

EIR

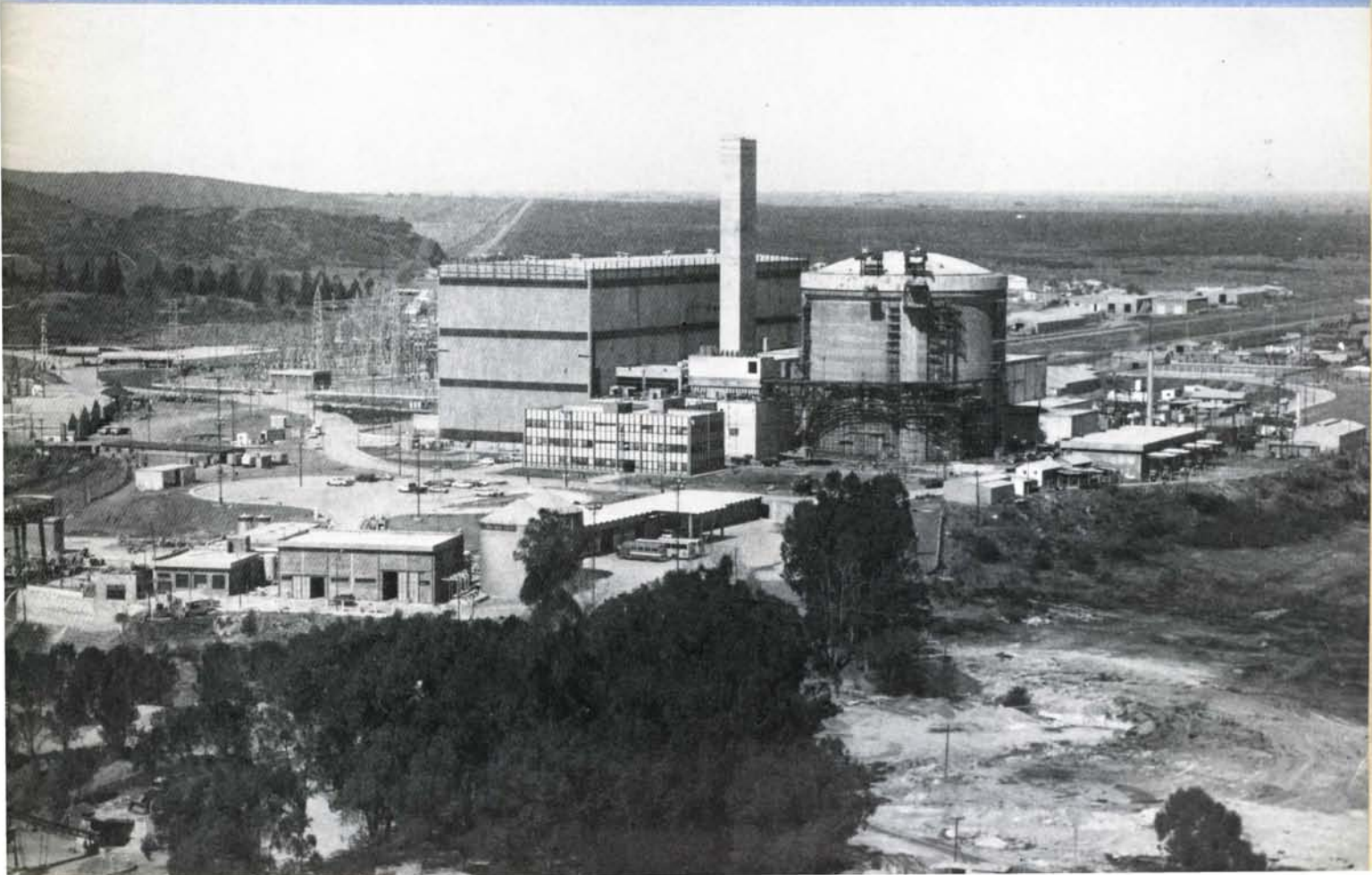
Executive Intelligence Review

Vol. 10 No. 44 • November 9, 1983

\$10.00

Great Britain angles for deal with Moscow
LaRouche addresses EIR development conference in Bangkok
South American military leader calls for beam weapons

**After Argentina's elections:
will Radicals industrialize?**



THE RECOVERY IS A HOAX

EIR Quarterly Economic Report Documents Federal Reserve Statistical Fraud

The Federal Reserve Board's Industrial Production Index is exaggerating increases in output by up to 80 percent. The Bureau of Labor Statistics' Consumer price Index is lying about inflation: the real rate is two to three times the BLS figure.

In the October 1983 *EIR* Quarterly Economic Report, you will find for the first time anywhere:

- how the Federal Reserve created the 1983 recovery out of thin air by artificially depressing the second-half 1982 figures and puffing up the first-half 1983 figures.
- how devices like the Quality Adjustment Factor are used by the Fed and the Bureau of Labor Statistics to ignore up to half the increase in consumer prices since 1967.
- an independent survey of real output and inflation, based on data gathered directly from manufacturing sources.

- I. Executive Summary
- II. General Statistical Forecast
 - a) U.S. Economy as a Whole
 - b) Standard Industrial Category Sectors
- III. Status of Basic Economic Infrastructure
- IV. Status of Selected Sectors of Production
- V. Status of Monetary Crisis
 - a) General Financial Collapse
 - b) OECD Debt/Equity Ratios' Movement
 - i) U.S.A. Debt Crisis
 - ii) European Debt Crisis Skyrockets
- VI. Fraud in U.S. Government Statistical Reporting
- VII. Policy Options Available to the President
- VIII. Improvements in LaRouche-Riemann Forecasting Policy

SPECIAL OFFER TO SUBSCRIBERS ONLY

October Quarterly Report: \$250.00
(This report sells to non-subscribers for \$2,000)

For further information, call William Engdahl, Special Services, (212) 247-8820 or (800) 223-5594, x 818.

EXECUTIVE INTELLIGENCE REVIEW

Send me _____ copies of the October Quarterly Report at \$250.00 each.

Bill me for \$_____ Enclosed is \$_____

Please charge VISA Master Charge
to my Diners Club Carte Blanche

Card No. _____

Signature _____ Exp. Date _____

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (_____) _____
area code

Make checks payable to: EIR/Campaigner Publications, Dept. MC-1, 304 West 58th Street, 5th floor, New York, N.Y. 10019

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.
Editor-in-chief: *Criton Zoakos*
Editor: *Nora Hamerman*
Managing Editor: *Susan Johnson*
Features Editor: *Susan Welsh*
Assistant Managing Editor: *Mary McCourt*
Art Director: *Martha Zoller*
Contributing Editors: *Uwe Parpart-Henke, Nancy Spannaus, Webster Tarpley, Christopher White*
Special Services: *William Engdahl*
Advertising Director: *Geoffrey Cohen*
Director of Press Services: *Christina Huth*

INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot*
Asia: *Linda de Hoyos*
Counterintelligence: *Jeffrey Steinberg*
Economics: *David Goldman*
European Economics: *Laurent Murawiec*
Energy: *William Engdahl*
Europe: *Vivian Freyre Zoakos*
Ibero-America: *Robyn Quijano, Dennis Small*
Law: *Edward Spannaus*
Middle East: *Thierry Lalevée*
Military Strategy: *Steven Bardwell*
Science and Technology: *Marsha Freeman*
Soviet Union and Eastern Europe:
Rachel Douglas
United States: *Graham Lowry*

INTERNATIONAL BUREAUS:

Bogotá: *Carlos Cota Meza*
Bonn: *George Gregory, Rainer Apel*
Caracas: *Carlos Méndez*
Chicago: *Paul Greenberg*
Copenhagen: *Leni Thomsen*
Houston: *Harley Schlanger*
Lima: *Julio Echeverría*
Los Angeles: *Theodore Andromidas*
Mexico City: *Josefina Menéndez*
Milan: *Marco Fanini*
Monterrey: *M. Luisa de Castro*
New Delhi: *Susan Maitra*
Paris: *Katherine Kanter, Sophie Tanapura*
Rome: *Leonardo Servadio, Stefania Sacchi*
Stockholm: *Clifford Gaddy*
United Nations: *Douglas DeGroot*
Washington, D.C.: *Richard Cohen, Laura Chasen, Susan Kokinda*
Wiesbaden: *Philip Golub, Mary Lalevée, Barbara Spahn*

Executive Intelligence Review (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and first week of January by New Solidarity International Press Service 304 W. 58th Street, New York, N.Y. 10019 (212) 247-8820. To subscribe, call (800) 223-5594 x 818 toll-free, outside New York State.

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

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

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

Copyright © 1983 New Solidarity International Press Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at New York, New York and at additional mailing offices. 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10 Academic library rate: \$245 per year

EIR

From the Managing Editor

The reason (apart from fear or immorality) that people tolerate the International Monetary Fund's depredations against the industrial potential of the underdeveloped world is ignorance of the principles of economics, as opposed to rationales for usury. Our Special Report on Argentina this week contains condensed excerpts from *EIR's* new book, *An Industrialized Argentina: Axis of Ibero-American Integration*. One example of what we mean: Presently, the continent's main transportation arteries all lead to the coast, reflecting the predominance of raw-materials exports to service debt payments. A transport network based on bringing together the energy supplies, food, and manufacturing inputs for a continentwide "nation of republics" would look entirely different. Ibero-America would not only be self-sufficient but would serve as a purveyor of science and technology to other continents.

Next week, we will continue our Grenada coverage with documentation that one of Walter Mondale's foreign policy advisers, Robert Pastor, a member of the Carter administration's National Security Council, collaborated with Carter's pro-drug aide Peter Bourne in writing a "constitution" for the Soviet-backed Coard-Austin insurgents on the island. For months, *EIR* has charged that leading Democrats have been acting as adjuncts of the KGB, for reasons they ought to be called upon to explain.

And next week's Special Report will cover the Western European policy debate over antiballistic beam weapons, which has escalated with French Defense Minister Charles Hernu's Nov. 3 statement to the National Assembly that France is "spending a lot of research and development in this area," and West German Christian Social Union leader Franz-Josef Strauss's declaration that the East-West fight "is carried out by the instruments of the human mind, of science, of technological development, and its economic application. It is on this battlefield that the Soviet Union will lose the great battle against the West."

Susan Johnson

EIR Contents

Interviews

9 Walker Lee Cisler, great projects planner

The officer who ran Eisenhower's World War II energy supply operation, and was involved in almost every major power project around the world thereafter, takes stock of the current situation.

27 Brigadier General Hector Luis Fautario (ret.)

The former commander-in-chief of the Argentine airforce describes how directed-energy beam defense could "change the face of the world," a potential not appreciated in the Third World. He spells out his criticisms of Kissinger's strategic and economic policies, and calls for Ibero-American unity.

39 Julian Amery, Conservative Party MP

The British defense expert upholds the need for the U.S. Grenada mission, against the outcry from Margaret Thatcher.

54 Colonel Marc Geneste of the French Army

The "father of the French neutron bomb" explains the necessity of beam weapons development from the standpoint of overall military doctrine and the arms controllers' sabotage of Western capabilities.

Departments

64 Editorial

An emergency financial program

Economics

4 'Support' for the dollar... from a Swiss gibbet

After discussions with bankers in Switzerland and West Germany, Economics Editor David Goldman outlines their plans to keep the dollar high, crushing Europe, and then let it go smash in a chain-reaction collapse.

7 World Energy Conference delegates demand nuclear energy for development

Specialists from around the world agree that there is no substitute for nuclear power. The question is, who is willing to help the developing sector achieve it?

12 Transportation

"Old" and "new" airlines.

13 Domestic Credit

The GNP inflator.

14 Agriculture

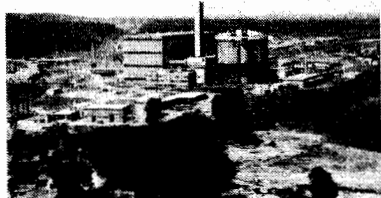
Judge declares debt moratorium.

15 Dateline Mexico

A labor call to arms.

16 Business Briefs

Special Report



The recently inaugurated "Embalse" nuclear plant in Argentina.

Argentine Atomic Energy Commission

18 After Argentina's elections: which economic policy?

An analysis of the Oct. 30 outcome and the key decisions ahead, written by Ibero-America Editor Dennis Small, who was on the scene during the balloting.

21 *EIR* presents economic program in Buenos Aires

23 A common market would mobilize the continent's vast potential

25 Building Argentina's infrastructural base

26 Argentina can advance world science research

International

30 Bonn's Genscher conspires with Moscow and Iran

The increasingly pro-Soviet West German foreign minister has teamed up with Khomeini and Yuri Andropov's principal press spokesman Fyodor Burlatskii of *Literaturnaya Gazeta*.

Documentation: The text of the Oct. 26 *Lit Gaz* attack on the LaRouches.

33 France and United States targets of Soviet's 'Islamintern'

35 Britain purges 'Churchill faction,' angles for deal with Moscow

Documentation: A comparison of British statements during the Malvinas War and the Grenada mission.

40 LaRouche addresses strategic crisis at *EIR* development conference in Bangkok

Documentation: sections of Lyndon LaRouche's address to the conference, and the *Bangkok Post*'s coverage.

44 Inside Canada

Trudeau and the "back channel."

45 Report from Bonn

A polarization over Grenada.

46 International Intelligence

National

48 Reagan's retaliation: who will pay for Marine deaths?

An opportunity to get Lebanon out of the Syrian trap.

50 Were the Bournes trying to stage an Iran hostage replay in Grenada?

An exclusive exposé.

52 Capitol Hill briefed on beam weapon feasibility by Fusion Energy Foundation

Along with diplomats, industrialists, and administration officials.

58 Kissinger Watch

Commission hears Global 2000 policy.

59 Eye on Democrats

Tip O'Neill: "No longer fit to serve."

60 Congressional Closeup

62 National News

'Support' for the dollar . . . from a Swiss gibbet

by David Goldman in Frankfurt

Top-level European banking sources warn that a European banking crisis in the wake of Brazilian and other Ibero-American debt defaults would be disastrous for the Atlantic Alliance.

European central banks are "making strenuous efforts and strong exhortations to persuade commercial banks not to get scared and reduce their credit lines to one another," said the chief of one European central bank. "It is no longer just a matter of pulling money out of Brazil, but of pulling money out of banks that are heavily exposed in Brazil."

Italy, Sweden, Belgium, and other European countries borrowed close to \$100 billion through their banking systems—on top of \$300 billion borrowed by their governments—to finance deficits which grew out of control after the quadrupling of oil prices in 1979. According to data just released by the Bank for International Settlements, they borrowed \$7 billion during the first half of this year alone.

The \$100 billion time bomb in the European banking system consists mainly of borrowings from American banks—the same big banks that are in trouble over loans to Brazil and other Ibero-American countries which have paid no interest on their debts for months. The Bundesbank is pushing the German banks to stay in the \$6.5 billion lending package which supposedly will bail out Brazil; it is terrified of the consequences of Brazilian default for the European banking system, and not without justification.

What the European central banks fear is a chain-reaction crisis bigger than September 1931: If Brazil, Argentina, and other Ibero-American debtors go under, the American banks

will be in trouble, possibly losing deposits of terrified investors. Under pressure, the American banks would then cut off credit lines to European banks, and hell would break loose. "I wouldn't be surprised to see a weak European bank forced into trouble" by a cutoff of American funds, a Federal Reserve official commented Nov. 2 in Washington, D.C.

"We are talking about the possibility of another Kreditanstalt," he said, referring to the 1931 Austrian bank disaster which brought down the German banking system, and led to the installation of Hjalmar Schacht at the helm of the German central bank, and then to Hitler at the Chancellory.

Transatlantic warfare

Swiss National Bank officials have been predicting for weeks with satisfaction that a financial crisis would lead to a "European autarchy" opposed to the United States—in fact, under the thumb of the Soviet Union.

In a discussion Nov. 2, one of the best-known figures in European central banking warned that European countermeasures might well bankrupt the U.S. Treasury, were American banks to cut off their European borrowers in the midst of a Third World default crisis.

"The most important point is that, as a whole, Europe is not overindebted. On a net basis it is the United States which is overindebted. The United States is becoming more and more indebted to Japan and Europe. Some of this comes in the form of portfolio investment, and some of this is capital flight from other countries. Just in the first eight months of this year there has been a capital outflow from West Germany

of DM 14 billion. It is a safe bet that most of this has been invested into dollar assets.

"The United States has a current account deficit of \$35 billion. There are no oil country deposits to finance this any more, because the OPEC countries themselves are running a deficit of \$25 billion, so they are liquidating assets, and this means downward pressure on the dollar," the banker concluded.

The United States, in fact, owes \$150 billion to European central banks, whose monetary reserves are held in the form of U.S. government securities. Were the Europeans forced to bail out banks short of dollars in a crisis, they would dump these securities on the market, collapsing not only the dollar, but also the market for U.S. Treasury securities, provoking the worst financial crisis the United States had ever seen.

In a sense, this bitter old European financier is right: Under the present world financial crisis, everyone is bankrupt. The United States has drained \$100 billion in flight capital out of Ibero-America during the past three years, financing, in part, the gigantic American federal government borrowing requirement at the expense of countries which can least afford it. Much of this money has been recycled to the weaker European countries, which can afford neither \$32 per barrel oil nor double-digit dollar interest rates. Money borrowed by European governments as well as European banks has, in turn, flowed back into the United States, sucked back by Volcker's impossibly high interest rates.

The present mess is not much different from 1931, when Germany borrowed vast amounts of short-term capital from London, which borrowed it in turn from the United States. The Germans used the short-term money to pay interest on the \$11 billion in war debts imposed by the onerous Versailles Treaty. When the American stock market collapsed in 1929, the entire mass of debt paper among New York, London, and central Europe came crashing down, and world trade dropped by two-thirds.

All the flight capital and refinancing transactions now in jeopardy are conducted through the trillion-dollar "Eurodollar interbank market," where money is lent for hours or days. If one bank defaults, other banks which depended on its payments would default in sequence, wiping out hundreds of billions of dollars of banking assets.

The central banks are supposed to intervene on behalf of banks in trouble, to prevent such a chain-reaction crisis. But as the European central banker quoted earlier warned, the rescue operation might cause an entirely new, and possibly worse, financial crisis—one that could tear the Atlantic Alliance apart. It is not a matter of American or European gain or loss in such a situation: The bankruptcy of the global banking system creates the conditions in which an annihilating financial war could level most of the institutions of the Western economies.

Swiss 'double whammy'

The Swiss intend to first push the dollar through the ceiling—then trigger a general run against the dollar. The

collapse of the dollar, scheduled for early 1984, will float a "Middle European" currency bloc dominated by the Swiss National Bank, and also cut Japan loose from the dollar-based credit system, which is the last thing that the Japanese want. The consequences for the U.S. Treasury, dependent as it is on foreign capital inflows for a significant portion of deficit financing, would be devastating; the consequences for the American economy, heavily dependent upon a wide range of imports for day-to-day production requirements, equally dreadful, as the cost of such imports dominated in dollars went through the roof.

In a public statement Nov. 1, the Swiss National Bank twisted the tail of the West German Bundesbank, making clear that Swiss-controlled financial flows determine exactly to what extent West Germany will tighten credit, and, by implication, force credit tightening on the rest of Western Europe.

The SNB announced that it would hold Swiss monetary expansion to a mere 3 percent per year, the rate of expansion over the past 12 months; it would have achieved a growth rate of money supply of only 2.5 percent, except for purchases of West German currency, which the Swiss had supported on the market. The Swiss would not continue such intervention in previous amounts, the announcement continued, since it was clearly not worth the trouble.

Since West German monetary policy is now dictated by the rate of capital exodus out of Germany, these announcements amount to an order to further squeeze credit inside West Germany. For most of 1983, West German money growth had been in double digits for the first time in decades, as the West German monetary authorities, in effect, replaced through the West German printing press the capital that had left Western Europe for the dollar. Following months in which the German mark collapsed, frustrating Germany's efforts to reflate the rest of Western Europe, the Bundesbank had announced a return to a tight monetary policy in early September. On this basis, the mark improved for a few weeks, only to begin falling again in late October.

With 2.5 million German unemployed, no one but a handful of maniacs wants a general credit crunch in Germany; however, to the extent that the Bundesbank cannot prevent money from leaving, it has no choice but to push interest rates up further.

The Swiss commercial banks, meanwhile, are mediating a great deal of the capital leaving Germany. Swiss bank officers report that they are putting 70 percent of new client funds into dollars, up from 50 percent a year ago, and that they expect a sharp rise in the dollar during the next few weeks to force budget cuts and monetary stringency throughout Europe.

Europe's crisis would bankrupt the dollar

The present strength of the dollar reflects decisions by Swiss and other European portfolio managers to put 70 percent of their new funds into the dollar, against perhaps 50 percent a year ago. What the Swiss money managers do is

merely smoke with respect to the actual fire: The Swiss National Bank is playing both sides of a projected currency war between Western Europe and the United States. The object of the war is less financial than political: It reflects the break-way objectives of the Swiss-based oligarchical group in Europe with respect to the United States.

The dollar has been placed in the deadly position of parasite with respect to other currencies, and faces devastating repercussions once the flight of capital from other countries forces a break in the global chain of payments. Reading between the lines of the just-published Bank for International Settlements report on the Eurodollar market during the second quarter, it is evident that flight capital into the dollar accounted for extraordinary inflows into Eurodollar deposits during the second quarter. Non-bank funds worth \$7 billion flowed in, reflecting both legal and illegal flight capital, against a withdrawal of \$8.1 billion from OPEC countries during the first quarter and by \$7.1 billion during the second quarter. In other words, flight capital out of European and Latin American sources balanced the OPEC deposit withdrawals (we are talking here about the Eurodollar monetary base, on which the multiplier proceeds; the small sums therefore are highly relevant marginally important shifts).

As authoritative central banking sources explain it, the transfer of domestic funds into Eurodollar deposits provided the principal source of Eurodollar market liquidity through the first half of the year, and is apparently continuing. As noted above, the European central banks, the Bundesbank in particular, dealt with this situation first by printing money (and letting the European currencies collapse), and elsewhere by adopting really nasty austerity measures which have substantially reduced the European payments deficits, but shut down the European economies. Since international lending continued to slow to only half of what it had been in the second quarter of 1982, this liquidity transfer from Europe to the Eurodollar market merely replaced OPEC deposit withdrawals.

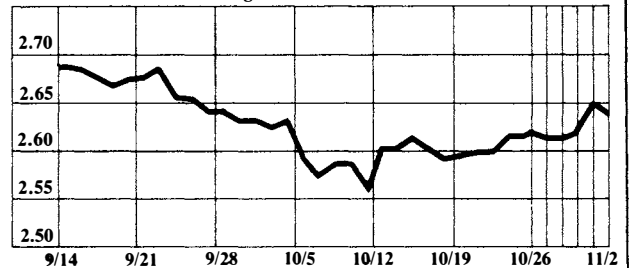
The outlook is that world trade will continue to decline, i.e., that European countries continue to cut their deficits (and eliminate their foreign borrowing requirements as well as domestic borrowing requirements) and that no net credit whatever will go to the Third World—further destroying the income-base for any further debt payments. That is, even if the present Brazilian refunding goes through, the next crisis will be all the more monstrous.

Thus the Swiss banks are betting that the balancing act will not work, that the combination of financial and political destabilization will make life impossible for the Europeans and push the dollar through the ceiling within the next several weeks. But this will produce a disaster for the dollar worse than the July 1931 collapse of the British pound. The United States will then have only two alternatives: Either introduce a dirigistic credit policy, including top-down reorganization of the Ibero-American debt, or let the Swiss inherit what remains of the financial system.

Currency Rates

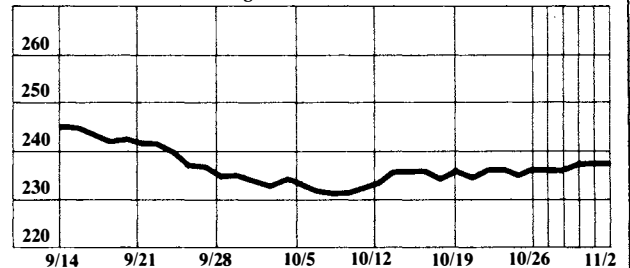
The dollar in deutschemarks

New York late afternoon fixing



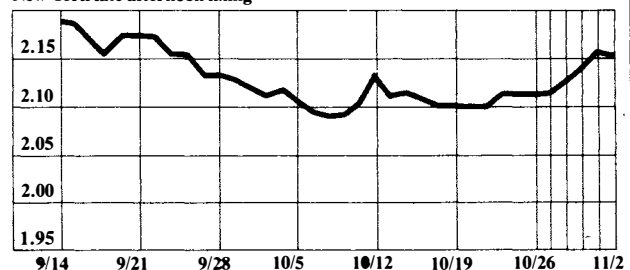
The dollar in yen

New York late afternoon fixing



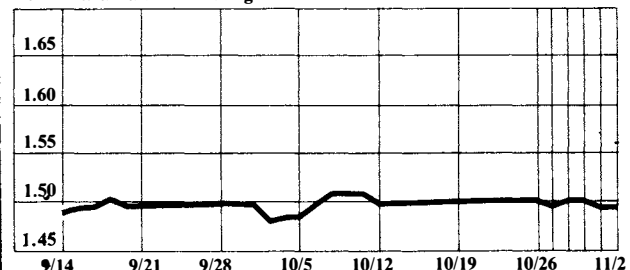
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



World Energy Conference delegates demand nuclear energy for development

by Susan and Ramtanu Maitra in New Delhi

The world does not face an energy crisis, but rather an economic crisis that has been a major barrier to the energy development programs of most nations, World Energy Conference (WEC) Secretary General Eric Ruttley stated at the closing press conference of the 12th Congress of the WEC on Sept. 23 in New Delhi. Ruttley's view was shared by many at the week-long conference, at which numerous speakers argued that nuclear energy is essential, both for the developing and industrialized nations.

Indian Prime Minister Indira Gandhi inaugurated the congress with a speech describing India's rapid progress in energy production, its success in developing nuclear energy, and its commitment to continue these policies despite opposition from abroad. "Three decades ago, a dynamic leader of science, Dr. Homi Bhabha, pointed out that to meet our growing energy needs, we could not remain dependent on the expansion of hydroelectric and thermal sources," she said. "He initiated our nuclear program. This aroused opposition from many countries, who accused us of imprudence and impracticality. The opposition continues and we are obstructed at every step. But Indian technology has acquired the capacity to design, fabricate and build nuclear power plants. . . .

"Two of the many reasons for the rise and fall of nations," she continued, "are the discovery of new resources and the emergence of new technologies. Economic power is employed to buttress existing advantages, rarely caring for others. Developed countries control enormous industrial production systems. Based on this current affluence and control over technology, they regulate world trade and investment directions that strengthen their own authority but make others more dependent. The world needs long-term vision, not short-term calculations."

The conference was attended by about 3,000 delegates, mostly professionals and businessmen in the energy field. After India, the largest delegations were from the United States (although the U.S. government boycotted the event due to India's refusal to grant visas to the Israeli delegation), France, and Great Britain. The 20 or so government ministers in attendance were mostly from developing nations and their

mission was by and large a practical one—to get up-to-date technical and other information necessary for their own nations' energy development programs, and to pursue commercial contacts to that end.

Still there were obstacles to the "long-range vision" of technological progress that Mrs. Gandhi demanded. Her criticism of the failure of the industrialized countries to assist the development of the developing sector found expression in the final conference document, which called for technology transfer and financial assistance. But no concrete measures were endorsed by the body, and the chairman repeatedly sought to avoid the issue.

The World Energy Conference was founded in 1924, and scientists and others dedicated to global energy development and progress have participated in its work. But countervailing tendencies are also manifest, from the advocates of "zero growth" and "appropriate technologies" for the developing sector. This bias was reflected in the conference program documents, which stressed the anti-technology buzzwords "quality of life" and "conservation." The WEC officially circulated to delegates the results of a study purporting to show that efforts to promote growth of electricity production and nuclear energy are doomed to failure. By the year 2020, the study contends, sub-Saharan countries will be consuming wood as their prime energy source; South Asian nations will be using animal wastes, and Latin America will be totally dependent on hydro-electric power.

This report was dismissed by many delegates as absurd; they noted that it assumed the absence of advanced technology transfer from the industrialized countries or indigenous technology development for power generation.

Controversy arose over the issue of "alternate" energy sources—solar, wind, geothermal, and biomass—versus nuclear fission and fusion. In Secretary General Ruttley's view, the "alternates" are transitionally important in particular limited circumstances, but are minor energy sources overall. Dr. R. S. Pease, Chairman of the International Atomic Energy Agency's (IAEA) International Fusion Research Council, presented an informative review of the status of fusion development. Many delegates concluded that alternate energy

sources cannot hope to meet the requirements of developing nations, and until thermonuclear fusion becomes available, electricity generation via fission, hydro, and coal will have to carry the brunt of energy demand. Indian, French and American delegates were particularly emphatic on this point.

French delegate and assistant secretary general in NATO's Scientific Division, H. Durand, outlined the limitations of solar energy development, from the standpoint of both physics and economics. The silicon used to make photovoltaic cells, he pointed out, will never be able to attain more than 15 percent efficiency, and the cost of electricity generation by this means is four times that produced by nuclear fission.

Electrification and nuclear energy

French representatives boasted about the "self-reliance" achieved through their nuclear-based energy program, and heralded the age of the fast breeder reactor, urging those who have developed nuclear fuel cycles for their first generation reactors to move quickly for breeder development. In this the French found allies among the Indians, who have chalked out their breeder-reactor program in detail and are expected to commission a 15-MW test reactor by the end of this year. India has begun work on the 500-MW sodium cooled breeder reactor to be commissioned in the 1990s.

The present constraints and enormous potentials for nuclear energy in the developing sector were discussed at length. International Atomic Energy Agency (IAEA) officials pointed first to the fact that while most underdeveloped nations have small and fragmented transmission grids, nuclear plants below 600-MW capacity are not generally available. According to IAEA there are some 15 countries, all developing, which could use units in the 200- to 600-MWe range—an indication of the potential market for small reactors, provided they were economically viable.

Dr. Anwar Hossain, chairman of the Bangladesh Atomic Energy Commission, declared that regional cooperation

should be implemented to overcome the difficulties faced by small countries in efforts to develop the entire nuclear fuel cycle. Shared enrichment or reprocessing facilities, and even power-sharing from large-size reactors, were proposed. South Asia, with India's developed capacities at the center, is a natural region for such cooperation.

Egyptian Minister of Electricity and Energy Mohamed Meher Abaza discussed the Qattara Depression Hydro-power Development project, which will be one of the major contributors to Egypt's urgently required electrical power expansion. This magnificent project will enable Mediterranean seawater to be channeled into the huge depression in Egypt's western desert, generating electricity and fostering the "greening" of the desert. Abaza outlined the plan to develop Egypt's nuclear plants over the next two decades. The two 1,000 MWe plants scheduled for completion in 1990 will be followed by six more in the next decade.

Electricity development planning was the subject of a presentation by Soviet Minister for Power and Electrification, Academician P. S. Neporozhny. Emphasizing the Soviet approach of integrated electrical and industrial-agricultural planning, Neporozhny referred to the electric power industry as the "pivot of the development of industry, transport, municipal economy and agriculture." He predicted that a commercial-quality fusion reactor will be operating in the U.S.S.R. by the year 2000. He said nothing, however, about how the underdeveloped nations might achieve nuclear power generation.

Dr. N. Tata Rao, Chairman of the Andhra Pradesh State Electricity Board and the most tireless voice in support of electric power in India, gave a lively presentation on India's past progress and future plans for electricity production growth. Pointing out that the country's 145-KWh per capita consumption of electricity is one of the lowest in the world, he asserted that he would still not be satisfied if this figure were increased tenfold overnight. He urged a renewed push for hydro and nuclear development.

The Americas' First Silver Dollar

Original coins up to 200 years old
real legal tender of our 13 colonies!



Actual Size .903
Pure Silver

\$75 Price guaranteed 30 days only!

Minted from 1772-1821 in Spanish America, these vintage "Pillar Dollars" were the most popular silver coins of our 13 Colonies and remained legal tender in the USA up until 1857. These scarce silver dollars are increasingly sought-after.

Minted in Mexico City at the oldest mint in the Americas, and denominated 8 Reales, they were the forerunners of the U.S. silver dollars struck in 1794 — and served as the world's most popular trade coins.

