist groups of the GARI and GRAPO. The CIEMEN operation in Sardinia, as *EIR* will detail in coming weeks, has been based on Libyan financial and military support, as Sardinian judges are now in a position to prove. In Sicily, these operations interconnect those of **Michele Papa**, leader of the **Sicilian-Libyan Friendship Association**, a front organization for the local mafia and the Nazi International network of the MSI.

In the case of Spain, France, and Italy, it is interesting to note that these Libyan-backed separatist movements often interconnect with the networks of the **Muslim Brotherhood**. In Spain, the CIEMEN works with the Andalucian Liberation Front, which is a key element in the project of the **Association for the Return of Islam** for an Islamic Republic of Andalucia. In France, separatists and greenies are to be found working in close association to the apparatus of Ahmed Ben Bella, who served for two years as a liaison between the German Green Party and Qaddafi. In Italy, Sicily, or Sardinia, Libya is fostering separatism as a way of leading toward the re-Islamization of these islands; Michele Papa himself is rumored to have converted to Islam.



## Pledging security, but boosting the IMF

by Susan Maitra in New Delhi

U.S. Secretary of State George Shultz's major objective on his just completed 10-day tour of Asia was to mend frayed ties with India and the nations of Southeast Asia. In this effort, Shultz focused above all on concessions—some real, some fictitious—on various particular regional security issues, e.g., ameliorating Henry Kissinger's notorious "Pakistan tilt" against India. However, Shultz completely stonewalled on what is really the major security issue in the region: the potential for social instability in Asian countries due to the world trade depression. Regarding the latter problem, Shultz simply forecast that U.S. "recovery" would eventually solve the problem, suggesting, in the meantime, that countries accept nation-killing International Monetary Fund (IMF) austerity conditionalities.

Therefore, while this trip has, in the opinion of Asian officials, produced both genuine and merely public relations victories for American influence in the region, that improvement may be undermined down the road in the face of growing economic turmoil.

### Southeast Asians don't believe recovery

The major issues in Shultz's first stop, Southeast Asia, are Kampuchea and the fact that, in the last six weeks, the depression has forced country after country to slash billions from their industrial development programs.

At a June 25 stop in the Philippines, Shultz told President Ferdinand Marcos to continue "economic adjustment," such as investment cutbacks and the recently announced peso devaluation. Shultz then flew to Bangkok, Thailand for an 11-nation meeting hosted by the foreign ministers of the Association of South East Asian Nations (ASEAN) which includes Indonesia, Philippines, Thailand, Singapore, and Malaysia.

The ministers told Shultz they didn't believe in reliance on the weak "U.S. recovery." Rather, the ASEAN ministers insisted in their own communiqué, "For global recovery to materialize and endure, it is imperative to . . . revitalize the development process and especially to accelerate economic growth in the developing countries." Shultz stuck with proposals for further IMF-style "adjustment," and opening the door to more American private investment.

Regarding Kampuchea, Shultz echoed Peking's long-standing tactic of keeping the Kampuchea fighting going in order to "bleed" Vietnam. After raising suddenly discovered

"evidence" of Vietnamese "colonization" of Kampuchea, Shultz urged the ASEAN nations to resist talks with Vietnam since "time was on their side." Due to Shultz' pressure—as well as other factors—the ASEAN ministers backtracked on terms of a June meeting between Thai Foreign Minister Siddhi Savetsila and Vietnamese Foreign Minister Nguyen Co Thach, raising new preconditions to any Siddhi visit to Hanoi for talks on Kampuchea and other issues.

In regard to the Indian subcontinent, President Reagan has been trying to end the previous U.S. presumption that America could have good relations with *either* India *or* Pakistan, usually choosing Pakistan. Reagan has been trying both to solidify a misguided strategic alignment, not with Pakistan as such, but with Pakistani dictator Zia ul-Haq—an alignment designed by Henry Kissinger—while also attempting to improve cooperation with Indian Prime Minister Indira Gandhi. For her part, Gandhi—both as head of state and as leader of the 101 members of the Non-Aligned Movement—has tried to engage Reagan in cooperative efforts on a number of international strategic and economic issues, as well as bilateral cooperation, without jeopardizing India's proud independence.

The still-fragile relationship between India and the United States received a jolt just before Shultz's arrival. An unfortunate offhand comment by U.S. Ambassador Harry Barnes on the subject of U.S. granting of visa status to "Khalistan" separatist fanatic Jaghit Singh Chauhan provoked a furor, including calls for Barnes' removal and the first ever demonstration by the ruling party, i.e., the Congress-I Party, at the U.S. Embassy. With the White House determined to make the visit succeed, Shultz stepped off the plane and declared, "I want to emphasize that the Reagan administration is fully committed to the unity and territorial integrity of India."

Shultz also announced that the United States would meet India's request for spare parts for the Tarapur nuclear facility, which Reagan had decided to provide over objections from some U.S. Congressmen.

On the other hand, Shultz rebuffed the proposal of Mrs. Gandhi and the Non-Aligned Movement to deal with the international economic crisis through a worldwide conference on monetary reform and Third World development. Asked by *EIR* about this proposal, as well as U.S.-Indian differences on whether or not the integrity of the IMF can be challenged in any such conference, the secretary responded emphatically that the integrity of the IMF must be maintained, and sidestepped a response on the conference proposal.

Proceeding next to Pakistan, Shultz and Zia discussed stepped-up coordination around Afghanistan and the Middle East. Following the meeting, Zia told the press it would take a long time before any negotiations with the Soviets on Afghanistan yielded results. Shultz was very careful to repeat in Pakistan that the United States valued ties with *both* India and Pakistan, and that the United States is interested in promoting improved relations *between* Indian and Pakistan.

# NATO's fifth column targets beam weapons

by Herbert Quinde

Petra Kelly and her KGB-linked Green Party associates could not have done more to sabotage the North Atlantic Assembly (NAA) as an organization for the security of the West than was accomplished by the ostensible NATO advocates who attended the NAA conference in Copenhagen June 9-13. The NAA, composed of parliamentarians from NATO member countries responsible for representing NATO security interests in their respective legislatures, ended its meeting by adopting a resolution to ban space-based weapons, preventing for the present European participation in developing the space-based ballistic missile defense (BMD) proposed by President Reagan March 23.

Assembly organizers had predetermined that President Reagan's initiative would be buried in silence. Jeff Seabright, full-time director of the NAA Military Committee, revealed prior to the meeting that "our position is clearly stated in the resolution we proposed for banning space-based weapons. The issue will die down. . . ."

Klaas de Vries, a Dutch Christian Democratic member of the First Chamber of the States-General, was even clearer on the assembly's tactics of sabotaging the national political and economic mobilizations that would be necessary to develop beam weapons. De Vries, claiming to endorse Reagan's "positive proposal," then stated, "Reagan should have just started developing these weapons quietly instead of announcing it to the general public. Now he has given a target to the entire West European peace movement."

At the conference, Sen. Charles Mathias of Maryland, chairman of the U.S. Senate delegation which also included Claiborne Pell (R-R.I.) and Larry Pressler (R-S.D.), argued that NATO must develop new mechanisms for action to deal with the explosive situation in the developing sector—particularly the dangers inherent in the international debt crisis. NATO must establish a new "diplomacy of deterrence" toward the Third World, "our prime market." The threat to the advanced sector's relations with the Third World does not lie in Soviet influence, Mathias said, but in the Third World's "nature" which needs greater interdependence with the North. Senator Pell, the only member of the Malthusian Club of Rome in the U.S. Congress, played a decisive role in NAA's adoption of the resolution for banning space weapons.

Comment on space-based nuclear defense was left to Thomas-Henri Lefebvre, a Canadian Liberal Party member of parliament. When a scheduled guest speaker on the subject

failed to appear, Lefebvre, general rapporteur of the NAA's Scientific and Technical Committee (STC) and author of a highly questionable report on the alleged effects of acid rain, reiterated for the assembly the anti-beam weapons arguments of British Conservative Party member of parliament Robert Banks (see *EIR*, May 17), now a standard text of the peace movement.

The report accepted by the NAA conference shows that the attendees are aware how rapidly the U.S. policy change would alter the strategy of international confrontation that has prevailed since the death of Franklin Roosevelt. "The six months since the the STC's 1982 'Information Document on the Technology of Military Space Systems' has seen a continued high level of activity in both general research and specific military uses of the outer space environment. Perhaps the most visible and controversial element of this activity was President Reagan's March 23, 1983 address. . . . The President spoke of developing a system based on current research into 'exotic' techniques of anti-ballistic missile (ABM) defense. His call for a concerted national drive similar to that of the Apollo space program or Manhattan Bomb Project has evoked considerable discussion . . . on comprehensive ballistic missile defense."

Lefebvre acknowledged that the development of beam weapons would help revitalize the civilian economy through spin-off technologies, but gave a list of arguments on why such development was impossible—coherent with the nuclear freeze movement's opposition to changing the world strategic situation by ending the depression. Lefebvre asserted that it would be 20 to 30 years before an ABM defense could be deployed, and that such a system would require the abrogation of the 1972 ABM Treaty. Such a defense policy, he went on, would create a "dangerous and divisive current within the alliance and promote decoupling," and would "create the illusion of a technological fix . . . [for] superpower confrontation."

The depth of disinformation in both Lefebvre's and Banks's work was demonstrated when Michel Veillette, also a member of the Canadian parliament, pointed out at the November 1982 NAA's STC meeting in London that Banks's statement that Soviet aerospace technology was 8 to 10 years behind that of the West was "incorrect," and in fact a lie. In the case of aerodynamics and directed energy, explained Veillette, the Soviet Union has caught up with the United States, something also true for almost the entire aerospace field.

The only glimmer of recognition of the danger of the international strategic situation was U.S. Rep. Elliot Levitas's response when Swedish Prime Minister Olof Palme told the plenary session that Europe must become a "nuclear free zone." Incensed, Levitas told the assembly: "The worst problem we are facing is false illusions. . . . Palme shows us what depth these things can go to. A man who had Soviet submarines crawling up to his harbors is treating them as visitors on some kind of pleasure trip."

# Italian elections: disaster for Christian Democrats, trouble for PSI, gain for POE

by Paolo Raimondi in Milan

When the final results of the Italian elections were reported on television June 27, it was clear to everyone that Italy would soon hold elections again—probably within a few months. And it is equally evident to the average observer that the huge shakeup of not only the Christian Democracy (DC) but also of the entire postwar parliamentary system which is centered on the role of the Christian Democracy, will assure an even more brutal and violent continuation of Yuri Andropov's and the Trilateral Commission's destabilization of Italy.

But that is only the most obvious analysis of the election results. Everybody knows that Italy has been for centuries the locale of political intrigues and conspiracies, and the only way to understand this election campaign is to reveal its secrets. The best way to do this is to examine the role and initiatives of the Partito Operaio Europeo (European Labor Party—POE) in the campaign. The POE, the only party not controlled by masonic and Jesuit networks and therefore actually independent, shaped the electoral debate by its unpredictable actions.

It is necessary to note first that all the historical parties, starting with the DC, not only lost votes but their credibility with the electorate as well. The 5 percent drop in votes for the Christian Democrats, the party of former Prime Minister Alcide De Gasperi which rebuilt Italy as an industrial nation in the postwar period under the influence of Enrico Mattei and Pope Paul VI, will create an identity crisis in large parts of the population. But this loss of votes happened because, after the appointment of its new secretary-general Ciriaco De Mita, the Christian Democracy has been taken over from top to bottom by the Freemasons, abandoning most of the Catholic principles which made it a vehicle for policies of progress and development.

The signal for this transformation was the DC's decision to run Guido Carli, former governor of the Bank of Italy and the choice of the oligarchical-masonic forces which have regrouped around Venice, as a candidate for the senate in Milan. Carli was no ordinary candidate: he is a member of the Comité Monte Carlo masonic lodge, of the Propaganda-2 masonic lodge of Licio Gelli, and of the Great Lodge of London, the secret masonic society of international bankers which was involved in the decision to eliminate Banco Ambrosiano head Roberto Calvi to keep him from talking.

Carli was also the candidate of the International Monetary

Fund and Bank for International Settlements, which institutions saw in him the man who would impose brutal austerity on Italy. The preceding government, dominated by the Christian Democracy, had already destroyed the Italian economy. Instead of launching the production of nuclear plants, so necessary to national energy independence, the DC government cooperated with the European Commission of Brussels to dismantle the high-technology sectors of the economy, starting with steel.

## Fighting the IMF

The defeat of the DC must be understood as a popular rejection of the IMF policy. From the moment it became clear that Carli would become the Christian Democratic candidate, the POE launched a very pointed campaign. Revealing Carli's past and assuring his downfall could create a precedent which would give pause to all the proponents of austerity. The POE made the cadaverous visage of Carli a vampire's head on posters. The Carli vampire appeared on the walls of the major cities for weeks. Sound cars on the streets of Milan, Rome, and other towns denounced Carli and the grip of the Freemasons on the DC. Since the vote, Carli has maintained silence, because he registered one of the bloodiest defeats in the country: He lost nearly 11 percent in his district, or more than 10,000 votes.

Contrary to what the press generally reported, the Italian Socialist Party of Bettino Craxi also suffered losses—a development of the greatest satisfaction to the POE and the forces fighting to defend the republican constitution. Although it has been reported that the PSI gained 1.5 percent nationwide, the environmentalist-terrorist Radical Party of Marco Pannella lost a similar percentage in favor of the Socialists. In the big northern cities, the PSI suffered heavy losses, which were compensated for by advances in the South, which only confirms the tendency of the Socialist Party to work with the mafia in elections.

In Milan, Craxi's stronghold, for example, the PSI lost its position of third biggest party in favor of the small Republican Party. In Turin Craxi suffered a defeat because all the socialist and communist members of the local government had been exposed as guilty of illegal financial operations misusing public funds. In the Genoa region, where all the PSI leaders have been imprisoned for crimes linked to the

drug traffic or the Propaganda-2 lodge, Craxi also was hit with humiliating setbacks.

