

# EIR

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# EIR

## From the Managing Editor

As we go to press, Western nations are preparing to face a full-scale terrorist assault. American military bases in Germany have been placed on alert, as have federal buildings in Washington D.C. and New York City military institutions and police stations. Intelligence sources say that they are on high-level alert to protect President Reagan's life against not only external dangers such as kamikaze trucks, but possible internal threats.

The Moscow-backed terror wave, as we show in this issue, is one aspect of pre-war deployments by a Soviet Union bent on winning the capitulation or nuclear annihilation of the United States in the coming months. In our International section we also report on the Soviets' ultimatum to their erstwhile "arms control" collaborators in the Pugwash Conference arena, and on the Soviet *spetsnaz* special-operations commandos operating in the West. Our Economics section examines what some sources say is a \$100 billion foreign-exchange line available to Moscow which could be used to "blow out" the currency markets.

The Club of Rome's organizing offensive in South America can be viewed in this East-West context. As *EIR* documented in June 1982, the Club was established at the instigation of Djermen Gvishiani, son-in-law of the late Alexei Kosygin, associate of the Charles Manatt circles in the Democratic Party, and promoter of "systems analysis." Who benefits from the de-industrialization and anti-scientific outlook promoted by the Club, if not the strategic adversary of the West? For four decades, the leadership in Moscow has subordinated every aspect of Soviet life to the task of achieving war-winning capabilities. For four decades, the United States has allowed itself to lose its sense of historic national purpose.

Next week's issue of *EIR*, inaugurating our eleventh year of publication, will be devoted to a review of 1983. Then we skip a week; the issue after that will be dated Jan. 17, 1984. Starting with the Year In Review issue, we will begin to present the results of a special intelligence task force's study of the Soviet order of battle and the necessary parameters of a U.S. defense gear-up in the next six months.

*Susan Johnson*

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**Correction:** The article in our Dec. 20 issue titled "Reagan Tightens Asian Alliance in the Face of the Soviet Threat" described Sakhalin Island as half-owned by Japan. The island has been in the undisputed possession of the U.S.S.R. since World War II. An article in our Nov. 22 issue titled "War on Drugs Brings Down Swiss Wrath" stated that the Colombian government has ordered thousands of soldiers to destroy coca and marijuana plantations with paraquat. Although the Betancur administration has conducted a vigorous battle against drugs, it is still deliberating whether to make that specific move.

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NSIPS

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## The U. S. is unprepared for monetary crisis

by David Goldman

The atmosphere of end-of-year self-congratulation prevailing among leading U.S. monetary officials may well compare, if future annals of intelligence failure are kept, with the state of alert prevailing at Pearl Harbor on Dec. 7, 1941. From the round of financiers' conferences and press commentaries, it would seem that the developing-sector debt crisis has been defused with the most recent Brazilian refinancing and the election of the new Argentine government, and that the only danger looming to the American economy, and world economy is the unconscionably large U.S. budget deficit.

Senior U.S. government officials warn that the patch job conducted to prevent a general banking crisis on Dec. 31 (when several billion dollars of Brazilian debt threatened to exceed 90 days' arrears, forcing banks to begin writing off their gigantic Brazilian portfolios) merely tracks the crisis to March. Although the Brazilians will have managed to avoid the Dec. 31 disaster, through disbursement on Dec. 12 of \$528 million of bank loans promised earlier, the supposed \$6.5 billion rescue operation is fraudulent, a confidential U.S. government study shows. Many of the banks who committed money to the project (still incomplete with only \$6.2 billion available) did so with no intent of ever disbursing that money, since the Brazilians' clear inability to meet IMF economic targets under the IMF's present "stabilization" program for Brazil gives them an escape clause.

The \$6.5 billion loan cannot go through unless all banks participate, which is not yet clear, and unless governments come up with \$2.5 billion in export credits for Brazil, which now appears dubious, but even if these conditions are met,

the government study concluded, the loan package will fall apart as regional, European, and Arab banks exercise their right to fink on the managing consortium.

In the meantime, monetary crisis could erupt from the current political destabilization of Kuwait; the Hongkong property-market mess; failures of additional European banks; or a straightforward, cold-blooded Soviet decision to pull deposits out of the interbank market, as discussed elsewhere in this issue. However, March is an appropriate point of reference for the unravelling of the various patches on the banking system.

### Volcker's legacy

The reality is that the means by which the banking creditors' cartel, the International Monetary Fund, and the central banks of the major industrial nations have employed to "contain" the developing-sector debt crisis have merely extended the bankruptcy of the developing sector to most of Europe, and sections of the Persian Gulf and Asia. The content of these measures was inadequately, but poignantly described in the Dec. 4 editorial of the London *Financial Times*:

"The most dramatic change which has affected the currency markets in recent years has been the disappearance of the once huge surplus of the OPEC group of countries, and the appearance of the OPEC deficit. It was the OPEC surplus which financed the explosive growth of the Eurodollar market, which made dollars so easily available to those in deficit. This had the same effect on the dollar as runaway monetary growth in the U.S.A. would have had. . . . In this period inflation was high, the dollar weak, and real interest rates

were negative.

"The great change in U.S. monetary policy in 1979 changed all that, and deflated not only the U.S. economy, but the oil market, too, and the OPEC surplus disappeared . . . there has been a dollar shortage ever since. A weak oil price [note the developments at the OPEC summit, which suggest a further-softening oil price, and related Soviet oil market activity—D.G.] adds to that shortage, as OPEC countries have to run down their offshore deposits to pay for their imports. The dollar has been persistently strong, and real interest rates punishingly high.

"These changes also have their effect on long-term portfolio decisions. *Dollar debts run up in the easy days now look burdensome, and debtors are struggling, largely unsuccessfully, to pay them off out of current earnings.*"

When Paul Volcker flew home from the October 1979 Belgrade IMF annual meeting in the midst of a crisis that reduced the dollar's parity to DM 1.78, he "saved" the dollar by imposing a regime of flight capital that brought in \$100 billion from Ibero-America by 1982—bankrupting the continent in the process. With a trade deficit at over \$100 billion p.a., and a current account deficit at almost \$50 billion p.a., the Volcker policy now requires the exhaustion of Europe's capital resources (see Foreign Exchange, page 12) to finance the external deficits.

The overhead cost to the world financial structure of the Volcker regime was captured in an IMF estimate last June, which noted that the "global asymmetry in balance of payments," i.e., the illegal transfer of funds which governments can no longer count, had risen to about a fifth of the value of world trade.

Europe is particularly on the line because Ibero-America has been bled dry, and because the OPEC surplus, with some help from Soviet oil-dumping in Europe, has turned into a \$30 to \$40 billion per year deficit. That is, the flood of monetary resources available to the United States as of 1980, when the OPEC surplus totaled \$110 billion per year and the then-prosperous nations of Ibero-America were capable of exporting up to \$40 billion of flight capital per year, is virtually exhausted. The only surprising thing about high (and now rising) dollar interest rates is that anyone finds the fact surprising.

The result of the process is that, despite the phony claims of recovery in America, supported only by fraudulent statistics offered by the Federal Reserve, world trade continued to decline throughout 1983.

As we have reported, this monetary circumstance has turned into a pre-arranged, theatrical confrontation between "European leaders" and the United States, i.e., between the faction of Lord Carrington and the administration of President Reagan, over the future existence of the Atlantic Alliance.