Huge silver melts and the fact that relatively few were saved from destruction make these coins "sleeping" classics. Each silver dollar is a large 39.5mm in diameter 27.07 grams of .903 pure silver and each comes with a Certificate of Authenticity attesting to its fine quality.



Douglas S. Schneible Life Member
American Numismatic Association No. 1305

CALL TOLL-FREE
1-800-451-4463
including Sundays

International Coins & Currency, Inc.
Dept. 424, 11 E. State St., Box 218
Montpelier, VT 05602

Please send America's First Silver Dollars checked:

- 1 coin at \$75 5 coins at \$345 (Save \$30)
 2 coins at \$150 10 coins at \$675 (Save \$75)
 3 coins at \$215 (Save \$10) (Limit 10) No. 7177

Also send _____ presentation boxes at \$2.50 each.
Postage and Insurance: Add \$2.50 per coin or
\$5.00 total on orders of three or more coins.

- TOTAL DUE: \$ _____
 Check or money order enclosed.
 Please charge the full amount to my credit card:
_____ Exp. _____

Full Card No. _____

Signature _____

Name _____

Address _____

City _____

State _____ Zip _____

Phone (____) _____

YOUR 100% NO RISK GUARANTEE: You may return your order for a full refund within 15 days (less postage, insurance and handling or course) if not completely satisfied.

1983 © ICC, Inc.

Developer of Fermi breeder reactor reviews world electricity capability

Walker Lee Cisler, president of the Overseas Advisory Corporation, Detroit, Michigan, has been in the electricity industry for 61 years. Trained as a mechanical engineer at Cornell University, he served in World War I, and then for nearly 20 years worked for the Public Service Electric and Gas Company of New Jersey. He joined the War Production Board during World War II, then was commissioned as lieutenant colonel and sent to the Mediterranean theatre to work on power supplies. He was appointed chief of the Public Utilities Section of Supreme Headquarters Allied Expeditionary Forces (SHAEP), and worked directly with General Eisenhower to provide electricity for the military drive.

After the war Cisler participated in the Marshall Plan. He established semi-annual power surveys in Europe and Japan, worked with the Atomic Energy Commission, and attended the first international conference on Peaceful Uses of Atomic Energy in Geneva, Switzerland. He conducted a campaign to inform heads of state on the safety of nuclear power and the need for the breeder reactor. Cisler formed and headed the company which built the Enrico Fermi I Breeder Reactor in Detroit (1956-72). He became president of Detroit Edison in 1951 and served in various capacities until he retired as chairman of the board in 1975.

Cisler has made power studies and surveys of India, the Philippines, Taiwan, Korea, Thailand, Vietnam, Iran, and Tunisia, and continues to travel internationally on special projects. In 1968 he became chairman of the International Executive Council of the World Energy Conference, made up of 81 nations.

During September 1983, Walker Cisler was in New Delhi attending the 12th Congress of the World Energy Conference, for which he is now honorary chairman. This interview was given to EIR's Marcia Merry Pepper in February of this year.

EIR: What special measures were taken to provide electricity for the war effort?

Cisler: I think it's best that I start with the War Production Board mobilization. Electric power was never too little or too late during the war. It was made possible by the mobilization of the electric power resources of the country and the additional resources that were necessary to make up for a possible deficiency. It was a magnificent effort, all very well organized and put together by a group of people in Washington whose background and life experience was in manufacturing, business, and technology. The country came together as never before or since in mobilizing to win the war so that there would be power as necessary for wartime requirements as well as for civilian requirements.

The United States came to the war with its existing facilities highly mobilized, and additional facilities were provided where necessary. The manufacture of heavy power equipment for utilities for civilian industry in the United States and for the military and defense requirements went hand in hand with the manufacturing of production facilities. You had the maximum utilization of the machine tools—the cutting edges of industry—and the result was that you had very orderly manufacturing of the needs for the military and for civilian needs.

EIR: What were the electrification efforts following the war?

Cisler: Under the Marshall Plan, which was the most magnificent manifestation of the generosity of the American people that has ever been shown, steps were taken to build up Western Europe. The destruction was enormous, but rebuilding was accomplished in a short period of time. The manufacturing facilities of Western Europe were modernized and they proceeded to advance into modern engineering, technology, and science in a very big way.

In 1955 the Geneva Atoms for Peace Conference was held. Bhaba [Dr. Homi Bhaba, physicist] of India was the chairman. The two countries that have made the most progress are the Soviet Union and the Americans. They were in rivalry as to who had progressed the farthest at that time. The

Geneva conference brought together not only a demonstration of what the Americans had but also what the Russians had.

There was great hope for the future. The Geneva Conference, Atoms for Peace, gave hope that the curse of the atom would be used for peace, for peaceful uses, rather than the military uses—the destructive uses. We kept away from that. But at the present time, I don't know where we stand. The timetable of Atoms for Peace was much faster than it happened. We have been retrogressing in the past few years.

I would like to see a revival of the Atoms for Peace. We could have a great abundance of electric power for all kinds of productive and cultural purposes. The big release of electric energy will create productivity for all of the manifold purposes, because electric energy is the most versatile form of energy. Electric energy is man-made, and so it's classed as a secondary form, the primary being the basic energy of coal, oil, gas, hydraulic, water vapor, even rain and others. Electric energy is secondary energy, but it's the most versatile form of energy. It will run both the smallest computer and also the largest steel rolling mill—they are one and the same as far as the electric energy. . . .

When I came into the industry in 1922 only about 10 percent of all energy—primary energy—was transformed into electric energy. That has steadily grown until now it is about 30 percent, and we anticipate by the year 2000 that it will be 50 percent.

But there has been a material slowing down in that growth in the last two or three years. I do not know today whether it will reach 50 percent by the year 2000, or whether it will take longer. But I believe that electric energy will provide an ever-increasing amount of the total energy requirements of the country—whether that reaches 50 percent by the year 2000 or somewhat less.

EIR: What do you think about the decline in power supply development in the United States and the obstruction of nuclear power development?

Cisler: We're trying to find our way out of that now, and it is taking much too long to do so. People are environmentalists about this and that. There is the matter of waste disposal. You get all kinds of reasons why you shouldn't do this and you shouldn't do that. But the truth of the matter is that people want to have a better society.

I think the progress of mankind has been the result of the use of energy. It is only a relatively short period of time since the industrial revolution—250 years—brought about the great advances in the productivities and standards of living that we have experienced. I can think of thousands and thousands of ways in which we have been assisted in our advancement by energy, the productivity of energy, the use of energy.

I think it all can be done successfully without defacing the landscape or placing it in uncertainty or danger at all. I'm one who has built an atomic power plant and operated it. I know what I am talking about. The United States is falling behind other nations.

EIR: And the Clinch River Breeder Reactor [the only major U.S. breeder reactor project since Walker Cisler's Fermi I Breeder Reactor was shut down in 1974], whose funding has been cut?

Cisler: It should have gone ahead full speed. When we had to shut down the Fermi reactor, which was in 1972, the United States went back 10 years. We had the largest operating fast breeder reactor in the world. And we've never caught up. We've lost ground.

I have seen the Soviet BN 600 running very well. It's the largest fast breeder reactor in the world. The next is the French. We have nothing here.

EIR: Do you see prospects for a new Atoms for Peace?

Cisler: I don't know. . . . I did it, I don't know whether President Reagan could do it. That's what is needed, a revitalization, wiping out all of these unnecessary restrictions, delays and hindrances. We often said, what it really needs is a Marshall Plan for nuclear energy.

EIR: What is your view of some of the priority hydropower and other projects proposed by the Mitsubishi Research Institute and the *EIR*? For example, developing the Qatarr Depression [a dry geologic basin in northern Egypt which could be filled from the Mediterranean]?

Cisler: Some day probably, the Qatarr Depression will be built . . . as we studied during the war, letting water into the Dead Sea out of the Mediterranean. That hasn't been done. Of course, it means the removal of tremendous amounts of earth.

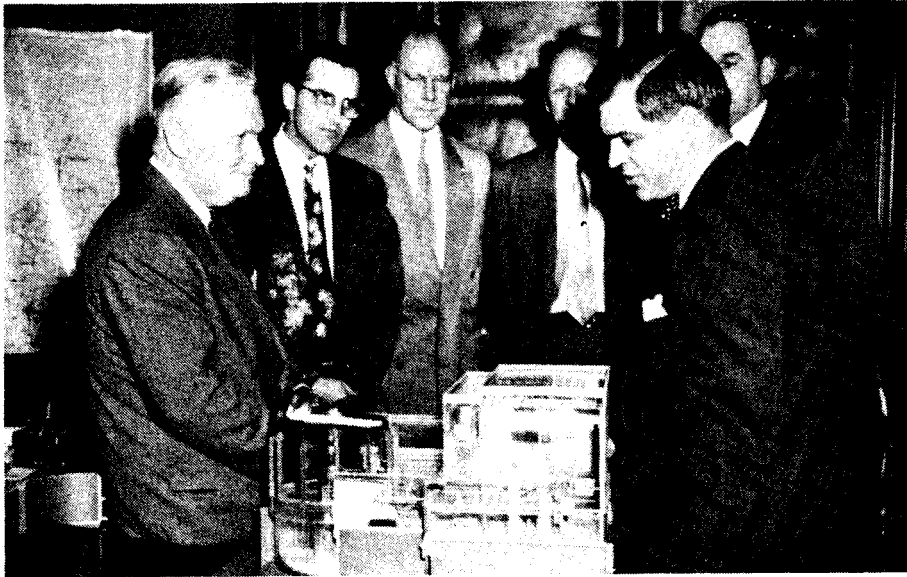
EIR: What do you think of the potential of the new Brazilian dams, the Itaipu and the Tucuri?

Cisler: [The Itaipu Dam, on the Parana River between Brazil and Paraguay] That's a magnificent project! It's the largest project in the world so far. It's not as large as Cariba, on the Congo in central Africa. That has about 20,000 million kilowatts. I visited it and photographed it from a helicopter over the rapids. . . .

EIR: Can you describe the national energy development programs you have been involved in?

Cisler: In 1962 we made a monumental study of energy and economic growth for India . . . they're still using it. I proposed the power plant of the Himalayas in 1962 for the Damidar Valley, west of Calcutta in the State of West Bengal. It was a coal fuel plant using the flushings from the washing of the coal from the steel mills, to get the cost low and yet to use a high quality coal. It was never built, but that's what led to a waste power plant.

I worked for 25 years in Iran. The Shah was very knowledgeable, a very intelligent man. I told him they could have their first nuclear plant in seven years, and he said "I will order it to be done." There could be nuclear plants in operation now, but they [the Khomeini regime] are not interested. They're pretty much completed, but they've all been aban-



Walker Cisler, left, and Gov. G. Mennen Williams of Michigan with a model of the Fermi fast breeder reactor in 1956.

done as far as I can tell. . . .

As you know, the electrification of Japan has been magnificent. There are 10 integrated power systems; the three largest, in order are: Tokyo, Kansai, and Kyutu.

Look at some of the maps of Russia, Siberia, and Japan. You see how close they are, only a relatively few hundred miles off the Kansai gradient railway. [The new Baikal-Amur Railway in the Soviet Union] opens up the [Siberian] coal-fields, the coal mines, diamond mines.

EIR: Can you comment on the development of electricity in the Soviet Union?

Cisler: Before the blitz of the Ukraine, the Russian empire had about 10 million kilowatts of electric power for the whole country, which is two and a half times larger than the United States. About half of that was destroyed in the blitz of the Ukraine. They started with less than 5 million kilowatts, which was about the size of a medium-size electric power system in the United States today. We helped them greatly under Lend-Lease. We built vast amounts of equipment, and we put this behind the Urals and elsewhere. We built complete power plants, we built power trains, we built power cars. We helped them greatly—it fell to my lot to do that.

I was in Washington, and then I went into the service, and I went with General Eisenhower from North Africa to Berlin. I was in Germany as part of the quadripartite government, and I worked with the Russians in Berlin. Through all these 41 years it has always been a constructive relationship between myself, in what I do, and the Russians. They've been very responsive to me. . . . My credibility with the country has been uninterrupted for 41 years, and that's why I like to go there to visit and work with them.

EIR: What about Soviet projects elsewhere in the world?

Cisler: They built the High Aswan Dam. I've been there. They're as good hydraulic engineers as you find anywhere in

the world.

EIR: There are proposals for mass producing nuclear power plants that could be floated to their ultimate installation location. You developed the first-ever floating power plants during the war. . . .

Cisler: They were part of the War Production Board. . . they were built under my direction in Pittsburgh. The hulls were fabricated by Bethlehem Steel at Ambridge, down the Ohio River, and we took them up the Monongehela near McKeesport. There were four ships; remarkable ships.

First they were to be used in the inland waterways in the United States. Only one ever got used for that purpose. The first one at Vicksburg was tied into the power system and supplied power for the ginning of the cotton crop. The rest of the time they were used overseas. They were built as a precaution, to ensure that the nation would not be without power.

They were completely sustained. They could supply power at 132,000 volts, and carried their fuel in the bottom of the ship. It supplied the fuel for several days' operation. The draft was 320 feet long, but the ships can go into water shallower than 10 feet. They operate at dual cycles—30,000 kilowatts of 60 cycles, and 25,000 kilowatts at 50 cycles.

[The floating power plants] *Sea Power* and *Resistance* were put overseas. They arrived in the estuary of the Thames at Christmastime, 1944. *Sea Power* was put in a canal in Belgium where it supplied 15 percent of the power of Belgium, providing power for the fabrication of steel. . . .

I released two ships to General MacArthur [who requested two of the floaters after recapturing the Philippines]. I knew him, met with him, and I helped him in rebuilding Japan. . . . *Resistance* was used in Korea, used in Okinawa, used in Guam, used in the other islands in the Pacific. The *Impedance*, the last one built, has been used in all these places, [MacArthur used it in reconstructing Manila] and now it's in Jamaica.

'Old' and 'new' airlines

The story of Francisco Lorenzo exemplifies the strategy of the industry's banking overseers.

Pan American, a unionized airline, halted its three flights out of New Orleans to the West Coast on Oct. 31. The flights weren't money-losers—on the contrary, they were heavily booked and had been so for years. Pan Am is ceding profitable flights to Emerald Air, a “new” non-union carrier with which Pan Am has numerous flight agreements.

The pattern of ceding profitable routes to the “upstart” carriers is part of a wage-destruction mechanism dictated by the industry's purse-string holders. The major funders of the “new” airlines are the “old” banks who have traditionally provided funds for the industry. The most interesting case is that of Francisco Lorenzo, head of Republic Air, the corporate entity that bought up Continental in 1981 with the help of the law firm headed by Democratic National Committee Chairman Charles Manatt.

Lorenzo's success story has none of the romance of entrepreneurial lore. His anti-union mini-empire was solely a creation of hundreds of millions of dollars funneled in from major international and regional banks, insurance companies, and brokerage houses, seasoned with the spice of black-economy networks. Lorenzo is a front man.

Said to have formerly worked in the controller's office at TWA, he formed Jet Capital Corporation in 1969 together with Carl Pohlad, Robert Carney and Douglas Tansill. Pohlad and Carney were executives of Minnesota Enterprises Industries, which owned the Minneapolis bus system and held numerous real estate interests, including, reportedly, gambling casino and related properties. Tansill was an

official at Kidder Peabody, the brokerage firm founded by the Boston Peabody family.

Jet Capital, still only a shell organization, bought Texas Air from Minnesota Enterprises with \$31,528,000 from a consortium consisting of Chase Manhattan (\$13.8 million), Bank of the Southwest (\$6.8 million), Aetna Life Insurance (\$6.2 million) and McDonnell Douglas Finance Co (\$4.7 million).

On the Bank of the Southwest board was Jean de Menil, of the Schlumberger banking family of Switzerland. De Menil was a director of Permindex, an organization later identified by intelligence agency sources as the apparatus that carried out the assassination of President John F. Kennedy in 1963. De Menil's wife, Dominique, is a sponsor of Islamic fundamentalist terrorist organizations through the Houston-based Rothko Chapel.

With Texas Air came the Tropicana in Las Vegas, which Carney and Lorenzo sold in 1975. Subsequent federal investigations indicated that the Tropicana after 1975 was owned by the Kansas City mob.

Later Lorenzo joined the board of the directors of Elsinore Corporation, a subsidiary of Hyatt International which owned the Four Queens in Vegas and the Hyatt Lake Tahoe. Elsinore, which was also involved in joint ventures to develop electronic slot machines, was founded in 1972 and “taken private” in 1979.

With the initial 1972 infusion of capital, Lorenzo proceeded to build a pyramid of corporations with Jet Capital Corporation being the ultimate parent of Texas Air, the holding com-

pany for Texas International Airlines, and New York Air. In 1975 Chase Manhattan made another loan of unknown size and the following year became a minor lender for more than \$11 million in loans by Aetna and the Philadelphia Savings Fund Society.

In 1977 another \$11 million worth of equipment was purchased with loans from a Chase led consortia of banks, this time with Department of Transportation loan guarantees.

By 1978, the Lorenzo corporate empire was sufficiently established to allow it to sell \$24.3 million worth of bonds, through a shell, Texas International Airlines Finance, N.V. (probably based in Curaçao, the Dutch money-laundering center in the Caribbean). Lorenzo's bid for National Airlines failed, but he was now in the big time, reaping another bond package the next year put together by Smith Barney, Crédit Suisse, First Boston, and Kidder Peabody International.

In 1979, the first year of airline deregulation, Lorenzo's total borrowings on the public record were \$126.4 million, rising to \$134.5 million in 1980 and taking off in 1981 to \$197.3 million, the latter year with \$158 million from Manufacturer's Hanover Bank in New York, to finance the takeover of Continental Airlines. The other lenders are, once again, top names in banking, brokerage, and insurance: Home Life, Nationwide Life, Aetna, Smith Barney, Wells Fargo Bank, Bank of Montreal, First National Bank of St. Louis, Houston National Bank, and Wells Fargo.

The investors apparently believe that the paper mountain behind the ailing airline carriers (old or new) can be supported by wage givebacks. As one New York banker declared, “These airlines are really good at scraping up cash in a pinch.” The pinch is on the employees.

The GNP inflator

How the Commerce Department manages to produce statistical leaps while industrial output continues to sag.

Analysts in the United States have traced the most recent rumors of Yuri Andropov's ill health to reports that Andropov injured himself by laughing too hard at the batch of "economic recovery" figures released by the U.S. government on Oct. 21. The court jesters at the Commerce Department claimed that the U.S. economy experienced a whopping 7.9 percent increase in the Gross National Product for the third quarter of 1983, while inflation was held to a mere 3.4 percent.

And once again acclaim for "the upswing" could be heard the length of Pennsylvania Avenue. White House press spokesman Larry Speakes hailed the GNP figures as proving "an impressive pattern of non-inflationary growth. We now expect the economy to continue at a sustainable rate of growth in the months ahead."

Commerce Secretary Malcolm Baldrige chimed in: "The economy has entered an expansion phase, although a few specific industries are lagging behind the overall pace of the economy."

EIR is in a position to explain why even Russian economists are shrewd enough to see through the hoax.

First, consider the plain fact that the value of steel output is lower than a year before, industrial power consumption is down, machine tool orders are one-fifth of 1979 levels, all basic metalworking continues to drop, and this is becoming the all-time record year for U.S. bankruptcies."

The method behind the provision of entertainment to Yuri Andropov is as follows. Gross National Product

(GNP) is simply the sum of transactions in the economy, including manufacturing sales, retail sales, service sales, and other payments. GNP says "product" but in fact does not measure any product. It measures the dollar value of transactions in the economy, regardless of the nature of those transactions.

For example, as Economics Editor David Goldman and I have documented (see *EIR*, Aug. 9, 1983), the GNP compilers add in the amount of interest paid in the economy. Interest payments are not a "product"; in fact, when interest rates are at usurious levels as at present, these payments are a net drain on real product. But the way the GNP is calculated, the rise in interest payments hides the drop in real product. When interest rates go up, as at present, the GNP goes up, other elements remaining equal.

This is why GNP continues to rise during economic slumps or falls only mildly in the worst of downturns.

The way the Commerce Department constructs the GNP, if interest rates went up to 25 percent and everybody traded used cars and clothing, and if absolutely nothing was produced, the GNP would rise.

Of course, people would complain that the GNP was just reflecting price increases and not more production. Therefore, the Commerce Department deflates the GNP statistics for price increases—but the trick here is to underestimate the real rate of inflation.

We show in the current *EIR* Quarterly Economic Report that the Bureau of Labor Statistics' Consumer Price

Index has understated inflation of some consumer durables by as much as half over the past dozen years.

For example, the cost of an automobile has risen slightly more than threefold since 1967, according to the Motor Vehicle Manufacturers Association. Yet the Bureau of Labor Statistics claims that the price of an auto has only doubled since 1967.

Since Commerce uses the BLS's Consumer and Producer Price Indices to deflate the GNP, the GNP figure is inadequately deflated, i.e., grossly overvalued.

Thus the GNP is not only not a measure of product, but a measure of financial transactions in the economy, but those transactions are not properly adjusted for inflation.

In remarks made to the Joint Economic Committee of Congress on Oct. 20, Paul Volcker, chairman of an institution that has been in the forefront of the "recovery"-mongering, made an interesting comment. Volcker told the committee that "foreign competition, a slack labor market, and spare factory capacity give the United States a rare opportunity to build in greater stability."

What kind of stability is built on depressed industrial conditions? It is the stabilization of interest income at the expense of industrial production—exactly the internal transfer in the economy that the GNP is design to hide by counting interest and rental income as "product."

Volcker added, "There are strong grounds to believe that underlying inflation is lower—and can continue to move lower—than is generally perceived." Although the Fed is not directly involved in producing the inflation numbers, Volcker was either saying that the BLS will more energetically falsify the inflation figures or that the economy will continue downward.

Judge orders debt moratorium

Principal and interest payments may now be deferred across the United States under a federal court ruling.

On Oct. 27, a federal judge in North Dakota issued a bold ruling which will in effect introduce a temporary debt moratorium against the Department of Agriculture's Farmers Home Administration. Last May, Judge Bruce Van Sickle, presiding in the case of *Coleman v. Block*, enjoined the FmHA from proceeding with farm foreclosures and farm loan accelerations (declaring any loan due if payments are not made on time) in the state of North Dakota until the agency adopted certain constitutional safeguards to protect the rights of farmers. In his Oct. 27 ruling, Judge Van Sickle extended the certified class action suit beyond the class of North Dakota farmers to include the farmers of 43 other states. (Farmers in the other six states are exempted because similar cases are pending in those jurisdictions, but Judge Van Sickle gave them an option to join the North Dakota suit.)

"It is time to gather the remaining people into one action, consider the other courts' experiences and rulings in this matter, and resolve the issues, at least at the lower court level," wrote the North Dakota jurist. The judge's opinion refers to the emergency in U.S. agriculture brought about by the protracted usurious interest rate policy of Federal Reserve Chairman Paul Volcker. Since FmHA loans are pegged to the cost of government borrowing, the Volcker monetary policy is directly responsible for the tidal wave of farm foreclosures which have sparked legal actions by debt-strapped farmers in several states.

The FmHA has stubbornly refused even to acknowledge the existence of

the crisis. In mid-September, FmHA head Charles W. Shuman stated: "These things go with farming. I don't expect to see much difference in the number of farmers leaving agriculture." But according to Sarah Vogel, the attorney for the now-nationwide class of farmers, the North Dakota court order "is going to stop the FmHA from commencing a bunch of foreclosures. They have something like 17,037 farmers who were sent to the Office of General Counsel to start foreclosure as of June 30."

The heart of the case is a 1978 statute (7 U.S.C. 1981a) which permits the Secretary of Agriculture to defer principal and interest payments on FmHA loans and forego foreclosures "upon a showing by the borrower that due to circumstances beyond the borrower's control, the borrower is temporarily unable to continue making payments of such principal and interest when due without unduly impairing the standard of living of the borrower."

USDA has interpreted the statute to be discretionary and has refused to set up any formal administrative procedure so borrowers can exercise their statutory rights. The source of this administrative reluctance might well be that some artful pleader could show the Fed's usury amounted to "circumstances beyond the borrower's control" and thus establish the precedent for a permanent debt moratorium until the Volcker policy is rolled back.

The USDA's adherence to the strict text of the statute to justify its "do-nothing" policy was sharply criticized by Judge Van Sickle last May. "This

statute is not a shining example of legislative art . . . [b]ut when the Congress assembled speaks with all the pomp and ceremony of a statutory enactment, I must presume it means something." The days of the Department's nonenforcement of 1981a are definitely numbered.

Attorney Vogel wrote in her court papers, "It is not in the public interest to subject American farmers, who are seeking to save their homes, livelihood, and way of life, to 'hearings' that can easily be characterized . . . as 'kangaroo courts.'" By virtue of his May order, Judge Van Sickle granted North Dakota farmers the right to hearings on loan deferrals caused by circumstances "beyond the borrower's control." The ruling of Oct. 27 will extend these rights to approximately one-quarter of a million farmers across the country.

Government attorneys have told *EIR* that the imposition of due process standards will infringe on the "special relationship" the county FmHA supervisor has with local farm borrowers. But other sources indicate that this "special relationship" is already being eliminated by the USDA policy of rotating personnel so that outside supervisors, less susceptible to local pressure, will carry out the FmHA foreclosures.

Until the FmHA complies with the court's order for constitutional standards of due process, they are enjoined from foreclosing on virtually any farm in the country. When *EIR* contacted the FmHA's Office of General Counsel, the spokesman stated there were no current plans to implement the procedures specified in Judge Van Sickle's order. This response to the court order means that a de facto FmHA debt moratorium will exist pending a hearing on a permanent injunction scheduled for Jan. 9, 1984.

A labor call to arms

"We've had it up to here," says union federation chief Fidel Velázquez, but what's the next move?

In a statement viewed within the government as "unheard of" and "the strongest attack of its kind in recent years," Fidel Velázquez, chief of the Mexican Workers Confederation (CTM), warned on Oct. 28 that either the government and its ruling PRI party reverse its austerity course, or the labor movement would begin to act independently of the party.

The CTM is the official labor wing of the PRI; it has roughly one-fifth of the seats in Congress, and forms the strongest base the PRI has. Without the CTM, the PRI is finished.

Velázquez told 2,000 leaders of the CTM in Guadalajara, who interrupted the speech of their veteran leader 32 times for applause, that "the PRI lacks fight . . . it has no reply to the labor movement. It never supports us in any strike or salary demand. . . . If the PRI were to put forward and defend the aspirations of the CTM, it would immediately win the allegiance of millions of workers, who are now in the PRI out of discipline."

Velázquez called for a purge of two PRI organizations which he charged were being used against the CTM, the National Revolutionary Women's Association, and the National Youth Movement.

Several times the labor chief pledged that he would "not take the country into adventures," but at the same time "It may be that we have to change tactics. . . . If we wished to get ahead of the current economic situation, we would have to fight head-on, and we could create a powerful

and serious social situation. . . ."

The semi-official government paper, *El Nacional*, blacked out the speech. The press most actively seeking a break between the government and labor, *El Universal* and *El Heraldo*, played it up.

On Oct. 20, the government had decreed gasoline price hikes of 25-30 percent. On Oct. 31, price hikes were authorized for eggs, rice, and milk of an average 20 percent. The same day the guaranteed base price to farmers for grains, which had not been adjusted since May, was increased only 20 percent—far below the cost increase for the same period.

But the CTM leader's challenge was not only based on the intolerable level of workers' sacrifice under the current IMF program (a roughly 50 percent decline in real wages over the past year). Velázquez is acutely aware that political forces inside the Mexican system aligned with the IMF have made the gutting of organized labor their first priority.

One signal was the statement of Alfonso Martínez Domínguez, PRI governor of Nuevo León, who declared on Oct. 27 that the PRI should pay less attention to organized labor, and more to "unorganized groups of peasants and workers who are suffering more."

The governor, connected *sub rosa* to the IMF's surrogate party in Mexico, the PAN, targeted the powerful CTM-allied oilworkers union to begin a union-busting campaign, backed by left-wing, Jesuit-infested outlets such

as *Proceso* magazine and neo-Nazi outlets such as *Impacto*.

The sudden resuscitation of the Authentic Party of the Mexican Revolution (PARM) from the land of Mexico's political dead on Nov. 1, All Soul's Day, provided a glimpse of the master orchestrator behind the union-busting crusade. The PARM was established by the PRI in the late 1940s as a plaything for Mexican generals eased out of the real corridors of power. By the late 1970s those generals had largely died out, and with them, the party.

But on Nov. 1 one Carlos Cantú Rosas held a press conference to announce the reappearance of the PARM with one plank: "The nation demands men who will fight against the labor corruption which is sinking the country in mud."

Education Minister Jesús Reyes Heróles, as interior minister in 1976-1979, directed the PARM as part of his "Political Reform" operation; he pulls the strings to this day, insiders report.

Adolfo Gilly, a protégé of Reyes operating under a Trotskyist label, declared on Nov. 2 that it was Peronist union corruption that doomed the Peronists in the Argentine elections, and that powerful labor groups constituted the same problem in Mexico.

Velázquez is waiting to see what signals he gets, public or private, from the government. He has scheduled big labor summits for the middle of the month, and is preparing to negotiate the annual minimum wage adjustments at the end of the year. What happens if the government does not respond? At that point, a labor break with the government may be inevitable, and the only question will be whether Velázquez leads it or surrenders the CTM to anti-government labor forces ready in the wings.

Business Briefs

Asian Debt

Banks won't accept Marcos's proposals

The 12-bank committee overseeing the recent debt renegotiation with the Philippines has expressed unwillingness to accept President Ferdinand Marcos's proposal to have the Prime Minister Cesar Virata, who is also the finance minister, function as his successor. Marcos associate and cabinet minister Arturo Tolentino, whose political affiliations have become ambiguous in the recent period, stated that, "With all due respect to President Marcos's 'clarification,' it is not only unconstitutional but extremely dangerous."

A spokesman for one of the 12 creditor banks is quoted by the Nov. 3 *Washington Post* as saying "it would make the bankers much more comfortable if there were an orderly succession mechanism so that the situation won't turn into chaos."

The 12-bank advisory committee, chaired by Manufacturers Hanover and the Bank of Tokyo, and made up of the Bank of America, Bank of Montreal, Banque National de Paris, Barclays Bank, Chase Manhattan, Chemical, Citibank, and Morgan Guaranty, controls only 25 percent of the country's debt. But it is attempting to force smaller U.S. banks with holdings in the Philippines to agree to roll over the debt. One smaller banker claimed that the amount involved in the 90-day rollover was \$4 rather than \$3 billion, and that half of the \$4 billion was the conversion of short-term into medium-term loans—nothing that will alleviate the Philippine's crisis.

At the beginning of the year the balance of payments deficit was projected to be \$600 million for the year; it is now \$2 billion, with a \$711 million jump in Bank of Philippines deficits in the first two weeks of October alone due to the withholding of foreign loans and stepped-up demands for short-term debt payments. Foreign reserves have dropped to about \$500 million, enough to

cover one month's imports, and could go down to \$150 million by the end of the year. The government is holding out for an IMF standby loan as well as two pending \$600 million World Bank loans, economic support funds from the United States and yen credits from the Overseas Economic Cooperation Fund of Japan.

Brazil

Figueiredo rebuffs moratorium calls

"Moratorium is not the solution. . . . We will do our best to pay our debts," Brazilian President João Figueiredo assured UPI Oct. 31.

The next night, central bank head Afonso Celso Pastore took off for New York to try to persuade private creditors to commit themselves to the \$6.5 billion fresh money component of Brazil's latest refinancing package by the Nov. 10 deadline set by the IMF. In Washington, Pastore admitted to the IMF staff that it was impossible for Brazil to hold inflation under the 160 percent level on which its new letter of intent to the IMF is based. That failure throws Brazil into violation of many of the other quantitative goals in the letter. Pastore sought to revise the letter only two weeks before the IMF directors were expected to approve it at their Nov. 18 meeting.

The world's bankers, even the snarling gnomes of Zürich and the equally hostile London crew, are giving signs that they will accept the new package.

Figueiredo was responding to a growing clamor for cessation of interest payments, even from leading members of his own party such as Deputy Theodorico Ferrazo, who said, "We need a moratorium of at least three years to resolve our internal problems." Former central bank head Paulo Lira is calling for five years. Celso Furtado, chief economic advisor of the opposition PMDB

party, goes further. He told *Le Monde* Nov. 2, "Brazil is on its own. The largest debtor of the world has an historic responsibility: initiate the moratorium process. The other debtor countries will come along."