Craxi has reason to believe that the POE is primarily responsible for his defeat. Since the beginning of the campaign, another POE poster, with the word WANTED appears above the photos of Kissinger and Craxi, was plastered all over the walls of Rome and Milan, enabling hundreds of thousands to read the list of crimes committed by these two agents of the Trilateral Commission. The POE let all Italy know that the political crisis and the elections were provoked by Craxi and Henry Kissinger. To make its campaign effective and visible, the POE hung hundreds of posters at a time in the busiest areas in the big cities. Craxi immediately realized that this political intervention would completely undermine his campaign, and losing his usual outward composure, he sued the POE for slander, making the mistake of giving the POE poster national importance.

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*It is easy to understand that a party, although small, which has ideas and courage can give hope back to a people terrified by national crisis. The POE method shocked the electors by ridiculing those who were plotting against the Italian republic, attacked the population's prejudices, and forced the voters to change their sheeplike politics. The Propaganda-2 circles were visibly worried by the quality of the POE's ticket.*

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### **The Communists hang themselves**

As for the Communist Party, its joy at the DC upset was the sniggering of a person putting the rope around his own neck before being hanged. In fact, in relation to 1979, the Communist Party lost 1.3 percent, even after adding the proto-terrorist ultra-leftists of the Manifesto group to its slate. Berlinguer's policy was to attempt to hand votes to the Socialists, after the model of the machinations of the French left which helped elect François Mitterrand in 1981. That failed, and Berlinguer succeeded only in discrediting himself before labor.

The PCI in fact consciously abandoned the factories and the workers to themselves to turn toward the homosexuals, lesbians, feminists, pacifists, ecologists, and all kinds of

deviants for their votes.

The only other party that gained votes, aside from the dangerous success of the fascist MSI in attracting protest votes, was the Republican Party of Giovanni Spadolini, the former prime minister who had at least partially contributed to the fight against the P-2 lodge in 1981 when it was mobilizing both left- and right-wing terrorists to create such chaos in Italy that a coup d'état could be attempted. But the Republicans' gain from 2.2 to 5.2 percent on a national scale does not change the political balance of power in the country.

### **Ideas and courage**

The role of the POE grew throughout the campaign. It is easy to understand that a party, although small, which has ideas and courage can give hope back to a people terrified by the national crisis. The POE received 10,000 votes, the equivalent of 0.2 percent in the Rome, Milan, and Brescia districts where it ran candidates. In many neighborhoods, the party registered 30 to 40 percent more votes than in previous elections.

In reality, the POE would have obtained several tens of thousands of votes if election fraud could have been prevented. The most significant sabotage of the POE campaign was done by the press, which is totally controlled by financiers of the P-2 lodge, as the POE has long charged. The P-2 circles were visibly worried by the quality of the POE's ticket, which included Gen. Giulio Macri, the Italian beam weapons specialist, nuclear engineers, and others.

The POE method shocked the electors by ridiculing those who were plotting against the Italian republic, attacked the population's prejudices, and forced the voters to change of their sheeplike politics. Thousands of voters still recall with delight how the POE surrounded the press building in Milan with toilet paper.

Another special target of the POE were the Jesuits and Freemasons who pull the strings in Italian politics. Any witness to the POE's skits and statements made in front of the Jesuit Gregorian University in Rome, or at the San Fedele, the Jesuit center in Milan, has a very different perception of Italian politics afterwards than they did before. The entire political elite of Italy can be seen parading in these lofty Jesuit headquarters. Christian Democratic Vice-Secretary Mazzotta and Bettino Craxi are habitués; Carli is essentially a member of the household.

The POE will now work to expose and deflate the operations against the Italian government and institutions slated for this fall, at the same time as the planned violence of the "peace" movement in Germany and the rest of Europe. The election of terrorist manipulator Toni Negri on Pannella's Radical Party ticket is a warning signal of the dangerous situation developing. The message of the terrorists is clear: "Kill leaders like Aldo Moro, terrorize, destabilize, and then you will be elected to Parliament"—a warning that Italians would do well to heed about the success of the fascist MSI party.

# World Council of Churches meeting: instrument of Eastern rites' control

by Karen Steinherz

The mountain-bound Vancouver campus of the University of British Columbia will be the setting for a gigantic operation to carry the Eastern matrix of anti-scientific ideology into the West: The Geneva-based World Council of Churches (WCC) will hold its Sixth Supreme Legislative Assembly there from July 24 to Aug. 12. At work among the delegates of the world's largest representational Christian body will be leaders of the Eastern Orthodox churches—and the KGB, who have in fact set the agenda for the assembly.

These priests—and their colleagues in the not-so-spiritual empire that links the Orthodox monasteries of Mount Athos, Greece, to KGB headquarters in Dzerzhinski Square—have high hopes that Vancouver will be a turning point toward the ascendancy of the cult ethos of the Eastern Orthodox rites over progress-oriented Western Christianity. They will receive an assist from NBC television, which will present a special on the Russian Orthodox Church, which will be shown on July 17, and again on opening night.

What exactly do these clerics have in mind? The intention was well-expressed in a series of proposals that the 1976 Pan-Orthodox convention issued to the WCC. They were edited by Todor Sabev, a Bulgarian who went on to become a deputy general secretary of the World Council of Churches. The key proposals were:

- They could . . . endorse the following statements: a liturgical use of the material world . . . a transformation of society into *koinonia* [community], of consumerism into an ascetic attitude toward the creation and the restoration of human dignity. "Asceticism" means two things here: the most wretched sort of poverty, and the transformation of the victims of this poverty into fundamentalist psychotics.

- The abolition of the *filioque* clause from the statement of religious belief. This is the section of the Nicene Creed which states that the Holy Spirit proceeds from the Father *and the Son*. The rejection of the *filioque* was the basis upon which the Constantinople-led churches split Christendom in 1054. Affirmation of the historical Christ according to the Nicene Creed precludes the "direct encounter with God" forms of gnostic cultism which are now so common. It also means that the individual must imitate Christ, who was both man and God, and use the powers of human reason to unlock the lawfulness of nature for the purpose of increasing man's dominion over the earth. This is anathema to the oligarchical method of rule, whether enforced by hooded monks or the International Monetary Fund.

The WCC's Protestant components have been prepared to be culturally body-snatched by their Eastern brethren.

The assembly's 4,000 participants, of which at least 900 will be delegates (from the 301 member churches), include Reformed, Anglican, Protestant, Pentecostal, and Old Catholic traditions. The United States, with 28 member churches, is the largest bloc in the World Council of Churches. The Orthodox bloc constitutes 15 member churches—which represent a quarter of the entire WCC member population.

The Roman Catholic Church, which is not an official member of the WCC, is sending two delegates; one is Father Hotchkins of the Ecumenical Office of the National Council of Catholic Bishops in Washington. A large number of Catholics sit unofficially on WCC commissions, and many Catholics will speak at the conference. Listening to the allegedly Catholic Hotchkins give one a fair idea of what sort of "ecumenical" creature is hatching under the wing of the WCC:

What a terrifying world it would be if science had managed to cure all . . . existing problems . . .

## At the Creation of the WCC

*The following is a quotation from Metropolitan Dorotheos of Brussa, who presided over the Holy Synod of the Church of Constantinople—the Ecumenical Patriarchate—which met on Jan. 10, 1919, where the official decision was made to issue an invitation to all Christian churches to form a "league of churches."*

I think the time has already come for the Orthodox Church to consider seriously the matter of union of the different Christian churches, especially that with the Anglican, the Old Catholic, and the Armenian churches. As the most significant announcement and recommendation for union of the different nations in a League of Nations have come from the great Republic of the United States of America in the Western world, so also the most significant announcement and recommendation for the study on the approach and the union of the different Christian denominations in a League of Churches ought to come from the Great Church of Constantinople in the East. Our Church therefore should take the initiative and after a thorough study on this subject give the impetus for the union of all churches in Christian love.



*The November 1982 issue of the WCC's monthly magazine, One World, showed Metropolitan Theocris of the Romanian Orthodox Church, Metropolitan Filaret of the Russian Orthodox Church, and Metropolitan Peter of the Greek Orthodox Patriarchate of Alexandria, at a pan-Orthodox meeting in September 1982 in Geneva.*

wouldn't it be a scary world. . . . The poor know something, some values that we don't know. . . .

The WCC leadership exerts a strong influence upon the American Catholic Church; it was partly responsible for the acceptance of the bishops' pro-nuclear-freeze "Pastoral Letter on War and Peace" this May.

Protopresbyter Vitaly Borovoy, Russian Orthodox theologian and official representative of the Moscow Patriarchate at the WCC, Metropolitan Chrysostomos of the Ecumenical Patriarchate in Constantinople, and Paulos Mar Gregorios of the Syrian Orthodox Church in India, are three of the Orthodox speakers scheduled for the conference.

Borovoy had been present in the conference hall of the publishing department of the Moscow Patriarchate on Sept. 15-16, 1982 when a briefing was held for representatives of the Christian churches of the Soviet Union, in preparation for the Sixth Assembly of the World Council, and presented an in-depth account of activities of the WCC before the Sixth Assembly. Reports were given by Orthodox members of the Central Committee on "social justice," "doctrine," relations between the Russian Orthodox to the other Eastern Orthodox churches, and plans for coordination for the October visit to Moscow by a Geneva-based WCC ecumenical team.

Gregorios will be leading classes and attending meetings throughout the conference. Gregorios functions as a crucial figure in the Russian Orthodox Church in his capacity as a

member of the elite working committee of the "World Workers Against Nuclear Catastrophe," which has the following origins:

In May 1982, at the "World Conference for Religious Workers for Saving the Sacred Gift of Life from Nuclear Catastrophe," the Patriarch of the Russian Orthodox Church, Pimen, attacked the not yet announced ballistic missile defense policy of the United States, which Ronald Reagan announced March 23, 1983, saying, "The fact of proposing the creation of space-based anti-missile defense systems is not the only danger. . . . Military experts confirm that it is absolutely possible to install laser weapons and radioactive armaments in space. . . . It would be very opportune to include the treaty approved by the U.N. General Assembly prohibiting the installation of space-based weapons of any kind."

Pimen proceeded to set up his "World Workers" working committee, of which Gregorios is a ranking member. As part of his job, Gregorios spent two months in the Soviet Union, meeting with Borovoy and others, to coordinate Eastern Orthodox input into Vancouver. Gregorios, who is one of the most active members of the 145-person central committee of the WCC, is a prime candidate for the position of moderator, or chief of the central committee, a position second in importance only to that of General Secretary now held by Philip Potter. Potter's term is not up until the summer of 1985.

Gregorios will be "visiting scholar in residence" at the Pacific School of Religion of General Theological Union in Berkeley, California from June 27 until July 15, to participate in a conference which is one of the feeder events into the Vancouver affair. It features a week of events bearing the theme "Justice and Love . . . and Nuclear Disarmament."

General Theological Union is the home of the "New Religions Project" of Prof. Jacob Needleman. Needleman chaired a June 24-26 seminar at Fordham University in New York on Eastern Orthodox spirituality—conducted mostly by persons who, like Needleman, had lived on Mount Athos, the Eastern Orthodox command center for cultism.

## The road to Vancouver

In 1976, at the first pre-Conciliar Pan-Orthodox conference of the World Council of Churches, the Orthodox bloc of 15 member churches started making their presence in the Council felt. With Patriarch Pimen of the Russian Orthodox Church presiding, the gauntlet was laid down to the Western churches in the following agenda for the World Council to consider:

- The World Council's ecumenical agenda emphasized "Western and Protestant priorities which were not necessarily relevant to the Orthodox understanding of life."
- Substantial increase in the number of Orthodox representatives in the General Assembly, the Central Committee, the Executive Committee, the Unit and Sub-unit committees, with particular emphasis on more representation in the Central Committee, given the historical importance of

Orthodox churches in the World Council deliberations.

- Full recognition of the Niceno-Constantinople Creed.
- Abandonment of the *filioque* clause (see above).
- Reciprocal visitation between churches to ensure

*eventual theological convergence* on the documents of the WCC.

- That the upcoming Sixth Assembly at Vancouver should choose an Orthodox theme—"Jesus Christ: the Life of the World" from an Orthodox viewpoint, i.e., Christ as humble sufferer.

- The setting up of a liturgical taskforce to prepare relevant kits and materials, including a liturgy book for use for the 900 delegates and the other 3,000 participants, and to see to it that the liturgy would express the ascetic conception of Christian worship referred to above.

### Primate Runcie

In Sofia in May 1981, Todor Sabev and the Orthodox Task Force of the WCC led a conference for Eastern churches hosted by the Bulgarians, to prepare for the Sixth Assembly. Important policymaking sub-units for the international body were set up.

At the same time in May that the Eastern Orthodox world was getting itself organized, the Archbishop of Canterbury, Robert Runcie, a leader of the WCC who is chief representative of the head of the Church of England, Queen Elizabeth, was in the United States. Runcie was coordinating the anti-science underpinnings of the peace movement, and meeting with Orthodox, Episcopalian, and Catholic officials, including Cardinals Cook and Cody. Runcie garnered support for the *Global 2000* and the Brandt Commission reports, the U.S. and Third World action programs, respectively, of the limited-resources and population-reduction preachers who have come to be known as "the genocide lobby." These reports had been installed in the White House by Cyrus Vance, a top-ranking Episcopalian, during the administration of Jimmy Carter. The Episcopalians, of course, are the American branch of the Church of England.

"I'm sure that *Global 2000* will be an extremely useful document," Runcie told reporters. "I hope to see a great deal of public discussion about it." Runcie also met at that time with outgoing World Bank head Robert McNamara, who had acted as a *Global 2000* consultant.

Prior to his elevation in January 1980, Runcie had been

## United Church of Christ shows WCC cult influence

For most, the barbarism of an Ayatollah Khomeini would bear little resemblance to the "spiritualistic revival" occurring among American Protestants. A look at what emerged from the 14th biennial synod of the United Church of Christ (UCC), one of the main American components of the World Council of Churches, in Pittsburgh last month might disabuse them.