The conclusion: The actual flows of wealth, in the form of the OPEC surplus, or the looting of Ibero-American resources (through export of capital, currency devaluations, lowered terms of trade, rock-bottom commodity prices, and so forth) which supported Paul Volcker's world regime of

usury have, inevitably, been consumed. Most of Ibero-America's debt accumulation since 1979, in particular the spectacular rise of interbank borrowings (to a total of \$40 billion) during 1982, represented financing of flight capital and other forms of looting.

Western Europe, with "sovereign" external debts of over \$300 billion and short-term bank external debts of over \$100 billion, virtually declared its bankruptcy at the disastrous Athens summit of the European Community earlier this month. The weakness of the European banking structure came to light with the November failure of one of West Germany's most prestigious banking houses, Schroeder-Münchmayer-Hengst; although the SMH story has darker political undertones, the lesson of the affair was "to show the Europeans that their internal debt situation was just as dangerous as the Brazil problem everyone was talking about," as a senior Swiss central banker warned.

In effect, nothing is left topside to finance the deficits of the United States, the developing world, most Western European countries, or OPEC except the overstretched, de facto insolvent international banking system.

## The state of the administration

Although a handful of officials in the U.S. government (see Banking, page 13) are working on means to contain the debt crisis similar to those Nazi Economics Minister Hjalmar Schacht applied (with temporary success) to Eastern Europe during the 1930s, the tendency in the U.S. administration which argued for contingency planning in the face of a global debt crisis lost out decisively. Brazil's capitulation to the International Monetary Fund in November appeared to support the Treasury arguments that sufficient revenues could be squeezed out of the big debtor countries to support their external debt values.

Treasury Secretary Donald Regan, well-placed administration sources report, "would change his opinion on any given matter Wednesday, if Walter Wriston had changed his opinion on Tuesday." Under protest from the Defense Department, the National Security Council, and other agencies concerned with the national defense implications of the debt crisis, Regan and his banking backers forced through administration support of the creditors' squeeze against Ibero-America. In effect, the bankers have been taking a pint of blood per day from their victim, murmuring, "So far, so good," each time.

The contempt with which this program's chances for success are viewed by the European banking community, for example, was measured in the confidential administration study reported earlier. The quiet dissolution of creditors' solidarity coincides with the first open threats of currency war against the United States by Western European leaders since the much-ignored outbursts of former British Prime Minister Edward Heath a year ago. The United States is closer to the disastrous financial war with Europe we warned of for months (see *EIR* Nov. 9, 1983), and a sitting duck for financial bombardment by the Soviet Union.

# Do the Soviets have the capability to bring down the Western banking system?

by David Goldman

To the extent that the Soviet military command has well profiled the present U.S. administration, it understands that the most devastating weakness in America's policy profile is not at the Defense Department but at the Treasury and the Federal Reserve Board. "If the President is re-elected, and we continue what we are doing, the United States will be in good shape militarily in three or four years. The problem is, the Soviets know this," said a White House adviser who believes that the Soviets may trigger a general banking and currency crisis.

In *EIR*'s last issue, we reported that the Soviets, as well as Britain's Lord Peter Carrington and his friends in the United States, believe that financial pressure may break the administration's resolve to proceed with competent defense programs, including a beam anti-missile defense system. We showed that this perspective is the content of the present wave of hysteria concerning the American budget deficit.

We now proceed to examine, in preliminary fashion, the evidence that the Soviets currently have the capability to trigger a general financial crisis, sufficient to break the federal budget—unless President Reagan uses his war-emergency powers (under the Defense Production Act and similar legislation) to seize control of the situation.

U.S. intelligence community sources now worry that the standard U.S. government estimates of Soviet financial capability—which show the bloc deep in red ink on balance—may have missed the picture entirely. Near the peak of strategic tension, the Soviets have come up with financial resources to play \$1 billion in the foreign-exchange market per day, for days at a time, in several consecutive weeks. These events are incompatible with the Bank for International Settlements' data on Soviet external deposits, which show funds of only about \$8 billion in the Western banking system. One senior U.S. intelligence official points out that Soviet with-

drawal of deposits from weak-link institutions in the interbank market would be sufficient to trigger a general crisis.

Scott Pardee, former chief of the New York Federal Reserve Bank's foreign exchange desk, told a Philadelphia conference Dec. 5, "One of the concerns of foreign exchange dealers in the interbank market right now is the trading behavior of the Soviet Union's banking arm in London. Ask a trader why the dollar is up and he will answer, 'The Russians bought dollars today.' The Soviet Union of course needs dollars to buy grain and other things in the West, but I have to believe that its current mode of operation is politically inspired. The Soviets can be very unobtrusive in markets when they want to be, even when they have big amounts to do.

"The tactics the Russians use in calling a bank and buying \$50 to \$100 million dollars from him are sledgehammer blows to the market. The Russians were particularly active as a buyer of dollars after the Soviet Union walked out of the Geneva talks on intermediate range missiles. Traders can only guess why.

"Perhaps the Soviets want the dollar higher so that they can get more for the gas and oil they sell to the West to the extent they might be paid in dollars for these exports. . . . Perhaps they want the dollar higher so as to place greater pressure on the governments of the LDCs which are struggling to solve their debt problems, perhaps igniting a revolution or two. This is the guess of most foreign exchange traders today.

"Perhaps they want the dollar higher so as to further embarrass our allies in W. Europe and Japan, as could be read into the Geneva walkout," the speech continued. Pardee elaborated to *EIR*:

"It's embarrassing to the governments of Europe to have their currencies declining against the dollar. They are already annoyed with the U.S. for not having provided leadership on



international monetary questions. Domestic political pressures will develop against those governments.”

### The Soviets' *fondo*

What is not known, more than what is known, concerning Soviet finances suggests that the Soviets operate one of the largest of the world's major *fondi* (concentrated, usually family-based, investment holdings), and that this *fondo* has assets of approximately \$50 billion. U.S. intelligence analysts who have tracked Soviet finances, and lost sight of perhaps \$40 billion in the past dozen years, have not been able to document the deployment of Soviet funds in such a way as to provide evidence to the public record. But there are indications that U.S. intelligence is proceeding on this assumption—as the U.S. government operation against oil trader Marc Rich suggests. Rich, using inside information on such developments as the 1975 Shaba province invasion in Zaire, as well as Mideast political developments, earned roughly \$700 million during the past decade, according to intelligence sources, who also cite his role in oil trade between the Soviet Union and South Africa. But Rich never accumulated a personal fortune of more than a few million. These sources believe that Rich was merely an employee of a much larger, Soviet-linked financial operation, suggesting that the U.S. government prosecution of Rich was motivated by strategic grounds, as well as excellent legal (tax-evasion) grounds.

CIA numbers show a 12-year discrepancy (“errors and omissions”) of about \$40 billion in the Soviets' favor. This is a lead, but only that, regarding what is involved. Since the BIS is the principal source concerning Soviet holdings of hard currency in Western banks, it must be assumed that the BIS is complicit (by omission or commission) in providing misleading data.

One indication of the scope of Soviet operations is the size of foreign-exchange operations conducted in November and December, as noted above. It is not likely that the Soviets have the bank credit to conduct such speculative transactions, according to well-informed Western European banking sources, especially since both U.S. and German banks have been under pressure to reduce such lines to the Russians.