With these calls and continuing riots in São Paulo, one would imagine the IMF and bankers would do their best to keep Brazil in the game. However, a source familiar with the thinking of Henry Kissinger reported Nov. 3 that the banks were refusing to provide an urgently needed \$3 billion bridge loan without U.S. government guarantees—and Washington is saying "no."

International Credit

BIS admits financial dictatorship role

It has been a common practice of the Swiss banking community to issue carefully doctored exposés on their own evil activities whenever international outrage against Switzerland threatens their freedom of action. This practice explains an otherwise titillating article in the November issue of *Harper's* magazine, entitled "Ruling the World of Money." The article describes, with selected details, how the Swiss-based Bank for International Settlements is a private financiers' conspiracy to oppose national governments' sovereignty, and to control the world's monetary system and gold supplies.

The article is written by U.S. writer Edward Jay Epstein, author of a leading book-length account of the murder of John F. Kennedy, and is a close associate of anti-American CIA operative James Jesus Angleton. Epstein's link to Angleton, plus his report in the article that he was given a rare tour of the internal workings of the Bank for International Settlements, are evidence that the *Harper's* piece is self-serving Swiss propaganda.

Epstein describes the BIS and Swiss

banking community as "the most exclusive, secretive, and powerful supranational club in the world," then argues that were it not for the existence of this elite "inner club," the world financial system would have collapsed long ago.

In this connection, Epstein cites BIS chairman Fritz Leutwiler: "I have no use for politicians. They lack the judgment of central bankers."

Banking

Who pulled down Schroeder Münchmayer?

The West German Bundesbank issued an official communiqué on Nov. 3 stating that the four senior partners of the elite private bank Schroeder, Münchmeyer, Hengst & Company, visited central bank head Karl-Otto Poehl the night of Nov. 1 to announce that the bank's problems were insurmountable. A joint meeting of the Bundesbank and the German commercial and savings bank, after meeting through the night of Nov. 2, extended DM 450 million in credit.

Official statements claim that Schroeder, Münchmeyer got into trouble after its loans to the asset-stripping operative Horst-Dieter Esch and his high-risk conglomerate IBH hit heavy losses. The bank has no less than DM 600 million in uncovered claims against IBH, and made DM 200 million loans to Esch himself.

But this explains nothing of the emergency: IBH lost DM 120 million last year and was expected to lose another DM 60 million this year—nothing that Schroeder, Münchmeyer and its own bankers could not have quietly absorbed in a period of a few months.

Schroeder, Münchmeyer is the flagship of German private investment and merchant banking. The Schroeder family helped finance Adolf Hitler before he came to power; after the war, it was Alwin Münchmeyer

who made German banks acceptable again on the international scene. Münchmeyer, a mentor of former chancellor Helmut Schmidt, Economics Minister Count Otto Lambsdorff, and Foreign Minister Hans-Dietrich Genscher, chaired the German Bankers' Association for 20 years, and was the single most important controller of the financial side of Willy Brandt's *Ostpolitik* in the 1960s—a formidable center of financial and political power that would seem unsinkable within Germany itself.

Black Economy

Panama becoming world drug money haven

Panama, the most-favored tax haven in the Western Hemisphere, is rapidly becoming a world center for laundering huge drug-trade cash profits. While other tax havens are loosening their bank-secrecy laws, the Panamanian government continues to permit huge cash deposits without any regulation—a ideal repository for drug funds. According to a front-page article in the Nov. 3 *Wall Street Journal*, shipments of boxes of cash are arriving for banking in Panama.

Transactions were previously made by transfers from deposits in U.S. banks, but in the recent period U.S. law enforcement officials are enforcing 1970 laws requiring U.S. banks to file forms with the Treasury on any cash transaction over \$10,000 as a means of controlling drug trafficking and other organized-crime activities.

Panama's banking system uses the U.S. dollar as its paper currency, and exports excess funds to U.S. Federal Reserve banks for deposit or transfer to other banks. Such shipments have risen sharply in the last year: from \$200 million in 1980 to \$550 million in 1982, to about \$1 billion last year. "A high percentage of [these funds] was in \$20-denomination bills," the *Journal* quotes a U.S. Treasury source, a denomination commonly used in narcotics purchases.

Briefly

● **CEEAC**, the Economic Community of Central African States, was recently created by a treaty of ten central African countries. These include Cameroon, Gabon, Chad, Sao Tome and Principe, Equatorial Guinea, CAR, Burundi, Rwanda, and Zaire. Omar Bongo, the president of Gabon, stated that Angola did not sign the treaty because Luanda feels that at the moment it can not fulfill its obligations due to South African occupation of part of its territory and the unstable internal situation caused by South African-backed Unita rebels.

● **BRITISH** Energy Minister Peter Walker begins a six-day trip to China Nov. 3 to discuss British participation in China's offshore oil industry. The *British Guardian* and the *Journal of Commerce* agree that Hong Kong is the perfect center for the Chinese offshore oil industry in the South China Sea. Brown and Root has just signed a deal with the Chinese to this end. Atlantic Richfield and Santa Fe Minerals have been operating in the area since January. French Elf and Aquitaine, and Japan National Oil, are also involved.

● **WEST GERMANY** has agreed to sell India spare parts for its Bombay nuclear reactor.

● **THE FRENCH** defense budget is slated to be increased by some 6.66 percent next year, but at the same time the number of soldiers in the armed forces will be cut. Equipment is to be improved, and the research and development in the nuclear and tactical nuclear forces.

● **IRAQ** is reportedly seeking a two-year postponement on a 30 billion yen debt to Japan's Toshiba and Toyo Engineering Corporations.

After Argentina's elections: which economic policy?

by Dennis Small

Radical Party candidate Raúl Alfonsín won a stunning upset victory in Argentina's presidential elections on Oct. 30, defeating his Peronist Party opponent Italo Luder by a wide margin of 52 percent to 40 percent of the popular vote. Up to 6:00 p.m., when the polls closed, every single seasoned political observer consulted in Buenos Aires by this writer expected a close race between the two candidates, with most analysts forecasting a slim Peronist margin in the range of 42 percent versus 38 percent for the Radicals—with a handful of smaller parties splitting the remaining 20 percent of the vote.

By 2:00 a.m. the next morning, when the national vote pattern was unmistakably clear, Alfonsín had shocked the world with the magnitude of his victory, stunned the overconfident Peronists by handing them their first electoral defeat in their nearly 40-year history, and—as he later admitted—surprised even himself with the outcome.

The Argentine elections were followed closely around the world: they were the first in a decade in the entire convulsed Southern Cone of Ibero-America, and could very well lead the way for neighboring Brazil, Chile, Uruguay, and Paraguay.

The liberal international media, the world financial community, and the Socialist International joined the U.S. State Department in expressing euphoria, not so much over Alfonsín's victory as over Peronism's defeat. They had thrown all of their influence and support behind the Alfonsín campaign, fearing that a Peronist victory would lead to Argentina assuming a prominent role in the formation of an Ibero-American debtors' cartel and common market.

Henry Kissinger, informed Washington sources have reported to *EIR*, is expressing glib satisfaction with the electoral outcome, insisting that he has a firm commitment from the Alfonsín team that they will obediently pay off Argentina's controversial \$40 billion foreign debt and stick to an IMF framework.

It is unquestionably true that the Peronists would have implemented a far more nationalist program on the foreign debt; but it is far from established that Alfonsín intends to turn his government into a debt collection apparatus for the IMF. And even if he wanted to, he probably couldn't get away with it.



An Industrialized Argentina: Axis of Ibero-American Integration, by the editors of EIR, was released Oct. 27 in Buenos Aires.

On Friday, Oct. 28—the height of the electoral mobilization of the Argentine population—fully 2 million citizens took to the streets to engage in political activity. This is over 10 percent of the entire Argentine electorate; it is as if 15 million Americans all demonstrated at once in favor of one or another policy!

The Peronists led the mobilization, drawing close to 1.5 million people, 90 percent of them workers, to their closing electoral rally. In front of Buenos Aires's giant obelisk, a spirited but disciplined political rally extended for 16 city blocks down the famous Avenida 9 de Julio, the widest avenue in the world. The gathering was an awesome display of political commitment and nationalism, indicating the way in which Gen. Juan Perón—whatever his flaws—managed to imbue in his followers a sense of moral purpose for themselves and their nation. What most struck this reporter was the fact that the 1.5 million-person demonstration was *not* that of a Jacobin mob; in any other country of Ibero-America, a million-and-a-half-person demonstration would have left 50 dead, 600 wounded, and 100 shop windows broken. There was not a single incident at the mammoth Peronist rally.

At one point, candidate Luder called for a moment of silence in memory of General Perón, his wife Evita, and other “fallen Peronist heroes.” The roar and chants of a million and a half people subsided into complete silence.

While the Peronists were demonstrating in Buenos Aires, Alfonsín drew a crowd estimated at a half million in the industrial city of Rosario.

Whatever the differences in party affiliation and preferences, all 2 million demonstrating Argentines—and the 16

million other voters they represented—share two basic goals for their country:

- 1) To put an end to the military dictatorship which has run Argentina since the coup d'état of March 1976, and return the nation to democracy and normalcy; and
- 2) To reconstruct the shattered Argentine economy, which has been reduced to near rubble by seven years of strict Friedmanite looting.

Dealing with the IMF

Whether the Alfonsín administration will satisfy these pent-up popular demands will depend principally on how he handles the issue of Argentina's debt renegotiation with the banks and the IMF. The IMF intends to place enormous pressure on Alfonsín to pay the debt, and pay it by further crushing the living standard of the population and dismantling what remains of its industrial capacities. A Swiss-linked banking source in Buenos Aires explained that over \$2 billion in capital would flee the country if Alfonsín did not “restore confidence” by quickly negotiating on the IMF's terms.

Alfonsín will have a particular political problem in handling this pressure. His 52 percent majority was formed by an inherently unstable voting bloc:

- 1) 25 percent was made up of the Radical Party's traditional hard-core base;
- 2) another 15 percent was a strictly *anti-Peronist* vote coming from independents and former Peronist sympathizers dismayed by Luder's campaign and by

the overbearing presence in it of a "trade-union mafia" that Alfonsín successfully tarred with the brush of a dirty alliance with the hated military; and

3) a final 12 percent came from a half dozen smaller parties—including those of the vehemently anti-Peronist oligarchy—who split their ballots in order to vote heavily for Alfonsín for president.

Against this, in the opposition, stands a hard-core 40 percent voting bloc of the Peronists, which voted for their movement despite its current problems and Alfonsín's well-heeled publicity campaign against them. They are battered by the electoral results, but far from finished politically. The Peronists control a majority in the new Senate.

Alfonsín will thus have to choose one of two courses for his government in the weeks immediately ahead. Either he can forge an alliance between the more nationalist faction within his own Radical Party and the Peronist opposition, in order to stand up to the IMF's demands and to reembarc Argentina on a course of industrial development. Or he can try to strike a "deal" with the IMF, which will mean a showdown between his government and the powerful Peronist-run trade unions in the first three months of his regime. This could lead to a dramatic further polarization of the country, and possibly conditions of near civil war.

That is the result that Henry Kissinger is known to devoutly desire. Six months ago, Kissinger told Argentine business acquaintances to pull their investments out of the country, since "the place is going to look like Iran." Rather than a forecast, Kissinger's comments should be read as a statement of *intent*: Kissinger and his British allies have yet to forgive Argentina for fighting the Malvinas War.

A highly placed Argentine military source, cognizant of the enormous pressures that will be brought to bear on the new Argentine government and the internal polarization it will confront, wryly told this reporter on election day: "The irony is that whoever wins this election could turn out to be the big loser. Unless he plays his cards right, he won't last six months."

Alfonsín's issues

Three principal issues will determine which direction the Alfonsín administration moves in. There are already major policy fights occurring within his camp over each of them, even before he has named his cabinet.

1) Debt and economic integration. Will Alfonsín give priority to economic recovery, and tell the IMF to wait patiently in line for eventual repayment?

A tough line has already been taken by one of the leading figures of the Radical Party, Antonio Tróccoli, who is likely to get the powerful post of interior minister. He told the press that the new government favors a debt moratorium and renegotiation of the foreign debt on terms that will permit the government to gear up production and employ its idle capacity and unemployed manpower.

Throughout his campaign, Alfonsín himself emphasized

that he would strongly encourage economic integration policies with the rest of Ibero-America. In an exclusive interview with *EIR*, Alfonsín stated in April 1983:

Some kind of integration of Latin America must be brought about . . . we must work together to defend our interests. . . . We have to work together, at least to protect ourselves from being forced to pay usury. . . . I would not pay this usury. I am willing to fulfill our country's promises, but not on the basis of destroying our people by paying international usury. (See *EIR*, May 17.)

The day after the election, Alfonsín reiterated that recovery will take precedence over debt repayment:

We are not going to accept the recessive recipes of the IMF. We are not going to pay usury. And we are going to pay the debt—the legitimate debt—in accord with what we owe and with our exports. . . . No financier can pretend to collect the debt if markets are closed to our exports. We are going to demand a long-term renegotiation.

But such statements are contradicted by the views of Alfonsín's chief financial adviser Bernardo Grinspun, a banker with extensive links to Wall Street and the City of London who is expected to become either finance minister or head of the central bank in the next government. Grinspun is an outspoken advocate of the notorious Rohatyn Plan, whereby Third World debt would be renegotiated and placed under the direct control of a strengthened IMF or equivalent institution. Grinspun also gained notoriety recently when he demanded that the outgoing military government continue to negotiate refinancing deals for state-sector debt on usurious terms that violated national sovereignty.

There are also insistent reports in Buenos Aires that Alfonsín will name as his chief debt negotiator Raúl Prébisch, the elderly British agent who helped dismantle the Argentine economy and forced the country to join the IMF after the 1955 military coup against Gen. Juan Perón's first government. Prébisch is particularly hated in Peronist circles, and his appointment would be received as a loud slap in the face to their concerns. Prébisch is also an advocate of the Rohatyn Plan, and is vocally hostile to the idea of a debtors' cartel.

Which approach Alfonsín will choose remains very much an open question.

2) Reorganizing the military. There is a consensus across Argentine society that the top command of the armed forces must be held accountable for the economic and political crisis in which they left the country, and for the military debacle of the Malvinas War. There will be a purge at the top which could cut quite deep. Alfonsín plans to take this anti-military sentiment further, and to sharply reduce the military budget itself from about 10 percent of GNP down to 2 percent. He hopes in this way to free up funds he can then use for debt repayment.

The danger here is that the Radicals will cut into military-related R&D and other programs which are required both for national defense and technological advance—especially in light of Britain's ongoing militarization of the Malvinas. Not surprisingly, the British are strongly encouraging Alfonsín to adopt a "pacifist" track, and have expressed outrage at the possible U.S. lifting of the Humphrey-Kennedy Amendment, which prohibits U.S. arms sales to Argentina on the grounds of "human rights violations."

Argentina's flagship nuclear program is a particularly crucial case in point. Until now, it has been run with great success by the Navy. If it is at all victimized by the budgetary axe, there will be strong discontent in the military and important strata of civilian society. In fact, *new* expenditures will be actively sought by certain elements in the armed forces for such programs as research in fusion and laser technologies—as explained in detail in the exclusive *EIR* interview published below with Brigadier General Fautario, the former commander in chief of the Argentine Air Force.

3) Purging the trade unions. Argentina's trade unions are controlled 99 percent by the Peronist Party, whose labor leaders have earned a reputation both inside and outside their party for employing heavy-handed "mafia" tactics. Alfonsín has already announced that he intends to "democratize" the unions, and reliable sources have told *EIR* that the government will invite to Argentina delegations from West Germany's Friedrich Ebert Stiftung and from the American AFL-CIO to help "re-educate" the Peronists.

Here, Alfonsín is playing with fire. There is little doubt that the Peronists themselves intend to clean up their image by removing some of the union leaders. But if the Radicals try to take advantage of this situation to weaken the trade-union movement as a whole, they will be dismantling the principal obstacle in the country to the implementation of harsh IMF conditionalities. Furthermore, a purge will provoke an explosion from the Peronist Party as a whole.

Which way for Peronism?

Peronism, Argentina's most important postwar political movement is now confronting its most profound crisis. The old methods which held together this nationalist but highly diverse party no longer work: General Perón is dead, and there is no one capable of filling his shoes; and victory has for the first time eluded the Peronists, who had been "winners" both inside and outside power for the past 40 years. Now they must establish a clear *programmatic* focus to unify their ranks, or begin to suffer the effects of centrifugal political forces.

That task now will now fall in large measure on the next generation of party leaders, the 40- and 50-year-olds who are angered by the failures of the current party leadership, and who plan to use their upcoming stint as the country's leading opposition force to restore the Peronist Party to its former pre-eminence, and hold Alfonsín to a policy course which will satisfy the universal national aspirations for democracy and development.

EIR presents economic program in Buenos Aires

by Cynthia Rush

On the eve of Argentina's national elections, *EIR* Ibero-America editor Dennis Small announced the publication in Buenos Aires of the book *An Industrialized Argentina: Axis of Ibero-American Development*. Written by a team from the *Executive Intelligence Review* and the Fusion Energy Foundation, with a prologue by *EIR* founder Lyndon LaRouche, the book is based on an application of the LaRouche-Riemann econometric model to the Argentine economy. It outlines the program that could turn this South American country into an economic superpower and leader of a scientific renaissance on the continent.

Speaking to an overflow crowd of 100 people at the Wilton Palace Hotel in Buenos Aires Oct. 27, Small outlined the book's 20-year development perspective for Argentina based on rapid development of its nuclear and scientific capabilities, with large investment in infrastructure, transportation, and agriculture.

He also explained the philosophical outlook which guides *EIR*'s work. "One hundred and fifty years ago," Small said, "it would not have been at all unusual for an American to be standing here saying what I'm saying." At that time, John Quincy Adams, first as secretary of State and then as President, formulated a foreign policy of respect for, and encouragement of, the development of sovereign republics. Yet today, because the policies of the State Department and the likes of Henry Kissinger have wrought only destruction, the existence of someone like Lyndon LaRouche and the *EIR* may be difficult to grasp, Small said. What LaRouche proposes, however, is a return to the kind of collaboration for development proposed by John Quincy Adams.

Argentina's new government will be faced with the task of reversing the worst economic and debt crisis in the country's history and rebuilding the industrial infrastructure gutted by seven years of monetarist policy. Small told the audience that the new government has two options before it. It can adopt the accelerated development approach outlined by *EIR* and LaRouche, or it can succumb to Iranian-style chaos demanded by Henry Kissinger. Kissinger, Small reported, is now warning that Argentina will become "another Iran" and that "terrible things will occur there" very shortly.

The LaRouche approach, beginning with publication of the August 1982 document *Operation Juárez*, has found excellent reception among diverse layers of Argentina's political establishment. Those attending the Oct. 27 event, with large representation from the Peronist party, included several

retired high-level military officers, former congressmen and cabinet ministers, officials from the planning ministry, journalists, well-known political analysts and leaders, and individuals close to the leading presidential candidates. The publisher, Mr. Peña Lillo, told the audience that an analysis of Argentine reality “written by this group of Americans” is of the utmost importance.

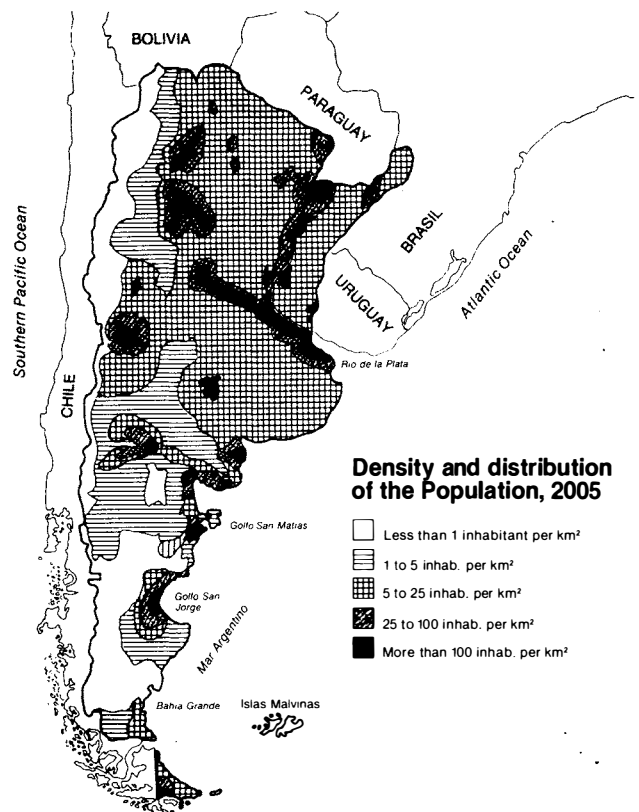
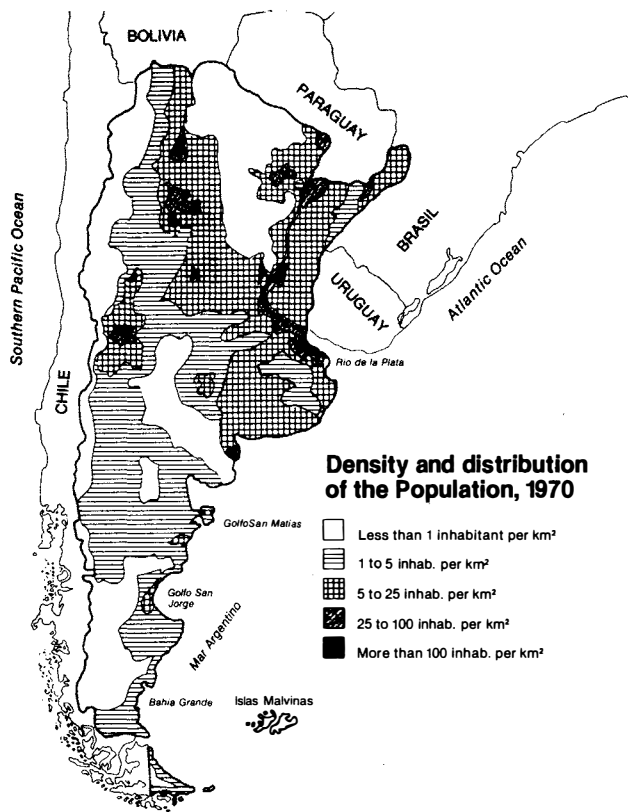
Other speakers at the event reflected the impact of LaRouche’s ideas in Argentina. Leopoldo Frenkel, a respected Peronist leader who served as an advisor to presidential candidate Italo Argentino Luder, told the audience how, during last year’s Malvinas conflict, he had reluctantly agreed to a request from a friend to meet with “the American journalist” Dennis Small. Frenkel recalled that he had not looked forward to meeting with yet another American to whom he would have to explain why the disputed Malvinas islands “were the Malvinas and not the Falklands.”

To his great pleasure, Frenkel reported, Dennis Small and the American political leader he represented—Lyndon LaRouche—were different. LaRouche defended Argentina’s sovereignty and the Malvinas with vigor and enthusiasm, sometimes more ardently than many Argentines, Frenkel said.

Juan Gabriel Labaké, the leader of a Peronist grouping

known as “Orthodoxy and Loyalty,” reported that he too had met with representatives of Lyndon LaRouche in Buenos Aires, and finally with LaRouche and his wife Helga in Washington, and found them to be individuals of great morality, constancy, and political commitment. What impressed him most, he said, was that LaRouche based himself on the philosophies of Plato and Augustinian Christianity. This, he said, is precisely what “Justicialismo,” or Peronism, is based on. When the Peronist leader read a section from LaRouche’s prologue to the book explaining that real economics is morality, the audience listened in rapt silence. He went on to say that when he read the full *EIR* study, he was amazed at its coherence and political power.

Labaké remarked that he disagreed with LaRouche on the issues of the Monroe Doctrine, which LaRouche supports in its original form as developed by John Quincy Adams, and Pan-Americanism, arguing that an Ibero-American alliance with the United States is today impossible. But, Labaké added, LaRouche is now a candidate seeking the U.S. Democratic Party presidential nomination. Whether he actually wins the election, or only increases his political influence in the United States, Labaké said, “I hope he gains the kind of political influence inside the United States that will prove me wrong on these issues.”



The low density of Argentina’s population throughout most of its territory is a principal obstacle to development. Unless immigration and an increase in the native birth rate expand the population by the year 2005 to the levels shown, the country will not have the manpower needed to carry out great industrial projects.

Maps are reprinted from *An Industrialized Argentina: Axis of Ibero-American Integration*.

Excerpts from *An Industrialized Argentina: Axis of Ibero-American Integration*

A common market would mobilize the continent's vast potential

In his Operation Juárez proposal, now so widely influencing opinion in Ibero-America, Lyndon LaRouche called upon the nations of the continent to undertake two broad policy measures. The first involves an orderly restructuring of foreign debt, to be forced upon the financial oligarchies of the Northern Hemisphere if necessary by a debtors' club of Ibero-American nations. The second concerns formation of an Ibero-American Common Market.

The Malvinas War brought the subject of Ibero-American integration to the center of policy thinking because it dramatically demonstrated the value of strength through unity. Ironically, however, one hears Argentines more than any other Ibero-Americans argue that their country does not require such continent-wide unity to develop, that it is uniquely positioned to handle its debt crisis, and maybe even industrialize, on its own.

True, Argentina is unique among the nations of the continent in that it is self-sufficient in both food and energy, the two most fundamental economic inputs. Nevertheless, a "common market" approach is an absolute necessity, for Argentina in particular.

First, Argentina's labor force is too small by an order of magnitude to permit well-rounded industrialization. This also means that the size of the Argentine domestic market is insufficient for the development strategy required.

Second, Japanese-style rates of productivity increase depend on a range of infrastructure projects which are by nature regional in scope. Such projects, in a number of cases, would double the productivity growth Argentina could achieve on its own.

Third, even if Argentina were to singly survive somehow, the onslaughts of the IMF and private financial powers of the North, none of its neighbors would. It should be evident that Argentina's sovereign development would become impossible when surrounded by neighbors condemned to the IMF's genocidal regimen, devastated under Pinochet-style dictatorships, which can alone preside over such extreme forms of monetarist destruction.

A self-sufficient superpower

Ibero-America's current trade pattern is an irrational legacy of colonialism. Only 15 percent of the nations' foreign

trade occurs within Ibero-America. Raw-materials-producing enclaves exported to Europe and the United States, in turn importing processed and manufactured goods from them. The continent's current transport infrastructure consists of little more than rail lines and roads leading from mines and farming areas straight to export ports.

Let us view Ibero-America as if it were a single economy, a "nation of republics," so to speak. Some startling facts stand out. The continent is entirely self-sufficient in food—thanks to Argentina. It is self-sufficient in energy—thanks to Mexico and Venezuela. It is self-sufficient in most raw materials—thanks to the Andean nations. It is self-sufficient in capital-goods production—thanks to Brazil. There are gaps,



of course: chemical production, advanced capital goods, high technology items, spare parts for machinery, to name the most important. But overall, *EIR* has calculated that Ibero-America, by shifting its foreign trade pattern toward intra-continental arrangements, could attain self-sufficiency in the range of 70 percent regional.

A good example is petroleum. The energy ministers of Mexico, Venezuela, Ecuador, and Trinidad-and-Tobago recently determined that, among themselves, they produce over 5 million barrels per day of oil, of which they export 3.5 million bpd abroad. The other nations of the continent import oil from abroad, in quantities that could easily be supplied directly from the four oil exporters.

And so it goes with almost every item produced in Ibero-America. *The principal reason is debt.* Exports abroad earn foreign exchange for the exporting nations. A common market thus tends to follow “naturally” upon formation of a debtors’ club to relieve the unpayable debt burdens. A shift to intracontinental trade would itself constitute a de facto debt moratorium.

Argentina, for example, could export grain and meat surplus to a hungry Mexico. Mexico could supply energy-short Brazil with oil. Brazil could complete the triangle by shipping Argentina many of the capital goods it requires for its industrial processes. No dollars would be required to carry this out. The net result would be to deflect goods from the international markets, where they are now sold to obtain means of debt repayment, and to channel them into regional trade for regional development.

However, productive self-sufficiency *per se* is not the goal of an Ibero-American Common Market. The goal is development, the transformation of the continent into an economic superpower in one generation. The principal means of accomplishing this is to launch a series of great projects on regional infrastructure, not only bringing about the continent’s physical integration, but accomplishing productivity boosts on a now-unimagined scale: a second Panama Canal; major nuclear plant construction, especially in Mexico, Brazil, and Argentina; a high-technology integrated steel facility along the Colombian/Venezuelan border; the Grande Carajás iron mining and processing project in Brazil; an ecologically sound agro-industrial development of the Amazon; development of the Cuenca del Plata agricultural zone; an integrated continental transportation grid to vastly cheapen intra-continental trade, and to open the interior to habitation and development.

Peruvian President Fernando Belaunde Terry has recently revived a proposal first issued by the German explorer Alexander von Humboldt in the early 19th century: the physical integration of the continent’s three great river basins, the Amazon, the Paraná, and the Orinoco systems. By means of canal, dam, and excavation projects on a mere 4 percent of the 10,000 kilometer water route, and small water control and dredging operations on 28 percent, the entire system would become fully navigable, connecting every nation on

the continent but Chile by inland waterways—by far the cheapest form of bulk transportation.

Building a *Zollverein*

All that is required to realize the enormous potential of a continental common market is appropriate trade and monetary mechanisms. The basic idea is that of the *Zollverein* or customs union, modeled on 19th-century German economist Friedrich List’s system of protective barriers favoring domestic industrialization. To build a modern *Zollverein*, the following specific steps must be taken:

1) **Formation of a debtors’ cartel** or club, informing the creditors that debt obligations will henceforth be met on terms permitting rapid industrial development—before a single penny is paid.

2) **Formation of a regional development bank and an Ibero-American currency of account**, used to issue new credits for that portion of infrastructure projects corresponding to regional production (as high as 70 percent of the total).

There must also be drastic domestic monetary reforms. These must be conceived, in Argentina’s case, along the lines of the “heavy franc” reform conducted by Charles de Gaulle’s monetary adviser, Jacques Rueff. Capital flight, and speculative capital inflow, as the country’s productive base was dismantled under former finance minister Martínez de Hoz, has produced a legendary rate of inflation. Argentina’s money supply today is like a contaminated circulatory system: It needs a total transfusion. A “heavy peso” must be established, recalling all old currency and trading the new for it. Citizens will be required to explain the origin of their holdings, and if determined illegal or speculative, they shall be confiscated or converted to the “heavy peso” at discriminatory rates.

The basic idea is that the state must retake sovereign control of Argentine credit and taxation, using these to orient the economy in the national interest. Therefore, a second step must be establishment of a national central bank, whose legal function will be to orient the national credit structure toward high-technology industrial activities, and to establish a two-tier credit system for this purpose: high rates for speculative and non-productive activities, low rates and preferential amounts of credit for productive agriculture, industry, and infrastructure. The central bank will be empowered to obtain funds on the domestic and international credit markets through issuance of gold-backed government bonds at low (2 percent) interest rates, and to regulate all private banking in the nation.

A third set of necessary measures involves the establishment of strict capital and exchange controls, to defend the economy from financial warfare periodically conducted by supranational financial oligarchies. The nation’s currency parity and convertibility is a matter of strict national sovereignty, to be fixed without any foreign interference whatever. Those foreign investors or corporations wishing to participate in Argentina’s development should be welcomed—insofar as they abide by the cited rules of the game.

Building Argentina's infrastructural base

The key to any economy's development is sustained growth in productivity, and the key to productivity growth is *infrastructure*: the energy, the transportation grid, the control and development of water resources, and so forth. In Argentina, the greatest obstacle to development is population shortage and imbalance. Development therefore depends on major infrastructural projects to integrate and populate the entire country. An annual growth rate of 10-13 percent range can be achieved throughout the 20-year period.

EIR studies have come up with the following economic map of a developing Argentina:

Northeast: huge dam and hydroelectric projects in the Paraná River basin, where projects are now delayed, to supply the bulk of Argentina's electrical energy growth through the year 2000.

North central: the now depopulated Chaco-Formosa region will be given over to agriculture, as water is diverted west from the Paraná basin to irrigate this semi-arid region.

Northwest: natural gas, iron ore, and other minerals development to provide the basis for heavy industrial siting.

Tucuman-Santiago del Estero: expanded agriculture,

mining, and heavy industry.

Mendoza: petroleum and agriculture.

Neuquen: hydro-electric and natural gas projects.

Rio Negro River Basin: agriculture, metallurgy, and iron ore.