There, the 750 delegates of the 1.7-million-member "mainstream" Protestant denomination listened to their president, Avery Post, promise civil disobedience in support of the nuclear freeze. They also deliberated over such issues as the ordination of practicing homosexuals, and the removal of all "sexist" references to the gender of God in the UCC Statement of Faith.

The synod was indistinguishable from a political party convention of ultra-liberals or greenies, except for the assertion that God ordains all their political stances—as verified by Biblical citations, affirmations of faith, and so forth. Anyone who dissented from the more radical proposals of the synod was stigmatized as being "out of tune with God."

The appearance at the synod of Kariken II, the Syrian-born but Oxford-trained leader of the Armenian Orthodox Church of Celicia, as a featured speaker served two pur-

poses—first, to promote the expected "ecumenical" thrust of the church toward the World Council (Kariken II is the vice-chairman of the central committee of the WCC), and second, to promote the peculiar Orthodox brand of spirituality.

The spiritualist revival stresses a Bible-and-family-centered "pietistic revival," which rejects the notion of man's ability, through the power of reason and science, to solve fundamental problems of society; religion relates only to matters of "personal salvation," premised on irrational "direct encounters" with an otherwise unknowable God.

Fundamentalism is only one current of the evangelical revival. "Charismatic renewal" is another current. So are radical commitments to the nuclear freeze, against nuclear power, and against nationalism.

Jaques Ellul, a leading "evangelical" spokesman from France, who was given his start attacking "the technological age" by Aldous Huxley and Robert Hutchins at the Center for the Study of Democratic Institutions, is currently masquerading as a leader within the "anti-World Council of Churches" current of this revival, to capture for the same irrationalism those who are repelled by the liberal reforms. A "dissident" grouping within the UCC, opposing the ordination of practicing homosexuals, had as its keynote speaker at the synod Don Bloesch of Duquesne University, who praised Ellul as the best spokesman of the "evangelical" revival. President Avery Post attended the rump meeting of the so-called dissidents at the synod.



the Anglican liaison to the Anglican-Eastern Rite Reunion. As his first official act as archbishop Primate Runcie "removed the notorious *filioque* clause from the Anglican Communion's Nicene Creed . . . to make himself acceptable to the Eastern Churches," as *The Times* of London put it.

Runcie's predecessor, William Temple, the "Red Archbishop" of York who was elevated to the post of Archbishop of Canterbury in 1942, came to America in 1935 and said: "It is likely there will have to be one more great conflict in Europe to establish definitely once and for all an international authority." Temple was active in the founding of both the WCC and the United Nations.

## The Round Table

The World Council of Churches was set up under a deal between the Ecumenical Patriarchate of Eastern Orthodoxy, the British oligarchs that Runcie represents, and the Swedish oligarchy's Bishop, Nathan Söderblom. The Ecumenical Patriarch issued a statement on Jan. 10, 1919 calling for union. Although the official founding date was 1948, this 1919 collaboration is the actual starting point. Dr. D. H. Oldham, the Scots founder of the World Missionary Conference, was a go-between between Constantinople and the British Round Table during the 1920s. The Round Table, one of the chief secret societies of powerful British families including the Cecils, the Russells, the Howards, the Percys, and the royal family itself, was set up at the turn of the century by Cecil Rhodes to shape the world on behalf of British imperial interests. Dr. Oldham called the Round Table "my great educators."

Lord Lothian (Philip Kerr) became the executor of Rhodes's estate, and as personal aide to Prime Minister Lloyd George, was his delegate to the Versailles peace conference. Lothian, a nominal Catholic, had his own reasons for wanting a "league of Churches," as Oldham referred to it.

In 1938, Lord Lothian wrote "The Demonic Influence of National Sovereignty," demanding a one-world feudal structure, which was part of a series of publications by a Commission to Study the Bases of Just and Durable Peace. The Commission was set up by John Foster Dulles and Lothian and others at the Oxford Conference in 1937 of the embryonic World Council. Lothian was otherwise known as the (to quote the *New York Times*) Lothian . . . of the be-nice-to-Germany school . . . attending parties also attended by Adolf Hitler."

## Uppsala and the bishops' letter

The full implications of the World Council of Churches intervention into U.S. national security questions is seen in the process leading up to the ratification of the National Council of Catholic Bishops' Letter on "War and Peace" of this past May.

Archbishop Olaf Sundby, on the five-man Presidium of the World Council of Churches, organized "The Conference

on Life and Peace" which took place this past April in Uppsala, Sweden, just weeks prior to the American bishops' ratification of their pastoral letter.

Sundby is the religious-political heir to WCC founder Archbishop Söderblom. The "Life and Peace" event was attended by most of the Primates of the Anglican Communion, including Runcie's personal representative, and delegates from Sweden, the WCC office in Geneva, and Orthodox representatives. The conference condemned nuclear energy for both peaceful and wartime use. The final statement condemned the United States and called for total elimination of nuclear arms by 1990.

Four months prior to the Uppsala conference, in January, U.S. Lt. Gen. Brent Scowcroft had presided at the World Council of Churches hearings on the question of nuclear disarmament with Soviet researcher Alexei Arbatov. Arbatov and Scowcroft advised the thousands of assembled students and church delegates that they, according to Arbatov, "felt uncomfortable in this nuclear environment."

At Uppsala, Timothy Healey S.J. of Georgetown University read the at-that-time unratified third draft of the National Council of Catholic Bishops' (NCCB) pastoral letter on disarmament, to the wild approval of his audience.

The process of shaping the choices of the American bishops was in full swing. As Father Murnion, an American priest and a director of the National Council of Catholic Bishops' Pastoral Life Center, reported to this news service: "Uppsala was too radical for the American bishops. . . . In fact, Dougherty [assistant to Father Brian Hehir, foreign policy coordinator for the NCCB] was there, and he refused to sign the Uppsala statement. . . . The German bishops are too far right . . . the American Catholics are somewhere in the middle. . . . Uppsala forced us to choose."

In any case, Father Murnion went on to say, "McNamara and Bundy are happy with the way things worked out. . . . They feel that now they have something that they can work with. McNamara wrote to the Bishops in Washington along those lines."

With endorsements in hand from Uppsala, in May of 1983 Father Healey returned to the United States. The result: one or two weeks later at the Chicago convention of the NCCB, the third draft was ratified.

The full implications of Orthodox success at Vancouver and in the World Council are yet to be analyzed. It is the case, that now, having achieved full collaboration of the Offices of Pastoral Life, and the Office of Foreign Affairs of the National Council of Catholic Bishops, an unstoppable "ecumenical movement" seems to have been created.

A Pan-Orthodox Council, the first since the year 787 A.D., according to *One World*, WCC magazine published in Geneva, is in the works after the Sixth Assembly to discuss future plans; the cult-masters of the Eastern Church have been emboldened by the World Council's successes. The World Council will be in attendance.

## Was Calvi killed by the Swiss masonry?

*A British court accepts the homicide theory and orders new investigations; the POE and the Italian magistrates were right.*

The "open" verdict issued by the British court on the death of the banker Roberto Calvi and the order to reopen the investigation vindicates all those—such as European Labor Party (POE) secretary Fiorella Operto or the Milanese government prosecutor Pierluigi Dell'Osso—who always maintained that Calvi was murdered and that the orders for his death came from the Propaganda-2 masonic lodge.

Rightly, the British court's suspicions are pointing toward Flavio Carboni and Hans Albert Kunz, who organized Calvi's final tragic journey to London one year ago. Both Kunz and Carboni are known to be the weapons traffickers linked to the P-2 lodge, the deposed Savoy royal family of Italy, and the Swiss financial oligarchy which consistently protected their business and their highly suspect bank accounts. Carboni and his live-in mistress have never been able to explain, for example, how on earth their multiple bank accounts filled up with dollars the day after the assassination of Calvi, the president of the powerful Banco Ambrosiano.

The Swiss bankers of the "Alpine" masonic lodge should be able to explain, on the other hand, why their prize client Roberto Calvi, who made rivers of dollars flow from the Italian mafia into the Swiss banks, had become such a thorn in the side. He wanted to quit the game, to link up with Opus Dei, to betray the masonry, they said. Perhaps the Swiss had decided to get rid of Calvi and turn over the Ambrosiano empire to such trustworthy assets of the Venetian-Swiss

oligarchy as financier Carlo De Benedetti and former industrial association head Bruno Visentini.

One thing is clear: the macabre drama of Blackfriars Bridge of London, where Calvi's body was found hanged, was staged to place the blame entirely on the British masons. Now that the British and Swiss financiers have broken over such key issues as the Ibero-American debt bomb and the Andropov problem, the British court has not hesitated to raise the question of who lurks behind Kunz and his possible involvement in the Calvi murder. The answer to that question interests not only the City of London police and Judge Dell'Osso, but also Judge Carlo Palermo, who has been looking into the networks of ex-Nazis who sprout up all over the peaks of the Swiss banking world.

The President of Italy, Sandro Pertini, defended the magistrates recently at the funeral of Bruno Caccia, the State's Attorney of Turin murdered by the Red Brigades (or by the mafia). Pertini said: "The Italian magistracy has been on the front lines in the war against terrorism. It has demonstrated boldness and courage. You [magistrates], by defending the law against terrorism, are defending the freedom which has cost the Italian people so many sacrifices. In the name of the Italian people, I express to you all my gratitude."

Unfortunately, corruption of the Italian politicians has reached its acme, and they are not saying what Pertini says. Italian Socialist Party chief Bettino Craxi is following in the footsteps

of his godfather Henry Kissinger, who refused outright to meet with the Italian judges. Craxi conducted his recent electoral campaign by insulting and slandering the magistrates (only to be later indicted mafioso Teardo out of his party when the election was over).

Not one party has dared to come out in defense of Judge Carlo Palermo, who has been attacked and threatened by masonic lawyers, secret service agents, and gangsters of every variety. Yet his investigation has clarified many aspects of how the traffic in drugs and arms interacts at the international level, including the role of the Western secret services controlled by P-2 and that of the secret services of the East, not to mention the Nazi networks operating today in Switzerland and Bavaria.

The same can be said for Judge Calogero, betrayed even by the Italian Communist Party (PCI), which used to support him. The PCI ran on its electoral slate pro-terrorists who actually used the slogan "Negri to the House and the PCI to the Senate." Calogero has issued some 40 arrest warrants against Red Brigades "Professor" Antonio Negri and his gang of terrorists. Now he has to sit by and watch the immoral disgrace of Negri enjoying judicial immunity in the Italian parliament, where he was elected on the Radical Party ticket! Just as the judges are proving that from his insane mind came the orders which have caused Italy so much grief and bloodshed, Negri goes free.

The terrorist Negri must return to prison. The parliament must give the authorization, provided for in the constitution, for Negri's arrest. The judges must be protected, physically and politically, to carry out the crucial investigations that will keep Italy from falling into the clutches of Andropov and his friends in the Swiss masonry.

# International Intelligence

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## ***Nakasone helped by Diet vote, Reagan visit***

Japanese Prime Minister Nakasone is holding on to power much more strongly than many expert observers had thought. The latest boosts to his survival are the results of the June 26 elections to the Upper House of the Diet, and the announcement that President Reagan would make a visit to Japan in mid-November.

The June elections confounded some analysts who predicted Nakasone would suffer from the pacifist-minded voters because of his strong support for Reagan at the Williamsburg summit on the Euromissile issue. Instead, Nakasone's own popularity is rising in the polls, and the ruling Liberal Democratic Party (LDP) increased its majority by three seats despite a low voter turnout.

The timing of Reagan's visit in November also important for Nakasone. The Lockheed trial verdict on Nakasone's major supporter, former Prime Minister Kakuei Tanaka, will be issued Oct. 12. If, as expected, he is convicted, then the opposition parties will present a parliamentary motion for Tanaka's expulsion from the Diet. It is possible some of the LDP opponents to Nakasone and Tanaka may abstain, forcing Nakasone to defend Tanaka, hurting Nakasone's popularity, and possibly provoking a non-confidence vote. Nakasone can, however, argue that he should not be removed at that time since the U.S. President is about to arrive.

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## ***Peru probes links of foundations, terrorists***

The Peruvian interior ministry has announced that it is investigating links between international foundations and the Pol Pot-like terrorist group Sendero Luminoso ("Luminous Path"). The five groups now under investigation are the Canadian Overseas Service, the Swiss government's Covenant for Technical Cooperation, the Andean Promotion Workshop, the World University Agreement, and the International Potato Center.

Three Danish members of an interna-

tional support group for Indian separatism, the Movimiento Indigenista Tupac Amaru, were arrested in Andahuaylas, Peru, June 12 on charges of training Sendero guerrillas in the use of weapons and explosives.

Lima was visited in June by terrorist controller and promoter of indigenous separatist movements Jacques Soustelle.

Within Peru a debate has broken out between those who favor a "dialogue" with the terrorists, and those who oppose any concessions. The new head of the Jesuit's Community Development project (DESCO), Federico Velarde, condemned the government for going after the foundations, and said the government would fail against Sendero Luminoso, because it "didn't understand it." This is a dramatic reversal from his recently removed predecessor, who had condemned Sendero Luminoso for attempting to repeat in Peru, what Pol Pot had done to Kampuchea.

In a slap at Velarde, Peruvian Cardinal Landázzuri rejected any notion of dialogue with the terrorists, and said he would fight any effort to manipulate the Church.

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## ***U.S. consulate stumps for Mexican fascists***

The National Action Party (PAN), the group promoting a separatist movement in the north of Mexico, claims to have made significant gains in local elections July 3 in the northern states of Chihuahua and Durango. According to PAN spokesmen, their party has won the mayoralties of Chihuahua City, capital of the same state, and the cities of Gómez Palacio and Ciudad Lerdo in Durango, all important urban centers. The PAN also claims to have won most of the state assembly seats in Chihuahua.

Although final electoral results are to be released July 11, the candidate for the PRI ruling party in Chihuahua City has already conceded defeat.