More likely is that the Soviets are backing all such transactions with cash deposits. The implication is that such cash deposits required are in the order of \$5 to \$10 billion at a shot, and cumulatively several times that, judging from our reports of market activity. This runs against BIS reports that the Soviets have a handful of billions of dollars in Western bank accounts. Soviet foreign exchange operations have been sufficient to shift the dollar exchange rate several percentage points in either direction, and sufficient to trigger an “avalanche” factor if deployed all at once—as they were. (What denomination such deposits may have had originally is irrelevant. The Soviets may take dollars, borrow foreign currency against them, and then sell the foreign currency for dollars, or, they might deposit gold against foreign currency to sell for dollars).

Apart from the reports concerning Soviet foreign-exchange operations, there were widespread reports in the European press, confirmed by West German industry sources, that the East Germans had emerged as the largest speculative element on the London silver market. Add to this the fact that the Soviets have dominated the Western European oil market's price developments during the past year, up to and including the most recent decline in the price of Soviet Urals crude Dec. 12.

The standard CIA material (“U.S.S.R.: Hard Currency Trade and Payments,” Joan Parpart Zoeter, Office of Soviet Analysis of CIA, February 1983) tallies the principal items of the Soviet 1981 balance of payments (see table).

The huge errors and omissions level reported in the last line draws attention to itself. According to the CIA's tables, the accumulated errors and omissions for the ten years 1972-81 add up to \$25.9 billion in hard-currency outflows from the Soviet Union. The 1982 figure is \$3 billion, and no estimate is yet available for 1983, although preliminary indications suggest that it will be significantly larger than the 1982 figure. The money that the CIA has lost track of is, therefore, in the range of \$35 to \$40 billion.

This figure may not necessarily reflect the actual level of discrepancy. To start with, it assumes that all the national trade figures between the Soviet Union and Western European countries (which in any case show wide divergences) are accurate. However, when a computer shipment to the Soviet Union may be recorded as an American sale to South Africa, and when Soviet sales of raw materials proceed through a network of firms like Marc Rich's in which secrecy is paramount, it is impossible to believe that the existing trade data provide anything more than the crudest possible indication of what the trade situation might be.

A further problem in the trade figures is East bloc third-country operations, including all plant-building and “devel-

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### Soviet Union's 1981 balance of payments

(in millions of U.S. dollars)

Current account balance	100
Trade balance	-4,000
Exports	23,778
Imports	27,778
Net interest	-1,300
Military exports to LDC's	4,200
Other invisibles and transfers	1,000
Capital account balance	3,240
Gross credits	6,300
Government backed	2,100
Commercial	4,200
Repayments	3,200
Government backed	2,000
Commercial	1,200
Net change in assets	140
Gold sales	2,700
<b>Net errors and omissions</b>	<b>-5,840</b>

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opment" projects. At the Nov. 16 meeting of the Swiss-Soviet economic commission in Paris, the *Neue Zürcher Zeitung* reported on Nov. 18, "The Swiss delegation proposed again to the Soviets that they purchase consumer goods in Switzerland; [but] the Soviets showed themselves less interested in consumer goods than in technology and know-how; they proposed in this sense cooperation in major projects in the Third World, in which case Swiss enterprises could simultaneously function as anonymous participants and suppliers."

According to Jan Vanous at Wharton, this is the first time the Soviets have proposed this sort of operation, but various East bloc countries have already conducted such projects, buying a significant share of the relevant equipment in the West.

The CIA report comments on the discrepancies as follows:

When all of the line items are added up and net financing received is taken into account, estimates of sources of hard currency differ substantially from known or estimated expenditures. This calculated residual ("errors and omissions") in most years implies a net hard currency outflow for the Soviets. Apart from the likelihood that estimating errors are substantial, the residual reflects the exclusion from the accounts (because of substantial information gaps) of the U.S.S.R.'s:

- a) hard-currency assistance to other communist countries,
- b) hard currency trade with the other communist countries,
- c) net credits granted to LDCs to finance Soviet sales of machinery and equipment, including military equipment,
- d) net credits—mainly short term—provided to the developed West to finance sales of oil and other commodities, and
- e) hard currency expenditures in support of communist parties' terrorist activities in the West.

In the case of hard currency assistance to Poland, such assistance may have totaled \$300 million in 1980 and close to \$1 billion in 1981. The U.S.S.R. incurred a \$500-\$600 million deficit in 1981 in its hard currency trade with Hungary, the only East European country which provides sufficient data to make such an estimate. Estimate drawings on Soviet hard currency credits for machinery and equipment (excluding military) sales to the LDCs averaged \$500 million a year in 1976-81. LDC repayments to the U.S.S.R. averaged an estimated \$225 million a year, yielding net credits of \$275 million a year. The amount outstanding at any one time on credits for oil sold to the developed West—assuming 30-day terms—could have been as high as \$1 billion in 1980-81, up from \$800 million in 1979 if the same terms are assumed. If in 1981 soft

world demand forced the U.S.S.R. to offer more favorable credit terms for oil, the amount outstanding could have been substantially higher.

That is substantially all that the CIA has to say. Apart from this speculation, Mrs. Zoeter's report concludes that the Soviets, given low raw-materials prices and falling crude oil prices, continue to face a hard-currency shortage.

However, there are other known sources of Soviet revenue which dwarf the reported sources of discrepancies:

1) \$12 billion per year in (as of 1983) known revenues from Arab countries in the course of 1983, at least at an annual rate. \$7 billion (equivalent of 600,000 barrels a day) is reported to be obtained by the Soviets through sale of oil bartered from Iraq, Iran, and Libya for oil, and probably at terms extremely favorable to the Soviets. An additional \$5 billion was paid by the Saudis to the Soviets for the arming of Syria.

2) Gold sales in excess of estimates (which vary wildly). The CIA chose conservative estimates; an additional 100 to 200 tons or more may well be sold, especially through London, which gives no numbers at all on Soviet gold, or through Switzerland, which gives numbers that are probably phony.

3) International narcotics traffic (see *EIR*, Dec. 20, "How the Soviet Union Is Taking Control of Europe's 'Underground Economy.'"). What cut the Soviets may have in the net profits of the world narcotics traffic is not known.

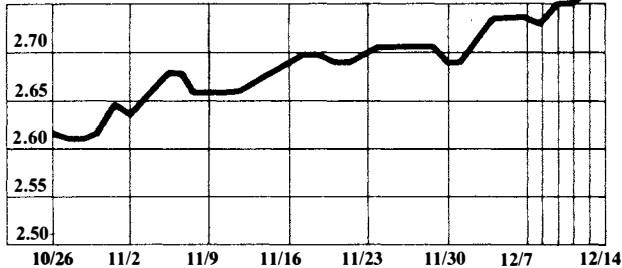
The CIA's published list of possible deployment of funds leaves out one obvious possibility: that the Soviets are *investing* hard currency in Western front businesses. Swiss or other trust operations, i.e., operating their own *fondo*. In this case there would be no reason for their hard-currency position to show up in the bank numbers gathered by the BIS. The laundering of these funds could be accomplished through Soviet gold operations in Switzerland alone, some intelligence analysts suggest. Since the gross volume of Soviet gold trading is many times in excess of Soviet net sales, the difference could be transferred directly from a gold-trading account to a trust account at the same Swiss banks the Soviets deal with.