Tierra del Fuego: wool, wood, gas liquefaction, petrochemicals, and fishing.

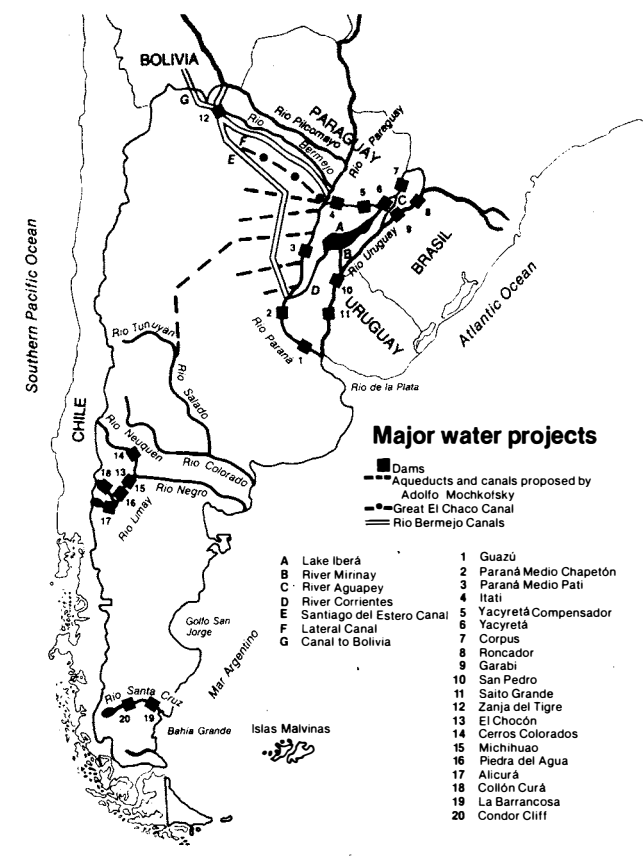
Large nuclear-energy projects will be required in all but the north central and Neuquen regions to permit such development. The centers of industry will remain those in the area of the "pampa humeda," including Córdoba, Rosario, and Bahia Blanca, while Buenos Aires maintains its status as the center of the nation's economy. However, more and more primary and secondary processing of mineral and agricultural products will be located in provincial sites where they are produced. More advanced industries will predominate in the established centers.

The enormous hydroelectric resources of the Paraná River system have been much studied, and eight major national and binational projects are under way or slated for construction before the year 2000. Today, they all face serious delays. This year's tragic floods emphasize the importance of completing these projects as rapidly as possible, and supplementing them with flood-control works. Apart from energy, these projects will give a great boost to water transportation. The city of Resistencia, in the northeastern province of Chaco, will become a major port, enabling ships to travel all the way up to the confluence of the Paraguay and Paraná rivers.

An important component of Paraná basin development is westward diversion of water to irrigate the arid and semi-arid regions of Chaco, Formosa, Santiago del Estero, and others. Two major canals are proposed. Tens of millions of hectares of land can be added to agriculture or cattle-raising. This north central region is one of the least populated areas of the country; with proper water control, it could sustain a population above 10 million, and very large agricultural and cattle industries.

The largest expanse of rich, well-watered soil is the area known as the "pampa humeda," 50-60 million hectares. However, most of the pampas is devoted to cattle-raising rather than agriculture, a very low-value utilization of rich soil. The optimal policy is to transplant the cattle industry to less fertile areas, and devote almost all the pampas to agricultural production, augmenting grain production by 100 percent by simply doubling land currently under grain cultivation, and properly fertilizing and mechanizing it.

Neuquen province in the north encompasses the southern-Andes-fed Neuquen and Limay rivers. Hydroelectric projects completed here already supply a major component of Buenos Aires's electricity requirements. Future projects will more than double the 1,600 GWH installed, with much of it being exported north, and also providing the basis for industrializing and populating the southern Cordillera region. The province also has abundant natural gas and petroleum deposits; natural gas is estimated at 447,000 million cubic meters with



more yet to be found. This should not only be tapped, shipping most of the gas out of the province, but made the basis for a petrochemical and fertilizer industry supplying vastly expanded agricultural activity in the pampas and elsewhere. There is also the basis for a strong forestry industry in 2 million hectares of good forest land stretching to the southern tip of the country. Transportation will be required to foster lumber, wood products, and pulp industries.

The key is "nuplexes," nuclear-centered agro-industrial complexes, utilizing both energy and process heat from, initially, high-temperature gas-cooled reactors. *EIR* has proposed location of such nuplex facilities in the pampa humeda, at least six (three more plants than now scheduled): Resistencia-Corrientes, a twin-plant complex; Jujuy-Salta, one plant; Tucuman, one plant; Mendoza, a twin-plant nuplex; San Antonio Oeste, one plant; and Tierra del Fuego, two plants in Ushuaia.

Argentina can advance world science research

Argentina, with its relatively large nuclear industry and highly skilled workforce, is uniquely positioned to become a world leader in scientific research. Argentina should become capable of independent development of new technologies, and independent discovery of new scientific knowledge.

To accomplish this requires:

1) Creation of a handful of world-class scientific institutes, functioning as research institutes responsible for new basic research as well as technological applications, and education of scientists to function as teachers, consultants, and field researchers for industry and agriculture.

2) Upgrading of higher scientific education at all universities, and establishment of a National Polytechnic Institute with branches in all major population centers.

3) Encouragement of new technologies in industry and agriculture, with the example of the U.S. Agricultural Extension Services foremost in mind.

There are four areas in which Argentina could make a major scientific contribution:

Advanced nuclear technologies: Argentina should expand its nuclear commitment to embrace the high-temperature gas-cooled reactor, or HTGR, with its higher fuel and thermal efficiencies and benign safety and environmental properties, which make it ideal for "nuplex" facilities. The country should also expand its nuclear materials research.

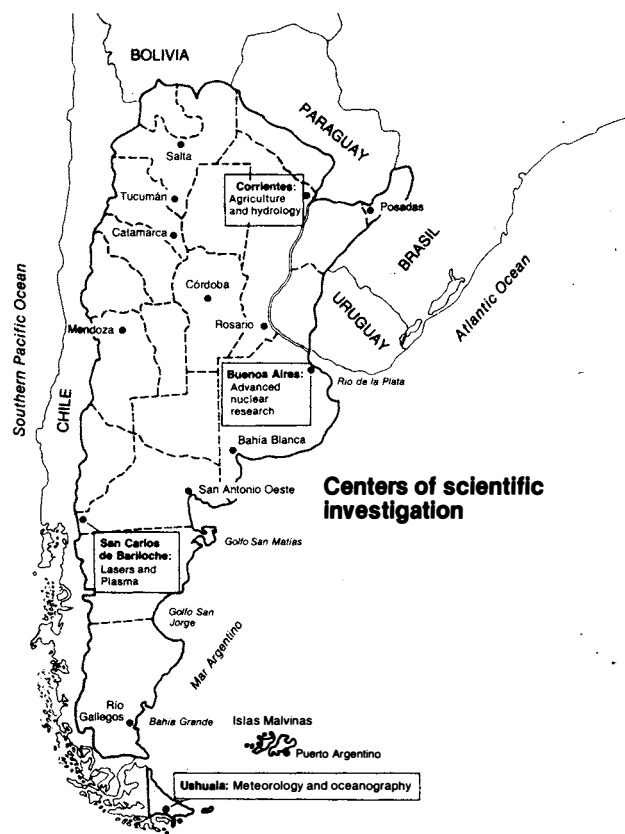
Laser and plasma technologies: Argentina must engage in this research now, so that by 1990, when such technologies *must* be introduced, the country will have the knowledge, manpower, and resources to invest in them. Laser isotope separation; magnetohydrodynamics (MHD) using natural gas, fusion, and laser; and plasma metalworking are areas for which a basic research institute should be established.

Agriculture and hydrology research: Argentina sits astride one of the world's great river basins, the Río de la Plata. The study of tropical hydrology, irrigation in middle latitudes,

and livestock science (accelerated twinning, etc.) are areas in which the country is especially well positioned.

Meteorology and oceanography: The dynamics of global climate indicate that the interaction between large masses of water like the South Atlantic and neighboring rain-forests are the most intense energy sources for driving long-term change in the world's climate. Argentina's unique geographical position in the Southern Hemisphere enables it to study new theories of global climate formation, in which the absence of long-term, accurate data for the Southern Hemisphere is the greatest obstacle. Argentina's long Atlantic coastline, exposure in the far south, and its South Atlantic and Antarctic territories, mean that no one is positioned better for this. A major world research center in the Tierra del Fuego region would be the center for observation and research stations gathering the large mass of water and atmospheric data necessary for climate study. The project would be enhanced by collaboration with Brazil, and the combination of the Argentine and Brazilian rocketry and space capabilities, making it a complete data gathering and reduction project.

Scientific advance is the essence of national security, and a high priority should therefore be placed on the involvement of the Argentine Armed Forces in these scientific projects. This provides the proper basis for the integration of the civilian and military aspects of Argentine society, in a way in which each is contributing maximally to the nation's development.



Former Air Force commander is the first spokesman in the developing sector to endorse beam weapons

This interview with retired Brig. Gen. Hector Luis Fautario, former commander-in-chief of the Argentine Air Force, was made by Dennis Small, EIR's Ibero-American editor, in Buenos Aires on Oct. 28.

Brigadier Fautario was commander-in-chief of the Argentine Air Force from 1973 to 1975. During a career that began in 1942, he occupied the position of chief of Planning and Operations of the Joint Chiefs of Staff (1967-1969), and also served as the Air Force chief of Planning and Development. Prior to taking up his position as commander-in-chief in 1973, he served as the Air Force general chief of staff for three years. He is particularly proud of work done as chief of the Cadet Corps, at the Air Force's Aviation School. In that capacity, Brigadier Fautario promoted the fighter training schools which, in his own words, "gave such good results during the Malvinas War, and are the true training-ground of the Air Force." The retired Air Force officer has extensive training in the field of civil aviation, and has attended many international symposia representing Argentina.

Small: On March 23, President Ronald Reagan announced that the United States would adopt a new strategic defense doctrine based on beam weapons. What is your opinion on this strategy and its implications for international military doctrine?

Fautario: The policy announced by President Reagan in March hasn't been taken into account—at least not in my country and perhaps not in other Latin American countries. A strategy which completely changes the face of the earth has not been given the attention it deserves. This strategy which opens a completely new panorama on the future nature of war and the future defense of all countries has not been sufficiently broadcast here.

I think that the development of beam weapons . . . is tremendously important; I could compare it directly with the development made by the United States when it launched its famous NASA program to conquer the moon and reach other planets.

It involves a huge investment which evidently will result

in the development not only of all kinds of arms, but also civilian benefits such as in the field of medicine.

This military strategy is going to change the face of the Earth fundamentally because the U.S. will use a new system which already has proclaimed the future obsolescence of all multiple warhead nuclear missiles. Using a laser ray defense or using satellites with multiple warheads could anticipate any nuclear attack.

Small: Since the Second World War, the military doctrine called MAD—Mutually Assured Destruction—or the idea of a balance of nuclear terror as the only way of preventing war, has prevailed. What would beam weapons do to that military doctrine?

Fautario: I think that beam weapons are fundamentally important, because they totally alleviate that situation [of nuclear terror], given that in that way a massive nuclear attack could be avoided by destroying the rockets with rays directly from the earth or from satellites. . . . I think this would largely paralyze the nuclear terrorism doctrine so prevalent in today's world.

Small: Several months ago eminent scientists from the United States and the Soviet Union met in the Italian town of Erice: Dr. Teller for the United States and doctors Aleksandrov and Velikov for the U.S.S.R. They signed a final communiqué which called for the joint study of beam weapons to analyze the possibilities of those defense systems. What do you think of this kind of collaboration between the two superpowers?

Fautario: I believe that it is very healthy to really take advantage of all the knowledge and all applications of these systems, but I don't know if in practice this situation can be achieved, because Russia, as I understand it, is in a race to develop the laser ray systems ahead of the U.S. This fact forced President Reagan to break secrecy and launch a great program of this nature. Thus I don't know if collaboration will work out. What I believe is that countries like ours have to rapidly associate ourselves to developments of this magnitude because they would ensure the freedom of the world.

Small: There are some advocates of the previous MAD doctrine, such as Henry Kissinger, who argue that the world should be re-divided into two empires by means of a "New Yalta" arrangement: a Soviet colonialist empire of the East and a U.S. colonialist empire of the West. Under these circumstances, the countries of the South, according to Kissinger, would play no role at all, since "history is not made in the South." What do you think of these ideas of Henry Kissinger?

Fautario: I think that Henry Kissinger knows us quite well because he came to visit a number of times during the military government of the past seven years and has spoken about Argentina. So he knows very well that his policy is a one-way street. It is not exactly one that favors Argentina, but rather opposes all of the Latin American nations. He defends a position that I personally do not share . . . one that proposes cutting off all possibilities for our countries—of all of the Latin American countries—of achieving an industrial development that can be competitive. But [Kissinger's] arguments will always be used, because behind them, is an economic outlook that we do not share.

Small: You just spoke about the importance of Argentina associating itself with the development of beam weapons. What specific importance would these developments have for Argentina in economic as well as military fields?

Fautario: I believe that we have people in our country who are very capable and can collaborate in this field in much the way that we have developed nuclear energy, with a great sense of coherence. . . . The [development] of lasers would be the same. I believe it is crucial to begin decisively to put our people to work on something like this, which not only affects military strategy as such, but also affects the government's strategy for defending sovereignty.

Small: That is, the idea would be to use what has been achieved in nuclear science and technology and extend this into the laser field and use this as a motor to advance the whole economy.

Fautario: Precisely. I think this is one of the keys to the future, and in this decade we are inevitably going to see it happen. Any country which does not grasp this situation is a country which is going to be left behind—I have no doubts of that.

Small: Our magazine has emphasized, especially in the writings of its founder, Lyndon LaRouche, the idea of civilian use of laser technology. What is the most general meaning of technological development, first, in military strategy and, second, in civilian applications?

Fautario: The first application is to military strategy for national defense. And the armed forces necessarily get involved because they are the institutions in charge of these things for the State. The armed forces are the most advanced

in this area, and they can allocate more time and more manpower to a study of this kind. Thus a working group with civilians on high technology is what must be created. For this would be also useful to bring Argentine "brains" back into the country to create consciousness and develop the civilian side at the same time as we develop the military strategic side.

We sincerely believe that in these fields we can then radiate out and spread [these technologies] all over Latin America just as we are doing in the nuclear area.

Small: Would you then support some kind of scientific and economic integration with other countries of the continent to work together on lasers, nuclear energy, industrialization, etc. I am thinking specifically of Brazil, where important work in these areas has also been done.

Fautario: I think that something like that is fundamental, because it would shatter the scenarios of the people who think that we are in some kind of arms race or something similar here. That conception has to be totally cut through. There is nothing better than true cooperation and unity in this kind of work, for example with Brazil—and not so that the other Latin America countries think that the two "small powers" on the continent are uniting to dominate the rest. But simply because [together] we can offer others an advanced technology which they, for economic reasons, cannot acquire.

Small: What do you think of the relations between your country and the United States in this post-Malvinas period? Which way should we go?

Fautario: I believe that the Malvinas subject is complicated and unfortunate. In any case Argentina must continue to maintain very good relations with the United States, because the U.S. is a good country to help politically to solve the Malvinas problem and make England negotiate as mandated by the United Nations. That is, the United States must remain close to Argentina. . . . Events have distanced us somewhat, but that doesn't mean that we should not become close once again. . . .

Small: And some areas of cooperation could be scientific areas like nuclear energy or laser technologies?

Fautario: Exactly. In this case of laser systems, we would have to make a contribution, and we would look forward to a period of participation by the United States, so as to feel truly united in work like this, aside from what could be developed in any other specific field of scientific endeavor.

Small: Please explain to me more about your idea of the role of the armed forces in a country like Argentina in this kind of scientific and technological project.

Fautario: What happens is that the economy of a country like ours does not have the capacity of the United States to channel a lot of money for scientific development, not even

How Moscow Plays the Muslim Card in the Middle East

In the past year, have you. . .

Suspected that the news media are not presenting an accurate picture of Soviet gains and capabilities in the Middle East?

Wondered how far the Khomeini brand of fundamentalism will spread?

Asked yourself why the United States seems to be making one blunder after another in the Middle East?

If so, you need *EIR's* new Special Report, "How Moscow Plays the Muslim Card in the Middle East." The report documents how Zbigniew Brzezinski's vision of Islamic fundamentalism spreading to break up the Soviet empire is upside down. Instead, using those Islamic radicals, the Soviets are poised for advances on all fronts in the Middle East, from diplomatic ties to conservative Gulf States, to new outbreaks of terrorism, to creating client states such as "Baluchistan" (now part of Pakistan) on the Arabian Sea. The "arc of crisis" has turned into a Soviet "arc of opportunity."

This ground-breaking report covers:

- **History and Mideast policy of the Pugwash Conferences**, whose organization by Bertrand Russell in 1957 involved high-level Soviet participation from the beginning. Pugwash Conferences predicted petroleum crises and foresaw tactical nuclear warfare in the Middle East.
- **The Soviet Islam establishment**, including Shiite-born Politburo member Geidar Aliyev, the Soviet Orientology and Ethnography think tanks, and the four Muslim Boards of the U.S.S.R.
- **Moscow's cooptation of British intelligence networks** (including those of the "Muslim Brotherhood"—most prominent member, Ayatollah Khomeini) and parts of Hitler's Middle East networks, expanded after the war.
- **The U.S.S.R.'s diplomatic and political gains in the region since 1979**. Soviet penetration of Iran as a case study of Moscow's Muslim card. The August 1983 founding of the Teheran-based terrorist "Islamintern," which showed its hand in the Oct. 23 Beirut bombings.

\$250.00. For further information, call William Engdahl, Special Services, at (212) 247-8820 or (800) 223-5594 x 818.

for private companies which it contracts and permanently encourages for that kind of study. Unfortunately, Argentina is not in that kind of situation. The only institutions that can take the initiative are the armed forces because of the allocation they receive from the State for development, and because they have their own organisms for this work, such as the Air Force's experimental institute in Cordoba, or the joint institutes that we have created with the other branches of the armed forces. . . .

What we must do is increase development through the armed forces which have their research and development institutes, advance the work as much as possible, and then try to turn it over to private industry, providing it with all the help necessary for its in-depth development—that is, for its definitive implementation. The armed forces would always be the controlling factor, not because these are purely military questions but because the armed forces have the largest scientific capability.

Small: On Oct. 27, our *EIR* magazine will hold a seminar in Washington on U.S.-Latin American relations, focusing especially on Argentina. What message would you send to the participants in this seminar who are interested in ending a period of strained political relations between our two countries?

Fautario: A meeting of that kind is very important, and it is most interesting that Mr. LaRouche's team is organizing it. As a message, I think the main thing is, as I said at the beginning of this interview, that the United States and Argentina must become closer, but opposing those policies that say that everything must come from the North and nothing from the South. That should be understood by the people at the seminar. Latin America has demonstrated that if it unites as a bloc, and does things right—as I think it can—it will give a headache to more than one giant. Let us not awaken the sleeping giant that is Latin America. If it awakens, I think there will be problems all over the world.

Therefore we must seek cooperation and to try to avoid stimulating the type of competition which would lead us only to destruction. Cooperation is fundamental and necessary between great powers. Latin America is such a power, and the United States must recognize it as such. . . .

Small: Do you think that the International Monetary Fund contributes to that kind of cooperation?

Fautario: No, I think not. There is something which the IMF and any other institution in the world which grants credits should take into account. Our countries can negotiate nothing with the hunger and poverty of our people. They cannot negotiate, as is the case in Brazil, or as may happen here, with the hunger of our workers. Everything has a limit. What I recommend is that this limit not be passed. We like to say that a cord can be stretched, but must not be snapped. I think we are at the snapping point.

Bonn's Genscher conspires with Moscow and Iran

by Jeffrey Steinberg and Thierry Lalevée

The International Caucus of Labor Committees (ICLC), chaired by *EIR* founder Lyndon H. LaRouche, Jr., is calling upon the U.S. Congress to launch an immediate investigation into the reintroduction of Nazi tactics to the judicial process of the Federal Republic of Germany. Recent police actions of that type ordered by the West German Foreign Ministry of Hans-Dietrich Genscher can only be explained on the basis of a growing, secret alliance between West German and Soviet government elements who seek to destroy the Atlantic Alliance.

The ICLC's call, to be formally presented before relevant Congressional committees in the next several days, cites an Oct. 28 raid by the Wiesbaden, Hessen political police on the offices of the European Labor Party and the German-language sister publication of the newspaper *New Solidarity*. The EAP is chaired by Helga Zepp-LaRouche.

The police conducted a four-hour search and seizure of files, documents, and correspondence reminiscent of the *Nacht und Nebel* (night and fog) actions of the Nazis.

The fact that the EAP raid occurred less than a month after party chairwoman Helga Zepp-LaRouche keynoted a Bonn conference in support of President Reagan's March 23 call for strategic defense systems employing beam weapon anti-ballistic missile technologies is of central importance. In an interview published in the Oct. 31 edition of *Izvestiya*, the Soviet party newspaper, Academician Evgenii Velikhov, who is leading massive Soviet efforts to develop beam-weapon defense systems, denounced the U.S. administration for doing what he's doing, while denying that the Soviets had such a program. Velikhov reiterated Andropov's call for a ban on such defensive systems in space. Then, Mrs. LaRouche and her husband Lyndon LaRouche were named as

enemies of the Soviet Union by the long-time Andropov associate, Fyodor Burlatskii, in the pages of *Literaturnaya Gazeta*. Burlatskii singled out the LaRouches for their influence on the White House's decision to develop beam weapons (see below).

The Russian Burlatskii chose the target, and the German Genscher deployed police against the LaRouche party's European offices.

The raid was ostensibly conducted as the result of an Oct. 6 search warrant issued by a state court justice seeking evidence in a civil libel case launched against *Neue Solidarität* by Baader-Meinhof sympathizers Felix Kurz and Wolfgang and Ursula Knapp. The trio, who have been investigated and jailed for activities involving the West German terrorist underground, participated in a terrorist surveillance and attempted disruption of a May 1983 Club of Life conference in Karlsruhe, West Germany. The Club of Life was founded by Helga Zepp-LaRouche. In the wake of the Karlsruhe incidents, Kurz boasted to fellow journalists of his ties to pro-terrorist elements infiltrated into the offices of the Hessen State Interior Ministry, the ostensible authors of the search warrant and the *Nacht und Nebel* four-hour raid.

Investigations by *EIR* suggest that the raid on the EAP office reflects a broader alliance between elements of the West German government and intelligence establishment and the Soviet regime. According to one high-level U.S. intelligence source, the dossier on Kurz, published in the June 9, 1983 edition of *Neue Solidarität*, contained highly accurate information linking Kurz and West German terrorist elements to factions within the judicial and intelligence establishment of the Federal Republic. Since the Kurtz-linked terrorist circles are assets of the Soviet KGB, such links could

have led to detailed evidence of Soviet channels of control over West Germany's judicial process. The raid was ordered to capture information leading to identification of supporters and sources of information for the EAP. It is the evaluation of U.S. intelligence sources that the information gathered in the raid will be used to target those police and journalists who assisted in the compiling of the EAP dossier.

The source further identified West German Foreign Minister Hans-Dietrich Genscher as the author of an accelerating campaign to "decouple" West Germany from the United States in favor of deepened ties to the Andropov regime in Moscow. This was the secret subject of talks held between Genscher and Soviet Foreign Minister Andrei Gromyko in Switzerland some weeks ago, and occurs in the context of increasingly publicized statements by allied West German political leaders like Social Democrat Egon Bahr that the United States is now to be considered the major threat to world peace.

Another source close to the Bonn government has told *EIR* that "Genscher definitely has problems with the United States and President Reagan, and knows that Reagan is not going to back down on beam weapons, and the \$50 billion figure Burlatskii gives for U.S. expenditures on beam weapons is certainly correct."

Genscher, a political protégé of Henry Kissinger, has reportedly issued orders to all West German intelligence services to adopt a posture of "neutrality" toward the United States and to cut off all previous traditional channels of courtesy with U.S. intelligence and military agencies operating in the Federal Republic.

Over the past month, as a result of the Genscher order, the sources continued, the West German Kriminalpolizei and GS-9, a special border anti-terrorist unit, have sabotaged at least five U.S. intelligence missions including a defection of a top Czech official who was bringing details of Soviet re-deployment of SS-20s and other missiles in Eastern Europe.

Several other U.S. sources have independently confirmed that, during this month-long period, since Genscher made a trip to Moscow, West German police authorities have ordered U.S. Army Counterintelligence to stop all surveillance of the Green Party and other elements within the so-called peace movement. This order comes despite the recent release of a Bundesverfassungsschutz (Office for the Protection of the Constitution) dossier showing virtual total East bloc control over the West German peace movement, including its terrorist wing.

The Khomeini connection

Among the leading features of Genscher's anti-American deal with Moscow is the Soviets' and the Federal Republic's shared support for the fanatical Islamic-fascist regime of Ayatollah Khomeini in Iran. Over the past year, West Germany's trade with Iran has grown 160 percent, making it the Khomeini dictatorship's leading trading partner, achieving the level of U.S. trade with the regime of the Shah. *EIR* intelligence sources have learned that, in return, West Germany has become a protected base for Iranian terrorist de-

ployments throughout the world. A Cologne building under diplomatic protection hides armed Revolutionary Guard, suicide-commando, and Savama secret service units, with probable orders for attacks on French targets—necessarily with the full knowledge of Genscher's foreign ministry, according to these sources.

Besides "legitimate" trade, on a daily basis, upwards of five truck convoys of 150 trucks each leave cities in West Germany bound for Iran delivering arms-supplies vital to the terrorist activities of the Khomeini crowd. Included in these convoy deliveries are large quantities of Israeli weapons. These weapons are frequently routed through dummy companies listing the free port of Hamburg as their final destination. The arms are in fact then loaded aboard West German trucks and channeled into Iran. These lucrative business dealings have continued even in the aftermath of massive evidence of Khomeini responsibility for the recent spate of bombings in Lebanon that have left over 300 American and French military and diplomatic officials dead.

In fact, Genscher has been repeatedly implicated in the arms and drug traffic between West Germany and Iran through his close business ties to Sadeg Tabatabai, the son-in-law of Ayatollah Khomeini who was arrested in West Germany last year in possession of several million dollars worth of heroin. Through the personal intervention of Genscher and his foreign ministry, Tabatabai was granted retroactive diplomatic immunity and provided a West German plane to flee the country before being brought to trial. Tabatabai was named as one of Khomeini's leading gun smugglers operating out of front companies in West Germany, Britain, and the United States. In this latter activity, he has been aided by Hans-Albert Kuntz of Geneva, the close friend of Nazi International leader François Genoud of Lausanne. Genoud, as *EIR* has documented, controls much of Middle East terrorism based on networks originally created by the Nazis. In these connections, the Nazi International enjoys the collaboration of the Soviet KGB.

Thus, Genscher's Khomeini ties converge on Moscow's stated policy of playing the "Islamic card" to drive the United States out of the Middle East.

The Khomeini and Qaddafi "Islamintern" apparatus is merely one component of a revival of the old Nazi International, now operating in far more open collusion with the Soviet KGB. The resorting to *Nacht und Nebel* methods in the case of the recent EAP office raid is another symptom of that process. The fact that the raid was conducted in order to cover up collusion between officials of the West German judicial establishment and the Green Party and Baader-Meinhof terrorist apparatus, both assets of the KGB, is merely greater cause to launch a full U.S. congressional investigation into the recent events.

Under present circumstances, a revival of Nazi methods is necessarily synonymous with West Germany moving toward a decisive break with the United States and into an alliance with Moscow, matters of grave national security concern for the U.S. Congress.

Soviet press attacks LaRouches as key to international push for beam weapons

Fyodor Burlatskii's article, " 'Star Wars' /The Space Program: a casus belli?" was published in Literaturnaya Gazeta Oct. 26. We print here a complete translation.

The White House and Capitol Hill are starting to discuss a five-year program for the development of space-based weapons. Its initial cost is \$17 to \$18 billion, but in the long run, not less than \$40 to \$50 billion. The program has been drafted by a group of scientists and political advisers under the leadership of Secretary of Defense C. Weinberger. With this step, President Ronald Reagan is entering a new round of militarizing the U.S.A. American observers laconically and expressively call the current plans the President's "Star Wars."

At the same time, the international public, in the U.S. itself and in Western Europe, is getting more and more actively involved in deliberations about what entering into the military space era promises humanity: strengthening of security or its final destruction.

The leader of our country, Yu. V. Andropov, clearly and precisely defined the Soviet position on this issue, in a declaration. Space weapons, if they are created, will undoubtedly represent a most dangerous factor of destabilization. If you allow, for example, that the Americans could be the first to create an effective system of space weapons—putting into orbit 400 satellites armed with nuclear and laser beams—then they could hardly resist the temptation to launch a first strike. This in turn would present the U.S.S.R. with a completely new military and political dilemma. In other words, space weapons are a *casus belli* for nuclear war.

In the responses to my article "War Games" (*Literaturnaya Gazeta*, Aug. 10, 1983), foreign commentators tried to contest this conclusion. But unlike the leaders of the U.S., who don't hide that they are seeking military superiority over the U.S.S.R. by militarizing space, these commentators present themselves in the role of liberals or even pacifists.

They pretend that they believe that space weapons, in counterbalance to strategic weapons, are not arms of attack, but means of defense.

In the article "Yu. Andropov's Space Diplomacy" in the Swiss paper *Neue Zürcher Zeitung*, the basic ideas of the article "War Games" are laid out in considerable detail. [Burlatskii is citing an Aug. 25 *NZZ* article, "Andropovs Welt-raumdiplomatie," which he quotes with several omissions and distortions—translator's note.]

"It is completely obvious," writes the paper, "that in the center of the author's attention is not only the threat of a declaration of war; the basic pathos of his article is aimed at dramatizing space weapons, whose use will have, in his opinion, catastrophic consequences next to which the tragedy of Troy, Carthage, and Hiroshima grows pale and the horrifying pictures of the future painted by H. G. Wells and the nightmarish visions of Kafka fade. With the appearance of deep moral indignation, Burlatskii depicts how one fine day robots will be able to decide the fate of humanity." Further on the conclusion follows: "Thus, Yu. Andropov's space initiative appears before us as a propagandistic maneuver to incline Washington to negotiate."

To incline Washington to negotiate. . . . [ellipsis in original] What is reprehensible about that? Does the paper really seriously propose that even talks on banning the militarization of space can be dangerous? Does the paper really believe that "Star Wars" are capable of strengthening anybody's security—the U.S.A.'s, Western Europe's, or that of Switzerland itself?

Another response was sent from Wiesbaden (FRG) in the name of some "European Labor Party." Its headline sounds like this: "Beam Weapons: Soviets threaten nuclear strike." The problem, as we see, is immediately turned upside down. Everything is precisely the reverse: The U.S.S.R. is proposing to ban beam weapons and any other space weapons, while

the U.S. is planning to create such weapons. "Burlatskii," says the response, "a fervent supporter of the nuclear weapons freeze, who on March 23 personally took up cudgels in Minneapolis against a committee of the 'European Labor Party,' writes that with the development of the new American strategy, the Russians are confronted with a new dilemma. He threatens a Russian preventive strike in the following words: 'Space weapons are undoubtedly a *casus belli* for nuclear war.' In other words: Instead of accepting Reagan's proposal for joint development of beam weapons, which the Soviet Union is secretly developing anyway, Burlatskii threatens a Russian preventive strike." [Burlatskii quotes a leaflet distributed in Europe after his Aug. 10 article and published as an editorial in *Neue Solidarität*. Burlatskii misquotes the leaflet, which was put out by the ELP, but referred to the International Caucus of Labor Committees' intervention at a pro-freeze conference where Burlatskii appeared in Minnesota—translator's note.]

Reading these lines, I did not know if I should be indignant or laugh about the amusing and ridiculous maxims of the authors, the conjugal symbiosis of the American LaRouche and his wife, the German Helga Zepp-LaRouche, who come out in the name of the committee of a nonexistent party. We will not pay attention to their trivial pretensions, but return to the essence of the question.