An article in the daily *Excelsior* by columnist Manuel Buendía July 1, revealed that the U.S. consul in Ciudad Juárez, William Tinley, had aided the campaign of the PAN candidate for mayor, Javier Barríos Terrazas, with money, leaflets, film material, flags, bumper stickers and other electoral

paraphernalia.

The local Catholic hierarchy also collaborated in the campaign. Collusion between the PAN and FBI-U.S. State Department networks was exposed earlier this year in the neighboring state of Sonora.

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## ***Danish court rebuffs the ADL's slander***

In a ruling by the Copenhagen District Court, a journalist at the Danish Broadcasting Company, Peter Poulsen, was convicted of slander against the European Labor Party (EAP) in Denmark. Poulsen had referred to the EAP as "fascists" and "Nazis" in two broadcasts on radio on Oct. 31 and Nov. 14, 1981. After a detailed study of EAP publications, including the Swedish-language publication *Ny Solidaritet*, which had been presented as evidence by both parties in the trial, the court ruled that Poulsen's description of the EAP as a "fascist party" was completely unfounded.

This is the third time in recent years that the courts of a European nation have called to account and punished persons spreading "fascist anti-Semitic" slanders against organizations associated with Lyndon LaRouche, slanders which originated with the Anti-Defamation League and the *New York Times*.

Poulsen's slander of the EAP occurred in connection with the international campaign conducted by the EAP to shut down the Christiania drug center in Copenhagen.

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## ***The Pope in Poland: Whose triumph was it?***

Word has gone out on the circuits of the Shultz State Department's "Project Democracy," that Pope John Paul II's visit to Poland last month means a new lease on life for the banned Solidarnosc movement. Among those encouraged by that analysis is Yuri Andropov.

On June 30, Soviet party Central Committee International Section head Vadim Zagladin said on French radio that the Pope's visit "was a religious visit. This is a normal thing since there are many Catholics . . .

## Briefly

When people started to say in the West that it was a political visit, interference into internal Polish affairs, the Vatican immediately issued a denial." He also implied that the creation of Solidarnosc in 1980 was inevitable, due to the situation in Poland.

At the time, however, Lyndon LaRouche suggested in *EIR* that "the Polish 'solidarists' might turn out to have been a gambited pawn (or at most a gambited bishop) in somebody else's game." The KGB had its stake in Polish unrest, London intelligence circles had theirs, and the Polish wing of the international "solidarist" movement, operating under Catholic Church protection, had its own.

The same players are standing over the gameboard again in 1983.

The forces inside the Catholic Church that were always closest to the Russian Orthodox ideologues of "Moscow—The Third Rome" are also eyeing Poland. These Church circles, the Benedictine Order at their center, interlock with the Bavarian and Swiss "black oligarchy," families who cherish the age-old design of an empire in *Mittleuropa* (Central Europe). They and the Russians are, historically, the executioners of the Polish nation.

### **Britain looking for Argentina-Brazil rift**

The Defense Minister of Argentina, Julio Vivot, has accused British intelligence services of trying to create a climate of tension between his country and Brazil, through the issue of the landing of British planes en route to the Malvinas islands, reported Rio de Janeiro's daily *O Globo* July 1.

"We must not let ourselves be carried away by the warmongering action of the British intelligence services, whose intention is to launch Argentina against Brazil, and against Chile and Paraguay in order to separate us from Latin America," Vivot said during a radio interview in Argentina.

For several weeks there have been reports that British military cargo planes have been making refueling stops in Brazil. Brazilian government spokesmen have explained that British planes have been allowed to land in Brazil, but only because in each instance the aircraft was in distress.

British assets inside Brazil, however, have tried to play these landings as having the blessing of the Brazilian Air Force, a story also carried in the British media. The British press has also indicated there may be a geopolitical "deal" in the works to split Brazil away from the rest of the continent by promising lucrative contracts to Brazil's nascent aircraft industry.

*O Globo* said that the conciliatory position of the Argentine Defense Minister reflects the climate prevailing in the Argentine government concerning the issue. It added that the matter was examined fully during a meeting of the Argentine military junta and at another meeting of Argentine generals July 2.

### **Joint European Torus tokamak comes on line**

The Joint European Torus (JET) fusion research tokamak went on line June 25. The device, constructed by the European Atomic Agency (Euratom) in Culham, near Oxford (U.K.) is, from the standpoint of its physical dimensions, the biggest tokamak ever built. It is expected that it will be able to reach both the temperature (100 million degrees K) and the density multiplied by confinement time (Lawson criteria) for achieving breakeven, the threshold above which the fusion reaction produces more energy than it consumes.

The JET's main characteristics are of the same order of magnitude as Princeton's Tokamak Fusion Test Reactor (TFTR), the Japanese JT-60 and the Soviet T-15. All these machines are considered to be the last experimental step before an actual fusion prototype.

The machine is not yet able to reach very high temperatures, since the heating is done only by Joule effect of the current passing through the plasma. Additional heating devices (injection of an high energy neutral atom beam, micro-waves, electromagnetic oscillations, etc.) will be added next year and by 1986, the JET will reach its full power and be fed with a deuterium plasma. Finally in 1988, the JET will be fueled with a fusible deuterium-tritium mix which—given the temperature, density and confinement characteristics—should reach breakeven.

● **YASUHIRO NAKASONE** has written to Colombian president Belisario Betancur, concurring with Betancur's view of the international economic crisis, and stressing again that the economic recovery of the industrialized "North" is impossible without the development of the South. This is a point he stressed with great insistence at the Williamsburg summit, emphasized Nakasone. Nakasone's letter was a reply to a letter written to the heads of state of the OECD nations, by Betancur in his capacity as representative of the Ibero-American nations, reported the Colombian daily *La Republica* July 1.

● **AVIAZIONE**, the magazine of the Italian Air Force, has published a long article by Prof. Giuseppe Filippini of the Fusion Energy Foundation in Italy on the prospects for beam-weapons ABM defense. The piece by Filippini, a longtime collaborator of Lyndon LaRouche, is expected to create considerable controversy.

● **JOSEF STIMPFL**, the Bishop of Augsburg, sponsored a "Europe Day" at the Ottebeuren Benedictine monastery in Allgäu, West Germany, at the end of June. Present at the conference were Rainer Barzel, president of the West German Bundestag; Otto von Hapsburg; former West German Finance Minister Hans Matthöfer; and, representing Franz-Josef Strauss, the Bavarian Interior Minister Hillermeier.

● **BARQUISIMETO**, Venezuela, the third largest city in the country, was the scene of the founding of a Club of Life chapter on June 29.

● **ORLANDO GRADOS** Bertorini, Peruvian labor minister, announced his resignation in a meeting of the Council of Ministers June 24. Grados explained he does not agree with Finance Minister Carlos Rodríguez Pastor's policy of dismantling Peru's productive capacity.

## LaRouche intervenes in Washington policy crisis

by Warren J. Hamerman

On June 29, as the decayed structures of the “Old World” global monetary system threatened to detonate and as Yuri Andropov deployed his assets in the United States to attempt a “roll-back” of the Mutually Assured Survival strategic doctrine announced by President Reagan on March 23, *EIR* founder Lyndon H. LaRouche, Jr. delivered a special strategic briefing to 65 high-level diplomatic, governmental, and political representatives in Washington, D.C.

LaRouche, who chairs the National Democratic Policy Committee’s advisory committee, began his address to the audience, which included officials from more than 21 governments, by asserting that 16 months ago in Washington at an *EIR* conference, in February of 1982, he had introduced a proposed change in strategic doctrine and a new agenda for U.S.-Soviet relations. On March 23, President Reagan introduced a substantial portion of the military part of that proposal, and the administration is also proposing general negotiations with the U.S.S.R. of the type LaRouche advocated to end the era of thermonuclear terror.

LaRouche continued, “Another feature of my proposal, also echoed by Edward Teller, would eliminate not the means of war, but the reason for it. The era of stability in which we can attack the cause of war must be sought. Weapons do not cause war; people do. We have to change people to stop war. Changing people requires one thing. Every nation on this planet is immoral. My State Department is immoral—and probably also unlawful and intoxicating! Why? Because we are murdering more people through the International Monetary Fund and Bank for International Settlements than Adolf Hitler did. IMF conditionalities kill more people than Ausch-

witz. We cannot appeal to people’s morality to stop war. The only basis for peace is an agreement to cooperate in what Dr. Teller called ‘the common aims of mankind.’ Unless the U.S. implements this program, we are going to have a war.”

As LaRouche spoke the U.S. Congress was in the final stages of preparation for an anticipated middle of July approval in the Senate of the disastrous renomination of Paul A. Volcker as Federal Reserve chairman and a simultaneous House of Representatives approval of the \$8.5 billion U.S. quota increase to the International Monetary Fund. In fact, unknown to LaRouche at the time he was speaking, former Treasury secretaries—including John Sneider, C. Douglas Dillon, Henry Fowler, John Connally, George Shultz, G. William Miller, and Michael Blumenthal—had met with President Reagan the day before at the White House to intimidate him into making the U.S. the financial “backstop” of the bankrupt International Monetary Fund. When LaRouche subsequently heard of the White House blackmail session he commented: “The very same treasury secretaries who created the world financial mess now demand that the President ignore solving the mess. I consider anyone who accepts their advice to be a Benedict Arnold. If the advice of the former treasury secretaries is followed, then the American public had better get used to living in dire poverty and speaking Russian.”

In fact, at the very same time that certain administration officials were attempting to sell the credulous the hoax that the U.S. economy was experiencing a recovery, senior White House economic analysts were operating from scenarios projecting an 80 per cent probability that the Third World



Stuart Lewis/NSIPS

Lyndon H. LaRouche, Jr.

debt structures will blow out this summer. Even the Federal Reserve Board concedes a greater than 25 per cent chance of such a full-scale world monetary crisis this year.

At the Washington policy seminar on June 29 LaRouche outlined how the Russian Orthodox Church, effectively “the fourth arm of the Soviet government,” was deploying worldwide to prevent any global stability. For instance, the Russians are working together with Israeli “Lavie Project” operatives in Central America, an area of conflict which the United States mistakenly believes is a parallel to Vietnam. LaRouche emphasized that Central America is not another Vietnam but another Thirty Years’ War, in the exact sense that Friedrich Schiller wrote about the religious cult and depopulation aspects of the Thirty Years’ War.

In contrast to the dangers of imminent world war, LaRouche described how developments in laser and plasma research could transform the technological capacities of mankind. “We are at most two generations away from the point where one skilled worker will represent more productivity than the whole human race during the 19th century! But with this kind of power in sight, there is still material shortage on earth. The point this trouble began was 48 hours after the death of Franklin Delano Roosevelt. His policies were to create the ‘American Century.’ Enough of these 18th-century colonial methods! We ought to create sovereign nation states and develop these nations by American methods! However, after Roosevelt died, what happened? You had people like Bertrand Russell—one of the most evil people imaginable—propose conducting ‘preventive nuclear war.’ ”

## Era of madness

LaRouche proceeded to outline a conceptual history of the post-World War II strategic doctrine evolution from “Operation Dropshot” in 1947, through the Soviets’ development of their own fission and then the first fusion bomb, which transformed Bertrand Russell into a “pacifist,” and how Leo Szilard, McGeorge Bundy, Henry Kissinger, the Harrimans, the Morgans, and the Cabots proposed using thermonuclear weapons as weapons of terror to relieve tensions through “limited nuclear war”—MAD policies which became the official policies of the U.S. government and NATO. Then the Russell Association for World Government evolved into the Pugwash Conference, “which was from the beginning a ‘back channel’ to the Soviet Union for our Eastern Establishment—meaning the U.S. State Department and so forth.”

LaRouche laid out the fundamental aspects of the danger: “For 25 years these people have been sitting in back channels and manipulating policies of governments in the name of ‘peace’—i.e., MAD and deterrence—bringing us now to the edge of nuclear war. What Russell proposed was an Anglo-Saxon world empire—that’s what a world government is. . . . To understand what a world empire is, you must look at the real history, at the Chaldeans who set up the Babylonian Empire and then the Persian Empire. When that didn’t work, they cooked up a deal with the Oracle at Delphi to divide the Empire into an Eastern and Western Division—precisely what Pugwash proposed to the Soviet Union. They propose to divide the world into two divisions of empire, which will not work, as Alexander the Great demonstrated. We are now at the edge of war because the Soviet Union has adapted to, has colluded under the guise of detente to set up two empires.”

## The racist world empires

LaRouche demonstrated that the proposal could never work because both divisions of the world empire have always intensively “cheated” on one another. “Only a ‘One Empire’ or a ‘No Empire’ system can work. A ‘Two Empire’ system, with each cheating on the other, is a prescription for war. What’s the motivation of these characters who want to set up empires? Why, they are racists! They want to reduce the number of people whose skin color is not the ‘desired shade.’ ” LaRouche advised anyone who did not believe him to read Russell’s *Problems of Empire* or the books of Alexander King of NATO and the Club of Rome.

LaRouche continued: “The purpose of Malthusianism and the Club of Rome, the Aspen Institute, and the Ford Foundation is that they are nothing but racist institutions that wish to depopulate the parts of the world that the Anglo-Saxon race might need in the future. An empire is a means of regulating other races.” LaRouche traced the histories of Empires from the Chaldeans to Venice’s creation of the Ottoman Empire against the Paleologues, then the Hapsburgs, up through Volpe di Misurata and Alexander Helphand Parvus who set up the Russian revolutions of 1905 and 1907 for Venice. LaRouche also traced the way in which the Nazi and

terrorist networks from the Middle East through Pakistan are operating from Swiss and Venetian control today.

The effect of the evils committed by the empire and Nazi networks has been confounded, LaRouche stated, by the widespread problem of the incompetence of governments. LaRouche gave the example of Ronald Reagan, "a man whom I like as a person and would do everything I can to help him. However, it would take almost a miracle to make our government competent."

LaRouche also exposed the dangerous folly of the so-called Three-Empire game when the Anglo-Americans opened a back channel to Peking. Thus, one has some people working for the Anglo-Saxon empire, others the Russian Imperial Empire and others the Chinese empire—and all of them cheating on each other!