This is the standard means for concealing the "beneficial ownership" of capital, and the only one for concealing very large amounts. A shell is purchased which purchases a shell, into which appropriate revenues are fed for investment. Given the Soviets' dominance in gold, oil, and other raw materials trade, it is not unlikely that much of the trading apparatus as well as mining, shipping, refining, and other operations represent either Soviet ownership, or joint ventures with non-Soviet oligarchical interests. Allegations have been made publicly to this effect about Occidental Petroleum (created with money that Armand Hammer, in effect, brought out of Moscow), and there is a short list of European banking and trading houses under American suspicion.

## Currency Rates

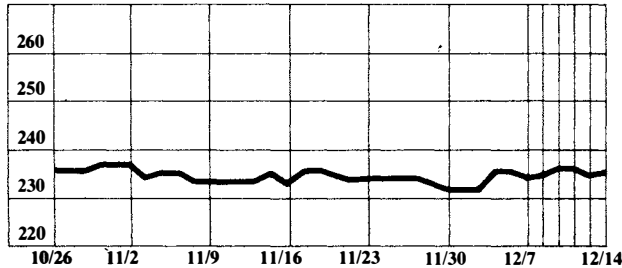
### The dollar in deutschmarks

New York late afternoon fixing



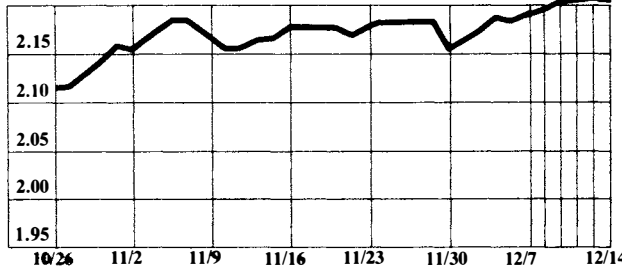
### The dollar in yen

New York late afternoon fixing



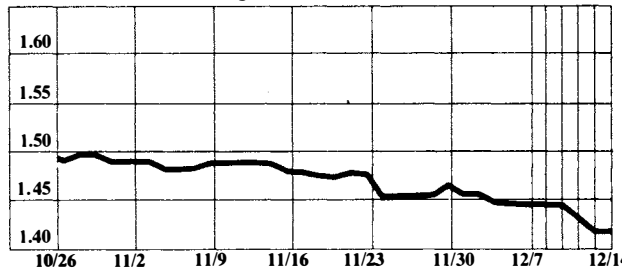
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



## 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.

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# Club of Rome on the offensive for Ibero-American depopulation

by Mark Sonnenblick

The Club of Rome, the international conspiracy to destroy scientific progress, held the first meeting of its "Latin American regional group" in Bogotá on Dec. 15-16.

The Club of Rome is on an unprecedented offensive to reduce the pace of population growth and permanently halt industrialization in Ibero-America. Its great opportunity is created by the effects of the International Monetary Fund's "shock therapy" on the economic, social, and moral structures. Countries desperate to refinance their debts may be willing to betray their futures for SDRs. Population-control policies are, in fact, a secret conditionality of the agreements between the bankrupted nations of the region and their creditors.

Club of Rome founder and president Aurelio Peccei entered the Bogotá forum arm in arm with Colombian president Belisario Betancur, long a target of the Club's seductions. Joining them on the dais were former Colombian presidents Carlos Lleras Restrepo and Misael Pastrana, three Colombian cabinet members, and the mayor of Bogotá.

The conclave consisted of 150 Club of Rome members and supporters from throughout Ibero-America and Europe. Among them were Ricardo Diez Hocklitner of Spain, who had organized the conference, Helio Jaguaribe of Brazil, and members of networks from Colombia, Venezuela, and Mexico.

To try to please the Colombian hosts, the public part of the conference was focused on "How to stop the arms race," and the agenda was stretched at the last minute to include "terrorism." Peccei, who is on record advocating cannibalism as a practical solution to hunger, opened with an exhortation on the need to cage up "man's licence" through disarmament. Peccei, and his British cohort, long time NATO-OECD official Alexander King, railed against what they termed "the insidious sophistication of the arms race," and especially on "qualitative" leaps such as beam-weapons defensive systems. King, a co-thinker of new NATO chief Lord Peter Carrington, told *EIR* in June 1981, "The problem is that no politician dares tell his country that

the concept of national sovereignty is a lot of baloney." Before the conference, King confided that the Club of Rome is "putting together a general paper on beam weapons. We are very interested in the matter. We are totally against them, but we don't know how to deal with them."

Conference attendees were surprised to confront the Club of Life, an international organization founded in October, 1982 by Helga Zepp-LaRouche to defeat the Club of Rome. A Club of Life member greeted Peccei by holding up a copy of a book titled, "We Must Stop the Club of Rome's Genocide," written by Mrs. LaRouche's husband, Lyndon, and published in Colombia earlier this year. The adversary challenged Peccei, "We need nuclear plants, not marijuana plants. Colombia needs more people. We need machines which produce more machines, capital goods industries, not appropriate technologies." All the participants received written statements with the same indictment. At one point, President Betancur turned away from Peccei to receive from Colombian Club of Life leader Maximiliano Londoño a book advocating beam weapons.

Battles over whether nations will be allowed to expand material and cultural progress through the creative application of science and technology are taking place throughout Ibero-America:

- In Venezuela, the Club of Rome suffered a major setback on Dec. 4, with the overwhelming electoral defeat of ex-president Rafael Caldera, who campaigned for the Club's anti-technology ideology.

- In Peru, Club of Rome Jesuit co-thinker Juan Wicht of Boston University organized an international conference, "Population Growth for the Year 2050," in early December to push zero-population growth on countries such as Peru which are being ravaged by International Monetary Fund austerity programs. Wicht's spell was broken by laughter at a Club of Life banner reading, "Peruvians beware! They want to cut off your bananas."

- The Mexican government of Miguel de la Madrid, which is leaning over backwards to please its creditors, is

pushing a law through Congress during the next weeks which will partially legalize abortions.

## Brazil: crucial battleground

Until this year's debt crisis, Brazil, the continent's giant, was so imbued with optimism about its ability to solve all problems through rapid growth and technological development that no politician dared even talk about birth control. In May of 1984, the government will begin formal sponsorship of birth control, according to the weekly *Veja* magazine.

Thanks to the IMF, Brazil's official population policy seems to have undergone a 180-degree shift. On March 1, the day after Brazil signed its agreement with the IMF, President João Figueiredo delivered a speech to the Congress in which he became the first Brazilian head of state to call for reducing population growth. On Dec. 6, two weeks after the IMF set new conditions with Brazil, the Brazilian Armed Forces Chief of Staff, Gen. Waldyr Vasconcelos, announced that during the next few weeks, he will ask President Figueiredo to create a "Special Secretariat for Family Planning." He implied the military now agrees.

As the Rio daily *O Globo* notes, the decision by the military-planning body to reduce population growth "replaces the theory that a growing demographic mass is of strategic value in occupying and defending the national territory."

"We have an immense unsettled territory, needing a population of 200 to 250 million inhabitants to develop fully," insists retired ultra-nationalist general Antonio da Andrada Serpa, who is leading a strong campaign inside military circles against capitulation to the IMF and other enemies of Brazil becoming a world-class power by the beginning of the next century. His optimism is widely shared in military circles.