Nobody has succeeded or will succeed in refuting the conclusion, that space weapons represent one of the most dangerous factors for violating strategic stability. And this stability has served and until now does serve as an important guarantee against thermonuclear conflict. And besides that, who has given and who could give a guarantee that today's plans for satellite defense against missile strikes will not tomorrow be transformed into satellite systems of laser and nuclear attack? Any serious physicist will affirm that this problem can quite well be solved. For the White House it is only important to get started on implementation of their space program. And later—later on, everything will roll along quickly in the direction of destabilization.

They say that "Star Wars" very much stir the imagination of R. Reagan. But if this is so, perhaps it would be worth proposing to the American president a calmer version of "Star Wars," which would simultaneously sooth the soul, caress the ears and eyes, and not cause fear in the pit of the stomach. Why not invite the American actor Gregory Peck and our Michail Ulyanov, and at the same time perhaps the English Lawrence Olivier together with I. Smoktunovskii, and also A. Mironov with J. P. Belmondo to participate in a joint movie on some space subject, let's say: "Star Wars of the earthlings against the extraterrestrial empires of evil"? Then all of us—earthlings—could enjoy "Star Wars" without risk of their turning into a nuclear conflict. I liked this phrase from an American commentary: "Wars are waged by little boys." Perhaps the cinema is the best modern form of satisfying this childish passion? . . . [ellipsis in original]

France and United States targets of Soviet 'Islamintern'

by Thierry Lalevée

Investigations into the Oct. 23 bombings in Beirut which destroyed the American and French military headquarters, killing more than 300 soldiers, have unveiled some surprising facts. Far from being the work of local lunatics, the bombings involved important planning with the active help of the Soviet, Syrian, Bulgarian, and Iranian intelligence services. Second, similar commando-suicide operations are expected for the coming weeks, with France and the United States as the main targets.

Of special importance in that second phase of operations is the role of America's supposed allies, the United Kingdom and West Germany, whose governments not only have an "ambivalent policy toward Iran and the Soviet Union," but "have made a deal with the terrorists" as an observer put it (see article, page 35). France, a prime target for Soviet-sponsored Iranian or Libyan terrorism, has little ability at this point to react, much less preempt, such attacks; its position depends on major actions by Washington on the level of the invasion of Granada.

The 'Islamintern' strikes in Beirut

The links between the Beirut bombings and the shooting down on Sept. 1 of the KAL passenger plane are evident. Indeed, plans for the Oct. 23 bombings began to be actively discussed in and around the inner circles of the Lebanese Communist Party of Georges Hawi about Sept. 15, two weeks after the Soviet action. That such discussions be held under the sponsorship of the LCP is no surprise, taking into account that the 12,000-militiamen-strong party has for months been actively involved in terrorist actions against the multinational force in Beirut and the U.N. forces in southern Lebanon. Two weeks after the KAL shooting, KGB controlled outfits apparently felt confident, especially judging from the European reactions, that another atrocity could be carried out, this

time against the Americans directly. Such an operation would create a "Vietnam syndrome" in the United States, it was hoped, while Europe was expected to refuse backing to Washington. France, which was seen moving closer to the United States, especially in the Gulf, was also a prime target.

The direct involvement of the Soviets and their proxies in the operation emerged in the two weeks before the bombings as two high-ranking officers of the Bulgarian secret services, specialists in explosives, were seen arriving on Oct. 18 at Beirut airport, to be welcomed by Soviet embassy officials and representatives of Rifaat Assad's special intelligence squads. The two officials were not seen again, but their Aeroflot plane was obviously carrying an important delivery; a special Syrian truck convoy escorted by armored cars and by two helicopters could later be seen on the Beirut-Damascus road. Again, a few days before the explosions, one of the most important Soviet electronic spyships arrived off the coast of Beirut, monitoring local activities, while the intensity of wireless Syrian-Soviet communications dramatically increased.

A complementary feature was the organizing of a campaign of rumors in all directions. On several occasions previous to the bombings, the Israelis discovered trucks or cars filled with explosives in Southern Lebanon, giving the Israeli authorities reason to suspect they were a target. Most likely these trucks and cars were intended to be seized, as similarly reliable informants told the French that an hit was planned against the French embassy in Beirut, where security measures were immediately taken. Similar rumors targetted the Americans. But at the fatal hour, Syrian military checkpoints allowed the two trucks to pass, while Lebanese military checkpoints had either disappeared or, under the influence of bribes, also allowed the trucks to pass, blinding the Americans and the French up to the last minute as to what was planned.

Driving the trucks were members of the Islamic Suicide Commandos, an informal organization created in March 1983 under the personal sponsorship of Iran Prime Minister Moussavi, who, together with the shadowy "Office of the Propagation of the Faith," has been recruiting potential "martyrs" internationally. In Iran itself, these commandos are located at two universities in Ispahan and in the suburb of Teheran in a six-month course of guerilla training. In Lebanon, they are under the responsibility of Hussein Moussavi, leader of the Islamic splinter group "Islamic Amal," which has established, under Syrian protection, the "Islamic Republic in Baalbek." Included among these Muslim fanatics from all over the world is a hard-core group of some 2,000 Iranian pasdarans (Revolutionary Guards) led by Sheikh Mohammad Hussein Fadallah, the main leader in Lebanon of the Iran-based Hezbollah or "Party of God," the shock-troops of the Islamic Republican Party in power in Teheran. Among such would-be martyrs are to be found a sizeable contingent of black American Muslims, presently being

trained by Daoud Salahuddin, aka David Belfield, who killed Ali Tabatabai in Washington in July 1980.

Giving the final green light for the suicide operations was the visit to Damascus on Oct. 20 of Iranian Deputy Foreign Minister Husseinzadeh, also chief of the intelligence apparatus of the pasdarans, who met with Syrian Foreign Minister Khaddam and President Assad, then went to Tripoli, where he met with Qaddafi and Qaddafi's intelligence aid Said Qaddafi. Husseinzadeh had also been seen in Damascus days before the bombing of the U.S. embassy last April.

The European network

Crucial to operations in Western Europe are not only Iran's own suicide commandos but also the Nazi International of Swiss Nazi banker François Genoud. This was underlined by Swiss Nazi convert Ahmed Huber, one of Genoud's collaborators, in a discussion a day after the Beirut bombings. Huber boasted that he had "laughed my head off when I heard the news. I am very proud of my Iranian friends, that was marvellous. . . . There will be more operations. The U.S. is vulnerable; in New York and Washington there are also young Muslims who are ready to die and to be killed." Huber, who is known to be the go-between for Iran's Khomeini and the Nazi International, is also a proponent of a *Mittleuropa* (Central Europe) based on German reunification. With extensive contacts in East Germany, especially in Leipzig University's Islamic department—the main entity collaborating with Libya in sponsoring conferences on Qaddafi's *Green Book*—Huber time and time again advocated an alliance with the Soviet Union against the United States.

One of his associates is to be found in the Islamic center of Munich—none other than SS Gen. Karl Wolff's daughter, living under the name of Fatima Hereen Sarka since her conversion to Islam in Cairo in the 1950s. In West Germany, Fatima Hereen Sarka is the main correspondent of the London-based "Muslim Institute" of Khalim Siddiqi, a Pakistani in the pay of Ayatollah Khomeini whose role is to coordinate Iranian activities between North America and Western Europe. He is associated with the Federation of Islamic Organizations in North America and their publication *Crescent International*, as well as with Bahram Nahidian in Washington. Nahidian has been Khomeini's unofficial ambassador to Washington for several years and is a leader of Iran's Savama secret service, in which capacity he ordered Ali Tabatabai's murder in 1980.

In London, Siddiqi receives surprising support from British authorities, although his center is known to harbor hard-core terrorists dispatched for operations elsewhere. Another interesting link to Siddiqi is the British Communist party, whose magazine, *Marxism Today*, advertises his writings. It is thus not surprising that it was in Siddiqi's Institute that at the end of August, a series of meetings created the Islamintern with a unified command, under Soviet control, of some 400 Islamic associations.

Britain purges 'Churchill faction,' angles for deal with Moscow

by Mark Burdman

"I know this appeasement problem very well, this Neville Chamberlain attitude. It comes when people get cold feet. I knew a lot of people who got cold feet during World War II." These words were spoken to *EIR* by an associate of the late Winston Churchill during a discussion in mid-October, before the Anglo-American rift triggered by the behavior of the British "Establishment" in reaction to American military actions in Grenada.

Indeed, the behavior of leading figures of the British Establishment after the Grenada invasion would have embarrassed Chamberlain himself (see box on following page). Fortunately, the world was spared the full infamy that the Establishment was prepared to commit. The decisiveness of American action, and the strong support expressed for President Reagan by the American population, caught the Establishment off guard. Relevant influentials like former Foreign Secretary Lord Home of the Hirsel decided that Prime Minister Margaret Thatcher's script had gone too far for the time being. Lord Home, Henry Kissinger's mentor, wrote in the *Sunday Express* on Oct. 30, and repeated in the British Parliament on Nov. 1, that America had, after all, been correct in its action, and the Anglo-American rift should be forgotten. On Oct. 31, parliamentarians were mobilized and the stationing of cruise missiles in the United Kingdom was voted up overwhelmingly, while a Liberal Party resolution calling for a "dual key" (joint control) system for the cruises was rejected by a wider margin.

But, barring some unforeseen awakening, "the stiff upper lip has been twitched," as an Australian commentator said wryly: "They are looking for some way to get back at the United States."

The Establishment has adopted what one London opponent of the policy derisively labeled "Foreign Office neutralism": an approximate "equidistance" between the superpow-

ers, in order to position Britain as the main crisis-manager and mediator between East and West. In its earlier post-World War II formulations, the policy was pushed under by former Conservative prime minister Harold Macmillan, leading up to and during the Cuban Missile Crisis. In its more recent expressions, as a British intelligence source told *EIR* on Nov. 2, the policy is "Lord Carrington's legacy, the desire to create a Europe increasingly independent of the United States and able to broker with the Soviets."

Sources report increasing coordination between London and Bonn's Kohl-Genscher government to accommodate to the U.S.S.R. and to distance Great Britain and West Germany from Washington, especially on Middle East matters. According to one anti-Carrington Briton, "London and Bonn have come to a common outlook, particularly pertaining to the questions of relations with Iran and toward international terrorism, a much softer view than that of the United States." He and other sources fear that this will only encourage Moscow to launch a giant strategic provocation in the Middle East, to humiliate the Reagan administration, and to terrify European appeasers into breaking with the United States.

Malcolm Rutherford, a Carrington co-thinker at the *Financial Times* of London, told a caller on Nov. 2 that there is "a great attempt to get a European agreement on Lebanon and on the Gulf situation," in the context of closer German-British coordination toward Moscow. "We are recalling that there is not really much difference between Czarist Russia and the Soviet Union today. We have to learn to live with the major European land power. We have to think again in terms of the nineteenth century balance of power conception. . . . Mrs. Thatcher, although she wants to patch up with the United States, is moving toward the need for more back channels with Moscow, she has gone out of her way since early October in an uncharacteristic way to stress how the Soviets

must be taken seriously.”

On Oct. 28, Rutherford had published a half-page op-ed titled, “The End of the Special Relationship,” advising Britain to develop a “new European identity” as a “counterweight” to the United States in NATO, since “what is questionable is how far Europe can support what appears to be an ideological crusade against the Soviet Union. . . . The time for bilateral relations, or special relations, with the U.S., is gone. . . . Successive British governments have been living in a fools’ paradise in looking to Washington first, and Europe second. In future, it should be the other way around.”

In the *Times* of London on the same day, David Watt, head of the Royal Institute of International Affairs (RIIA) in London, warned shrilly that “The U.S. government could easily embroil its unwilling partners in a Third World War without any consultation whatever. . . . Europe as a whole certainly has an overpowering interest in Third World stability and in restraining the U.S. from rash ventures to promote it—whether in the Caribbean, the Middle East, or in Africa.” On the eve of this piece, the RIIA had hosted Georgii Arbatov, head of Moscow’s U.S.A.-Canada Institute, for a policy speech attacking the United States in characteristic lying Soviet fashion.

And, on Oct. 7, Watt had issued a bitter editorial attack against what he called the “Churchill posture” in British politics, the belief that Soviet policy today is identical in essential features to Nazi policy in 1938-39. Watt termed people who believe this—in which category he placed Ronald Reagan, U.S. Defense Secretary Caspar Weinberger, and Mrs. Thatcher herself—“wretched.”

The aborted Churchill reflex

That article signaled the escalation of a process which had been given no attention in the press: the systematic purge or demotion within British policymaking milieux of individuals belonging to what might be called “the Churchill faction” in current British politics. These individuals are distinguished by their strong support for a close American-British alliance under perceived pre-world war strategic conditions, and by their specific support of President Reagan’s March 23 commitment to rapid U.S. development of directed energy-beam antiballistic missile systems. Starting in August, several members of this grouping found themselves on the “outs,” either jobless or ignored in the strategic deliberations of the day.

In the wake of Mrs. Thatcher’s mammoth spring 1983

Would NATO survive Lord Carrington?

The man who may be momentarily named to replace NATO Secretary General Joseph Luns is Lord Peter Carrington, the former British Foreign Secretary who with his business partner Henry Kissinger has long advocated negotiating a “New Yalta” deal with the Soviet Union. The bottom line of this “New Yalta” would be slashing U.S. “spheres of influence.”

At the time of the Malvinas crisis, Lyndon LaRouche warned in an April 27, 1982 *EIR* piece titled “Britain’s ‘NATO Pullout’ Bluff Could Be Called,” that Great Britain had blackmailed Washington with the threat that:

“1) The United Kingdom will withdraw from the North Atlantic Treaty Organization (NATO), allegedly thereby destroying NATO;

“2) If Washington opposes London on the matter of British military action against Argentina, Western Europe will drift into the arms of Moscow. . . .

“Such a humiliation of the United States would be fully consistent with the ‘third way’ policy to which Lord Carrington’s machinations were recently dedicated. Car-

ington’s ‘third way’ policy prescribed a significant withdrawal of Western Europe from the pre-existing form of SHAPE and related agreements and institutions. The thermonuclear alliance with the United States was to be continued, but the European components of the Atlantic Alliance, including France, were to be realigned under British leadership as a third force maneuvering between Washington and Moscow. The Socialist International and Libya’s Colonel Qaddafi are exemplary of the principal accomplices of Carrington et al. In recent deployments to this purpose, the transatlantic ‘peace movement’ is among the tactics deployed in aid of such a development.

“So, if Britain threatens to break up the NATO alliance, and threatens a more detached role of Western Europe, maneuvering between the two superpowers, Britain is threatening to do what it has been working to accomplish in any case.”

That this remains Lord Carrington’s policy was confirmed in the Alastair Buchan Memorial Lecture Lord Carrington gave before Denis Healey’s International Institute for Strategic Studies, a speech reprinted in the July issue of *NATO Review*.

“There is no longer any doubt about the decline of the East and of the Soviet Empire. Moscow is a decaying Byzantium. But this decay will take place over decades rather than months or years.” In the interim, the “Soviet Union has built up an awesome military machine and

electoral victory, supporters of the Churchill post-1938 legacy had hoped to maneuver Mrs. Thatcher into mobilizing Britain around a sense of purpose, in preparation for confronting the vastly worsening threat posed by the Soviet leadership and strengthening the relationship with the United States through alignment with President Reagan's defense policy.

Now it seems that these hopes have been smashed. As one Conservative Party strategist bitterly commented to *EIR* Oct. 31: "Mrs. Thatcher has made a complete ass of herself. She doesn't know what's going on in the world, she's adopted a very childish attitude. Her commitment to a strong defense of the free world stops at her mouth. She's a British-European domestic politician, and the world situation is alien to her."

'The greengrocer's daughter'

It should be noted that in Britain, ideas and strategies that matter in terms of everyday life only come from the top and filter their way down. Churchill could speak from and for the Establishment itself, conveying power and a sense of strategic mission. The middle-class Thatcher is viewed as "only the greengrocer's daughter."

As a scion of the British aristocracy, Churchill had more

shown that she is prepared to use it. She still has the means and motivation to project her power into large areas of the world. . . .

"My conclusion is not that we can afford to be generous in Geneva. But I am saying that these talks should be conducted in an atmosphere of calm confidence and that the broader political dimension of East/West relations should be constantly at the forefront of the Western mind."

As NATO Secretary General, Lord Carrington would pursue "peaceful resolution of potential conflict through energetic and forceful dialogue. The notion that we should face the Russians down in a silent war of nerves, broken only by bursts of megaphone diplomacy, is based on a misconception of our own values, of Soviet behaviour. . . . I am not preaching a return to détente pure and simple. Détente was never pure and simple anyway—though I confess I find it hard to understand how both sides can have lost by it. . . . We need something less sentimental and less divisive than détente."

Lord Carrington concludes: "The truth is that, over the years, we have got into the habit of leaving ultimate decisions, and ultimate responsibilities, to the Americans. . . . Over the past few years we have developed a new political consciousness in Europe, through the mechanisms of political cooperation. We now need to build, equally cautiously, but equally purposefully, a European security consciousness too."

than his share of cultisms, Malthusian obsessions, fascist leanings, and (especially in his earlier life) strategic inanities. But when a significant portion of the Establishment itself, including members of the Astor Family's Cliveden Set, concluded that its own survival was threatened by Adolf Hitler, the policies of Chamberlain were brushed aside, and Churchill was able to mobilize a sense of historic purpose, a type of "British nationalism." At his best, he channeled frontier scientific developments as they applied to military questions for the defense of the United Kingdom.

This latter quality is described in the 1978 book *Most Secret War* by Prof. R. V. Jones, chief of British Scientific Intelligence during World War Two and the man who, in the face of great resistance within Britain itself, broke the secrets of the German air-navigation systems (the famous "Battle of the Beams") and thereby undermined German plans for mass bombing of the United Kingdom. Speaking of Churchill, Jones writes: "Had there been no Nazi movement, his posthumous reputation might have been at best a matter of dispute. But, now [1940] that the hour had come he was uniquely matched to its demands. . . . Alone among politicians, he valued science and technology as something approaching their true worth, at least in military application."

Jones adds that Churchill brought together "a sense of history and a feeling of destiny. . . . In speech after speech he helped the people of Britain to see where they stood in history, he convinced them that the direction at the centre was now both firm and good, and he called from them their supreme effort."

Under Mrs. Thatcher, in contrast, Britain is undergoing demontage. Monetarist austerity has not only dictated big cuts in fundamental services, but, ironically, dangerous cuts as well in defense capabilities against the Russian threat (see *EIR*, Nov. 1).

The intensity of the industrial dismantling suggests that factions in the Establishment has made the short-term decision to pick up their bags and go elsewhere, perhaps to the far reaches of Canada or Australia, to escape from the coming strategic confrontations, and leave Britain itself to go to seed, until such time as they calculate they can up-end the Russian bear by some covert means. One London economic expert estimates that since Mrs. Thatcher came to power in 1978, as much as \$200 billion in capital may have fled Britain, due to reduced income taxes for the rich and ending of exchange controls.

Under actual conditions of nuclear war, of course, there is no distant sanctuary. One can only estimate that the escapism of the Establishment actually signifies that they do not yet "feel" the strategic crisis in terms that are threatening enough to their own survival. The only hope for Britain is that under conditions of worsening crisis, a decisive number of Establishment members will become scared enough to recognize the reality principle at least as much as Churchill did.

The Malvinas then, Grenada now

When Argentina took the Malvinas (Falkland) Islands back from British colonial administration in April 1982, the British government and press were quick to proclaim England's undying friendship with the United States, and to pressure the initially reluctant U.S. administration to extend military and economic assistance for Britain's war to regain the possession. But today, with the U.S. invasion of Grenada, a member of the British Commonwealth, London is singing a different tune.

1983: Grenada invasion

Prime Minister Margaret Thatcher, Oct. 30: "I am totally and utterly against Communism and terrorism. But if you are going to pronounce a new law that wherever Communism reigns against the will of the people, even though it has happened internally there, the United States shall enter, then we are going to have really terrible wars in the world. I have always said that the West has defensive forces in order to defend our own way of life. But when things happened in other countries that we do not like, we don't just march in. We try to do everything by persuasion."

In the House of Commons debate Oct. 26, Conservative parliamentarian **Rhodes James**, who was a deputy to Lord Carrington in the Foreign Office and operated out of the office of Sir Ian Gilmour in the late 1970s and early 1980s remarked: "We have been treated abominably by the Americans. The whole thing is a total humiliation and disaster. There is no interest, in my view of foreign policy, in getting involved in American stupidities in the Caribbean."

Labour Party spokesman Denis Healey declared Oct. 26 that as a result of American actions in Grenada, Britain should refuse to station the 160 cruise missiles scheduled to be stationed in Britain over the next weeks. Healey called Prime Minister Margaret Thatcher "President Reagan's pet poodle" for refusing to openly oppose American actions in Grenada. "With all due respect for President Reagan, the Governor-General of Grenada, Sir Paul Scoon, is responsible to the Queen of England and not to the President of the United States, and so far Mrs. Reagan is not yet the British Queen."

The lead editorial of *The Financial Times* Oct. 26, titled "An Ill-Judged Adventure": "The invasion of Grenada by U.S. troops, supported by six of the small east Caribbean states, is an action which will require a good deal more explaining than has so far been forthcoming from President Reagan. . . . Force has been employed, with little apparent

effort to use other means to resolve the situation created by the bloody overthrow last week of Mr. Maurice Bishop. . . . The temptation to exert American hegemony in its own backyard, so soon after the tragedy of Lebanon and at a time when the Administration feels Cuba and Nicaragua need to be taught a lesson, seems to have been irresistible. . . . The invasion—no matter how successful—involves serious risks. In the first place, America's international image is liable to be tarnished. . . . It is doubtful whether the overthrow of Mr. Bishop seriously jeopardized American strategic interests in the area. . . .

"Britain disapproved of the use of force, and Britain is, after all, head of the Commonwealth. . . . As a result, the U.S. has seriously embarrassed its staunchest European ally and created a rift within the Caribbean. . . .

"This new American adventure, undertaken against the advice of the British government, is bound to strain Anglo-American relations. It comes at the worst possible time, when Mr. George Shultz, the U.S. Secretary of State, will shortly be attempting to persuade his European allies of the plausibility of American leadership in the Lebanese crisis."

The Guardian Oct. 27 described "mounting anxiety" in the British Foreign Office that "the row over Grenada threatens to become the most serious transatlantic split since the Suez affair in 1956."

1982: Malvinas War

British Foreign Secretary Lord Carrington, April 2, the day after Argentina took the Malvinas Islands: "I have been in touch with [U.S. Secretary of State Alexander] Haig on a number of occasions last night and today. . . . The U.S. Government has been extremely helpful."

Sir Nicholas Henderson, British ambassador to Washington, speaking in April after British troops recaptured South Georgia Island, said the United States has a "crucial role" to play in pressing the Argentinians to agree to a peace settlement. "Our view, frankly, is that American interests are at stake as much as ours. If it's a question of overthrowing frontiers and sovereignty and territorial integrity by force in the American hemisphere, goodness knows where it would end. . . . If U.S. territory were occupied or assaulted, as it has been [in the past], you wouldn't start negotiating until the military situation was restored."

The **Thatcher government** on April 30 hailed the Reagan administration's decision to "come down decisively on the side of Britain," abandoning its previous neutral position. Foreign Secretary **Francis Pym** announced he would go to Washington to discuss U.S. moves to increase military and economic pressure on Argentina. "To have the world's most powerful state on our side must make Argentina see that aggression cannot pay," said Pym at a press conference in London. He called the U.S. shift "a very significant acceleration of the buildup" of military, economic and diplomatic pressure on Argentina.

Cardinal Runcie, Archbishop of Canterbury, quoted in

The New York Times, May 3, 1982: "The use of limited force in defense of clear principle, can sometimes be justified."

Prime Minister Thatcher, in response to Pope John Paul II's plea for peace, May 23: "That our cause is just and that the principles which we uphold are shared and understood by democratic nations, I have not the slightest doubt. Aggression must not be allowed to succeed.

"International law must be upheld. Sovereignty cannot be achieved by armed invasion. . . . The world has seen too often in this century the tragic consequences of failure to defend the principles of justice, civilized values and international law. We seek peace with freedom, not peace at the expense of freedom."

INTERVIEW: Julian Amery

'Every crisis is part of the global struggle'

British Conservative Party member of Parliament Julian Amery, in an Oct. 26 interview with EIR's Mark Burdman, defended American military actions in Grenada and distanced himself from the public outcry in Britain against the President's policy, which Amery likened to the "appeasement" policies of the Neville Chamberlain grouping in the United Kingdom in the years leading up World War Two. It was Amery's father Leo who made the famous speech in 1940 telling Neville Chamberlain, "In the name of God, go!", a speech which officially led to the transition from Chamberlain to Churchill.

Amery is a senior figure in the defense and security advisory group to the Conservative Party. In Parliament Oct. 25, he said that Britain should have agreed to "lead and coordinate" the military landings. "Here was an opportunity for Britain as a leading Commonwealth power, to give a lead. As a result of our relapse into pallid abstention the Caribbean turned to the U.S. and went ahead." He warned that Britain had "abdicated any form of leadership." The problem now, he concluded, was to repair the damage done to "Britain's relations with her closest ally," damage which was unnecessary since there was only a "marginal difference" between the views of Britain and the United States on this affair.

EIR: To what do you attribute this incredible outcry in Great Britain against the United States?

Amery: My basic view is that there exist two kinds of views

of the world. One is from those who say that conflicts should be looked at from the standpoint of their purely local aspects, on their local merits, in accordance with the local dynamics.

The other view asserts that there is a global struggle between the Soviet imperialists versus the Free World, a protracted struggle of long duration, like the Hundred Years' War. Every crisis, from this standpoint, must be seen in the large battlefield of this.

I subscribe to the second view, and so does President Reagan, and I've thought that Mrs. Thatcher also thinks that way. Look at Grenada. It was being destabilized from the outside by Cuba and Nicaragua. It was better to move now rather than later, when it would have been more problematic. The United States was right. The United States was smart, the Caribbean people were smart. This area is important to the United States. What is involved here are important trade routes from the West Coast of the United States, from California, through the Panama Canal, toward Europe. The United States has an interest that this area be stable. We should have taken the lead in this situation.

EIR: What is particularly shocking is the British reaction in view of how President Reagan—wrongly, in our view—bent over backward during the South Atlantic adventure to back the British position.

Amery: Yes. It's an open and shut case for me, the Grenada affair. But the Foreign Office is cautious, and the Commonwealth takes many things into consideration. The Foreign Secretary, in my view, responded too late. I am hoping that this doesn't create problems now for the situation in Belize.

EIR: We would see the problem as arriving from a global decision by the Foreign Office crowd, Lord Carrington, the Royal Institute, and so on, for a New Yalta agreement with Moscow, covering not just the Western Hemisphere, but the Middle East, probably Asia, and so on.

Amery: You attribute too much intelligence to these people when you attribute to them an explicit New Yalta strategy. It's more of a reflex action on their part. It is a tendency toward appeasement, as we saw before the last war.

EIR: We see the tendency as having been signaled in the recent period by the Oct. 7 piece in the *London Times* by David Watt attacking the "Churchill Posture" and defending an explicit Neville Chamberlain viewpoint, attacking those who compare the current situation to that of 1938 as "wretched."

We are very concerned about similar trends in the Middle East. The *London Times* editorial of Oct. 24 called for a deal in the Mideast with Syria. There are signs that some people in the Foreign Office want to dump King Hussein. None of this functions outside of a global arrangement of some sort with the Soviets.

Amery: All I would say is that there certainly could be nothing much worse than trying to appease the Syrians.

LaRouche addresses strategic crisis at *EIR* development conference in Bangkok

by Susan Maitra and Sophie Tanapura in Bangkok

Over 200 persons gathered at the Bangkok Dusit Thani Hotel Oct. 27 to hear *EIR* founder Lyndon LaRouche and others speak at a seminar on "Long-Term Economic Development of the Pacific and Indian Ocean Basins." The seminar was organized jointly by the Fusion Energy Foundation (FEF) and *EIR*, with the collaboration of the Ministry of Communications of Thailand.

The FEF-*EIR* program for Pacific Basin development was unveiled at a Sept. 15 public seminar in Washington, D.C. At the Bangkok conference, LaRouche, a candidate for the Democratic presidential nomination, and Uwe Parpart-Henke, director of research for the FEF, brought that program to Asia for discussion with the elite of Thailand. They were joined in addressing the conference by Samak Sundaravej, the minister of Communications of Thailand, and Dr. Savasti Srisuk, former secretary general of the Thai Office of Atomic Energy for Peace, and others.

In his remarks, LaRouche called for a shift in U.S. strategic policy, for a return to the "American Century" policy of President Franklin D. Roosevelt, a policy based on ending colonial rule forever through the mutual development of the advanced and underdeveloped nations. The pathway out of the very dangerous strategic crisis, he said, is for the implementation of his Operation Juárez policy for debt renegotiation and the creation of a new monetary system, in combination with the crash development of defensive beam weapons by the United States (see excerpts).

Among the 200 participants at the one-day seminar were many leading figures of Thai political life, including Gen. Harn Leelanond, former Fourth Army Region commander and now chief of staff of the Office of the Supreme Commander; Rear Adm. Sanong Nisalak, Democratic Party member of Parliament; Dr. Yupa Udomsak and Pongpol Adireksarn, both top Thai parliamentarians, and finally, Khunying Kanok Samsen Vil, Thai Citizen Party member of parliament. The largest delegations came from various min-

istries concerned with the project of constructing a canal through the Isthmus of Kra in Thailand, representatives mainly from the Communications Ministry, the Industry Ministry, Ministry of Foreign Affairs, and the Defense Ministry. The Army, Navy, and Air Force sent high-level representatives. Diplomats from approximately one dozen Indian Ocean-Pacific Rim and Western European countries were present, including Singapore, Malaysia, Indonesia, New Zealand, South Korea, France, Burma, Belgium, West Germany, and India.

The centerpiece of the FEF-*EIR* program is the construction of the Kra Canal to relieve the congestion of international trade through the Straits of Malacca and make possible a multifold increase in such trade.

Not just feasible, but necessary

Opening the seminar in the morning, Communications Minister Samak Sundaravej said the question to be asked about the Kra Canal project is a very simple one: "Is it possible? If it is, then go ahead. Can it be a canal to link the two oceans? For me, if the possibility exists, then the next question to ask is: What type of canal can it be? I will appreciate it if it can be done right now while I am minister of Communications. Just a beginning is enough. The length of time for construction of the canal is a matter of technique. But for me, today will be the answer."

Later, Dr. Uwe Parpart-Henke, director of research of the FEF, pointed to the results of the recent FEF-*EIR* study of the Kra Canal. "Between 1960 and 1980, imports and exports of the Pacific and Indian Ocean nations grew at almost twice the rate of world trade and increased sixfold—in some crucial categories, more than tenfold. By 1982, this had brought the shipping volume through the Malacca Straits up to 40,000 ships a year. Using the most conservative economic growth scenario, this volume will go up to at least 110,000 ships by the year 2000 and again increase tenfold to

over 1 million ships by 2020. There is general agreement among experts that even the first of these shipping volumes cannot be handled safely or rapidly by the Malacca Straits. . . . The Kra Canal is not just a feasible, but a necessary project.”

Parpart-Henke continued: “There is another principal factor that defines the overall importance and viability of the project. That is the industrial development potential based on construction of deep-sea ports at one or both of the canal outlets.”

Much of the present discussion in Thailand has been dominated by disagreement over its security implications. Parpart-Henke said, “Two major security concerns are usually cited: first, it is said that a canal would physically cut off the politically most sensitive southern part of Thailand from the rest of the country, thereby increasing the danger of secession. I believe that the opposite consequences would in fact ensue. Major industrial development of the southern region would lead to maximum population integration and would simultaneously act as a political stabilizer through creating major new economic opportunities for the population.

“The second security issue that has been put forward,” he continued, “is that any canal of the size and importance of the Kra Canal would become a strategic focal point not only involving Thailand but any major world power with strategic interests in the region, i.e., the United States, the Soviet Union, and China. The overall security of any nation of Thailand’s size does not lie primarily with its own military capability, but with broader security arrangements and, most importantly, with its ability to contribute positively to the security of the general region involved. Such broader questions of security and stability cannot be defined in narrow military terms, but ultimately involve questions of adequate economic progress and of the material and cultural progress of the peoples concerned. From this standpoint, Thailand’s contributions to its own security by facilitating trade, developing the nation, and setting an example for the surrounding area can, in my opinion, be served no better than through the Kra Canal project.”