### Morality and statecraft

If minority percentages composed of the good elements from various governments around the world can be organized for the "common aims of mankind," LaRouche proposed, mankind may yet be saved. He concluded his speech by elaborating his proposals for the substance of such a program.

LaRouche asserted: "We must go back to the system developed in the 15th century of sovereign nation states—sovereign but acting from a 'community of principle' in the mutual benefit of each other for realizing technological power. We must begin to move in that direction so as to produce

a moral change in the world—and we, or at least our children, will be changed individually by that. Because life is short, if one concentrates on personal pleasures, these are taken into the grave and do not mean anything. But if someone dedicates his life to a sovereign, moral nation-state, this can assure that his life's contribution will mean something for future generations. The state must be dedicated to ensure that the good contributions of each citizen will mean something in the future. And, it is the same for entire nations, which also have a very short life in the span of history. What counts, then, is something higher than the individual nation—humanity as a whole; but just as the individual finds moral realization in the nation, so the nation finds moral realization in the furtherance of humanity as a whole. Therefore, if we can afford to each child a sense that that is the world order, that nations contribute to the common good of mankind and individuals contribute to the good of their nation—on that basis, we have morality.

"I spoke of the power that's within our reach. I have some good ideas about projects such as cutting a key canal in Asia and another in Central America. . . . However, what will really make this possible is *space*! We can have powered flight between planets by 2005, or at least 2015, if nations are committed to it. We could have colonies on the moon. Why? Because with that as our base, we can mine the surface of Mars for the materials needed for interplanetary powered flight.

## LaRouche: 'Yuri Andropov must negotiate seriously

*The following statement was issued by Lyndon H. LaRouche, Jr., Advisory Council Chairman, National Democratic Policy Committee, in Washington on July 7.*

Acting solely as a private citizen and public political figure of the United States, I have issued the following open challenge to the morality of Soviet General Secretary Yuri Andropov:

Secretary Andropov, you have stated repeatedly and falsely that you have been willing to negotiate seriously, whereas, you allege, President Ronald Reagan is not. On the contrary, you know that I know that it is you who have refused to negotiate, and therefore it is you who are plunging the world toward a new strategic missile-crisis and growing risk of a state of "launch-on-warning" between the two superpowers.

In February 1982, at a public two-day seminar held here, in Washington, D.C., I challenged both the Soviet Union and the United States to adopt a new strategic doctrine, by means of which the looming missile-crisis of late 1983 might be avoided. Your government, so far, has rejected this proposal, whereas, the President's declaration of March 23, 1983, proposed precisely that offer to your government. You denounced that offer from the President, but refused to allow the Soviet population to read what President Reagan offered within the Soviet press.

I am not blind to the fact that there are certain secondary difficulties in adopting such a new basis for negotiations. However, I insist that it is insane to continue, as you are, on that same course of strategic policy which has brought us to the present brink of thermonuclear war-fighting—the evil policies of the Pugwash Conferences, the policies of Nuclear Deterrence which created the present missile-crisis. Would it not be better to negotiate the secondary difficulties than to continue a Nuclear Deterrence policy which almost ensures a plunge into thermonuclear warfare?

I am also not ignorant of some of the other considerations affecting Soviet policy. You appear on the edge of gobbling up Germany through aid of old aristocrats and



“What’s important is bringing the affairs of earth into orbit so that people on earth know there is a moral purpose in the future to their existence, and to give a sense of limitless responsibility and possibility for humanity. To develop ourselves as a people we need to do these things with the idea of uplifting culture. . . . So the function of the United States and Soviet Union agreeing on the kind of military doctrine enunciated by Reagan—the significance is not to settle the danger of war with this crazy ‘détente’ of the two empire system—is for the U.S. and Soviet Union to take the initiative as leading powers to bring that kind of change into being, because it requires crash programs in technologies which will bring advances that can help us solve the problems of developing countries. Therefore, we can shape culture so that we do not make the same mistakes again.”

### The KGB’s assets on Capitol Hill

Ironically, the very day that LaRouche was speaking in Washington—June 29—one day *before* the FBI publicly announced that it was investigating “Debategate,” the same trumped-up scandal over the Carter campaign’s briefings in the 1980 electoral debates was the lead story on Moscow Domestic Television Service’s “World Today” news program. The story was also the lead on Moscow World Service radio broadcasts that night: denouncing Reagan’s crimes and praising the courageous American “press, representatives of the public, and the Congress” who were committed to pun-

church organizations. You have control over the Nuclear Freeze Movement in the United States, and apparently have significant direct or indirect control over not only the Democratic Party Chairman Charles T. Manatt, but also the Federal Bureau of Investigation (FBI). Perhaps you believe that with such assets as even the United States’s FBI working on your side against the President’s strategic doctrine, why should you negotiate anything, if Manatt et al. are about to deliver you the United States free of charge?

If that is your thinking—if you think you can gain support against President Reagan from the Democratic Party and FBI, you are playing a dangerous, possibly, suicidal game. You misread the American people. Once they see the Soviet Union “Finlandizing” West Germany and possibly also Italy and France, they will react to this as they did to the Dec. 7, 1941, bombing of Pearl Harbor by Japan.

You are letting something out of the bottle that even the magicians of Baku and Tashkent could never put back in again. Act to stop this nonsense now. Let the world know that you are sensible enough to accept the generous offer President Reagan extended on March 23, 1983. Prove that you are truly a man of peace.

ishing the President for his crimes. These are the Soviet media which had viciously attacked President Reagan’s March 23 shift away from the Kissinger-Harriman strategic doctrine of Mutually Assured Destruction toward the development and deployment of high-energy laser and particle beam defensive anti-missile systems.

“Debategate” is in actuality an Andropov deployment through KGB assets in the United States—such as the FBI, current chairman of the Democratic National Committee Charles “Banker” Manatt, and the media—to topple President Reagan by targeting the National Security Council, Central Intelligence Agency and key officials in charge of U.S. national security.

At the same time, over one quarter of the U.S. House of Representatives and 10 per cent of the U.S. Senate are official co-sponsors of a Congressional Joint Resolution (H.J.R. 120), initiated by Sen. Paul Tsongas (D-Mass.) and Rep. Joe Moakley (D-Mass.) which was written, in effect, in Moscow. One freshman Democrat member of the House of Representatives, sitting in his office on Capitol Hill, recently told me: “You have no idea how bad it is around here. A substantial number of the members of Congress would vote right now to begin dismantling our defense system; a lot of them would vote right now for unilateral disarmament!!!”

With some 45 additional co-sponsors announced in June, 122 members of the House of Representatives and 10 Senators endorse the resolution which calls for immediate negotiations to ban any weapons use in space (whether the weapons are space-based, land-based, or air-based). All of the leading Harriman Democrats and the Kissinger Republicans back this direct attack on the March 23 strategic doctrine, including Sens. Paul Tsongas (D-Mass.), Paul Sarbanes (D-Md.), Gary Hart (D-Col.), Claiborne Pell (D-R.I.), Ted Kennedy (D-Mass.), Mark Hatfield (R-Oreg.), William Proxmire (D-Wisc.) and Patrick Leahy (D-Vt.).

The 122 leaders of the “Unilateral Disarmament” movement in the House of Representatives include, not surprisingly, the very same Congressmen who have been militant supporters of Global 2000 genocide for the developing sector, the leaders of the effort to pass national legislation decriminalizing marijuana and the patrons of radical terrorist networks. (See “Is Your Senator or Congressman Pushing the KGB Line on Capitol Hill?”, *New Solidarity*, July 11, 1983.)

Between July 11 and the traditional August recess of Congress, the Senate is expected to railroad through a vote approving the renomination of Paul A. Volcker as Federal Reserve chairman and the House of Representatives is expected to approve the \$8.5 billion U.S. tranche for the IMF. Thus, only the bold and timely policies proposed by Lyndon H. LaRouche, Jr. in his intervention into the Washington policy crisis of late June, can avert a strategic showdown culminating in global financial chaos and world war. The collapsed “old world empire” system must now be replaced by Lyndon LaRouche’s New World Economic Order program.

# Averell Harriman and the postwar effort to undercut U.S. defense

by Kathleen Klenetsky

*Part I of this article, which appeared in the June 14 issue of EIR, described Averell Harriman's allegiance to British imperial geopolitics and his efforts, through his influence in the Democratic Party and the U.S. State Department, to turn the United States into a powerless "post-industrial society." Harriman's activities in the Soviet Union in the 1920s were examined, along with his efforts during World War II on behalf of British, as opposed to American, strategic aims. The constant thread in Harriman's various postures toward the U.S.S.R. as a "Soviet handler" was shown to be his "back channel" collaboration with the KGB and its predecessors, as part of the British effort to use the Soviet Union for its own anti-American purposes while keeping it in check territorially.*

As the war drew to an end, an open fight broke out among the Allies to determine who would dictate the contours of the postwar global map. The British—and their U.S. deputies in the Harriman circle—wanted to destroy any possibility for an alliance between the anti-Malthusians in the Soviet Union and those in United States. President Roosevelt represented a major obstacle to that goal.

Much to Winston Churchill's dismay, F.D.R. had already let it be known that one of his main objectives in the post-war period would be to rid the world of British colonialism and its "18th-century methods" and replace it with a program of world industrialization. Averell Harriman violently opposed F.D.R. on this point, going so far as to back Churchill when Roosevelt urged that Britain give India its freedom during the war.

There is every indication that Roosevelt thought it possible to draw the Soviets into this effort, and that, by encouraging the pro-Western city-building tendencies in the Soviet Union, to hold in check the blood-and-soil "Mother Russia" currents.

Harriman and his British friends played a crucial role in engineering the Cold War, which helped isolate those forces in the Soviet Union (such as Marshal Zhukov, Dwight Eisenhower's collaborator) who would have been amenable to a post-war arrangement with the West based on common interests. By doing so, Harriman gave an important boost to the Third Rome grouping in Russia.

During the latter part of the war, Harriman, in collaboration with Churchill, started an organized sniping campaign

against F.D.R., claiming that the President was either too ingenuous or too ill to deal with the Soviets in the hard, tough fashion that was required. (In one of his last messages to Churchill, dated March 24, F.D.R. responded to the British prime minister's repeated urgings that the United States adopt a tougher line toward the Soviets: "I would minimize the general Soviet problem as much as possible," the President wrote, "because these problems, in one form or another, seem to arise every day, and most of them straighten out.")

In early April 1945, aware that F.D.R. was quite ill, Harriman began sending back to Washington a series of cables warning of the Soviet danger. Immediately after Roosevelt's death on April 12, Harriman flew back to Washington, D.C. to take the new President, Harry Truman, in hand. "I felt that I had to see the President as soon as possible," Harriman later said, "in order to give him as accurate a picture as possible of our relations with the Soviet Union." Working in parallel with the British ambassador to Washington, Lord Halifax, Harriman primed Truman to scuttle F.D.R.'s postwar plans. Harriman told Truman that the Red Army was carrying on a new "barbarian invasion of Europe," and directed Truman to set up, under the rubrics of the Truman Doctrine, the Marshall Plan, and NATO, a system of blocs which successfully diverted the United States from its task of industrializing the underdeveloped world.

As Gen. Douglas MacArthur perceived at the time, there were two things the United States needed to do after World War II, both of which Harriman, as Truman's controller, sabotaged: first, to carry out Roosevelt's plan for bridge-building to the Soviets, by living up to the pledge to provide reconstruction aid in 1945-46; secondly, and simultaneously, to maintain a strong military establishment and make perfectly clear America's willingness to use it if attacked. Under Harriman's guidance, Truman did the opposite. He imposed a provocative strategy of putting impossible conditions on reconstruction aid to Moscow, blockading the U.S.S.R. and pecking away at its defense perimeter. And he unilaterally disarmed the United States, bringing troop strength from 11-12 million to half a million.

In early 1946, Truman named Harriman ambassador to Britain. Although he spent only six months as emissary to the Court of St. James, Harriman managed to inflict quite a bit of damage on the United States. One of his key accomplishments involved delivering United States nuclear secrets

to Britain. Shortly after the war ended, Congress passed the McMahon act, which had the effect of revoking the wartime alliance between the United States and Britain. Among other measures, the legislation specifically forbade the United States to share national security information, including that related to atomic weapons, with the British. Harriman was appalled by the act: The British, he moaned, "had given us everything during the war. Now the Congress of the United States made it illegal even to exchange information with them. I thought it was shameful. The British were determined to develop their own nuclear capability and we were suddenly debarred from helping them."

As he explains it "It took some wangling on Harriman's part, but he succeeded in arranging an invitation for Lord Portal, who was in charge of the British nuclear program, to visit the United States with several of his scientists. Portal and his associates were shown as much of the atomic energy facilities in the United States as the law allowed. When Harriman asked Portal on his return whether the visit had been satisfactory, he agreed, adding, 'We learned a lot of things that we should not do.' "

Cold warrior Harriman played a major role in handing China over to Mao Tse-tung's communist forces—an objective of the British, who had regarded China as "theirs" for centuries and preferred to see the secret-society-run Maoists continue China's primitive agrarianism, rather than allow America to launch economic development there. Harriman, taking the line put forth by such Mao sympathizers as John Paton Davies (whom he later vigorously defended against charges that he helped lose China to the communists), John Stewart Service, and his old ally, Gen. George Marshall, argued that Chiang Kai-shek was "too weak" to rule China alone and that "the best we could hope for was a divided China, with the communists holding the northern part and Chiang controlling the south." He vehemently opposed United States aid to Chiang, and urged the nationalist leader to forge a coalition government with the Maoists. The Harriman crew succeeded in overturning the strategy of support for Chiang's Nationalists which F.D.R. had worked out with Stalin and, by 1949, the Maoists had taken over mainland China. As part of the deal, the British were permitted to maintain Hong Kong as a Royal Colony. The United States got nothing.

Harriman next worked with Secretary of State Acheson and other anglophiles, including Dean Rusk, assistant secretary of state for Far Eastern affairs (a post Harriman would hold in the early days of the Vietnam War), to sabotage the United States war effort in Korea—once Acheson had invited a North Korean/Chinese invasion by his notorious "defense perimeter" speech in January 1950.