Vasconcelos agrees with investment bankers that a country filled with optimism from its rapid economic development will not readily give way to the cynicism of the Club of Rome's world view. Vasconcelos told *Veja*, "The country grew absurdly, but since there were jobs for everyone, nobody saw the exaggeration. All it took was for a crisis to come for everyone to realize that family planning should have been adopted 20 years ago."

Club of Rome activist Rubens Vaz da Costa, planning secretary for São Paulo under former governor Paulo Maluf, has been fighting for official population-control measures since the Club was formed. Planned Parenthood has quietly provided birth control to women in eight states for a decade. According to the head of their Brazilian operation, 33 percent of the women between the ages of 15 and 45 in the city of Manaus have been sterilized, 15 percent of São Paulo's women, and millions throughout the country.

Vasconcelos's announcement follows a media barrage on the theme that the painfully evident immiseration of Brazil's people is caused by overpopulation, rather than by the radical reduction in consumption levels imposed by creditors as a conditions for debt rollover. *Veja*, for instance, ran an exe-

gesis on the virtues of "family planning" as an alternative to "the population explosion" in its October 16 issue. It shrieked about Brazil having 200 million people in the year 2000. On the cover is a picture of a modern city in the midst of which is an egg about to explode. Many of the buildings have nuclear reactors on top—once again making the Club of Rome argument that population expansion forces technological progress, and that is dangerous.

Official population control has been taboo because, according to General Vasconcelos, the Catholic Church in the country that has the most Roman Catholics "always was a barrier to the solution of this problem." Rio de Janeiro's moderate Cardinal Eugenio Salles returned fire in a Dec. 2 declaration: "Looking at Brazil, one can see the mouths they want to suppress through artificial and thus anti-natural birth control are immensely less pernicious to the national good than the insatiability of those who want to defraud the national patrimony."

As *EIR* warned in a widely circulated March article, a demoralized country which sees its growth potential castrated, loses the confidence it can develop its resources, and becomes an easy target to foreign looters.

The military have been beseiged by "doom and gloom" studies emanating from Club of Rome networks and pumped through the Superior War College by General Vasconcelos and by such operatives as the architect of Brazil's post-1964 recession and de-nationalization, Roberto Campos.

Brazil's new "family planning" program will receive a third of its funding from the United Nations Fund for Population Activities (UNFPA). This agency, like most of the "social" agencies of the U.N., implements Club of Rome policies.

## What is the Club of Rome?

The Club of Rome is an elite conspiratorial group of 100, with a few thousand additional members of local organizations in the United States, Colombia, Venezuela, the Arab world and elsewhere. It was formed in 1968-70 through collaboration between corrupted layers of the NATO bureaucracy and such Soviet think-tankers as Dzhermen Gvishiani, the son-in-law of late Soviet premier Alexei Kosygin. On the American side, it receives substantial aid from the Rockefeller family and the Ford Foundation, and controls such institutions as the Aspen Institute, the Wharton School, the Atlantic Council, and people such as Vietnam War mastermind McGeorge Bundy and Rhode Island Sen. Clayborn Pell.

## How to provoke a dollar crisis

*European nations' measures to protect their currencies will crack the upward trend by next spring.*

As *EIR* warned in October, the dollar has continued to rise, and the prospect is that it will continue to do so for at least the next several months. With the German mark under 2.76 to the dollar, earlier widespread European expectations of a DM 2.8 rate by Christmas are within reach.

The reason, as we have argued, is that Western Europe is both financially bankrupt and politically unstable, and the combination of capital exodus and distress sales of European currency to pay dollar debt service will continue to depress European currencies below liquidation values.

However, pushing the dollar up further (which, we reported last week, the Soviets have been doing) prepares the ground for a dollar crisis of really nasty proportions: The capital flows into the dollar undermine the health of the dollar-based banking system, and set conditions for a dollar crisis based on (or on expectations of) a credit crisis.

With Soviet help, presumably, the dollar crisis will become the battering ram that forces President Reagan to cut the defense budget. That view has become especially popular among European leaders who have or want to cut a deal with the Russians. A statement to this effect came from Helmut Schmidt in remarks delivered to a Washington executive group on Dec. 8.

Schmidt blamed the U.S. budget deficit for the current problems over

the EC budget, the disunity among EC nations, and the problems in the European economy. He said that "the United States is living at the expense of the rest of the world," and that "the world outside will not continue to finance your deficit." (See *EIR*, Dec. 20.) The regime of capital inflows to finance the American deficit "cannot last. . . . Eventually the Europeans will regulate capital outflows" through controls.<sup>4</sup>

That is the content of a how-to manual for a dollar crisis to appear in the next issue of *Fortune* magazine by the former chief economist at OECD, Stephen Marris, now at the Institute for International Economics. Marris writes:

"The currency goes into a nose-dive, interest rates and inflation accelerate. The only way then to restore confidence is by monetary and fiscal action that halts the economic recovery and sets the stage for recession. . . . This conjunction of an unsustainable budget deficit cannot continue indefinitely. *At some point foreigners' nerves will probably crack.*"

Then, he continues, as happened in the U.K. currency-flows reverse, currency flows out, the dollar will weaken, and inflation accelerate:

"At some point along the line comes the classic symptom of the acute phase of a stabilization crisis. Interest rates will rise but the dollar will keep sinking because capital is fleeing. . . . An American stabilization crisis would

be bad news for the world economy . . . if it prove severe enough to halt the U.S. recovery and set the stage for a new worldwide recession."

At what point will "foreigners' nerves crack?" The standard, and discredited, viewpoint is that a drop in American interest rates would trigger a reversal of capital flows into the dollar. The contrary is true. As we reported last week, the current pressure on interest rates derives from the need to *maintain* the level of capital flows into the dollar, and the interest rate will be forced up as capital flows become scarcer. Marris is right that the dollar and U.S. interest rates, once the flows reverse, will in fact move in opposite directions.

The provocation for a reversal of such flows would have to be a sudden, major degradation of the quality of dollar assets, including equities, bank deposits, and bonds, probably associated with the rupture of the Brazilian and Argentine debt patches. It would coincide with the first open evidence that the U.S. recovery, in fact, does not exist, and a corresponding collapse of stock-market values, possibly led by suspect bank shares.

Such a transformation is built into the evolution of the next several months. The appropriate target month is March, the point at which the Brazil mess will come unraveled in any case—if matters last that long.

With European assets at liquidation value, and American assets wildly overvalued with respect to the impact of a developing-sector debt crisis and the dissolution of the recovery myth, the argument that there is nowhere to go from the dollar sounds thin; despite the mess in Europe, the cost of physical assets and equity bought in dollars is so low as to permit a new round in bankruptcy-speculation in West Germany, France, and other European sectors.

## Locked into blocked accounts?

*Volcker is moving his plan for equity grabs through the U.S. cabinet at top speed.*

A plan to lock U.S. banks into "blocked accounts" denominated in Brazilian cruzeiros, Mexican pesos, and other domestic Ibero-American currencies has become a subject of U.S. cabinet meetings, and will be announced as official U.S. policy in January, sources close to Federal Reserve chairman Paul Volcker say.