The afternoon panel discussion, which included the participation of Dr. Chitti Wacharasindhu, deputy permanent secretary of the Communications Ministry, and Dr. Savasti Srisuk, former secretary-general of the Office of Atomic Energy for Peace, presented valuable data on the use of peaceful nuclear explosives (PNE) to excavate the preferred Route 5A for the Kra Canal. Dr. Savasti reported that this route offers the least obstacles as well as avoids dense population centers. It begins around 30 kilometers north of Satunout and reaches the Gulf of Thailand around 15 kilometers north of Songkhla. The canal will be about 102 kilometers long. The eventual use of PNE in excavation will only concern about 45 kilometers of the canal. “PNE is necessary here because we are talking about moving mountains and construction time and costs would be reduced. . . . Our canal would be quite big, even bigger than the Great China Wall.

It would become one of the wonders of the world,” said Dr. Savasti.

Ramtanu Maitra, of the FEF in India, followed Dr. Savasti with a discussion of water management projects for the region. “Water,” he said, “must be considered as a resource. It not only helps in the irrigation of agriculture, but it also represents transportation and power generation.” He then discussed the three other inland water-management projects included in the FEF-EIR Pacific Rim development program: the Mekong River delta project, the Grand Canal project in China, and the Indian Ganges-Brahmaputra water-management project.

During the question and answer period that concluded the seminar, others, including General Harn, commented that the Kra project is just what is needed to unify the population of Thailand. Dr. Yupa Udomsak, Party deputy of the Chat Thai Party, called on the Thai politicians and citizens present to bury their differences and join together to realize the project. Dr. Udomsak also wished Mr. LaRouche success in his bid for the Democratic presidential nomination.

‘Reverse strategic crisis to allow Pacific development’

Lyndon H. LaRouche, Jr. spoke on the world strategic crisis in Bangkok, Thailand, Oct. 27.

We are now in an international economic depression; we have been in it for some time. There are reports of economic upswing in the United States. They are totally inaccurate. If we are lucky, in 1983 the United States economy in terms of transportation and production of goods will contract by an additional 4 percent over 1982. In addition to the economic depression which is depressing world trade levels . . . we are on the verge of the worst international financial crash in more than six centuries in terms of European experience.

Some people think that the debt crisis is something that broke out in Ibero-America. That’s not quite true. . . . The problem that was represented by the Ibero-American debt crisis beginning with the Mexican debt crisis of October 1982 was simply that this aspect of exposure of financial illiquidity threatened to detonate, as the primer charge of an explosion detonates the much larger explosive charge, threatening to set off an internal collapse in Europe and the United States. . . .

The reality is that the danger does not lie in the debt crisis of Ibero-America or the developing nations. The debt crisis lies inside the banking system of Western Europe and the United States. France in terms of its financial situation is about to enter into the "Sixth World," among nations which are beyond total bankruptcy. This could happen without a change in policy. Germany has about 2.5 or more trillion deutschmarks combined debt. This debt is spiraling upward, and German industry is collapsing by 30-50 percent over the coming 12 months. It is very difficult for a nation which is collapsing its internal production by 30-50 percent to maintain a spiraling debt structure without reorganization. Italy is already financially bankrupt. Britain is bankrupt in terms of internal accounts. Only on external accounts is the British pound stabilized at all. Spain is going toward potential civil war as well as bankruptcy. North Africa is about to blow up unless something is done to save it. The Middle East might not last through the next three to four months. The oil production of the Middle East might be cut off unless something is done to stop what is now in progress there.

So we have the possibility of a total financial collapse very much like 1931 in certain principal features, but of a much greater magnitude. Our estimate of the probable magnitude is that a financial collapse should occur this year or within the first six months of next year. The first wave of bankruptcies would wipe out between \$1 trillion and \$2 trillion worth of paper internationally. . . .

The edge of thermonuclear war

We are sitting on the edge of thermonuclear war. Some people do not wish to believe that, but we are. The President of the United States on March 23 of this year offered the Soviet Union a comprehensive plan to secure world peace. The March 23 speech is a proposal to end the age of thermonuclear deterrence, under which the superpowers now are committed to destroying each other, that is, after they have been attacked. That's what the President has attacked as "revenge policy" and offered to replace with a new policy under which both superpowers would agree to develop defensive weapons capable of destroying thermonuclear missiles in mid-flight. This new policy was called Mutually Assured Survival. . . .

The policy is perfectly feasible technologically. The Soviets are developing defensive ballistic missile defense systems very rapidly, those of the rocket type, the SAM-5, SAM-10, SAM-12. The SAM-12 is illegal under the existing treaties, but they have about 200 of them on line anyway. They are putting in phased-radar devices for antiballistic defense systems, and I would expect we would find some of those around Sakhalin Island's southern base. The Soviet Union, under Major General Basov and the GRU [Soviet military intelligence] on the military side, and under Academician Velikhov on the civilian side, is a master of this technology, of which we are quite familiar. The United States,

in terms of laboratories such as Lawrence Livermore Laboratory, has capabilities comparable with those of the Soviet Union. If the United States were on a crash program, which it has recently entered, U.S. capabilities would be approximately comparable to the Soviet Union's capabilities. We now have the capability among the superpowers to develop weapons systems of the greatest fire power mankind has ever known. Defensive systems which could destroy between 96-99 percent of all missiles launched by one power against another within the 5 to 25 minute span you would have to do that. This would give overwhelming superiority of the defense over the offense, as Dr. Edward Teller has said.

I emphasize this to make a point: The Soviet Union knew this was feasible. Soviet official representatives were discussing this with me for over a year before the President's announcement conveyed it was feasible. After the Soviet Union had turned down the President's announcement, the Soviet officials conceded to me that the proposal was feasible. They turned it down for only one reason. They believed that this would cause the United States to revive economically, to resume the relative economic position the United States enjoyed during the middle of the 1960s; and that, the Soviet officials said, "we will never tolerate."

I see this in a different way than most naïve, uninformed people would see it. The Soviet Union is moving with calculation toward a thermonuclear confrontation. The Soviet Union intends as of now to involve the Pacific area heavily in this confrontation, and the Soviet Union is relying on the assumption that the United States—because of the combined economic depression, the financial crises, and the internal political friction between the United States and Europe, and because of movements such as the nuclear freeze movement and the election campaign year—will lack the political will to resist the kinds of demands which confront the United States under these conditions, and the United States will therefore back down with significant strategic concessions, that this will be the end of the United States as a superpower.

'A small Pearl Harbor reaction'

In point of fact, I do not believe that the President of the United States will back down. Nor do I believe that the United States people in the majority will back down. We have from Chicago and from Texas reports that the popular reaction to the events in Lebanon was young people crowding at Marine recruiting centers to join the Marines. . . . We have something like a Pearl Harbor syndrome on a small scale inside the United States, which means the Soviet Union has miscalculated. Part of the problem is that the United States has been sending the wrong signals to the Soviet Union on these questions. If the United States would send the right signals where the Soviet Union would see this as a miscalculation, then I think we could have negotiations on the basis of the March 23 proposal. But that will have to have a new geometry.

The reason that I mention this is that the economic crisis,

the financial crisis, and the strategic crisis mean that the United States and other parts of the world face what may be described as an existential crisis. The very existence of civilization as we have known it is now in jeopardy. . . . Let's forget all these particular little excuses as to why this crisis happened. This crisis happened because the United States has a wrong policy, and because we have the wrong policy we make the wrong decisions at every turn consistent with this wrong policy.

Maybe the United States, some of us are saying, should go back to the different policy which was associated with President Roosevelt's "American Century" at the end of the last war. I am one of those who say so, and to the degree people realize and agree at least in part with what I am saying in Washington about these three crises and how the United States must respond to it (and I find increasing numbers of people who do agree with me) then during this period—under the pressure of the economic, financial, and, most of all, under the pressure of the strategic crisis—the United States will probably be impelled to choose between doing or not doing an economic mobilization like that which the United States conducted during the period 1939-43: an economic mobilization which will be militarily centered around the development of lasers and other types of antimissile beam weapons, which will include not only strategic systems, but also lasers as antimissile aircraft weapons, lasers as antimissile naval weapons, defensive weapons, and the application of these technologies to civilian production. If that turn is made, or something like that, then the kind of policy we are discussing in terms of the Indian-Pacific Ocean Basin Policy becomes not only feasible, but highly probable.

Bangkok Post on the benefits of the Kra Canal

From the Bangkok Post Oct. 17.

Construction of a canal through Thailand's Isthmus of Kra is not yet too late, but should not be delayed any longer, an official of the U.S. Fusion Energy Foundation said over the weekend.

Mr. Uwe Henke V. Parpart, FEF Research Director, said that this was because of a "big question mark" hanging over the ability of the traditional sea route of the Malacca Straits to cope with large shipping volume by and beyond the year 2000.

He quoted a recent detailed FEF study of trade and shipping volumes between the Indian and Pacific Ocean Basins between 1960 and 1980 as estimating that by the years 2000 and 2020 there would be 100,000 and 1 million ships respectively passing through the Straits.

Such volumes would be entirely beyond the level of what the Straits can handle with any reliability, and apparently make the canal across the Kra Isthmus an absolute necessity, he quoted the study as saying.

Another factor which makes the canal across southern Thailand a must is the fact that the country is advantageously placed between the Indian and Pacific Ocean Basins where nearly two-thirds of the world population will be living by the end of this century.

It has not yet been decided where the canal will cut across the southern isthmus, but Mr. Parpart told the *Bangkok Post* that it should include Songkhla on the east coast, which would be turned into a major port and transshipment center.

A large transshipment port—where large cargos coming from the west are broken up and loaded onto smaller ships—is essential as most major Asian ports on the Pacific Basin are river ports and therefore cannot handle large modern freighters.

With its more favorable location and the uncertain future of Hong Kong, Songkhla could rapidly become a viable alternative major port to the British Crown Colony and Singapore, he said.

He added that a second major port and transshipment center would also have to be established later at the other end on the west coast to handle cargos destined for the ports on the Indian Ocean.

The building of the canal would also benefit Thailand in other ways, Mr. Parpart pointed out. The project would require a huge number of workers, who could be developed and transformed in the process into a skilled industrial workforce which would be needed for the country's economic progress. The technicians, engineers, and other skilled personnel currently working and living abroad would also be induced to return and participate in the project. . . .

On the total construction costs, the FEF research director said it would depend on the methods employed but gave an estimate of between 138,000 million to 184,000 million baht (US \$6 trillion to \$8 trillion). For sources of finance, he said the issue has yet to be discussed, but he suggested a kind of Kra Canal authority in which private investors may be invited to join in and hold shares in the organization with the Thai Government possibly the biggest shareholder. . . .

On the question of security, Mr. Parpart was against the idea that the canal would create political instability in the South and believed that "the opposite should be the case." He pointed out that the canal would give rise to the establishment of a major industrial zone along its course, creating new economic opportunities for the population and thus act as a political stabilizer.

Trudeau and the 'back channel'

Do Canadians really want him to side with Andropov and the "Guelphs" against the United States?

With a Jesuitical sense of timing, Prime Minister Pierre Trudeau has decided that he had a new mission in life. Proffering what opposition leader Brian Mulroney politely termed "philosophical musings," Trudeau decided to try to mediate between the Soviet Union and the United States, because "the relationship between the two superpowers may have become too charged with animosity for East-West relations to be entrusted to them alone," said Trudeau in a speech to the Conference on Strategies for Peace and Security in the Nuclear Age, at the University of Guelph, Ontario, on Oct. 27. This initiative has already received the blessings of Moscow's U.S.A.-Canada Institute, which participated in the three-day conference. Meanwhile, Andropov is awaiting Trudeau's reply to his invitation of a few months ago to visit him in Moscow.

Like Britain's Margaret Thatcher, Trudeau seems to be attempting to appease Andropov at any cost, specifically at the cost of developing energy-beam weapons for the strategic defense of the West. Not only did he explicitly condemn "all weapons for use in space," but also condemned any power that is "truly dominant," referring to the United States. As for the Soviets? Trudeau's world federalists are confident that they will confine their imperial expansion to acceptable limits.

When Trudeau criticized Washington for the Grenada invasion and for not allowing Canadian planes to "rescue" Canadian subjects on the is-

land, the Conservatives attacked him for having turned Canada into an untrustworthy nation and for being anti-American. Trudeau was not alerted by the Reagan administration ahead of time, said the Conservatives, because he is considered unreliable; according to the *Toronto Globe and Mail*, on Oct. 28, U.S. Deputy Secretary of State Kenneth Dam told Canada's ambassador, Allan Gotlieb, that Trudeau was not consulted "because of concerns on the security side." The Caribbean Commonwealth nations did not consult with him either, added the Conservatives, because he is no longer considered a friend by the Third World members of the Commonwealth. At the same time, CBC radio polls show that public opinion in Canada runs heavily in favor of the U.S. mission.

During his remarks at the University of Guelph, Trudeau talked about the war between the Guelphs and the Ghibellines in Italy during the 13th century, which resulted in a victory for the bloody-handed oligarchic Black Guelphs and the postponement of the European Renaissance for two hundred years.

"Your location is appropriate," started Trudeau "because the name of Guelph reminds us of another age which was torn by hostile systems, competing alliances and profound ideological division. . . .

"And, because both history and geography are written by the victorious, the name Guelph lives on, given to this place as the proud heritage of a ruling dynasty." Trudeau claimed that

Guelph affinities are the basis for the alleged "European-ness" (i.e., anti-Americanism) of Canadians, which "is in our history, in our culture and in the predisposition of many of our government policies."

Some Canadians may think Trudeau was attempting to win electoral brownie points in Guelph County, since the Conservatives are leading the Liberals nationwide in polls by just over 2 to 1 (55 percent against 27 percent), but they miss the point.

The conference room was filled with peaceniks and KGB agents. Moscow's U.S.-Canada Institute was represented by two of its top KGB agents, Pavel Podlesny and Yuri Ivanov. Podlesny endorsed Trudeau's mediation bid by reiterating his contention that "there is no political will in the West to reach agreement" between the superpowers.

The honorary chairman of the conference was Canada's Count George Ignatieff, a Rhodes scholar and an original founder of the Pugwash conferences. He is the son of Count Paul Ignatieff, a former Imperial Russian minister of education who was exonerated by the Soviet regime. George Ignatieff has been the leading activist of the Toronto Bloorbathurst Russian Orthodox Church, which is being used as a top conduit into the Soviet KGB.



A polarization over Grenada

Genscher is blasting the United States while Franz-Josef Strauss warns about Soviet intentions.

Under the auspices of Foreign Minister Hans-Dietrich Genscher, the first authorized official statement from Bonn on the intervention stressed that "the comments from all parts of the world are predominantly critical and negative," and that "the [West German] cabinet has . . . emphasized . . . that if we had had the occasion to do so, we would have advised against the intervention." Genscher added that "international law must not be applied selectively."

People in Bonn remember, however, that it is Genscher who has displayed a double standard. In the controversy over who should be recognized as Kampuchea's legitimate government at the United Nations after the fall of the genocidal Pol Pot, Genscher decided in favor of Pol Pot's representative. Then there is Genscher's patronage of Khomeini's Iran (see article, page 30).

Bonn's comment on the Grenada mission was followed by a fierce debate in the West German parliament over a motion put forward by the Green Party on Oct. 27, a debate which featured perhaps the most anti-American statements ever given in Bonn. The nadir was reached, not by the Green Party, whose spokesman Josef Fischer termed Reagan a "club-swinging politician" and a "celluloid cowboy set for shooting," but from the Social Democrats.

Their foreign policy spokesman, deputy Horst Ehmke, termed the Grenada intervention "an act of violence committed by the United States

against international law" and added that by "showing its muscles rather than its brains," the United States had lost trust not only among its NATO allies, but also in the Third World as a whole. He added that "this policy of confrontation . . . will also have negative effects on the situation in Europe."

Another prominent SPD foreign policy spokesman, Hans-Jürgen Wischniewski, introduced the "future of NATO" issue which is being debated inside the SPD in terms of a choice between "dying with the United States or living in neutrality with the Soviets in Europe." Wischniewski, his party's expert on Central American affairs, called the Grenada intervention "a black day for the 'NATO' alliance. . . because our most important ally has committed an act of severe violence against international law, against the right of nations to self-determination, and against the charter of the United Nations." He added that the intervention "proved that there was good reason for our rejecting the stationing of new missiles."

Hans Apel, the former SPD defense minister under Helmut Schmidt, termed Reagan's moves "an imperial policy" in an interview with *Der Spiegel* of Oct. 31, and went so far as to state: "This gunboat policy of the U.S.A. is of such a stupidity that it can hardly be surpassed."

While the SPD whips up its campaign for a non-American solution to Europe's defense problems, there is something quite similar on Gensch-

er's agenda, and his own image is not improved by the fact that all the other Western European foreign ministers were on the same anti-Reagan line. Quite the contrary: There were rumors that the construction of the airfield on Grenada had been funded by the European Commission's FECOM program, and that the Cuban "construction workers" had been employed by the British company Plessey. The FECOM program usually allocates funds for projects of regional development within the EC, but it also extends to non-European countries associated—like Commonwealth member Grenada—with the EC via treaties covering about 60 African-Caribbean-Pacific countries.

Franz-Josef Strauss, the Bavarian Christian Social Union (CSU) leader who for many reasons would like to see Genscher ousted, termed it a scandal that "the extent to which the Soviet and Cuban grab for power has already penetrated the Caribbean has not been fully understood in Bonn."

On Nov. 2, at an international symposium on defense at the CSU's Hans Seidel Stiftung, Strauss stated: "He who distances himself from the Americans on the Grenada issue . . . and furthermore calls for U.S. troop withdrawal from the island . . . must be termed dishonorable and irresponsible. Whoever does so plays into the hands of Soviet propaganda against the West." He predicted that the Soviets will make a last-minute offer at the Geneva negotiations: reducing the number of SS-20s in Europe to 54. "There are tendencies in Bonn operating behind the scenes who are psychologically and politically prepared to fall for such a Soviet offer," Strauss said. "These people tend to think such an offer means practically the 'zero-option.' . . . If one makes 'zero' into a variable factor, the Soviets have scored a big psychological victory."

International Intelligence

IL sounded alarm on Grenada a year ago

Nearly one year before U.S. troops landed on Grenada, *EIR*'s bi-monthly counterintelligence newsletter *Investigative Leads (IL)* identified the island as an asset of the Soviet Union and Libya, and a logistical base for terrorists operating in the United States.

In the issue published Oct. 30, 1982, *IL* dated the Grenada threat from March 1979, when Maurice Rupert Bishop became Prime Minister. Evidence of an in-place terrorist capability on the island appeared no later than spring 1982.

Libyan dictator Muammar Qaddafi played a coordinating role in transforming the island into a haven for U.S. black separatist groups. According to *IL*, "The international coordination of . . . separatist movements was hammered out at a June 1982 Tripoli meeting chaired by Colonel Qaddafi and attended by separatist leaders from around the world. . . . One of the highlighted guests was Grenadian Prime Minister Bishop. At the Tripoli meet, the Libyans announced a \$4 million investment in the new Grenada airport."

The U.S. side of the operation was brought together in Atlanta, Georgia, July 22-25, 1982 by Rev. Herbert Daughtry, under the sponsorship of the U.S.-based National Black United Front. Daughtry was joined in this project by Jesse Jackson's Operation PUSH working specifically through PUSH International Affairs attorney Jack O'Dell. Since at least May 1982, *IL* documented, delegations of 50 or more NBUF members had traveled to Grenada to be trained in ideology and weapons by Cuban military advisors on the island.

Also from the 1982 *IL* report:

"The Cuban government has given Grenada supplies to build an international airport. . . . It is reported that the new airport will support the steady flow of weapons shipped from Cuba and destined for areas of Africa."

"Space Research, Inc. (owned by the Canadian-based Bronfman family) and

Barclays Bank, the largest holder of property on Grenada, were also targeted for investigation."

Behind the Bonn attacks on Philippines embassy

The Revolutionäre Zellen (Revolutionary Cells) terrorist organization has been behind recent actions against the Philippine embassy in Bonn, intelligence sources report, adding that the RZ networks, interfacing the pro-terrorist *Tageszeitung* newspaper, were responsible for planting a bomb in the embassy earlier this year as well.

On Oct. 21, a hundred Greens, mobilized in the context of "Peace Week," suddenly showed up at the Philippines embassy calling for Marcos's overthrow. They tore down the Philippine flag and covered the embassy door with red paint, without a policeman in sight—although the embassy is in the center of Bonn.

Observers at the scene reported that only after the greens had left did the police show up, accompanied by the Social Democratic Party interior minister of North-Rhine Westphalia, Herr Schnoor—the same individual who nearly had U.S. Vice-President George Bush killed by stripping police protection for Bush in Krefeld, West Germany, earlier this year.

Sources suspect ongoing cooperation between some police and interior ministry officials, with the Greens and indirectly the KGB.

German parliamentarian: Reagan right on Grenada

The chairman of the foreign policy committee of the West German parliament, Werner Marx, gave an interview to the conservative German daily *Die Welt*, in which he stressed that because the governor general of Grenada, Sir Paul Scoon, had called upon the U.S. to intervene, "the American response

was not a violation of international law, but the realization of an urgent demand issued by allies and neighbours."

Without naming foreign minister Hans-Dietrich Genscher, who has denounced Reagan for the invasion, Marx announced that "the [Bonn] Government will probably issue a new statement." Marx said that the intervention was fully justified because "on Grenada, a second Cuban base was just about to be turned into a fortress. This was done with the knowledge and will of the Soviet Union."

Denouncing the Social Democrats as anti-American and promoters of leaving NATO, Marx said that "I think we should be glad that our most important Western ally, in whose protection we have trusted since 1954, has promptly reacted to a call for help. We all have to be certain that our well-being depends on the functioning of the [NATO] alliance and on the Americans keeping to their commitments."

Marx, who is one of the highest-ranking Christian Democratic politicians in West Germany, added that indeed, the West German government hadn't been consulted by Reagan before the intervention. "But on the other hand," said Marx, "our government can be glad to not have been consulted by the Americans; for what kind of advice could our government have given to them if asked for that before—given its low level of intelligence on the matter?"

Muslim Brotherhood warns of Soviet strategy

The proverbial "fear of God" seems to have entered into the hearts of some part of the Muslim Brotherhood—which has generally provided significant capabilities for British and Soviet operations in the Mideast and Asia—in reaction to the march of Soviet strategy towards dismantling the nations of the Indian subcontinent.

The London magazine *Arabia and the Islamic World Review*, published by Saudi-connected conservatives in the Brotherhood, recently ran an editorial entitled, "How

to Combat Moscow's Maneuvers."

"Balkanization of Pakistan," the editorial warns, "is . . . the first Soviet political objective in its overall strategy towards the Indo-Pakistan subcontinent. Moscow believes access to Pakistan will not only give it an advantage in its confrontation with China, but also help it influence political events in India. . . . The Soviets have realized [the] weakness of the Indian political structure. After the dismemberment of Pakistan it would not be difficult for them to repeat the same story in India."

Arabia continues: "In the face of the Soviet threat . . . Religious leaders should consider the organising of a convention of religious groups and political parties of India and Pakistan to form a political front against the Soviets."

The same issue has an important expose on the Iranian-financed "Muslim Institute" of London led by Pakistani Kalim Siddiqi. Previous *EIR* investigations showed that Siddiqi was at the center of the Iranian terror structure in Europe, the German-based Islamo-Nazi networks around Fatima Hereen Sarka in Munich, daughter of SS General Wolff and associate of banker François Genoud, and Muslim radical operations of the Ontario-based "Crescent International" and infamous Bahram Nahidian in Washington.

Reviewing the recent output of Siddiqi, Javed Ansari of *Arabia* makes the point that behind Siddiqi's Islamic rhetoric is a Marxist worldview. Iranian intelligence sources point out that it was with the help of Siddiqi's institute that Soviet Politburo member Geidar Aliyev's key operation, the Islamintern, was created this August through the Assembly of Islamic Institutes, which gathered in London, and then in Teheran.

Soviet atom spy joins anti beam-weapon chorus

The East bloc spy Klaus Fuchs, who while working on the Manhattan Project passed on secrets to the Soviets, has given an interview to the Bulgarian party paper *Rabotnicheskoe*

Delo denouncing beam weapons. The 71-year-old Fuchs, who now lives in East Germany, said: "There are American scientists who think that with the help of the latest war technology and space weapons, America can impose its will on the whole world."

According to a summary in the London *Times*, Fuchs stressed that "even as the atomic bomb was being created, prominent scientists such as Einstein and Russell had advocated cooperation between the U.S.A. and the Soviet Union, but Washington was still pursuing world superiority."

Der Spiegel thinks Mexicans are 'slow'

In one of the more vicious pieces published since the Soviet- and IMF-aligned media took up the sport of slandering Mexico, *Der Spiegel* ran a seven-page special in its Oct. 31 issue entitled "How Long Will the Mexicans' Patience Last"?

Unlike Brazilians, according to the racist *Spiegel*, Mexicans are "too slow" to fight the International Monetary Fund; Mexicans are very patient and calm because they are 85 per cent "mestizo" and "indios." This is the only reason why political order has so far prevailed, says the *Time* magazine of West Germany.

Blaming former President López Portillo's administration for Mexico's economic-financial crisis, the article claims that everything is corrupt in Mexico, not only the institutions but also the population which accepts such institutions.

The one thing *Der Spiegel* is honest about is the amount of capital flight out of the country. A German banker in Mexico City is quoted saying that \$50 billion has gone out of Mexico.

In what can be read as a warning to foreign bankers and investors, *Der Spiegel* concludes by quoting Helmut Treibes, head of the German-Mexican Chamber of Commerce in Mexico City, saying: "There is still law and order in Mexico; people are slow but once they get going, nothing would be able to stop it and things would get horrible."

Briefly

● **OTTO LAMBSDORFF**, acting West German Minister of Economics, may go on trial soon for tax evasion and dirty money laundering.

● **THE JERUSALEM POST** lead editorial Oct. 27 takes a sharp swipe at the response of the British Establishment to the Grenada affair: "Of all the perfidious reactions, in the Western camp, Britain's takes the biscuit. After seeking, and receiving, political and more tangible support from America for her escapade in the far-off Falklands, Mrs. Thatcher now has the ungraceful effrontery to preach to Washington," the *Post* observes.

● **CANADA's** state-owned Atomic Energy of Canada nuclear producer showed a record \$22.6 billion (Canadian) profit for 1982-83, up 15 per cent, despite a slacking in demand. Four Candu reactors of 600 MW were delivered to Quebec and New Brunswick provinces, as well as Argentina and South Korea.

● **REPRESENTATIVES** from three provinces of Canada gathered in Montreal Oct. 30 to attend the founding of the Committee for the Commonwealth of Canada (in French, Comité pour la République du Canada). This association is a newly created cultural and political organization created by Canadian supporters of Lyndon H. LaRouche, Jr., and was founded in response to Mr. LaRouche's "Draft Project of the Constitution for the Commonwealth of Canada," written in September 1981.

● **RUSSIAN** is becoming the required second language (starting from the seventh grade) in the state of Lower Saxony in West Germany.

● **KIM IL SUNG**, said one analyst in commenting on North Korean responsibility for last month's Rangoon bombing, "is the Idi Amin of Asia. He's so crazy, we suspect he's controlled by the Mossad."

Reagan's retaliation: who will pay for Marine deaths?

by Judith Wyer

In the aftermath of the Oct. 23 terrorist bombing of U.S. and French forces in Lebanon, President Ronald Reagan has adopted a Middle East policy which would put an end to the game of carving up the Arab nations. In his nationally televised speech Oct. 29, the President put forth a commitment to defend the nations of the region against all foreign aggression and separatist ethnic and Islamic fanaticism. That policy challenges the unwholesome coalition of the Soviet Union, the ruling Likud Party in Israel, Syria, Libya, and Iran—the leading proponents of a sacerdotal extremism as a weapon against the sovereignty of the Arab states.

Reagan became the first head of a leading government to denounce the "Greater Syria" plan of the Soviet-backed government of Hafez Assad in Damascus, a plan designed for control of northern Lebanon and eventually Jordan and Iraq. The same day, the White House released a statement by President Reagan during a meeting with Jewish Republican leaders: "I think the evidence that I have is sufficient that this last horrendous act involved Iranian terrorists and they were facilitated in their entry and in the provision of the munitions by the Syrians."

In an Oct. 27 press conference Secretary of State Shultz had criticized Israel for its sudden partial withdrawal from central Lebanon on Sept. 4, which strengthened Syria's expansionist designs. Shultz's statement insinuated secret collaboration between Israel and Syria to partition Lebanon.

These moves attest that the reassessment of Middle East policy which began last month concluded with a U.S. commitment to strengthen relations with Egypt, Saudi Arabia, Jordan, and Iraq. That entails strengthening the military capability of these countries, particularly Jordan and Egypt, to enable them to protect the Arab oil exporting states of the

Persian Gulf. The appointment of former Defense Secretary Donald Rumsfeld as the new White House Mideast envoy is another sign that the U.S. military presence in the region has become a priority.

This policy goes hand in hand with the administration's stated plan to retaliate for the massacre of 230 U.S. Marines. One option favors Franco-American backing for Iraq to launch deep air raids into Iran to cripple its economy. At Shultz's Oct. 27 press conference following talks with his French, Italian, and British counterparts on reprisals for the bombing, the secretary of state broke the long-standing public stance of neutrality toward the Iran-Iraq war. By praising Iraq as a force for peace in the region, Shultz signalled possible U.S. support for Iraq to bring its long-range bombers into the war. Five French-made Super-Etendard bombers equipped with Exocet missiles were ready for combat at the end of October, according to Iraqi President Saddam Hussein, who told the press on Oct. 23 that Iraq had the right to make deep strikes anywhere in Iran. Shortly before, he had sent a message to Japan that Iraq may attack the massive petrochemical plant Japan is building in Bandar Khomeini near the Straits of Hormuz. Baghdad claims to have already mined the port at Bandar Khomeini and begun air strikes against vessels in the area.

Washington insiders say that other U.S. options under consideration include some form of reprisal against Syria and Libya. Western intelligence sources revealed that the explosives for the bombing were manufactured by Libyan technicians trained in East Germany.

Though the U.S. military investigation into the atrocity is still ongoing, Lebanese government sources say there is solid information on Moscow's role in shipping the explo-

sives via Syria to the Iranian-backed terrorists thought to have conducted the bombing. Houssein Moussavi, the ringleader of Khomeini's Hizba'allahi (Party of God) in Syrian-occupied Baalbek, Lebanon has been named as the perpetrator. Moussavi had taken responsibility for the bombing of the U.S. embassy in Beirut in April.

Even before the Oct. 23 bombing, Iran and its Soviet-armed allies Libya and Syria had repeated that they would drive the United States and its partners out of the area and destroy their Arab allies. Jordan has become their principal target, given its close military ties to the United States. Since the Aug. 20 founding of the Teheran-based Pan-Islamic terrorist organization, the Assembly of United Islamic Movements (see article, page 33), there has been a marked increase in terrorism against U.S.-allied Arab states. Days after the Marine massacre, Jordan's ambassadors to New Delhi and Rome were wounded in terrorist shooting attacks.

Israel's Likud government to fall?

Reagan's posture has caused a further chill in U.S.-Israel relations. The Shamir government in Israel is visibly angered by the Reagan posture—in particular the Pentagon's bid to build up a Jordan-led Arab strike force to protect the Arab oil producers of the Gulf, a task Israel has envisioned for itself. The Shamir government is also unnerved by the prospect of U.S. backing for Iraq in the war with Iran. Since Khomeini took power in 1979, the Likud and Iran have conspired against Iraqi President Saddam Hussein.

Defense Minister Moshe Arens, considered the closest U.S. ally in the cabinet, told the press during the last week of October that the United States was "distancing itself from Israel." It was announced that Shamir's November visit to Washington would not occur; Arens will visit Washington without Shamir in December. Undersecretary of State Lawrence Eagleburger arrived in Israel on Nov. 1 to discuss U.S.-Israeli differences over the Jordan plan and Lebanon, but Israeli officials say that the talks are tense, and the Shamir government accuses Reagan of having sent "the wrong man."

Eagleburger's visit bears on the Lebanese National Reconciliation talks with President Amin Gemayel, Syrian Foreign Minister Abdul Khalim Khaddam, and a coterie of Lebanese warlords. Syria has forcefully demanded that Lebanon pull out of the May 14 U.S.-mediated Israel-Lebanon agreement. Israel has replied that should Gemayel concede to this demand Israel will stay in south Lebanon indefinitely.