Once the war had started, Harriman, Acheson, Rusk, et al. did everything in their power to sabotage General MacArthur's efforts, correctly viewing him as the one American leader capable of mobilizing the United States population to fulfill the great national purpose which F.D.R. had set: to develop the rest of the world, as MacArthur's occu-

pation policies in Japan proved could be done. Conspiring with their British allies, the Harrimanites deliberately sabotaged the Korean war effort, holding back supplies from MacArthur, refusing him permission to use a war-winning strategy, and, finally, getting Truman to fire him.

The British-Harrimanite goal in the Korean War fiasco was to create an international climate in which a recalcitrant European and United States citizenry would agree to a major military build-up in Europe against the Soviets. (NATO, though founded in 1949, had been little more than a paper organization when the Korean War began.)

Did the Harriman-British-engineered Cold War stop Soviet expansionism? Hardly. It had much the same effect as the British sabotage of the Soviet World War II effort. By building an extremely hostile, anti-Soviet environment, the British not only succeeded in diverting the United States from the policy laid out by F.D.R., but prompted the Soviet leadership to increase its grip over Eastern Europe. The Cold War strategy increased the power of the Third Rome faction by proving that entente with the West was unworkable.

### **Harriman disarms America**

In 1955, the neo-Malthusians in Britain launched a new phase of their long-term strategy for keeping their empire free of industrial development, and manipulating the two great powers: the disarmament movement, which, underneath all the rhetoric of Lord Bertrand Russell's "ban the bomb" campaign, was an undeclared war against the United States, aimed at reducing its in-depth war-fighting capability, wrecking its industrial-technological infrastructure, and demoralizing its citizens.

The Harrimanites were willing collaborators, a fact underscored by Harriman's role in negotiating the destructive nuclear test ban treaty.

One of the immediate goals of the disarmament gambit was to put a cap on United States military development in those areas, such as the Pentagon's ABM research and development, which would have required an all-out mobilization of American industrial and scientific resources.

In the mid-1950s, the same British spokesmen who, before the U.S.S.R. developed atomic bomb capabilities, advocated preventive war against the Soviets, began to put forth, officially and otherwise, numerous disarmament schemes. They made special use of the United Nations, which they saw as the vehicle for their global-empire designs, and which had established several disarmament commissions beginning in 1956. Loudly supporting the British were the Soviets, who, still lagging behind the United States in military capability, were calling for "total and general disarmament." In 1959, shortly after Averell Harriman held several tête-à-têtes with Soviet Premier Khrushchev in Moscow, the British and Soviets joined forces to sponsor a joint disarmament resolution in the United Nations. The move took President Eisenhower completely by surprise.

Simultaneously, Harriman and his cronies began to use

## Harriman's circle: racists, perverts, KGB agents

The Harriman family were the leading promoters of eugenics in the United States, advocating the unscientific view that an individual's intelligence, capabilities, and personality stem primarily from his racial inheritance. In the elaborate, peculiar scheme of racial supremacy developed by the Harrimans and their kept scientists, the Anglo-Saxons are on the top and their Russian (Slav) counterparts are near the bottom. In 1932, the Harriman family sponsored the Third International Congress of Eugenics at the Museum of Natural History in New York City, at which Dr. Ernst Rudin, the author of the later Nazi race laws, was elected president of the International Federation of Eugenics Organizations (see *EIR*, Sept. 7, 1982).

When Harriman returned from Russia to New York in 1927, he began attending the salon run by his elder sister, Mary Harriman Rumsey, whom Harriman credits with introducing him to politics. Rumsey was a raving eugenicist and promoter of Nazi race science. Through her salon, she patronized a variety of cults based on racialism and "ethnic identity."

Mary Rumsey had taken a particular interest in George Russell, an Irish poet who wrote under the pen name "A.E." He figured prominently in the so-called Irish literary renaissance which had been organized at Oxford University for the same reason the British promoted Pan-Slavism: to subvert nationalist sentiment into a fixation on blood and soil. Like others in his circle, notably avowed fascist William Butler Yeats, Russell was an early member of both the Theosophists and the Order of the Golden Dawn, the latter an occult group established by avowed Satan worshipper Aleister Crowley, who had traveled widely in Russia. Russell also knew Theosophy founder Madame Blavatsky quite well. His friend (and one of Yeats's few female lovers), fellow Theosophist Maude Goone, had served as an emissary between Olga Novikova and the British publisher and Round Table organizer W. T. Stead, two of the most important promoters of Pan-Slavism in the late 19th century.

This circle of occultists promoted the idea that the "real Ireland" resided in its pagan past and that the major problem represented by British domination was not the destruction of Irish efforts at industrialization but a failure to cultivate Ireland's ancient paganism.

Writing in 1975, Harriman cited George Russell as the source of his belief in world federalism: "[I] was fas-

cinated by Russell, a celebrated talker," Harriman noted, "when [we] met at Mrs. Rumsey's in the late twenties. Russell talked that evening of 'planetary understanding.' . . . [I] never forgot his words." In world-federalist terminology, "planetary understanding" refers to the global feudal empire Harriman et al. intend to bring into being.

### Harriman and the *New York Times*'s KGB agent

According to Harriman's own testimony, his best intelligence on the Soviet Union came from the *New York Times*'s Moscow bureau chief, Walter Duranty. Harriman has written that it was Duranty who provided him with the best intelligence on Soviet Russia and that he "learned more from this journalist . . . than from any diplomat." This is a remarkable comment, given that Duranty, according to syndicated columnist and Anglo-American insider Joe Alsop, "was a great KGB agent and lied like a trooper."

Whether Duranty was working for the KGB, the British, or both, he was a fervid devotee of the cultist outlook the two share. British-born and Cambridge-educated, Duranty had become an ardent disciple of Crowley—the same Aleister Crowley with whom George Russell collaborated. Duranty participated in many of the black-magic rituals which Crowley presided over, including one which commenced with a homosexual act between Duranty and Crowley; proceeded through several stages of sexual sadism, including physical mutilation; and concluded with the group chanting a verse composed for the occasion by Duranty, which ran:

People upon the worlds are like maggots  
upon an apple. . . . All worlds are excreta.  
They waste wasted semen.  
Therefore all is blasphemy.

Assigned by the *New York Times* to its Moscow bureau immediately after the Bolshevik seizure of power, Duranty established contact with one of the predecessor organizations of the KGB. He soon began to send back glowing dispatches about the Soviet experiment, which earned the *Times* the sobriquet, "The Uptown *Daily Worker*." By 1934, Duranty's pandering to the Soviet authorities had become so scandalous that the *Times* was forced to recall him. Harriman seemed unperturbed.

their considerable clout to make disarmament the Democratic Party's major issue.

This process had begun in early 1953, after Adlai Stevenson's dismal showing in the presidential election. Canadian economist J.K. Galbraith got together with his old crony Harriman to figure out how to secure control over the party's policymaking apparatus. Together with Stevenson, they decided to set up a high-powered study group which, despite its unofficial status, would be able to enforce its policy dictates on both the national and local party level. The idea was consciously modeled on the British parliamentary system, complete with provisions for an informal shadow cabinet and strict party discipline.

The group soon expanded to include former Air Force Secretary Thomas Finletter, a lawyer with the patrician firm of Coudert Brothers; Chester Bowles; George Kennan, who had been Harriman's aide in Moscow and succeeded him as ambassador; Arthur Schlesinger, Jr.; George Ball; and a number of other prominent figures in the Harriman orbit—many of whom went on to serve in the Kennedy administration.

Described by Stevenson's biographer as "one of the most important, influential, and notable movements of American politics," the "Finletter Group" began to churn out policy studies, many of them on disarmament. One proposal was to establish a United States disarmament agency; this was implemented by John F. Kennedy in 1961. These papers became the basis of Stevenson's 1956 presidential platform, which stressed disarmament as a major theme, and, paralleling Bertrand Russell's propaganda, called specifically for a ban on atomic testing.

Shortly after the election, the Finletter Group decided to shed its "unofficial" status and turn itself into *the* policymaking body of the party. Though Harriman had gotten himself elected governor of New York in 1954, his circle was worried that their influence in the party might be slipping, especially in the wake of Stevenson's second trouncing by Eisenhower. They were particularly horrified that a number of leading middle-of-the-road Democrats, including Sen. Lyndon Johnson, had forged a bipartisan coalition with Eisenhower around foreign policy and had supported his anti-British position over the Suez incident.

Despite howls from Johnson and House Speaker Sam Rayburn (who were strong on political maneuvering but weak on policy), the Harrimanites succeeded in creating the Democratic Advisory Council (DAC), which almost overnight filled the vacuum as the party's chief policymaking group. Most of the leading members of the Finletter Group joined the DAC, including Harriman, Finletter, Stevenson, and Galbraith. Other key members included Dean Acheson and current Reagan administration arms negotiator Paul Nitze, who together chaired the DAC's foreign policy task force; and Walter Heller, Henry Fowler, Harlan Cleveland, George Ball, and United Autoworkers head Walter Reuther.

The DAC's general orientation is best summed up in a

1959 study called "The Basic Aims of United States Foreign Policy." Issued by the Council on Foreign Relations, the report was produced by a group that included such prominent DAC members as Harriman and Finletter, at the request of Harrimanite J. William Fulbright, then chairman of the Senate Foreign Relations Committee. The report made two things clear: that the disarmament campaign was to play a crucial role in helping to bring a world-federalist order into being; and that the developing "space race," with its ramifications for scientific development both in the U.S.S.R. and in the United States, made it imperative that the disarmament campaign be accelerated.

Stating that "undue emphasis on the military aspects [of national security] can be an obstacle to cooperation with nations important to us," the report went on to stress the importance of disarmament:

"Progress toward disarmament through the limitation and control of armaments is made urgent by the growing destructiveness of modern weapons, the projection of military power into outer space, and the prospective spread of nuclear weapons among an increasing number of states. . . . The whole process of working toward a better world order has a certain unreality in men's minds when they live under the threat of seeing all civilization engulfed by a nuclear war.

"These considerations make it imperative for the United States to conduct serious negotiations for international agreements on limitation, reduction and control of armaments. . . . a negative or perfunctory approach on the part of the United States cannot be permitted. It would compromise American influence abroad, jeopardize the aims of our foreign policy, and produce repercussions which might well impair the confidence of the American people in themselves and in their leadership.

"Even though it may be illusory and put forward for propaganda purposes, the Soviet proposal for complete disarmament has to be taken seriously and fully explored. . . .

"These points will probably have to be dealt with in direct and secret negotiations with the Soviet government. . . .

"There are really no sound alternatives to negotiation. We cannot be content with indefinite continuance of the present situation. We cannot look forward with equanimity to an all-out arms race extending even into the unlimited realms of space."

Secret negotiations were exactly what report author Averell Harriman had in mind when he flew off to Moscow in June of that year for lengthy talks with Khrushchev. The trip, widely publicized in the United States press, had been arranged by Harriman's old friend, Anastas Mikoyan, and took him throughout the Soviet Union. Upon returning home, the old cold warrior rushed into print a remarkable propaganda document, *Peace with Russia?*, which described in glowing terms the "tremendous strides" the Soviet Union had made under Khrushchev. The book played up the "great changes" which had occurred after Stalin's death—a freer intellectual atmosphere, an improved economy and standard of living,

etc. As for Khrushchev—who not long before had been banging his shoe and vowing “we will bury you”—Harriman described him as “intensely human” as well as “less ruthless and arbitrary” than Stalin.

He wrote this little gem to make the case that it was now possible for the United States to negotiate with the “new Russia.” Harriman concluded the book with a call for “reaching a constructive agreement on the control and possible limitations of armaments,” noting that “frequently during our talks [Khrushchev] spoke of his desire to limit armaments . . . [and] his readiness to accept various forms of controls for that purpose. . . .”

Harriman carefully cultivated his “back channel” to the Soviet leadership. Several months later, during Khrushchev’s trip to the United States for meetings with Eisenhower at Camp David, the Soviet premier stayed at Harriman’s New York townhouse. Harriman fêted him royally, introducing Khrushchev to a bunch of leading bankers and businessman. The topic of discussion was the relation between disarmament and expanded East-West trade.

### **Harriman and the test ban treaty**

Although Eisenhower agreed to United States participation in the test-ban talks which began in 1958, he was by no means an enthusiastic proponent of disarmament. Neither, at the time, was Richard Nixon. It wasn’t until the Kennedy administration that an arms-control agreement was reached. (From this standpoint, it would be interesting to investigate whether Khrushchev’s opportunistic use of the U-2 incident to break up the May 1960 summit—and to badly damage Nixon’s election prospects in the process—was encouraged by the same kind of advice Harriman is now giving the Soviets against the Reagan administration; namely, informing the Soviets that there was every reason to embarrass the Eisenhower administration, since this could help elect a new and far more accommodating Democratic President in the next election.)

J.F.K. was not the Harriman crowd’s first choice for Democratic nominee; to them, Stevenson or Hubert Humphrey would have been preferable. But Kennedy clearly had the best chance of winning, and was judged to be malleable enough to present no real problems. In exchange for control over the top foreign policy posts in his administration, the Harrimanites threw their weight behind the Massachusetts Senator.

Immediately after the election, they sent an emissary, Robert Lovett, to the President-elect to collect their debt. Lovett, who had held a series of high government posts including that of Defense Secretary under Truman, had been closely allied with the Harriman family for decades. His father had been general counsel to the Harriman’s Union Pacific Railroad, becoming its president after E.H. Harriman died. He himself had gone to work for Averell Harriman’s Wall Street bank in the 1920s, negotiating the merger that created the powerful Brown Brothers, Harriman.

During their meeting, Lovett offered his “suggestions” to J.F.K.: Robert McNamara to Defense, Dean Rusk to State, Douglas Dillon to Treasury, and a host of other Harriman types, such as Harlan Cleveland, to lesser posts. Harriman himself was named roving ambassador and, later, assistant secretary of state for Far Eastern affairs and undersecretary of state for political affairs. Another member of the patrician Harriman-Lovett circles, John J. McCloy, was named special adviser on disarmament.