The plan, called "deposit arrangements," is being promoted by Volcker and Henry Kissinger. Banks would accept interest payments on existing loans in domestic Brazilian and other currencies *on a permanent basis*. Large British and U.S. banks would turn these to political advantage, and use them to buy up debtors' industry and resources.

Secretary of State Shultz, Volcker, and Donald Regan have put the plan through for "staff studies," one source close to Volcker said. There will be a full cabinet meeting on the plan on an "urgent basis" the first week in January. An administration representative may announce the policy in a speech in January.

Henry Kissinger himself briefed a meeting of the Council of the Americas' Latin American Debt Commission at State in mid-December on the need for new action on Latin American debt. Kissinger said that "the IMF quota doesn't solve anything, and people at least now admit that the emperor has no clothes," according to one attendee. Kissinger "will use Central America to dramatize the much larger problem of Latin American debt."

"Reality is catching up with people, and everyone now knows that the Brazilian package won't work. We're in a calm before the storm now, but Brazil II won't last. The money will run out after Mardi Gras in March or May, and we can't just reschedule again," the source said. "There is a big shift in Washington and New York to the view that we must now look at a very serious restructuring of the debt," the Volcker source said. "People now realize that ad hoc reschedulings have only made the situation worse."

Regional-bank members of the Brazil consortium—kept in the dark by the lead banks—are aghast at the plan. "We can't handle equity management in U.S. companies. How the hell could we manage Siderbras [the Brazilian state steel company]?" one regional banker told *EIR*.

The plan was put out by Sir Peter Leslie at Barclays Bank in London and his consultant, former British Labour Minister Lord Harold Lever, and is supported by BIS chairman Fritz Leutwiler. After discussions at the BIS level, Fed chairman Paul Volcker has collaborated with Deputy Treasury Secretary R. T. McNamar and Commerce Secretary Malcolm Baldrige on it.

Their strategy is restructuring existing debt and using it as a political lever over debtors.

Large multinational banks with diplomatic and strategic interests in Ibero-America will have no objection to being locked in to blocked ac-

counts, using them to buy industry and banks in the debtor nations. Medium-sized and smaller banks will be stuck, however.

In the private sector, the scheme has become the policy of the "inner circle" of the Institute for International Finance (Ditchley Group) led by Barclays, Morgan Guaranty, Chase Manhattan, Bank of America, and Security Pacific.

"For some time now, Security Pacific and Bank of America have been arguing that we can't just keep rescheduling Brazil, but the New York banks were insisting it would work out," a top administration source said. "Now the New York banks have realized it won't work, and that it is going to really hurt their balance sheets if it is not dealt with. Chase Manhattan and Morgan have agreed with the Californians on the new approach.

"I had lunch with a Chase director last week. 'We can't keep having crises every six months,' he said. He wants to do a 10-year stretch-out of all the Brazil debt, not just what's due now . . . the whole \$90 billion. The idea of serious restructuring has even been incorporated in the Brazil package. A number of banks, led by Security Pacific, made their agreement to contribute to the \$6.5 billion in Brazil II conditional upon a private agreement by the Brazil Bank Coordinating Committee to put together a long-term strategy for Brazilian debt. [Citibank Latin senior vice-president and committee chairman] Bill Rhodes sent out a telex yesterday saying that he has agreed to do the study. Morgan and Chase are pushing him."

At a recent briefing in Washington on debt management by executives of Morgan, Manufacturers Hanover, and Bank of America, "we were not even briefed in any detail on such a thing," one regional banker complained to *EIR*.

## A corporatist package

*The Eastern Airlines settlement was designed by Chase Manhattan and the Democratic Party's Trilateralists.*

**W**age reductions of 22 percent for the pilots of Eastern Airlines and 18 percent for the remainder of the airlines' 35,000 employees and suspension of work rules have been accepted by the union leadership representing pilots, mechanics, and other flight personnel.

In return, the airline will give the employees four seats on the 19-man board of directors and 12 million newly issued stock shares, if the employees ratify the deal.

Richard L. McGraw, a senior Eastern vice-president, claimed that Chase Manhattan, Eastern's leading creditor, together with other creditors, had threatened to "pull the plug" on the airline on Jan. 1 if the airline did not sell the corporatist plan to the unions.

A spokesman for Chase Manhattan told the press on Dec. 8 that if the workers ratify the plan it will "satisfy the financial conditions that we agreed to" in order to relax the loan contract conditions.

The key role of Chase, which also appears in the bankruptcy filing by Continental Airlines Oct. 1, suggests top-down coordination in creating a Mussolini-style "solution" for the airline industry based on the deregulation passed by Congress in 1978.

Chase Manhattan is the bank of the Rockefeller family, long headed by David Rockefeller, the originator of the Trilateral Commission, which is dedicated to a "one-world" corporatism. Another of the Rockefeller brothers, Laurence (the "greenie" of

the family), served on Eastern's board of directors until 1981, as did Felix G. Rohatyn, the architect of New York City's Big MAC takeover of the city's finances by the major banks.

The Chase scenario for Eastern erupted in September when Frank Borman, chairman of the company, wrote to all employees explaining that the company would have to file for bankruptcy unless the employees made very large wage and work-rule concessions. Two years ago Eastern's employees took a smaller wage cut to offset the effects of airline deregulation, the first major piece of legislation by the Trilateral Commission's Jimmy Carter.

The seriousness of Borman's bankruptcy threat was punctuated by the bankruptcy filing by Frank Lorenzo's Continental Airline on Oct. 1. Lorenzo had demanded his employees take a 30 to 50 percent wage/work-rules cut (striking Continental employees say the cuts could be as much as 70 percent for pilots). When they balked, Lorenzo filed for bankruptcy, even though he reputedly had \$20 million in banked cash and was in no need of court protection from his creditors.

Lorenzo's major creditor and strongest financial backer is Chase Manhattan. He also uses the law firms of former Democratic Party head Bob Strauss and present Democratic chairman Chuck Manatt. Manatt's firm is credited with successfully maneuvering to block an attempted employee buy-out of Continental, allowing Lorenzo to take the airline.

Borman credits the union's agreement to the efforts of Willie Usery, the adviser to President Nixon who negotiated the labor settlements under Nixon's 1972 wage and price controls. Before that, Usery was a top official of the International Association of Machinists, a key union in the Eastern corporatist "solution."

According to the *Washington Post*, before Frank Borman brought Usery into the negotiations, Eastern's IAM chief Charles Bryan was adamantly opposed to giving large concessions to Eastern. When Usery entered the picture, Bryan's accusations that Borman had falsified the financial plight of the airline to wrest the concessions melted, and on Dec. 8, Bryan told the press, "We said at the beginning there would be no concessions and no givebacks. There have been no concessions or givebacks."

Bryan was suggesting that the 12 million watered stocks and the four seats on the board of directors are equal in value to givebacks equaling several hundred million dollars in 1984.

Some labor leaders suggest that Eastern's corporatist solution, which gives the victims a hand in the administration of their own victimization, is part of a larger scheme not only to demoralize workers and further suppress wages, but to focus the blame on President Reagan.

That would be ironic, since Eastern's corporatist solution is definitely the labor policy of Democratic front-runner Walter Mondale. It was Chuck Manatt who sponsored Mondale's early endorsement by the AFL-CIO.

Note, too, that 10 of Mondale's top 22 advisers are Trilateral members, and 18 of the 22 were top members of the Carter administration, which, together with Senator Kennedy, rushed through the disastrous airline deregulation.