Since Menachem Begin took power in 1977, Israel's policy has been to destroy its U.S.-allied Arab neighbors, whose leaders would otherwise be inclined to make peace. The legacy of the Begin regime was its alliance with Ayatollah Khomeini's Muslim Brotherhood. Former Israeli Defense Minister Ariel Sharon has publicly admitted that Israel is selling arms to Iran to enable it to continue its war against Iraq. After weakening its Arab neighbors, the Likud government put Israel forward as the only "stable" military ally of the United States. But that policy has now proven a disaster for Israel.

Israel's invasion of Lebanon last year, contrived by Sharon, was the culmination of that scheme, which Democratic candidate Lyndon H. LaRouche correctly identified as "Israel's Vietnam." Today Israel's continued occupation of southern Lebanon will probably collapse the six-year-old Likud government.

That occupation is costing Israel's crisis-ridden economy over \$1 million a day. Israeli troops are the targets of ongoing terrorist attacks, costing Israeli lives and spurring public opposition to the occupation; yet Shamir cannot get Israel out of Lebanon without admitting that the entire invasion was a mistake, and thus probably shattering his shaky coalition.

Arens, the mastermind of a plan to make Israel the United States' only nuclear-armed ally in the Mideast, is said to be very upset over the Pentagon backing for a Jordan-led Arab Rapid Deployment Force and associated plans to strengthen Egypt and Iraq. A wave of press reports of sensitive information on the U.S. efforts to build a Jordan-commanded regional strike force is reported to have been leaked by Israel to embarrass Jordan's King Hussein.

The Likud government has also resorted to other tactics. Its mouthpiece Daniel Patrick Moynihan (D-N.Y.) submitted a Senate resolution calling for blockage of funding of the three-year-old strike force project unless full disclosure of its details is made. On Nov. 1, the Senate Appropriations Committee removed the \$220-million-plus funding for Jordan's military, as a result of maneuvering by Alfonse D'Amato (R-N.Y.) and Mark Hatfield (R-Ore.).

Opposition Labour Party leader Shimon Peres, however, declared in a radio broadcast in mid-October that he would not object to the U.S.-Jordan military scheme. That week another Labour Party leader, former Foreign Minister Abba Eban, called for Israel to resume talks on the West Bank with Jordan. These statements reflect the fight within Israel not only over the succession to Shamir, but over what future policies Israel will adopt.

Meanwhile the possibility of a direct U.S.-Syrian confrontation increased. The Nov. 1 *Washington Post* announced bluntly that the Syrians were holding joint naval maneuvers with the Soviet Union in the eastern Mediterranean in a move which may be the first step toward attacking the U.S. warship taskforce off the coast of Lebanon.

The unacceptable demands posed to Lebanon by Syria and its allies regarding the Geneva conference on National Reconciliation may be aimed at creating the climate for another major atrocity in the region. A reception held on Nov. 1 in Gland, a residential suburb between Geneva and Lausanne, was attended by Syria's allies, Walid Jumblatt and Sami Franjeh, Lebanon's former president, at the house of a close business partner of Hans Albert Kuntz, director of Dreykott corporation. Kuntz has been a friend of Nazi International coordinator François Genoud of Lausanne since the mid-1950s, and has been named as a key connection to Italian fascist Stephano della Chiaie, responsible for the August 1980 Bologna bombing, as well as to terrorist controller and Propaganda-2 Grand Master Licio Gelli.

Were the Bournes trying to stage an Iran hostage replay in Grenada?

by Kathleen Klenetsky

Two individuals who played pivotal roles in the "social experiment" which put Jimmy Carter in the White House may have been complicit in a Soviet-inspired plan to seize American students attending St. George's Medical School on Grenada as hostages, according to the preliminary results of an *EIR* investigation. The two individuals in question are Dr. Peter Bourne, the Carter family psychiatrist who was forced to resign from his position as White House adviser on drug abuse in 1978 when he was caught writing phony prescriptions for Quaaludes, and his father, Dr. Geoffrey Bourne, a former major in the British Army's Special Services.

The Bourne-again hostage crisis

EIR researchers are currently investigating reports that Peter Bourne, a visiting professor at St. George's, and, Dr. Geoffrey Bourne, who has served as the school's vice-chancellor for six years, were sympathizers of the Oct. 12 Soviet-backed coup led by Gen. Hudson Austin, and that they deliberately tried to undermine U.S. plans to evacuate the school's students, almost all of whom are young American citizens and prime targets for a hostage caper.

According to eyewitness reports, Geoffrey Bourne sought to keep the students on Grenada in spite of mounting evidence that Austin was mentally unbalanced at the least—he had, after all, just come to power over the dead bodies of Prime Minister Maurice Bishop and his supporters—and was little more than a puppet for Soviet, Cuban, and Libyan interests in the region. Under the circumstances, it would have been impossible for any responsible administrator to have ignored the possibility that Austin and his thugs might be eyeing the American students as potential hostage victims.

Indeed, according to documents discovered by American forces during their mop-up of the island and revealed by the Reagan administration Oct. 26, the Austin government, in conjunction with Cuban advisers, had been giving "serious consideration" to seizing Americans as hostages.

Had this plan to recreate the Iran hostage crisis succeeded, not only would hundreds of American lives been imperiled, but the ensuing drawn-out process of negotiations could have had a devastating effect on the Reagan administration at a time when the Soviet Union is mounting a global offensive against U.S. strategic interests. Moreover, as adminis-

tration spokesman have pointed out, the presence of American captives on the island would have made it extremely difficult for the United States to execute its plans to prevent the Soviets and their allies from consolidating their grip on the island, which was clearly intended to become both an important East bloc military base and a staging ground for terrorist and assassination deployments against Americans, among others. Over the past two years in particular, Grenada has become a favorite haunt for various terrorist-linked black separatist groups, many of whom enjoy direct Libyan patronage; the Libyans have invested over \$4 million in the airport that was being constructed on the island.

Bourne: Austin coup 'a laughing matter'

Based on interviews with several of the principals, as well as other lines of inquiry, investigators have put together the following partial picture of the Bournes' activities in the days leading up to the U.S. intervention.

In the wake of the Austin coup, many of the St. George Medical School students became alarmed that they were precariously close to being taken hostage by Austin, a man who has been described by Grenadian officials as a "Pol Pot madman" bent on turning the island into a Soviet-bloc outpost. Nevertheless, Geoffrey Bourne led other school administrators in insisting to the students that they had nothing to fear from Austin, and that there was no reason for them to leave Grenada.

According to one student, who has requested anonymity for fear of reprisal by the school, Bourne met with General Austin on Oct. 21. Later that day, Bourne assembled the St. George's student body and, laughing and joking, told them that Austin "had the situation under control," that the week's developments, in which hundreds of Grenadians were murdered, would make a "great cocktail party story," and that the school would continue functioning without interruption "come hell or high water."

Bourne then warned the students that if they did leave the island, they would receive neither a refund nor a credit for the current semester, nor would they be assured a place if they decided to return. As one student put it, "Bourne tried to blackmail us into staying."

At the same time, according to student sources, Bourne was relaying the same “everything is under control” pabulum to Charles Modica, the school’s chancellor, who was then in the United States. Based on this information, Modica called a widely publicized press conference shortly after the U.S. invasion was made public, claiming that the St. George student body had never been in danger and that the Reagan administration’s action was not only unnecessary, but had endangered the students far more than the Grenadan political situation.

Although several students have confirmed that at least 50 percent of the medical school’s students wanted to leave the island in the days immediately preceding the U.S. invasion, Bourne further complicated U.S. evacuation efforts by telling Gen. Austin that only 10 percent of the students were serious about leaving. During the weekend of Oct. 27-28, the State Department tried to convince Austin that the majority of the students did indeed want to come home, but Austin, citing Bourne’s misinformation, insisted that they were wrong.

Despite Bourne’s assurances, the vast majority of the students were convinced that they were in grave danger. Echoing the sentiments of many of his fellows, one student told *EIR*, “The students couldn’t believe that anyone in their right mind could be telling us what Bourne was telling us—that Austin was under control—because it was clear to all of us that Austin and his people were going bananas. . . . We knew, too, that the Grenadian people were upset, unbelievably upset, about the Austin coup. . . . Austin was clearly a desperate man. We were angry at Bourne, because he wasn’t being frank with us about the situation. We knew that we could be taken hostage.”

Another student, Earl Caldwell of Chilmark, Massachusetts, said after arriving back in the states that “the [U.S.] invasion took place at just the right moment. . . . I was seriously afraid on Monday [the day before the invasion] that a truck might pull up and round up the students. I thought that could actually happen.”

Covering for the Soviets?

Why did Geoffrey Bourne try his utmost to keep St. George’s students on the island in the midst of an extremely dangerous situation in which a hostage-seizure was an obvious possibility? The answer can hardly be that he was ignorant of the political developments on the island, or the dangers they posed to his charges. In fact, both Geoffrey and Peter Bourne boasted of their intimate ties to ousted Prime Minister Maurice Bishop, as well as to Austin and his co-conspirator, Deputy Prime Minister Bernard Coard, a boast confirmed independently by several sources.

A far more likely answer is that Geoffrey Bourne and his son Peter were part of the overall Soviet gameplan for Grenada, and had been assigned particular responsibility for setting-up the American students as hostage victims, playing a similar role to that of the State Department in the Iran hostage crisis. One St. George’s student has reported overhearing a conversation between Geoffrey Bourne and one of Austin’s

top aides right before the U.S. intervention in which Bourne told the aide that “he was going to call the People’s Revolutionary radio station and tell it that the students are going to bear arms and help to defend the revolution.”

Even now, after the U.S. has accumulated massive evidence about Soviet plans for Grenada, the Bournes are publicly insisting that the American military operation was uncalled-for. Geoffrey Bourne is quoted in the lead editorial of the Nov. 2 *New York Times* stating that “From the point of view of saving our students the invasion was unnecessary,” and Peter Bourne has been stating much the same thing at every opportunity.

The taking of U.S. hostages in Iran was preceded by similar traitorous action by U.S. citizens—then with backing from the Carter State Department. Months before the hostage-taking, former Attorney General Ramsey Clark was marching, with State Department approval, at the head of an anti-American pro-Khomeini rally. Then, after the hostages were seized, Carter appointed Clark as an American special envoy to beg release of the hostages. The U.S. chargé d’affaires in Teheran, H. Bruce Laingen, was strangely absent during the seizure of the Embassy. He was later found to be meeting with Iranian Foreign Minister Ibrahim Yazdi at the time of the seizure. Laingen, accompanied by two aides with access to a telex machine, stayed in Yazdi’s office during the entire siege.

These were just some of the curious, never-explained events surrounding the Iranian hostage-taking. Was the same treatment in store for U.S. students in Grenada? Does the Bourne family involvement, indeed, suggest that some of the same forces were at work? Only a no-holds-barred investigation of the treasonous forces at work in the Grenada affair will tell.

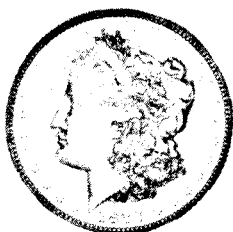
Warren Hamerman, Chairman of the National Democratic Policy Committee, sent a mailgram to Senate Minority Leader Robert Byrd Oct. 31 calling on him “in the spirit of honesty and seeking out the truth” to ensure that any Congressional investigation into the Grenadian situation “does not cover up” the Bourne family’s role. As Hamerman points out, the Grenada developments “appear to be one of the keys to directly unlocking the secrets of Billygate [the scandal surrounding Billy Carter, who was acting as a paid agent for Muammar Qaddafi while his brother the President was turning a blind eye to Libyan-backed terrorist activities], both through the Bourne connection and through the overt Libyan involvement in Grenada.”

The Bourne family pedigree certainly points to the possibility that they were involved in the Soviet operation on Grenada. Trained at Oxford, Geoffrey Bourne has had a long career in intelligence-related activities, and, according to as-yet unconfirmed reports, was involved with the Communist Party of Great Britain. He came to the U.S. in 1957, where he took a teaching position at the Coca Cola Company-funded Emory University, and later became the director of the Yerkes Primate Center in Atlanta, where classified defense-related research is conducted. In light of Great Britain’s violent

opposition to the U.S. clean-up of Grenada, researchers are now looking into the possibility that Bourne's long-standing connections to British intelligence indicate that he may have been a key point-man for joint Anglo-Soviet operations in the Caribbean.

Peter Bourne is an even more obvious case. A psychiatrist who has specialized in "drug abuse," he has been involved in radical-leftist operations since at least the mid-1960s. He spent two years in Vietnam profiling U.S. special forces under stress, then set up the Vietnam Veterans Against the War, a radical peace group with Soviet ties. Counseling programs run through such groups served as covers for turning veterans into Manchurian candidate-type assassins à la John Hinckley. Bourne was also a board member of the Institute for Southern Studies, the southern arm of the terrorist-supporting Institute for Policy Studies. Unconfirmed reports say that Peter Bourne was picked up by the KGB while working for the U.S. State Department's Agency for International Development.

Reportedly, Peter Bourne was also involved in the development of the black separatist movement in the United States during the 1960s, working in particular with Stokely Carmichael, whose All American People has been involved in terrorist training sessions on Grenada. The younger Bourne teamed up with Jimmy Carter in the late 1960s, becoming an intimate friend and adviser, and an appointee in Carter's gubernatorial and presidential administrations.



U.S. SILVER DOLLARS
(all nice circulated condition)

- 10 Mixed Dates before 1936..... **\$148.50**
- 20 Mixed Dates before 1936..... **\$295.00**
- 40 Mixed Dates before 1936..... **\$579.00**
- 100 Mixed Dates before 1936..... **\$1,425.00**

U.S. GOLD COINS
(Nice circulated condition)

- \$20.00 Liberty Coin, pre-1908..... **\$575.00**
- \$10.00 Liberty Coin, pre-1908..... **\$297.50**
- \$5.00 Liberty Coin, pre-1908..... **\$195.00**

SPECIAL—1893 Columbian Half Dollar

This U.S. coin, the first commemorative silver half dollar, depicts Columbus and his vessel the Santa Maria. Nice Very Fine grade.

1 coin \$12.50; 10 coins \$115.00; 20 coins \$219.00

Most other U.S. coins are in stock. Send for a free flyer. All coins shipped postpaid. California residents add 6% sales tax. Satisfaction guaranteed. Seven-day return privilege.

DONALD BENGE RARE COINS

(Since 1961)

1122 W. Burbank Blvd.
Burbank, CA 91506/Phone: (213) 849-7847

Capitol Hill briefed on feasibility by Fusion

by Marjorie Hecht

"I very much welcome the U.S. development of beam weapons for the defense of Europe," Col. Marc Geneste of France told a Capitol Hill gathering in Washington on Oct. 26. "The missing link in our defense is how to defend Europe against the Soviet SS-20s at our borders. Beam weapons can do it."

Geneste was speaking at a briefing on beam defense sponsored by the Fusion Energy Foundation and held in the Dirksen Senate Office Building. Eighty-five representatives from industry, government, scientific organizations, Congress, and foreign embassies were present at the meeting to hear the FEF make public its proposed crash program, starting at \$10 billion a year, to develop defensive beam weapons capable of intercepting nuclear missiles.

The announcement of the detailed Manhattan Project-style program was made in conjunction with the release of a new book authored by the FEF, *Beam Defense: An Alternative to Nuclear Destruction*. The 176-page paperback, published by Aero Publishers, Inc. of Fallbrook, California, is the first popular book on the defensive weapon systems, which President Reagan committed the nation to develop on March 23.

In addition to Colonel Geneste, the briefing featured Dr. Steven Bardwell, director of plasma physics for the FEF and editor-in-chief of *Fusion* magazine, and Criton Zoakos, editor-in-chief of *EIR*. Geneste, a 25-year career officer with the French army, is well known for his role in the development of the neutron bomb.

A threadbare 'nuclear umbrella'

Colonel Geneste recounted the "progressive erosion of European confidence in its main ally," as over the past 30 years the United States adopted the strategic policy of Mutually Assured Destruction (MAD). Using a series of cartoons drawn by his son, Geneste vividly described how Europe was "sleeping quietly under the U.S. nuclear umbrella" in the early 1950s. The first problem arose in 1957, he said, when Sputnik put some holes in the umbrella. At that point, General de Gaulle decided to open his own little nuclear umbrella.

By the early 1960s, Geneste said, President Kennedy's and Defense Secretary McNamara's decision to build up the U.S. strategic capability had shifted the balance of forces

beam-weapon Energy Foundation

with the United States temporarily on top. But in the subsequent 20 years of U.S.-Soviet negotiations on the basis of MAD, the nuclear umbrella was ruined. By the 1980s, the strategic situation could be summed up, he said, in the cartoon he showed of Henry Kissinger guillotining a tattered umbrella, while de Gaulle, floating by on a cloud, tells the worried Europeans, "I told you so."

"What is the solution?" Geneste asked. In war, the offense has two components, soldiers with their vehicles, and projectiles. To defend itself against the massive Soviet land forces, he said, France developed the enhanced radiation or "neutron" bomb.

"There was no hope of a successful invasion of Soviet troops," he said, "once the French had developed the neutron bomb." But then the Soviets countered with the development of the SS-20s, a "projectile devised to get rid of our nuclear batteries." We had no defense against the SS-20s, he said, until the idea of beam weapons came up.

"I question the sanity of those who are opposed to a defensive solution using the most modern technologies—lasers—instead of that stupid strategy of MAD. Defensive beam technologies make it possible for us to dream of a time when the defense—not the offense—wins. And when the defense wins, war is dead."

Beam defense in three years

Using slides from the illustrations in the *Beam Defense* book, Dr. Steven Bardwell showed a three stage system that could provide limited defense within three years and virtually total protection against an all-out nuclear attack within ten years. "From a scientific and technological standpoint," he said, "the technological optimism expressed by President Reagan is entirely warranted." Bardwell also described the revolution in industry, energy, medicine, and food supply that the development of directed energy beam technologies would usher in. "We will not only use beams to get rid of the means of war, but to get rid of the causes of war."

Bardwell described the different stages of a total defense. "The first and most critical is the boost phase intercept," he said. "The missile is then in its most vulnerable phase, and to disable it then is to disable up to 15 offensive warheads. Until five or six years ago, we had no capability to do this;

but today, a nuclear powered technology—the x-ray laser—with a single nuclear charge can destroy up to 100 missiles. Therefore, this is an inherently advantageous arithmetic for the defense. With the development of sophisticated x-ray laser technology, we will knock out 90 percent of the missiles in an all-out attack.

"Qualitative new defenses in the past few years will enable us to get 90 percent of those 10 percent of the hostile missiles that remain in a second stage . . . using hybrid ground-based chemical lasers with a space-based mirror or a space-based free electron laser. That leaves just 1 percent of the initial attacking missiles for the third stage defense.

"The third stage defense would use particle beams. In this phase, the independently targetable warheads have separated from the missile and are more stable, because they are built to survive reentry into the atmosphere. We are not talking about a leap into the future that has never been mapped out," he said.

Bardwell emphasized that the building blocks for various beam weapon systems exist today. A first-generation x-ray laser, for example, could be deployed in the next three to five years, using the x-rays from a small nuclear charge to disable the missile. As the technology is perfected, he said, the laser will have a longer range and higher power. But using the basic physics we now know, we could develop a crude version of the x-ray laser to intercept submarine launched missiles or intermediate range missiles. "The x-ray laser is an ideal defensive weapon," he said. "It is very compact in size, weight, and is low cost. This reverses the offensive arithmetic to make it to the advantage of the defense."

"The only situation that will guarantee world stability," Bardwell said, "is for both the Soviets and the United States to develop defensive beam weapon systems at the same time. . . . Despite what the Soviets say to the contrary, their beam development program is three to five times the size of ours."

The strategic crisis

Exactly why the Soviets have so loudly rejected the President's March 23 offer of collaboration in these systems' development was explained in a review of the strategic situation by Criton Zoakos. "The Soviets are trying to force the United States into a military confrontation," Zoakos said. "If we don't mobilize a crash program to develop defensive beam weapons, we will have that confrontation on Soviet terms, and this means either U.S. capitulation to the Soviets or thermonuclear war. . . ."

"The reason is not the Euromissiles and the short flight time and accuracy of the Pershings. The reason is the March 23 speech of President Reagan, where he committed the nation to breaking out of MAD—Mutually Assured Destruction—and replacing MAD with a strategic defense based on beam weapons. This wasn't a threat or unilateral warning on Reagan's part, but a generous offer to sit down and negotiate on this basis. This offer was repeated by administration

spokesmen as well as by Edward Teller in Erice, Sicily, but the Soviets rejected it.”

Instead, said Zoakos, the Soviets shot down a Korean jet, perpetrated a massacre of South Korean leaders in Burma, and caused 200 U.S. marines to be blown up. Then some people in Washington began to wake up, and the U.S. moved against the Soviet operation in Grenada. “There is no doubt that we are headed for a confrontation. We are concerned that we have the right kind of response, that we do not capitulate to the Soviet blackmail and that we do not blow up the world. The essential epistemological miscalculation of the Soviets is their miscalculation of the American nation. Having seen the post-Vietnam mind in America, the Soviets are expecting capitulation. But there is something about the nature of the American nation: We have never been defeated in any major war, and we won’t just lie down and die. In a certain sense, we are incapable of capitulation to nuclear blackmail. . . .

“As of late summer, the Soviet political process has been in the hands of the military. The Soviets have no military objection to developing beam weapons. They are horrified of *our* developing them, particularly in the civilian applications. Beam technologies would give us a 400-500 percent increase in industrial productivity. The Soviet system cannot assimilate such economic applications. This will leave them behind. They are not economically or technically capable of taking advantage of beam technologies.”

The United States is entering this crisis with dangerous delusions, Zoakos warned. Our strategists do not even understand the Soviet order of battle, and have based hopes for peace on arms control agreements which do not respond in any way to the realities of Soviet military doctrine. Take the SS-20 missiles: These are not needed to cover continental Western European targets, but we are systematically suppressing the suspicion that the SS-20s are actually assigned an antisubmarine mission.

“If the Soviets go for a first strike, 90 percent of our land ICBMs will be destroyed. This is the universally accepted judgment. The answer our military people give to this is that we have a sea-based deterrent. But our submarines cannot shoot at a serious Soviet target from most of our submarine ports. . . . In a first strike, the Soviets just need to identify and destroy 15 American submarines in well-known areas, that’s it.”

“Our delusions,” Zoakos concluded, “are based on MAD. Our analysts assume that the Soviets have structured their analysis the same way. The net effect is that ‘we don’t know from nothin’ about the Soviet order of battle. In the 1960s, Gen. Danny Graham and others deliberately misestimated the number of Vietcong fighting the Vietnam war. Their rationale was that the political reaction in the country would be outrage if people knew the truth. The result of this lying was the Tet offensive. Are we going to be caught with another Tet offensive, simply because certain people won’t disabuse

themselves of MAD? If a realistic picture were put together, everyone would realize that we have a colossal failure on our hands. But careers have been built on MAD. Henry Kissinger, for example, wrote the book on MAD, and his reputation would go.

“What is the answer? How do we proceed now that we are inside this mess? The Soviets will probably respond with another act of terror. When this happens, Congress will have to change. How many KALs, Beirut, can we take? This is not something of our own choosing. We have been bullied into this. But we have to select the agenda now. We have to force the Soviets to back down. We have to go with a multifaceted program for antimissile defense. We have to break out of our self-imposed box of scientific and technological containment.”

INTERVIEW: Colonel Marc Geneste

‘France and United States must cooperate on beam defense’

*Colonel Marc Geneste was interviewed for EIR on Oct. 31 by Marjorie Hecht, Managing Editor of Fusion magazine. Geneste is a 25-year career officer with the French Army who served in World War II, Indochina, and Algeria. Currently vice president of the Center for the Study of Total Strategy in Paris, Geneste is known as the father of the neutron bomb, which he developed while working for the French Atomic Energy Commission. He is co-author, with U.S. neutron bomb expert Sam Cohen, of *Echec à la Guerre: La bombe à neutron*, published by Copernic Press, Paris.*

EIR: You have been concerned with Europe’s defense for many years now. Can you describe how you approached the problem at the end of World War II, and how things have changed since then?

Geneste: Just after World War II, how many nuclear weapons did the United States have? Just a few. When World War II ended in Japan, I think you had really one nuclear weapon left—you blew up one in the desert to see if it worked, and then one on Hiroshima and Nagasaki—thank God the Japanese gave up, because when they gave up, you had only one. And when you had so few weapons, what was the logical target? Certainly not the Japanese armies; with all your arsenals you might have destroyed two companies and this would not have harmed the Japanese. A good idea was to use these things against civilians. Now this has been referred to as the crime of Hiroshima. This is the “original sin” of the

atom. It was a really strange “crime,” indeed, since it saved at least 1 million American soldiers’ lives, and perhaps 2 or 3 million Japanese lives [that would have been lost] *if* you had been forced to conquer Japan the way you conquered Europe. Conventional weapons are terribly destructive, so this crime of Hiroshima saved many lives, finally, although naturally there were many casualties.

The West has this famous strategy of massive retaliation, massive terror, which proposed coldly to solve military problems through the mass slaughter of civilians. This was not a very charitable, or very Christian approach to warfare, but it was dictated by the technology of the time. What happened later? In NATO the idea was to replace manpower by this nuclear firepower. But the Soviets kept their land forces three to one, *and* had equality in nuclear weapons.

This had been occurring since about 1955. And this beautiful [nuclear] umbrella of yours, under which the Europeans were sleeping happily in the 1950s, had its first breach with Sputnik. There was the missile gap that Kennedy and McNamara wanted to close by a massive program of strategic weapons: 1,000 Minutemen, and 41 Polaris submarines. These equaled the Russian potential in terms of mass destruction. In the 1960s, you were so sure that you would keep this strategic superiority forever, McNamara said: “The Russians will never catch up with us, so let’s have arms control.”

The fact is that you have today a rough parity in terms of terror, and still the same imbalance in land forces. Soviet land forces are the ones that threaten Europe, they don’t threaten America. So in Europe, there are two types of threat: land forces and rockets.

I have been personally involved in developing a solution to cope with superior land forces. The way to do this is either to raise mass armies (which we cannot afford because of our economic system, which cannot give more than say 5 percent of our GNP in defense—not enough), or we are forced to find another solution, and this is modern technology, which will capitalize on the fantastic vulnerability of man to nuclear radiation. My activity has been to develop techniques and tactics to cope with this land offense. To this end I have worked on the neutron bomb since 1960. . . .

EIR: There was a battle around the development of the neutron bomb in France, as there was in the United States. Who opposed you?

Geneste: The official party line, the *force de frappe*. The people who were sticking with the MAD strategy said: “We do not need weapons for battle, because thanks to our massive retaliation theories, our own small nuclear umbrella and the MAD strategy, there will not be any risk of invasion, so why do you bother us with these gadgets?”

Any new idea is always fought by people who are following the ideas they learned in their youth. When you have won a war, military men who have won a war want to repeat their victory. And as they say in France, to change military minds,



NSIPS/Philip Ulanowky

Colonel Marc Geneste addressing an EIR seminar in New York Nov. 1.

it takes two generations or one defeat, whichever occurs first. And when I say two generations, I really don’t know about that, because the defeat has always occurred first.

EIR: I want to get back to the concept of deterrence. How did this take hold in Europe?

Geneste: Everyone, naturally, is for deterrence. Deterrence is a goal to attain. Deterrence means peace, and that no one will dare to attack. There are two ways to achieve that, as you say in America: punishment or denial. Earlier we were able, for the reason I told you in the beginning—lack of nuclear weapons—to rely on punishment, on terror. We had no other choice. But today, there is no longer a scarcity of weapons. So instead of aiming those weapons at civilians, in cities, the other deterrent will be as it used to be, before the atomic age: just destroy the armies, make them impotent to carry out their mission. And as you certainly know, the aim of war is control of population, goods, and enemy territory, which can be achieved only by land forces. If you can crush all of the land forces of the enemy, you can deny him victory.

And then came the neutron bomb. The vulnerability of men against these gadgets is such that no one could reasonably launch an attack against a defense backed by neutrons. What is the solution to this, from the Soviet vantage point? First, get rid of our nuclear batteries and nuclear launchers. This is why the Soviets developed the SS-20s, which aim to wipe out the means for launching our neutron bombs. . . . For us, the idea of knocking down incoming missiles thus becomes very important. Anti-projectile weapons can destroy SS-20s.

During my visit here I have insisted that you should, in America, never forget that warfare has two complements, generally speaking: infantry and artillery. Infantry means land forces; artillery means mainly rockets. In America you are concentrating only on that which directly threatens you: rockets. But in Europe we have to solve two problems: rockets and land forces.

EIR: Do you think the Soviets really accept MAD?

Geneste: Twenty years ago—up to 1967—the Russians were against MAD, they said that anyone has a right to be defended. You remember Kosygin saying, “I cannot understand how the Americans accuse Russia of defending our people, they say that defense is aggressive, destabilizing, things like that.” Today, apparently, they want us to keep this philosophy. Do you know why? Because this MAD philosophy is exactly the one which permits them to win without war! Because we are paralyzed by our vulnerability, to undertake anything militarily against them, so they can do anything they want, almost, without getting anything but verbal rebuffs. So that opens the way to their global strategy which is not only destruction, invasion, but which is also subversion.

EIR: Soviet leader Andropov has made disarmament proposals. What do you think of them?

Geneste: I think he is perfectly right to be for disarmament; who is not? What about disarming offensive weapons under the shield of defensive weapons? It is a matter of changing the priorities. The Russians and the West wanted the security of offensive weapons, because [at the end of World War II] there was no serious defense capability. And this has led our youngsters to question the mental sanity of their elders. . . . But there is another solution: It is to go to defense. . . .

EIR: To go back to beam technologies: What do you think the requirements are now for the most advanced kind of beam defense?

Geneste: I am not a physicist or a technical expert. I think we have to be careful in this area, because we have to go from MAD to MAS, from Mutually Assured Destruction to Mutually Assured Survival. And we have to be sure that until we reach MAS, that MAD still works. So to have MAD working, you have to have protection of your deterrent. So why don't we start by protecting our silos, military installations, submarine bases—military objectives which will work with MAD and which, when complemented by area defenses able to protect cities, will work with MAS. . . .

EIR: What do you see as the time frame for the move from MAD to MAS?

Geneste: I think the earlier the better. I don't know what the timetable is for beam weapons technology; what I do know is that we already have lasers, even in France, in the fusion programs, which are able to compress deuterium capsules

with pressure of implosion, millions of kilos per square centimeter. . . . But *something* can be done very fast, it seems to me.

EIR: The reaction in France to the idea of beam weapons has been highly skeptical. Why is that?

Geneste: The French have invested a lot of money in their own little MAD strategy. So when you propose to deal with rockets, the Russian will do the same thing—this is the end of the *force de frappe*, in their mind—so the French will try to delay this event. The French and the British were very happy about the SALT I ABM treaty, because this was a guarantee for their own strategic forces. . . . That's why the first reactions have been limited. But you cannot stop progress!

And the French had better cooperate, because they have the capability to participate in laser development, they are very good. And they have the know-how to participate in the common ballistic projectile defense of the West, if they want.

EIR: Are the French doing beam research despite the outward policy of opposing it?

Geneste: As far as I know. I read in a French magazine, just 15 days ago, an enormous article on laser research for military purposes in France, so indeed the government says one thing and behind the scenes there is something else.

**Executive
Intelligence
Review Seminar**

The Soviet Pugwash 'Back Channels' And the Rise of the Third Rome

**Tuesday,
December 13, 1983
10:00 am–5:00 pm
Chateau Laurier
Tudor Room
Ottawa, Canada
Admission: \$25**

**U.S. Intelligence Failures
in Estimating the Soviet
Order of Battle**
Criton Zoakos,
Editor-in-Chief, EIR

**The Security Threat of the
Soviets' New Operations
and Penetrations Abroad**
Jeffrey Steinberg,
Counterintelligence Editor, EIR

**For more information:
In New York,
(212) 247-8820 ext. 778
In Montreal,
(514) 272-5082**

**Why the Pugwash Post-
Industrial Economy
Cannot Work**
Richard Freeman,
Economics Writer, EIR

Special Report and Alert Service

The Terrorist Threat to the 1984 Olympics

For the past three years, EIR's counterintelligence newsletter **Investigative Leads** has published detailed evidence of a growing terrorist infrastructure in the United States—funded and supplied by Soviet client state Libya, by KGB-linked fundamentalist movements like the Muslim Brotherhood, and by the Swiss-based Nazi International apparatus. These terrorists are targeting the 1984 summer Olympics in Los Angeles.