The pressure on J.F.K. to make disarmament the central focus of his administration was intense from the beginning, especially after two of his top people, science adviser Jerome Wiesner and national security adviser Walt Rostow, returned from a Pugwash meeting in Moscow in December 1960 with a rosy report on Soviet desires to negotiate. (Harriman was a great fan of the Pugwash “process,” which Bertrand Russell had initiated in 1955 as part of his world government operation. “I think the Pugwash conferences . . . are useful,” Harriman wrote in 1970. “The intimacies established help further understanding on both sides.”)

Particularly emphatic on the disarmament question was Adlai Stevenson, whom Kennedy had appointed his U.N. ambassador. Stevenson deluged Kennedy with memos on the issue. In an Aug. 5, 1961 meeting that included Kennedy, Harlan Cleveland and Arthur Schlesinger, Stevenson told Kennedy that it was imperative that he make a major arms-control initiative at the upcoming U.N. General Assembly meeting and that, moreover, he must make a personal conversion to total disarmament. Kennedy was skeptical; he might do as Stevenson said, Kennedy observed, not because he thought there was any value in disarmament talks, but because it would be a good propaganda tool for calling the Soviets’ bluff. Significantly, Kennedy also was wary that the disarmament proposal which McCloy had worked out during a meeting with Khrushchev in June, would lead straight to world government. The proposal, which McCloy later introduced into the U.N. along with his Soviet counterpart Valentin Zorin, proposed to arrive at complete disarmament through a series of three stages during which nuclear and conventional arms would be proportionately reduced, while a U.N. Peace Force would build up until, at the end of Stage III, there would be a world government operating through the U.N.

Even though Kennedy made a proposal for complete disarmament in September 1961, and shortly thereafter set up the Arms Control and Disarmament Agency with Harriman protégé William C. Foster at its head, it wasn’t until the aftermath of the Cuban missile crisis that Kennedy gave the go-ahead for serious negotiations. The Soviets, who had by now surpassed the United States in certain key areas of advanced Anti-Ballistic-Missile R&D, were now favorably inclined to a test ban treaty, counting on it to suppress further United States progress in this area. On July 2, 1963, Khrushchev proposed a nuclear test ban agreement; Kennedy responded by sending Harriman, who had been zealously lob-

bying for such an agreement himself, to Moscow. Six weeks later, on Aug. 5, 1964, the treaty was signed. Harriman later wrote that "The signing and ratification of the Limited Nuclear Test Ban Treaty marked a high-water mark in our relations with the Soviet Union."

The treaty, which banned nuclear testing in outer space, in the atmosphere, and underwater, represented a major step toward destroying United States military and scientific capabilities. The treaty helped pave the way for McNamara's fatal assault on the United States Project Defender ABM program, which required atmospheric testing to perfect its radar and tracking systems. It also put the final nail in the coffin of Project Plowshare, the ambitious Atoms for Peace spinoff which proposed using controlled nuclear explosions for big development projects, such as canal- and road-digging, creating artificial lakes for irrigation, and other vitally needed projects, particularly in the developing sector.

Testifying against ratification of the test ban treaty, Edward Teller told Congress of the chilling effects it would have on Plowshare: "The damage to our help that we could give other countries, to our relations with other countries, these damages could become very great. . . . I believe the most important applications of Plowshare which I have encountered lie outside the United States, such as, for example, the sea-level Isthmus Canal [the proposed Second Panama Canal]." In other words, not only would the test-ban treaty damage United States military development, it would also prevent the United States from developing a Third World policy based on industrial development.

Yet Harriman, in collaboration with the Pugwashian Wiesner, abandoned without a fight a United States negotiating position which would have exempted Plowshare testing from the treaty. In his 1970 book, *America and Russia in a Changing World*, Harriman wrote of the test-ban negotiations: "Of course, there were concessions we had to make. We broke some crockery in Washington by eliminating the exception we had proposed permitting atmospheric explosions for 'Plowshare.' . . . This was one of the subjects we had talked over in Washington before our departure. Jerome Wiesner . . . had been most helpful in pointing out that the Plowshare projects were remote and should not stand in the way of a test ban treaty." Wiesner, as Harriman knew, was lying through his teeth.

## Wrecking the ABM

After helping to launch the consciously genocidal Vietnam war, as Kennedy's assistant secretary of state for Far Eastern affairs, Harriman emerged in the late 1960s as a big anti-war spokesman, praising student demonstrators and disruptors "as the most constructive generation in my lifetime" and calling the Vietnam Moratorium movement "a thrilling experience." At the same time, he unleashed a bitter attack on the American military and started publicly accusing the United States of "a growing arrogance of power." Typical of his tone was a piece he wrote for the Aug. 26, 1969 issue of

*Look* magazine, entitled "American Militarism: Our Security Lies Beyond Weapons." In it Harriman implicitly raised the spectre of a coup by the "military-industrial complex," saying he was "fearful about the present role of the military in our national life." He castigated the military's request for new weapons "that are less important than other national needs," and declared that "the United States doesn't have to be ahead [of the Soviets] in every aspect of capability." While assailing the traditional United States military, and suggesting that the United States adopt the British system instead, he portrayed the Soviets as the true peace-seekers. "From my talks with Mr. Kosygin and other Soviet officials," Harriman wrote, "I am satisfied that they want to stop the nuclear arms race"; but the Soviets are being thwarted "by advisers in our defense establishment who are on record as opposing an agreement with the Soviet Union on nuclear restraint."

One of Harriman's key objectives was to kill the United States ABM program, a process he had gotten off to a promising start with the test-ban treaty. In 1967, he accompanied President Johnson and McNamara to their meeting with Kosygin at Glasboro, New Jersey, where Johnson, on Harriman's and McNamara's urging, proposed an anti-ABM treaty to the Soviet leader. Though Kosygin rejected the proposal at the time, an anti-ABM agreement was reached as part of the SALT I pact in 1972. Harriman, who had earlier called the SALT talks "for the long run, the most vital negotiations being held today," mobilized his forces to secure passage of the Kissinger-negotiated treaty. He wrote and spoke extensively about what "folly" it was "to think we have to go ahead spending billions for ABMs" since the United States could always rely on its MAD doctrine.

In 1976, the disarmament campaign got a big push when Harriman's hand-picked candidate, Jimmy Carter, became President, and named long-time Harriman protégé Cyrus Vance as his Secretary of State. Within months of his inauguration, Carter had sent Vance off to Moscow with his "deep cuts" arms proposal. Though that gambit was not successful, the Carter administration continued its attempt to stop proposed United States weapons systems such as the MX missile.

By proposing to base United States military strategy on a defensive ABM system, President Reagan has threatened to undo all Harriman's hard work to disarm the United States on behalf of his friends in Moscow and London. That is why the Harriman crew's response to the President's March 23 speech has been so venomous—and why Harriman's treason must be stopped now. Though over ninety, Harriman is still doing his damndest to wreck the United States—as his May session with Yuri Andropov indicates. Nearly all the groups and individuals currently engaged in various aspects of the KGB-run nuclear freeze campaign—the Institute for Policy Studies, the Center for Defense Information, Gerard Smith, McGeorge Bundy, Jerome Wiesner, et al.—can be linked to Harriman or his immediate circle. Destroying the Harriman apparatus is an urgent task for those who don't want to see Yuri Andropov sitting in the Oval Office some day.

## Military role in space to come up in Senate

Resolutions on opposing views of what the U.S. military role in space should be are likely to see Senate floor action in July during the course of the debate on the Defense Authorization Bill. A resolution submitted by Paul Tsongas (D-Mass.) and Larry Pressler (R-S.D.) attacking any U.S. defense presence in space may come up against S.J.R.100, which supports President Reagan's March 23 proposal for the development of a space-based directed-energy defense against nuclear missiles.

Larry Pressler has been an outspoken advocate of negotiating a U.S.-Soviet treaty banning anti-satellite (ASAT) weapons in space, while Tsongas supports a more comprehensive resolution banning all U.S. military activity in space. The Tsongas resolution specifically emphasizes stopping the space-based defense program announced March 23.

Sources report that a tentative decision has been made to combine the Pressler and Tsongas efforts into one resolution, which will be backed by Senate Foreign Relations Committee chairman Charles Percy (R-Ill.) in an effort to pre-empt supporters of directed-energy weapons systems from bringing their resolution to the floor.

To date, the only resolution supporting the development of directed-energy weapons in the Senate is that of Malcolm Wallop (R-Wyo.). Wallop's resolution praises the President's defense initiative and calls for an administration program to speed up the research effort. S.J.R.100 is co-sponsored by William Armstrong (R-Colo.) and Paul Laxalt (R-Nev.).

Wallop, however, has limited his support almost exclusively to the development of chemical lasers for such a defensive system. Although the

wording of the resolution is not limited to developing chemical lasers, some congressional observers think that backing for any Wallop-authored resolution could be seen as support for use of chemical lasers to the exclusion of other systems, including x-ray lasers.

## Bill may force banking deregulation action

Senate Banking Committee chairman Jake Garn (R-Utah) announced June 27 that, at the request of Federal Reserve Board Chairman Paul Volcker, he had introduced legislation calling a temporary halt to the mixing of banking and other financial services. The Acquisition of Depository Institutions Act (S.1532, co-sponsored by John Heinz [R-Pa.], William Proxmire [D-Wisc.], and Chris Dodd [D-Conn.]), puts a moratorium, to extend through Dec. 31, 1983, on the ability of non-depository institutions to acquire banks or savings and loans institutions. This would slow the expansion of businesses into the traditionally defined depository services sector.

The practical implication of the moratorium is to set Dec. 31 as a deadline and force Congress to take action on the regulatory areas defined by the moratorium. As Garn said when introducing the bill, "The purpose of the moratorium is to provide time for Congress to consider legislation designed to address the fundamental need to adapt the banking and financial system to a rapidly changing world. . . . The financial system of the 1930s has served us well, and certainly the underlying principles of a diverse, safe and sound system must be preserved. But the organizational structure of the system is being changed by consumer demands and institutional innovations. The test for Congress is to ensure that the banking statutes promote a diverse and safe and sound system

that is better able to adjust to changes in the marketplace."

Garn also announced his intention to introduce and hold hearings on substantive legislation to address the question of the evolution of the banking system and those issues affected by the moratorium.

A similar moratorium instituted by the Supreme Court in the late 1970s forced Congress, acting under the pressure of the time limit, to pass the 1979 Depository Institutions Deregulation Act. Debate and discussion of this bill was so limited that few congressmen understood the implications of the bill, and the result was a wholesale weakening of the traditional American system of local commercial banks and thrift institutions providing credit for productive activity.

The incursion of securities institutions and other non-bank financial entities, many of them based on speculative activity, into traditional banking has caused revolutionary changes in U.S. banking. It is these changes which Garn's proposed moratorium is ostensibly addressing. Both Garn and Volcker, however, prefer to insist that unstoppable market forces are responsible for the changes in the financial structure, and that Congress must adapt to this Invisible Hand.

## Democrats discuss industrial policy

Representative John LaFalce (D-N.Y.), who revealed in his comments in the June 22 *Congressional Record* that his model for U.S. industrial policy is the recent plan by West German steelmakers "to cut capacity by about 13 million metric tons and costs by about \$4.28 billion," heard testimony June 20 from several Democratic governors.

Bill Clinton (Ark.), James Blanchard (Mich.), and Richard Celeste



(Ohio), testifying before the House Banking Subcommittee on Economic Stabilization chaired by LaFalce, all cautioned against an "excessively centralized" policy. Clinton urged that pension funds be used as a "resource for targeted economic revival." Celeste attacked present government assistance programs to industry, which he called tax preferences, loans, and research and development funding. These programs, Celeste claimed, amounted to 13.9 percent of the GNP, and constituted an industrial policy having been "formulated under the pressures of the porkbarrel." He added that Congress should "expose our present industrial policies for what they are and dismantle them." While vague about what the federal government should do to replace such programs, Celeste noted that Ohio is developing a plan for all economic programs for the state.

Blanchard, who is facing a recall petition in Michigan for raising the state income tax, was slightly more cautious about criticizing federal assistance for industry, commenting that "We can do only so much at the state level with limited resources."

## Senate puts 'Project Democracy' on hold

In an effort to delay Senate consideration of the \$31.3 million funding for the National Endowment for Democracy, a program parallel to the better-known "Project Democracy," 10 senators have sent a "hold" letter to Majority Leader Howard Baker (R-Tenn.) indicating that they have objections to the legislation. The National Endowment for Democracy program is to be run by the U.S. Information Agency.

According to Capitol Hill sources, Michael Pillsbury, an aide to Orrin Hatch (R-Utah), a member of right-wing social-democratic networks, and

a close associate of Henry Jackson (D-Wash.), pressured the White House and others to stop the "hold" letter. Hatch was one of the original co-signers of the letter, but some members of the Senate Republican steering committee have reportedly withdrawn their names.

Dissenters in the House last month stopped funding for the national Democratic and Republican parties to participate in "Project Democracy," and nearly succeeded in killing the program entirely. Public debate has centered around fiscal restraint and the compromised position of private agencies operating abroad with federal government funds. There have also been strong objections to the heavy funding (\$13.8 million) awarded to the AFL-CIO under the program.

Other opponents are concerned that the program will run foreign policy behind the President's back. They see "Project Democracy" as an adjunct to proposals by Jackson for a bipartisan commission to formulate U.S. foreign policy toward Central America. The President's supporters view the various proposals for a commission as a serious potential infringement on the constitutional powers of the White House to set foreign policy.

The Senate Foreign Relations Committee, which held jurisdiction on the program, is being privately criticized by various Hill figures for its lack of thoroughness in holding hearings on the program. Project Democracy was considered during the hearings on USIA programs, and therefore no outside witnesses were called.

A separate hearing was held on the National Endowment for Democracy. All the witnesses, however, were strong advocates of the program including Rep. Dante Fascell (D-Fla.) and Charles Manatt, chairman of the Democratic National Committee. A spokesman for the Senate Foreign Re-

lations Committee claimed not to know "of any group" that was opposed to the program. "The chairman [Charles Percy (R-Ill.)], has not received one letter from a group opposed to the program," he claimed.