# 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.

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- 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
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# Business Briefs

## Agriculture

### Continental creates new trading company

Continental Grain Company has joined with a large processing company, A. E. Staley Manufacturing of Decatur, Illinois, to form a trading partnership that will give Continental further control over the food processing industry.

The new entity, ContiStaley Export Company, headquartered in New York, will export animal feedstock of corn gluten feeds and soybean meal that Staley processes.

President Reagan signed into law last October the Export Trading Company Act, which legalizes banks, processors, freight forwarders, and so on, to form single corporations dealing in international trade without fear of antitrust suits.

Since then, over 30 such companies have been formed or are in the process of being formed. Sears World Trade was one of the first such institutions.

## Banking

### Wells Fargo declares Brazilian bank in default

Wells Fargo Bank declared Banco Frances e Brasileiro in default on Dec. 8. *Jornal do Brasil* reported the next day. Wells officials stated that they did so because the bank was \$120,000 in arrears on a loan syndication led by Wells Fargo.

Banco Frances replied that it they had sent a dossier to the central bank, explaining that they had deposited the equivalent of \$120,000 in cruzeiros in the central bank, and therefore were no longer responsible. "The central bank is the one who owes," Banco Frances was quoted in *Jornal do Brasil*, on Dec. 9.

If the central bank is liable for the loan

in default, it could mean that most of Brazil's \$93 billion foreign debt is in default. The central bank simply said that everything will get straightened out after Dec. 31, when—supposedly—Brazil will have received new money to cover arrears, and will have ended the exchange centralization in the central bank.

*EIR* has learned that Brazil's phase 2 renegotiation may not be completed by Dec. 31, that at least one Chicago bank is also threatening to declare default on late interest, and that Brazil is struggling to hold year-end interest arrears to less than 90 days.

This story, though widely reported in Brazil, was blacked out of the U.S. and British business press.

Wells forced Peru to capitulate to IMF demands by declaring Petroperu in default in May 1977. It attempted the same thing with Venezuela, this August.

## Black Economy

### Soviet oil-for-gun trade in Mideast

Reflecting its increased usage of economic policy for maximum military-political leverage, the U.S.S.R., which has become a major factor in European spot oil-trading markets, has increased a certain form of barter, according to reliable reports. Under this new barter arrangement, Moscow imports especially Iranian and Libyan crude oil in return for export of Russian arms and capital goods to those proxy Mideast countries. According to our reports, some 600,000 barrels per day of Mideast oil is currently being funneled from the Middle East via the U.S.S.R. into primarily Western Europe. For some months, Moscow has increased its European market share through ruthless price-cutting, constantly keeping under the official OPEC price.

Russian oil exports give the Soviets lev-

erage over OPEC's fragile price stability. The just-concluded Geneva OPEC annual meeting featured sharp battles between Iran and other OPEC producers over price and production strategy. Because of continuing weak global demand, despite "recovery" talk in certain Western nations, the OPEC members decided in effect to do nothing for the time being on price or production levels. Kammal Hassan Maghur, oil minister of Libya, became the new president of OPEC.

## Laser Potential

### FEF holds beam-weapons seminar in Bombay

A seminar on "The Laser Revolution: The Civilian and Military Applications of High Power Lasers," sponsored in Bombay by the Fusion Energy Foundation of India, drew 16 attendees from India's scientific and industrial community. Among the participants were representatives of the four top industrial firms in Bombay, three scientists from the Bhabha Atomic Research Center (BARC), three scientists from the Indian Institute of Technology, a representative of the Indian Navy, and an official from the Industrial Development Bank of India.

Uwe Parpart-Henke, research director for the FEF and an *EIR* contributing editor, opened the conference, presenting an overview of what high-power lasers are and what they can do for defense and for industry. The second speaker was Dr. Bhawalkar, the head of the laser division at BARC, who presented the basic scientific theory of lasers, emphasizing how the qualities of coherent and monochromatic light produce high power without high energy consumption.

The third presentation, the industrial applications of high-power lasers, was by Dr. Steven Bardwell, director of plasma physics for the FEF and *EIR*'s military editor, who described how lasers increased efficiency in

## Briefly

● **THE INTERNATIONAL** Fund for Agricultural Development (IFAD), a U.N.-backed institution, is in danger of becoming unable to carry out some 138 subsistence-farming projects in 77 countries. Of the \$1.5 billion pledged by the 138 member states only \$812 million has been received. Among the late payers is the United States, which has delivered only half of a promised \$180 million. Iran still owes all the \$19 million it pledged.

● **RAFAEL SALAS**, executive director of the United Nations Fund for Population Activities, declared on Dec. 14 that its conference on population to be held in Mexico next year will focus on how to slow down the demographic growth rate and balance it with the mortality rate, according to Italy's ANSA wire service. "During the last 30 years," Salas complained, "the world has had the highest demographic growth rates in human history because of the imbalance between birth and death rates. Thirty years ago, infant mortality was 164 per thousand, in 1980 it was 100 per thousand, now it is 90 per thousand. . . . The world action plan recommends a rate of 120 per thousand."

● **THE UNITED STATES** will de facto support the Davignon Plan to dismantle world steel production, according to Jiji, the Japanese wire service. The report specifies that the Reagan administration will ask the 24-nation Organization for Economic Cooperation and Development, meeting in Paris on December 16, to demand that developing nations cease all government assistance to their national steel industries. Such a policy would heavily damage developing nations' steel manufacturers while offering little relief to the industry in the United States which is a victim of its own mismanagement. Japan, the European Community nations and the developing countries are expected to "react bitterly to the U.S. proposal."

welding, machining, metal hardening, and so on.

For most of those present, the subject was entirely new; questions centered on how and how soon laser technologies could be used in the developing sector. Two of the conference participants objected to the support implicit in the presentations for nuclear power, which opened up a useful discussion of energy-flux density.

Ramtanu Maitra, editor-in-chief of *Fusion Asia*, reports that proceedings of the conference will be made available soon.

### Technology Transfer

#### Japan expands economic cooperation with Asia

Following a week-long meeting in Tokyo between Southeast Asian ministers of science and technology and their Japanese counterparts, Japan has begun a round of business and economic conferences with nations of Southeast and Southwest Asia. The theme of the Tokyo meeting the week of Dec. 5 was the importance of transferring technologies from Japan to the countries of the Association of Southeast Asian Nations (ASEAN), and Japanese Prime Minister Nakasone made a personal commitment to expand Japan's aid in this field to the ASEAN nations. The Thai minister of technology said Thailand's goal was to achieve a "quantum leap" in his country's application of new technologies, from electronics to biotechnologies.

The same week, a large delegation of Japanese businessmen met with Indian businessmen in India. They resolved to ensure that Japan would increase its imports from India, and also pledged to aid India in many areas of technology, including extracting resources from the sea and developing other natural resources. Japanese businessmen held a similar meeting with their Thai coun-

terparts, and agreed to expand Japan's imports, while accelerating the transfer of technology. A meeting along the same lines is scheduled for Bangladesh.

A top official of the Japanese foreign ministry is on his way to Vietnam—the highest-level visit in more than two years. And all of Japan's ambassadors to Southwest Asia are being assembled in Bangkok to be briefed by Japan's foreign ministry, suggesting some new policy initiative from Japan toward the region.