The FBI maintains that there is no serious threat of terrorism to the Olympics, while local law enforcement and U.S. military agencies continue to discover evidence of a planned bloodbath.

In the Special Report, "Terrorists Target the 1984 Olympics," **IL** details:

- The activation of Soviet- and Libyan-backed terrorist and separatist assets against the United States;

- The U.S. "window of vulnerability" to counterterrorism and the failure of FBI intelligence on KGB terrorist operations in the United States;

- The ties of the Olympics Organizing Committee to organized crime;

- The terrorist infrastructure's interface with the international peace movement and its Eastern Establishment figures such as McGeorge Bundy.

The Special Report is available for \$250.

Alert Service

Investigative Leads announces a special Alert Service of weekly updates on terrorism, political destabilizations, military "hot spots," and background dossiers on terrorist and terrorist support organizations. Telephone consultations are available. The cost of the Alert Service is \$2,500.

Clients who buy the Special Report "Terrorists Target the 1984 Olympics" may deduct the cost of the report from the Alert Service subscription price.

For further information, contact Robert Greenberg or Richard Spida, **Investigative Leads**, (212) 247-8291 or (800) 223-5594 x818 304 West 58th Street, fifth floor, New York, New York 10019.

BEIRUT: Khomeini's terrorists murder 230 Marines.

Isn't it time to stop him?

JUST RELEASED

THE FINAL DEFEAT OF AYATOLLAH KHOMEINI

by Lyndon H. LaRouche, Jr.

\$11.50 (postpaid)

Also available: *Hostage to Khomeini* \$5.75 (postpaid)

**25% discount on orders of 10
or more books.**

Order from your bookstore, or:
**The New Benjamin Franklin House
Publishing Company, Inc.**
Dept. E
304 West 58th Street, 5th floor
New York, NY 10019
(212) 247-7484 for credit card orders

Enclosed \$ _____ for
_____ **The Final Defeat . . .**
_____ **Hostage to Khomeini**

Name _____

Address _____

City _____

State _____ Zip _____

Phone (____) _____

Mastercard/Visa: Expiration date _____

Card # _____

Henry tries to reopen the Soviet 'back channel'

The morning his Swiss-trained protégé Robert McFarlane replaced Ronald Reagan's confidant William Clark as National Security Adviser, on Oct. 17, Dr. K. detailed the gameplan he had smuggled into the administration via Trojan Horse McFarlane.

The audience consisted of 150 international investors convened by Merrill Lynch, Pierce, Fenner & Smith; Donaldson, Lufkin & Jenrette; and Smith Barney, Harris Upham the morning after he came back from a tour of Central America.

First, he renewed his call for "secret, not publicized, talks" with the Russians. He conceded that the Korean Airlines massacre and the duplicity of the Andropov regime in arms-control talks belied the optimism about a "major negotiation" with Moscow he had expressed in January interviews in *Newsweek*.

Then he launched into an obscene apology for the KAL atrocity, going so far as to claim that Andropov's confessions of responsibility for the attack could not be believed. "The accident [sic] itself was brutal, barbarous, but I did not think it was an act of high policy" he concluded. He criticized the Reagan administration for engaging in a "strange combination of extremely tough rhetoric and extremely moderate action" in response to the incident. The rhetoric was not really aimed at the Russians, but at "various constituencies," said Henry, and alas,

the "Soviet Union may not know how to read us."

The secret, back-channel route must therefore be opened to Andropov so that someone can do for Reagan the favor Henry had done for Nixon—tell Moscow that the official policies of the government are meaningless and only the private deals done with Kissinger count.

Commission hears Global 2000 policy

The Kissinger Commission on Central America is still around, unfortunately. On Nov. 3 the group met in Washington to hear advice from the genocidal maniac Philander Claxton of the World Futures Group, one of the originators of the State Department's Global 2000 policy under Kissinger's regime there, and from his colleagues Harry Cross and John Stover.

Also scheduled to testify were Arnoldo Torres and Mario Obledo of the League of Latin American Citizens (LULAC); Dr. Seymour Rubin, director of the World Federalist American Society for International Law; a panel on technology transfer from Los Alamos; agriculture experts Dr. James Murrey, Louis Roberts, and Dr. E. T. York; and Monseigneur José Joaquín Salsedo of Accion Cultural Popular.

Meanwhile, Rep. Henry Gonzalez's resolution mandating an investigation of Kissinger's possible conflicts of interest as a commission chief whose Kissinger Associates has all sorts of business dealings in the region, has been sent by the Government Operations Committee of the House to its Legislation and National Security Subcommittee, chaired, like the Committee, by Rep. Jack Brooks (D-Tex.). They have no plans for moving it anywhere until 1984, when the commission's tenure will end.

How to translate from the Kissingerese

Characteristically, Kissinger did not give credit to the man he fears most, Lyndon LaRouche, when he admitted that his friend Shultz, his employers at Chase Manhattan Bank, and his cronies at the International Monetary Fund were all wrong when they claimed in early 1983 to have "defused the debt bomb," and that, as LaRouche had said it would, the "financial crisis has become a global political crisis."

"Look at the political debate in Argentina, Brazil, Chile, Peru, Venezuela. . . . It would be amazing if the political debate . . . would sustain an austerity imposed by negotiations with foreign powers. . . . Internationally, mercantilism is being encouraged. . . . This can be settled only in the name of economic growth and development. . . . Otherwise, sooner or later, somebody will impose unilateral rescheduling and then the whole system will be in jeopardy."

Kissinger recommended a wave of assassinations, coups, and terrorism to destroy the governments of Ibero-America. You may not recognize these proposals in the transcripts, but Kissinger, as he acknowledged on this occasion, does not speak English. He speaks his own language, which he says must be translated from its Germanic (he means Metternichian) form.

What he said is that he agrees with his IMF friends that Ibero-America must be subjected to crushing levels of "austerity." This "discipline" cannot be imposed by foreign negotiations, however; it "has to emerge as their own decision rather than as a result of technical negotiations."

It is also relevant here to study the transitive verb "to suicide," English for the Italian verb used by Kissinger's colleagues in the notorious Propaganda 2 Masonic lodge.

Tip O'Neill: 'no longer fit to serve?'

With a loud kerplow, like a drunk falling off the wagon, in a Nov. 1 interview with the *New York Times*'s Scotty Reston, Democratic House Speaker Tip O'Neill threw out the foreign policy bipartisanship which the President had praised.

You might ask, why do the Soviets bother to write their own anti-American propaganda, when the speaker of the U.S. House of Representatives is ready to say the following:

"He [the President] is wrong in his policy. He's caused us continuous harm. He flubbed everything along the line anytime an opportunity that we've had. [sic]"

O'Neill, who will be 71 in December, declared that, "He [the President] only works three to three and a half hours a day. He doesn't do his homework. He doesn't read his briefing papers. It's sinful that this man is President of the United States. He lacks the knowledge that he should in every sphere, whether it's the domestic or whether it's the international sphere."

O'Neill sniped that Nancy Reagan could be the "queen of Beverly Hills" if Reagan would retire.

What has been the response of Democrats to this disgraceful display? Where are the aspirants to speaker-

ship, who are gnashing their teeth over when the dinosaur O'Neill will retire, like Majority Leader Jim Wright, who thundered in the pages of the Fort Worth *Star-Telegram* last March that he was not going to stand by indefinitely while O'Neill serves on and on?

One strong objection came from the National Democratic Policy Committee, the political action committee Lyndon LaRouche founded in 1980. Said its chairman, Warren Hamerman: "Tip O'Neill is no longer fit to serve as speaker of the U.S. House of Representatives." Hamerman charged that the 180-degree reversal of initial bipartisan support for the President's action "reeks of Averell Harriman and his hatchetman, [Democratic National Chairman] Charles Manatt."

O'Neill will not run unopposed in 1984, said Hamerman.

The candidates for the Democratic nomination were quick to get in their criticisms of the Grenada invasion as well. Sen. Alan Cranston (D-Calif.) declared that "the invasion of Grenada had no basis in international law unless American lives were in danger—and there has been no convincing evidence that they were. . . . A trigger-happy President has skirted the War Powers resolution and shamefully shackled our free press." Frontrunners Glenn and Mondale warned of an overreliance on force, while George McGovern wailed that the action was taken without the support of Britain, by a President "who sees Russians and Cubans everywhere."

When the Congressional Black Caucus met with Dominican Prime Minister Eugenia Charles, Rep. Gus Savage (D-Ill.) stormed out, charging that Charles was "just a puppet" for U.S. interests. Rep. Julian Dixon (D-Cal.) declared that American troops were "aggressors." But Rep. Ron Dellums, named as a target of a drug investigation on Capitol Hill some time ago, may have topped them all, if the rumor that two of his aides were interviewed on Radio Havana is true.

Bad news for Manatt in North Carolina

Lieutenant Governor James Green of North Carolina, a conservative Democrat and the principal opponent of Manatt flunkey Gov. Jim Hunt, was acquitted on Oct. 28 of four counts of bribery charges. The question "Cui bono?" led many to believe that it was Hunt who was behind the investigation brought by the State Attorney General, Rufus Edmisten. Indeed, the FBI, whose agent had made the attempt to entrap Green, itself brought no charges.

The indictment did tie up Green, who had been expected to run for governor. Hunt has announced as the Democratic opponent to U.S. Sen. Jesse Helms (R). Green is the leader of the state's conservative Democrats, who supported legislative action against Paul Volcker's high interest rates. In last year's state legislature session, Green cast the deciding vote to defeat a nuclear freeze resolution in North Carolina's state Senate.

If Green announces, he will most likely face none other than Attorney General Rufus Edmisten, who brought the indictment against him. Green's campaign could make the ultra-Fabian campaign Jim Hunt will run against Jesse Helms look like just that.

It was North Carolina's Jim Hunt who was delegated by Banker Manatt to come up with the rules of Democratic delegate selection in 1984 which are the product of the so-called Hunt Commission. A prime aim of the reforms was to shorten the primary season—a bad joke in light of the unseasonable straw polls that have been held, and fixed, since January 1983.

The other great wisdom of the Hunt Commission was to make many of the Democratic members of Congress unpledged, power-broker delegates to the convention. These delegates will be selected in a caucus set for January that none other than Tip O'Neill will chair.

NASA supporters rally against budget cutters

The Space Science and Applications subcommittee of the House Committee on Science and Technology held hearings on the long-range goals of the nation's space program during the last two weeks of October. Witnesses, including a panel of former NASA administrators, stressed that the space agency must prepare a long-range plan to bolster the science and technology of the nation, and not succumb to cost-benefit analyses from the Office of Management and Budget.

One of the criticisms from the subcommittee was the lack of adequate long-range planning being done by the space agency. Dr. Christopher Columbus Kraft, the director of the NASA Johnson Space Center in Texas throughout the Apollo program, responded that "NASA has been under great pressure by every administration since the lunar landing to reduce its expenditures, while at the same time it has been criticized by the Congress and others for its lack of vision—for failing to expand its goals."

Kraft reviewed the 15-year history of the space agency and stated that in general NASA has been allocated "less than 10 or 15 percent per year" of the budget it needed. Today even the Shuttle "is not getting enough money to maintain its momentum" he stated.

Dr. John Naugle, former NASA Chief Scientist, stated that "there is no lack of vision in space science on the part of NASA or this nation's space scientists," but that the budgetary pressures have meant that space science missions are launched decades apart, interrupting the continuity of scientific research.

Presidential science adviser George Keyworth charged recently that the space program lacked vision,

though he has made no effort to increase its funding or authorize new programs.

Dr. Tom Paine, NASA head from 1968 to 1970 and former president of the Northrop Corporation, was asked what programs the Congress should support when faced with so many "conflicting" choices.

Rep. Manuel Lujan (R-N.M.) said that the committee, for example, was considering stretching out the schedule for NASA's proposed space station so there would also be enough money to build the fifth orbiter for the Shuttle fleet. "Should we vote for the station or the orbiter?" he asked.

Dr. Paine responded by stressing the long-range aims of space exploration. He quoted from an Oct. 4 *EIR* article: "Dr. Hermann Oberth has said, 'This is the goal: to make available for life every place where life is possible. To make habitable all worlds as yet uninhabitable, and all life purposeful.'"

Most of the witnesses agreed that the civilian science and technology space program could and must be expanded, while at the same time NASA will be called upon to develop the space technology for the upgraded military space program.

On the first day of the hearings, Oct. 18, California Rep. George Brown pointed out that there was more "overlap of space technology" today than 25 years ago when the National Aeronautics and Space Act that created NASA was written, and that institutional changes might be needed. "I strongly encourage joint hearings with the Armed Services Committee" and other committees, he stated, to discuss "space policy and program issues."

On the panel of former administrators was also Dr. James Fletcher, who recently led the panel assessing poten-

tial beam weapon technology for the President. Dr. Fletcher concurred that the military would be looking increasingly for new capabilities in space.

The majority of the witnesses testifying at the hearings saw the space station as the most important initiative the Congress must fund.

NDPC testifies before the Senate

National Democratic Policy Committee representatives testified Nov. 3 before the Senate Energy Committee in support of the nomination of Judge William Clark to be Secretary of the Interior. Although pointing out that the nation would be better served had Clark remained at the National Security Council, the NDPC spokesman pointed to the role which Clark had played at the NSC in developing and fostering President Reagan's beam-weapon policy, as evidence of Clark's qualification to assume any policy position deemed appropriate by President Reagan.

"That Judge Clark would play an active role in the making of such an historic and vitally necessary decision, despite his alleged initial 'inexperience' in the ways of the foreign policy elite, suggests that this country needs much more of that kind of 'inexperience,'" the spokesman said.

'People Protection Act' introduced in Senate

Senator William Armstrong joined his House colleague Ken Kramer, also a Colorado Republican, in introducing the "People Protection Act," a bill designed to encourage development of the organizational infrastructure re-

quired to put President Reagan's March 23 anti-ballistic missile defense initiative into effect. Kramer introduced the bill in the House last spring.

In introducing the legislation, S. 2021, on the Senate side on Oct. 28, Armstrong attacked the Mutually Assured Destruction (MAD) doctrine, which Reagan's policy supplants, as a "murder suicide pact" which is both "insane and immoral." Armstrong praised President Reagan for emphasizing strategic defense, "a revised nuclear strategy which is logically sound and historically correct and does not rely on the good will of the generals in the Kremlin."

Nuclear freezers try once more

Sen. Ted Kennedy and his minions tried again to pass the nuclear freeze through the Senate Oct. 31, bringing up the freeze resolution as an amendment to the temporary debt limit extension. The resolution lost by a vote of 40 to 58.

The four Democratic Party presidential hopefuls who serve in the U.S. Senate (Glenn, Hart, Cranston, and Hollings) all voted for the freeze.

Despite the defeat of the freeze, which was expected, many senators turned to the Kissingerian build-down proposal during the debate, pointing to it as the "realistic" alternative to the freeze.

Senators oppose Jordan RDF Project

New York Senators Daniel Moynihan (D) and Alfonse D'Amato (R) teamed up at the behest of parts of the Israel

lobby to kill funding for an administration plan to establish a joint Rapid Deployment Force with Jordan. The Reagan administration had been seeking to appropriate approximately \$220 million in the classified section of the FY84 Defense Appropriations bill to be spent to arm and equip two Jordanian army brigades as part of a special strike force for use in emergencies in the Persian Gulf.

Defense Secretary Weinberger and others in the administration have been seeking to reduce U.S. reliance on Israel's military capabilities in the region and build up ties with friendly, moderate Arab nations such as Jordan and Saudi Arabia. Knowing that the Zionist lobby in the United States would mobilize to defeat such a project, the administration had sought to keep the funding classified.

However, Israeli radio revealed in mid-October the existence of the funding in the defense appropriations bill and mobilized its assets in the Senate. On Oct. 29, Senator Moynihan introduced an amendment to the debt limit extension bill which stated that no funds could be expended by the Congress in a classified manner. "While I cannot speak for the government of Israel," Moynihan said, "one can understand that informed judgment in that nation would be alarmed to learn that the U.S. was secretly planning to arm and equip two armored brigades in a country which borders on Israel—particularly when that country is Jordan. Israel could only assume that the forces would be used against it." Moynihan stated that the "effect of the amendment, if enacted into law, would be to kill the project. The Congress would never vote for such a monstrous measure if that vote were made known to constituents."

The amendment passed on a voice vote and was cosponsored by Sens.

Roger Jepsen (R-Iowa), Jennings Randolph (D-W.Va.), Robert Byrd (D-W.Va.), Carl Levin (D-Minn.), Bill Bradley (D-N.J.), and Don Riegle (D-Minn.).

Two days later appropriations defense subcommittee chairman Ted Stevens (R-Alaska) announced that the administration had withdrawn the requested classified \$225 million from the defense bill. Al D'Amato, lobbying within the Appropriations subcommittee and using Moynihan's show of force on the Senate floor, convinced the administration that it had no chance of pushing the RDF funding through the senate.

Democrats tussle over Grenada

House Speaker Tip O'Neill personally intervened to halt a bipartisan group of six congressmen from traveling to Grenada to investigate the situation there. O'Neill insisted on having "his own group."

The group halted by O'Neill, informally organized by Rep. Austin Murphy (D-Pa.) and arranged by the Defense Department, would have included two other Democrats, Eckart (Ohio) and Reid (Nev.), and three Republicans, Bereuter (Neb.), Rudd (Ariz.), and Solomon (N.Y.).

Now, the O'Neill group, led by Majority Whip Tom Foley (D-Wash.), will go alone. Originally to have been composed only of Democrats, the group will now consist of eight Democrats—Alexander (Ark.), Boland (Mass.), Barnes (Md.), Bonker (Wash.), Dellums (Calif.), Stokes (Ohio), and Stratton (N.Y.)—and five Republicans—Michel (Ill.), Cheney (Wyo.), Broomfield (Mich.), and Robinson (Va.). Their trip has been arranged by the State Department.

National News

Post-Grenada terror aimed at United States

In the wake of the successful U.S. Grenada mission, a pattern of anti-U.S. terrorism has emerged which intelligence analysts believe must have the sanction, if not participation and outright guidance, of the Soviet Union and its surrogates.

The current pattern demonstrates coordination among the Soviet Union, Cuba, Libya, Iran, and others, in direct response to President Reagan's bold and unexpected stroke in the Caribbean. *Investigative Leads*, *EIR's* counterintelligence bulletin, has warned that this is the initial phase of a bloody path leading up to the 1984 Olympics in Los Angeles, California.

On Oct. 25, the day after the initiation of the rescue mission, a mob of "students" in Cochabamba, Bolivia destroyed a U.S. binational center and sacked the offices of the U.S. consular agent.

On Oct. 29, U.S. intelligence picked up confirmed warnings that Fidel Castro had instructed terrorists around the world to "kill Americans" in response to the Grenada actions. Mexico City, according to columnist Jack Anderson, was of special concern as it had been reported that leftist terrorists from around the world met in Mexico City on Oct. 21 for an "underground convention."

On Oct. 31, the U.S. Cultural Center in Medellín, Colombia was totally destroyed by a bomb blast. It is suspected that Colombia's ELN (Force for National Liberation) was responsible for the bombing. Fidel Castro is known to have personnel integrated into the ELN apparatus.

On Nov. 1, Jamaican Prime Minister Edward Seaga ordered the expulsion of four Soviet diplomats and a representative of Cuba's Prensa Latina news agency for their roles in planned acts of sabotage. Jamaican troops participated in the Grenada rescue mission.

On Nov. 1, a terrorist group protesting the Grenada "invasion" bombed the build-

ing housing the U.S. Consulate in Fort de France, Martinique.

On Nov. 2, Pan American World Airways office in Paris, France was seized by four Turks from the "Revolutionary Left." Thirty Pan Am employees were held hostage for one hour before the four terrorists surrendered.

Aviation Week: better x-ray laser prospects

Aviation Week & Space Technology magazine author Clarence A. Robinson, Jr., reporting on the findings of President Reagan's Defensive Technologies Study Team, becomes more optimistic with each passing week. In the course of three reports in October, Robinson, without explanation, increased the projection for the performance of the x-ray laser by a factor of a million.

Since the effective range of a space-based x-ray laser varies with the square root of the performance given in terms of brightness, this means that the projected range has increased by a factor of 1,000.

That the projected date for "technical feasibility demonstration" of 1988 given in the first article of the series was also overly pessimistic is indicated by the following:

Oct. 17: "X-ray laser technical feasibility demonstration to 10 to the 16th power joules/steerradian [brightness] by 1988."

Oct. 24: "Feasibility of the x-ray laser demonstrated in two tests requires validation at moderate brightness—10 to the 19th power joules/steerradian, plus upgrading to three orders of magnitude."

Oct. 31: "Nuclear-driven x-ray laser technology based on two partially successful underground tests. A series of underground tests are required to demonstrate laser physics and scaling potential to a brightness of 10 to the 22nd power joules/steerradian. Acquisition and tracking targets and pointing multiple beams to requisite precision of 10 microradians are required."

Besides strongly hinting in the course of

his series that the x-ray laser development can be greatly accelerated, Robinson notes for the first time that other types of defensive nuclear weapons are possible: "nuclear-driven particle and microwave beam technology." According to the technical data and the projected performance given by *Aviation Week*, the effective range for the first generation of x-ray lasers will be tens of thousands of kilometers.

Naval forces slated for eastern Mediterranean

The U.S. Navy is reportedly assembling a fleet of 30 warships to operate in the eastern Mediterranean—including the aircraft carrier *Independence*, the helicopter carrier *Guam*, and a 1,900-man Marine amphibious assault group which left the Caribbean Nov. 2.

In addition, a 10-ship task force led by the aircraft carrier *Kennedy*, which has been in the Atlantic, is slated to set sail for the eastern Mediterranean, and eventually to travel from the Suez canal to the Indian Ocean, in an effort to ensure that Iran cannot attempt to close the Straits of Hormuz.

Reagan's science adviser killing fusion program

The Office of Science Adviser to the President, headed by Dr. George Keyworth, has nearly succeeded in killing the nation's magnetic fusion program, Dr. Stephen Dean charged in hearings before the Energy Research and Production subcommittee, of the House Committee on Science and Technology on Oct. 20.

Dean, a former senior official in the government fusion program, stated that the DOE's Comprehensive Program Management Plan presented to the Congress, had restrictions put on it from Keyworth's of-

face. These were "that no major new project starts" would be allowed, and that there would be "no increased budgets for the rest of the decade." As Dean stated, this would put off the engineering development phase for fusion for at least a decade, and that fusion would not be available until after the year 2000 if this continued, and perhaps not even "after the year 3000."

Dean pointed out that a new plan is not necessary—the Magnetic Fusion Energy Engineering Act of 1980 laid out a perfectly adequate program plan and funding profile to bring fusion to commercial development by the turn of the century. However, none of the guidelines in that law have been adhered to.

Bird-lover discovers metric of universe

The World Wildlife Fund and the *New York Times* have discovered that birds are the measure of all things.

The discovery is reported on the Op-Ed page of the Oct. 29 *Times*, in an essay by World Wildlife Fund president Thomas E. Lovejoy. Lovejoy reports that El Salvador's tragedy of civil war and deforestation (in the opposite order), is caused by the country's high population density.

"It is hardly surprising," Lovejoy explains, "that lands whose capacity to support human populations are so vastly overshot are also lands that are inhospitable to other species, including some of our migratory birds. . . . A nation unable to support the diversity of its wildlife is unable to maintain the standards of living of its people. In turn, falling living standards set the stage for social and political unrest."

Mr. Lovejoy is disturbed by the Kissinger Commission on Central America, but for reason of its "lack of natural resource expertise." This "is only symptomatic of the general failure to elevate environmental matters to their proper place in the affairs of nations."—naturally.

George Ball offers his back channel

For some people, Henry Kissinger just isn't good enough as the under-the-table link between East and West. Former Carter administration undersecretary of state George Ball wasted 2,500 words in the Oct. 29 *Boston Globe* on the proposition that he ought to be the new Dr. K., and open up new back-channel negotiations between the United States and the Soviet Union.

Ball cites his role in easing tensions during the Cuban Missile Crisis. Recently a few of the boys who had advised John Kennedy got together and came up with the following pearls:

- The stable Soviet system of government has known only "five regimes—Lenin, Stalin, Khrushchev, Brezhnev and Andropov—since 1917," while the United States has had seven administrations and eight secretaries of state in the last 27 years.

- Although President Reagan "instinctively attributes that lunatic act [the massacre of American and French troops in Beirut] to the Kremlin or its surrogates," it was really generated by "age-old grievances for which the Russians have no responsibilities."

- Reagan's Grenada policy is part and parcel of what one might now call the "Reagan Doctrine," in which the United States seeks to impose its will on countries within its sphere of influence. The deployment of the Marines into Lebanon was an "imprecisely defined mission."

Ball continued: "Peace depends upon the sensible management of relations with the Soviet Union, and that means something more than denouncing that huge nation as an 'evil empire' What is needed is not the scornful taunting disdain our government exhibits today but a serious effort to broaden and deepen our contacts on every front. . . . But at the moment our channels for quiet talks between ourselves and the Soviets are in a dreadful state of disrepair; indeed they hardly exist."

Briefly

- **SEN. WILLIAM PROXMIRE** offers in the Oct. 29 *Congressional Record* a novel objection to beam weapons development: It would mean "the Russians lose their hard-earned superpower status."

- **DANNY GRAHAM**, during a Seattle appearance, brought up Lyndon LaRouche's *EIR* cover story on "The Psychosexual Impotence of Gen. Danny Graham." "I have seven kids!" declared the diminutive protégé of James R. Schlesinger and Henry A. Kissinger.

- **WILLIAM B. REYNOLDS**, head of the Justice Department's Civil Rights Division, announced that the government was intervening in the New York "baby Jane Doe" case, to ask a federal judge to order a state hospital to turn over medical records on the infant, born with severe birth defects. The parents have waged a successful court battle to forego life-saving surgery for the infant.

- **AVERELL HARRIMAN's** "music mafia" held a gala benefit at New York's Lincoln Center Oct. 24 in support of the nuclear freeze. Heading the bill was New York Philharmonic conductor Zubin Mehta, who not long ago caused riots in Tel Aviv for presenting the works of Nazi precursor Richard Wagner. Proceeds from the extravaganza went to Physicians for Social Responsibility, for 20 years a "Pugwash" channel of Soviet influence.

- **ABC's** eight-hour nuclear holocaust film, "The Day After," is already being blasted for lying about the permanent "defenselessness" of America's cities. Meanwhile the airwaves are hyping Carl Sagan's report that any nuclear exchange at all would destroy the entire biosphere by precipitating a "nuclear winter." The article Sagan and Zero Population Growth pioneer Paul Ehrlich wrote from this report was rejected by *Science* magazine because it didn't reveal what assumptions had gone into the computer simulation.

Editorial

An emergency financial program

Some European central bankers are ready to sacrifice the U.S. dollar and the U.S. economy in an effort to survive the pending world banking collapse. But U.S. presidential candidate Lyndon LaRouche has a very different policy for meeting a Brazilian default or parallel financial crisis. LaRouche has proposed that the sovereign republic of the United States take immediate emergency measures to ensure that the nation-states of the Americas are not destroyed in the financial collapse. Further, LaRouche's proposals will create an economic power center in the Americas to which other developing sector nations and the United States' real allies in Western Europe and Japan can rally.

The U.S. Constitution gives the President the power to make the necessary command decisions. In this crisis, it is the responsibility of Congress to comply immediately with these measures; it is the responsibility of the U.S. citizenry to show Congress a disposition to "politically lynch" all legislative recalcitrants.

The time for these measures is now. Most of Ibero-America is already in default and entire nations of Western Europe are already as good as bankrupt. Many U.S. banks have more defaulted assets on their books than equity investments in the bank.

Existing policies will let about 80 percent of the banking institutions in the United States be wiped out. Adopting Kissinger's and Volcker's emergency plans to have the government bail out the threatened banks, will force slashes in the U.S. defense budget that will put the United States at the mercy of Moscow.

LaRouche, as the leading economist of the United States, has proposed the necessary policy for action within 48 hours of a default, in his "What Reagan Must Do When Brazil Defaults," issued in mid-October.

The President's first act must be to use his emergency powers to "federalize" the U.S. Federal Reserve System, and, acting on the basis of Article I, Sections 8 and 9 of the Constitution, allow only Congress the power to pay debts, borrow, and coin money, and prohibit funds being drawn from the Treasury except by appropriations by law. To prevent a national banking collapse, the President must impose capital and exchange controls on flows of currency and credit into and out of the United States, and get the support of

Congress for emergency action to freeze imperiled assets of the banking system.

Within the same 48-hour period, the President must take steps to maintain the economy and compensate for the constriction of credit, by submitting an emergency bill to Congress, authorizing the immediate issuance of \$500 billion of gold-reserve denominated U.S. Treasury currency-notes, with the U.S. gold reserve priced at \$750 per ounce, to be loaned through the "federalized" Federal Reserve at rediscount rates ranging from 2 to 4 percent.

Such credit will go immediately to rebuild the industrial and agricultural economy of the United States, with use of the notes restricted to capital investment in defense, basic infrastructure, and business loans to agriculture and industry for long-term investment to increase production of useful physical goods. Rapid increase of employment in agriculture, industry, and transport is crucial. Long-term loans must also be made through the Export-Import bank to promote capital-goods exports to approved agricultural and industrial projects in developing nations.

The President must convene a meeting of the heads of state and government of those Ibero-American nations concurring with the proposed policy. This meeting will agree to issue nationally guaranteed bonds to replace the principal value of existing debts to U.S. banks, to be guaranteed by the U.S. government as lawful assets of the U.S. banking system. This financial reorganization will be secured by a simple treaty establishing a system of fixed currency parities, with currencies priced on the basis of their competitive domestic purchasing power. Future ability to pay these debts will be ensured by expanding international trade and increasing production in the debtor nations.

If the rest of the world dislikes such agreements between the United States and its friends in Ibero-America, let the objectors "go hang," whether those objectors be nations or supranational public or private monetary and banking institutions. The United States and the Americas must be saved from economic, financial, and strategic catastrophe, as an act of sovereign nation-states; we will tolerate no objections from outside to such necessary measures.

Executive Intelligence Review

U.S., Canada and Mexico only

3 months.....\$125
6 months.....\$225
1 year.....\$396

Foreign Rates

Central America, West Indies, Venezuela and Colombia:
3 mo. \$135, 6 mo. \$245, 1 yr. \$450
Western Europe, South America, Mediterranean, and North
Africa: 3 mo. \$140, 6 mo. \$255, 1 yr. \$470
All other countries: 3 mo. \$145, 6 mo. \$265, 1 yr. \$490

I would like to subscribe to *Executive Intelligence Review* for

3 months

6 months

1 year

Please charge my:

Diners Club No. _____ Carte Blanche No. _____

Master Charge No. _____ Visa No. _____

Interbank No. _____ Signature _____

I enclose \$ _____ check or money order Expiration date _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Make checks payable to *EIR / Campaigner Publications* and mail to *EIR*, 304 W. 58th Street, 5th Floor, New York, NY 10019. For more information call (212) 247-8820 or (800) 223-5594

EIR Confidential Alert Service

What would it have been worth to you or your company to have known in advance

- ✓ that the Federal Reserve faked its index of industrial production to promote a widespread myth that there is an economic recovery in the United States?
- ✓ that the degree of Federal Reserve fakery, substantial for many years, has grown wildly since January 1983 to sustain the recovery myth?
- ✓ that the Latin American debt crisis would break in October 1983?
- ✓ that, contrary to most other economic analyses, U.S. interest rates would rise during the second quarter of 1983?

"Alert" participants pay an annual retainer of \$3,500 for hard-copy briefings, or \$4,000 for telephone briefings from staff specialists at **EIR's** international headquarters in New York City. The retainer includes

1. At least 50 updates on breaking developments per year—or updates daily, if the fast-moving situation requires them.
2. A summary of **EIR's** exclusive Quarterly Economic Forecast, produced with the aid of the LaRouche-Riemann economic model, the most accurate in the history of economic forecasting.
3. Weekly telephone or telex access to **EIR's** staff of specialists in economics and world affairs for in-depth discussion.

To reserve participation in the program, **EIR** offers to our current annual subscribers an introduction to the service. For \$1,000, we will enroll participants in a three-month trial program. Participants may then join the program on an annual basis at the regular yearly schedule of \$3,500.

William Engdahl, *EIR* Special Services, (212) 247-8820 or (800) 223-5594 x 818
EIR SERVICES 304 W. 58th Street, fifth floor, New York, New York 10019