## Early votes set on Volcker and IMF

The Senate Banking Committee has set July 14 as the date for confirmation hearings for the second term of Paul Adolph Volcker as chairman of the Federal Reserve Board, and floor debate—limited to two hours—in the House on the \$8.6 billion IMF bailout has been set for the same day. The Rules Committee has given the IMF bill an "open rule," which means that it can be amended in any way.

Opponents of the IMF bill in the House report that the issue is becoming very controversial. They estimate that the IMF backers are taking extra care not to make mistakes and are lobbying hard to get commitments for votes.

The administration has made two important concessions which are being touted by IMF backers in the House as attempts to buy votes for the IMF. Fernand St. Germain (D-R.I.) had refused to put the IMF vote on the House floor schedule unless a housing bill was scheduled first. Germain, who has been assured that the President will not veto the housing bill, has now scheduled both bills for floor action.

In addition, members of the steel caucus are being urged that the July 5 announcement of stiff quotas on steel imports will free them to vote for the IMF, because such protectionist measures can ostensibly counter the "export of American jobs" that press reports have attributed to IMF subsidies of Third World economies. Increasing U.S. exports—by ending IMF austerity.

# National News

## Fordham Jesuits call for plague and alchemy

Soon after the Central Committee of the Soviet Communist Party called for a "spiritual mobilization" against the United States, a collection of well-credentialed cultists met at the Jesuit order's Fordham University in New York June 24-26 to hatch plans for promoting a parallel "spiritual resurgence" in the West.

Held under the auspices of Fordham's Institute for Contemporary Spirituality, the Crossroad/Continuum publishing company, the devil-worshipping United Nations affiliate known as the Temple of Understanding, and the Club of Rome-linked Riverdale Center for Religious Research, the conference on "World Spirituality—The Meeting of Spiritual Paths" drew speakers from all over the world. They agreed that their main job in the months ahead is to "liberate mankind's spiritual side" by ridding the world of the twin evils of "modernism" and the "Western mindset," which they uniformly defined as the belief in modern science, technology, and the nation-state.

Keynote speaker Raimundo Pannikar, a Jesuit priest who admits that his stay at the Russian Orthodox Church "Third Rome" stronghold of Mount Athos in the 1960s was pivotal in shaping his own religious and political views, set the tone for the meeting by bluntly stating that "We have to overthrow the dominance of the Logos [the rational creative process which man shares with the divine] in favor of the spirit and the heart." Instead of more thought, said Pannikar, what the world really needs is "to reintegrate astrological awareness . . . to discover spiritual alchemy . . . and to dismantle anything and everything that stands in the way of spiritual liberation."

Pannikar identified the major obstacle preventing "spiritual liberation": technology. "We have to dismantle all technology! Everything!" he shouted at one point in the proceedings, and then, gesticulating toward the chairs in the meeting hall, demanded that they "be thrown out the window" so that people would be forced to sit on the floor. "We will never achieve spirituality if we have technology," Pannikar yelled. "Mass

agriculture, mass production is what kills the creative in man. Man was better off in the 14th century with bubonic plague than he is now with nuclear weapons."

## Auto workers: 'we brake for Volcker'

A spokesman for the United Auto Workers Solidarity House leadership said in late June that the union has "absolutely no plans to do anything about the reappointment of Paul Volcker."

During Volcker's first four-year term as chairman of the Federal Reserve, the Carter appointee's policies have cut auto production 22 percent, throwing thousands of auto workers out of work.

When the spokesman was reminded of the UAW's past rhetorical attacks on high interest rates and the "Volcker policies," he retorted: "We don't like his policies, but we don't have to do anything about Volcker per se. The problem isn't Volcker, but Ronald Reagan. We will attack Reagan, not Volcker. . . . The way we see it, it could have been worse. They could have appointed [Citibank chairman] Walter Wriston."

## Labor Department probes labor camps

The U.S. Department of Labor is investigating company work camps in southern Louisiana serving off-shore oil drilling firms with laborers who become enslaved to debt for bed and board.

In a two-part series in late June, the *Wall Street Journal* compared the camps with the slave labor system which earlier crowned cotton king in the region.

A senior International Monetary Fund official in the United States said when asked by *EIR* about the camps' practices, "This is what the productivity of those workers justifies."

The *Journal* articles, headlined "Louisiana Labor Camps Supply 'Warm Bodies' the Oil Business Needs," reported that so far about 100 labor camps have been found in

which the laborers are being worked for \$3.55 an hour and being charged for bed, board, soap, washcloths, and other necessities by the labor camps. The average worker is charged \$98 a week for room and board—which means the camp resident must work 27 hours a week simply to cover those costs.

A former worker in a camp reported he never saw a paycheck in the four months he washed dishes at an offshore catering company, Oceanic Butler. He said he was kept docile with doses of Nembutal and other drugs by the boss at the St. Mary Council on Alcohol and Drug Abuse, a halfway house which functions as a labor camp. The laborer was charged for the drugs and for five glasses of whiskey a day "whether I drank them or not."

Thousands of unemployed are caught in these labor camps, which cater to Shell Oil, Mobil, Texaco, Kerr-McGee, and other oil companies. Most are from the North, cut off from those who might assist them.

## Hispanic controllers: thugging for genocide

A challenge to the anti-Hispanic leadership of one of America's oldest and largest Hispanic organizations came within a few votes of victory in a fiercely contested convention in Detroit July 3, and was turned back only by extraordinary parliamentary thuggery.

At issue was control of the League of United Latin American Citizens (LULAC), which since 1979 has been run by the Bonilla brothers of Corpus Christi, Texas, who support population reduction. In the race for president of LULAC, the Bonillas maneuvered their candidate, Mario Obledo of California, to victory with 132 votes out of 340 cast, exploiting weaknesses in the other three candidates. Obledo was Health, Education and Welfare secretary for California's Gov. Jerry Brown in the late 1970s and is a supporter of Global 2000 policies to shrink the economy and the population.

But six out of the seven vice-presidential candidates backed by the Bonillas were soundly defeated. In the seventh race, between Fernando Oliver and Tony Flores for Northeast vice-president, the Bonillas only

## Briefly

shifted the victory to their candidate Flores with a credentials maneuver to rule Oliver's candidacy invalid from the chair. Oliver received more than half the votes of the assembly in an appeal to overrule the chair, but fell short of the two-thirds required, after Bonilla's men took control of the aisles and shut down the microphones. "We were told to cut your head off," a Bonilla hatchetman amiably told Oliver later.

Oliver, a teacher and political action coordinator affiliated with the National Democratic Policy Committee of *EIR* founder Lyndon LaRouche, made the State Department-endorsed Global 2000 worldwide depopulation plans a centerpiece of his campaign. He exposed LULAC executive director Arnold Torres's month-old decision to put LULAC on record in support of the "Population Stabilization Act of 1983," a Global 2000-inspired bill introduced by Richard Ottinger (D-N.Y.). The bill would make zero population growth, both at home and abroad, the declared objective of all government policy.

The Oliver campaign stressed a four-point policy program: 1) jobs through beam technologies and exports to the Third World; 2) classical science education and laser literacy; 3) drug education and a war on drugs; and, 4) dumping the Simpson-Mazzoli and Ottinger bills.

### State Department uses Greens against Reagan

A delegation of high-ranking West German Green Party representatives arrived in Washington, D.C., July 3 for a week of official meetings with State Department and Pentagon officials and others. The delegation (which includes Green Party leader Petra Kelly, ex-General Gerd Bastian, and the former lawyer of the terrorist Baader-Meinhof gang, Otto Schily) completed a series of meetings with State Department officials July 5. The meetings were concluded with a "roundtable on disarmament" featuring Kissinger aide and State Department consultant Helmut Sonnenfeldt, among others.

Sonnenfeldt told a caller that "there is nothing sensational about this meeting. . . . I have been talking to them [the Greens]

quite often, and I know some of their most prominent spokesmen quite well." State Department Central European Desk official Kornblum said the U.S. embassy in Bonn "has been in regular contact with them." A source inside the American "freeze" movement said the Greens' trip had been arranged, personally, by the U.S. ambassador to Bonn, Arthur Burns.

The Greens will hold a "public action" in front of the White House July 7.

### Club of Life to expand worldwide campaigns

Speaking in the nation's capital July 4, Club of Life founder Helga Zepp-LaRouche told an audience of 600 that the organization founded to end the scourge of Malthusianism will expand three specific 1983 campaigns to overcome the moral crisis facing the world.

In January, Zepp-LaRouche had termed 1983 as the year in which the Operation Juárez program for restarting North-South productive economic relations must be launched to avoid global holocaust. Ibero-American nations are on the verge of enacting portions of that program, following worldwide efforts by the Club of Life.

Now, Zepp-LaRouche said, the Club of Life must expand its efforts in three specific areas to stop the genocide the Malthusian Club of Rome and its allies have caused: on the continent of Africa, where thousands of people each day are killed and where nation-states are too weak to fight the forces causing the mass deaths; in Haiti and among Haitian refugees in the United States and elsewhere who are dying in concentration camps; and among the thousands of missing children, many of whom have been kidnapped and killed by child pornography rings.

Zepp-LaRouche also proposed to the audience, including members of the National Democratic Policy Committee and International Caucus of Labor Committees, that the Club of Life hold conferences on three continents July 24—Simón Bolívar's 200th birthday—as a show of support for Operation Juárez. That same day Ibero-American nations will meet to decide on continent-wide economic policy.

● **THE JOINT CHIEFS** of Staff of the U.S. Armed Services are quietly revamping their relationship with the President, Secretary of Defense, and field commanders to create a more unified "general staff" approach to military matters. In April the administration sent to Congress a proposal that would place the chairman of the Joint Chiefs in military command of the armed forces.

● **AGRICULTURE** Secretary John Block, speaking on "Face the Nation" June 26, defended his proposed further dismantling of U.S. farm production by insisting that there is "no shortage of food worldwide."

● **THE AMERICAN LEGION** Department of California, at its annual state convention June 26, voted to endorse the California Senate's Joint Resolution 23 supporting development of President Reagan's defensive beam weapon program. The resolution has also been endorsed by the National Reserve Officers Association, the California League of United Latin American Citizens (LULAC), the Carlsbad City Council, and more than 100 trade union, religious, and minority officials in the state.

● **STEVE DOUGLAS**, former Philadelphia Democratic mayoral candidate and the Pennsylvania coordinator for the National Democratic Policy Committee, has received threats from members of the MOVE terrorist group now serving prison terms in Muncy Prison. During his mayoral campaign this year, Douglas outlined University of Pennsylvania social work graduate Donald Glassey's role in setting up MOVE, and the Wharton School Management and Behavioral Science Center's manipulation of the population in the Mantua section of Philadelphia where MOVE was headquartered.

# The Court and Alexander Hamilton

At a moment when the very existence of sovereign nation-states is in jeopardy worldwide, the June 23 landmark decision of the U.S. Supreme Court to strike down the "legislative veto" as unconstitutional deserves to be hailed as a sign of hope all over the globe. In the case of *Immigration and Naturalization Service v. Chadha*, the court ruled by a 7-2 majority that the legislative veto—in which Congress delegates authority to the Executive or "independent" regulatory agencies, but reserves to itself the power to veto specific acts pursuant thereto—is in conflict with the Constitution's creation of three and only three branches of government.

Under the U.S. Constitution of 1787, lawmaking was a power to be shared by the legislature and the executive, and reflected an intention that "the legislative power of the federal government be exercised in accord with a single, finely wrought and exhaustively considered, procedure," the Supreme Court opinion notes. Legislation was to be passed by both houses of the legislature and presented to the President for his signature or veto. The Court states: "The President's role in the lawmaking process also reflects the framers' careful efforts to check whatever propensity a particular Congress might have to enact oppressive, improvident, or ill-considered measures."

Citing Alexander Hamilton, the majority opinion notes that one purpose of the presidential veto "is to increase the chances in favor of the community against the passage of bad laws through haste, inadvertence, or design."

It has been in large measure through the "independent" government agencies, the "fourth branch of government" targeted in the June 23 court ruling, that the genocidalists of the *Global 2000 Report* faction and their Swiss-financier controllers have perverted the power of the U.S. government to the purposes of wrecking industry, suffocating technological progress, and committing mass murder in the name of population control.

Over the past 50 years, more and more statutes passed by Congress have included the provision for a legislative veto. These include efforts by the Congress to restrain the President from carrying out his constitutionally mandated powers with respect to foreign policy and as commander-in-chief of the armed forces. Such laws include the War Powers Act of 1975 (where Congress must approve sending U.S. troops abroad) the Military Appropriation Authorization Act of 1975 (under which Congress tried to block the sale of AWACS to Saudi Arabia), and the Nuclear Nonproliferation Act (by which Congress can block the export of nuclear plants or technology).

The darling of the genocide lobby on Capitol Hill, New York Rep. Richard Ottinger, is trying to use the latter to block U.S. sale of much-needed spare parts to India's Tarapur nuclear power plant. The Non-Aligned at their summit in March affirmed the inalienable right of developing nations to nuclear technology; the court decision reaffirms President Reagan's authority to provide fuel and technology to Tarapur against the blatant intrusion of such a "legislative veto."

The high court's decision also implicitly attacks and places outside the Constitution a whole group of regulatory agencies, in which Congress makes an unconstitutionally broad delegation of legislative powers, and then reserves the right to veto specific actions. One of these is the U.S. Federal Reserve, the agency whose interest-rate policies have driven the Third World debt to astronomical heights and wiped out hundreds of thousands of American farms and businesses.

It remains to be seen whether the *Chadha* decision reflects a permanent turn away from the aimless and shallow pragmatism which has dominated the Supreme Court in recent decades. But it gives an opportunity to return to the principles upon which the republic was based. The "independent" Federal Reserve System should be the next to go—transformed into the Third National Bank of the United States. Alexander Hamilton would have reason to smile.

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