### Monetary Policy

#### New York Fed moots non-dollar loans

Funding of future loans to developing countries should be made in German marks, Japanese yen, and other non-dollar currencies, according to a study now in progress at the New York Federal Reserve Bank. The purpose of the conversion to foreign currencies would be to open the bottleneck for such credits at the level of the dollar interbank market, the source of funds for European and Japanese creditor banks.

At present, the European and Japanese banks must borrow most of the dollars they lend to developing nations on an interbank basis, a source of problems for banks who are already heavily borrowed and have difficulty obtaining funds for other purposes. The plan is to shift some of the burden to non-dollar credit markets and to the central banks who stand behind such markets.

In initial soundings, the Swiss, German, and Japanese monetary authorities were reportedly "ambivalent" about such proposals, which would reduce their control over national currency markets.

Staffers point out that the effect of such conversion would be to put downward pressure on the dollar—something the New York Fed now deems "desirable," but which could turn nasty under different circumstances.

## Food shortages are coming: Who is to blame?

by Marcia Merry

Are you ready for a daily diet of porridge and beans? Within only a couple of dozen months you can expect to see meat and milk become luxury foods if the destructive policies now underway against European and American farmers are not reversed. The advanced sector nations will suffer malnutrition and epidemics. Death by starvation will sweep the Third World.

Right now in both Europe and the United States, new farm policies are being advanced and implemented whose effects are guaranteed to bankrupt thousands of farmers, reduce farm yields, and create food shortages. Those initiating these policies on both sides of the Atlantic include, in addition to common fools, advocates of food scarcity and outright genocide—mass death from starvation and pestilence.

At the same time, an operation has been conducted through the international food cartel companies coordinated out of Switzerland to supply the Soviet Union with grain which is used for civil defense stockpiling, while the cartel renders the West's food supply more and more precarious.

The European Community, whose ministers have been meeting this month in Greece, has before it proposals to drastically reduce the funding of the Common Agricultural Program (CAP). The proposals for the European dairy sector, for example, which now produces 28 percent of world dairy output and accounts for 50 percent of world dairy exports, would result in liquidating 10 percent of the 25 million cow dairy herd.

Begun in 1960, the Common Agricultural Policy (CAP) is a system of farm price supports, somewhat similar to that in the United States, with the additional provision for EC subsidies to companies which export food. Under CAP, farm productivities rose markedly in the 1960s and early 1970s, rebuilding Western European agricultural infrastructure which had been devastated in World War II. As of the 1970s, Western Europe became a world grain exporter, and the world's largest dairy food exporter.

All of this is now in jeopardy. The EC has failed to agree on a 1984 budget for CAP, which is therefore continuing to operate on an emergency month-to-month



USDA

*The cutoff of credit to the highly mechanized farms of Europe and America means bankruptcies ahead and the threat of world food shortages. Shown is a four-wheel drive diesel tractor in Texas.*

basis. If this continues, millions of European farmers will face bankruptcy in 1984 (see article, page 23).

Those who plan to cut the CAP budget claim that 1) "farm surpluses" must be reduced, and 2) there is no money available to continue to support farmers.

The situation is the same in the United States. Congress will reconvene in January and begin deliberations on the 1985 "Omnibus Farm Bill" (passed every four years), in the midst of an already escalating agricultural crisis. Between 1982 and 1983 U.S. agricultural activity decreased 20 percent in value. The wheat harvest fell 15 percent. Soybeans and rice fell over 30 percent. Fully 82 million farm acres were idled under the Payment-in-Kind (PIK) program, in which financially strapped farmers were induced to take land out of production in exchange for a promise of government held crop stocks. When the drought and the Gulf hurricanes came on top of the acreage reduction, yields for the remaining standing crops fell markedly.

An unprecedented law was enacted this fall, according to which the government will pay dairy farmers to cull their herds. The farmer will receive \$10.00 for every 100 pounds (about 12 gallons) of milk he does *not* produce each month for the next 15 months, as compared with his recent average production. Government milk-price supports will be held below the cost of production, and the farmer will have to pay the government \$1.00 a month for every 100 pounds he does produce, for the nominal reason of defraying the milk program budget.

Drive through the famous midwest dairy belt and you will now pass truckloads of dairy cows on the way to slaughter.

"For sale" signs hang on the barns.

The American Bankers Association estimates that 55,000 U.S. farmers went out of business in 1983. The true rate is probably twice that number. Out of the official census of 2,500,000 farms in operation in the United States (counting all sizes, including kitchen garden and tax write-off types), only a core group of about 100,000 farms produces 80 percent of the nation's food.

To stay in operation over the past few years of high interest rates and energy costs, farmers have pyramided their debts. National farm debt has swelled from \$70 billion in 1979 to over \$215 billion today. This really means that not only the farm sector, but the U.S. banks themselves are threatened with bankruptcy.

U.S. farmers are fed a great deal of anti-European propaganda about how high the farm price supports are in Europe. But as we show in the accompanying analysis of European agriculture, the European farmer is receiving price supports at levels no higher and no more reliable than the limited federal loan operations which temporarily propped up U.S. agriculture. Europe's farms too are going bankrupt.

Killing the potential output of the European and U.S. farm sectors destroys the food supply to feed the world's population. Productivity per agricultural worker around the globe is highest in the United States and the European Community, which today account for major shares of total world food output and exports. The United States produces over 50 percent of all the corn in the world (reduced by half under the 1983 PIK program), and over 60 percent of all soybeans (reduced by 30 percent in 1983), which are key feedgrains in

the chain of meat, poultry, and dairy production. The United States is the largest exporter of wheat (reduced by 15 percent in 1983), and rice (reduced by 33 percent). The European Community is the world's biggest dairy producer and exporter. Since the early 1970s, the EC has been a leading world grain exporter as well.

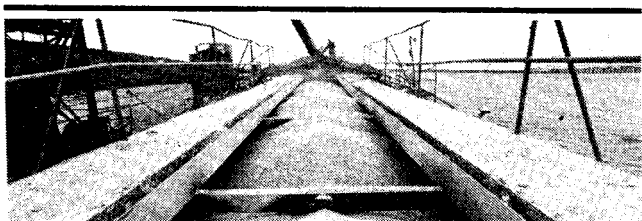
Exports of food, breeding stock, and farm technologies from Europe and the United States could be the chain drive to upgrade farm output around the globe, if unleashed through the right anti-depression monetary reform measures. But without the productivities of the advanced sector agriculture, population collapse is guaranteed.

### Trade war and the food cartel

U.S. farmers are told to blame the "rich" European farmers for loss of world trade opportunities, and the European farmer is told to "blame the Americans." The fact is that the volume of world trade overall has been sharply curtailed by the depression. The volume of agricultural trade peaked in 1980 and has declined since then. World grain exports peaked in the 1981-82 trade year and have fallen since (**Figure 1**). The problem is hardly a case of too much food competing for customers.

The European Community is known in the United States for dumping food in the Third World at prices way below the cost of production in order to drive U.S. farmers out of world markets. But it is a total myth that the U.S. loses in the two-way agriculture trade with Europe. The EC is the largest market for American farm products, buying some \$9 billion worth of goods in 1981. That year the United States bought some \$2 billion worth of farm products from Europe, giving the U.S. a \$7 billion farm trade surplus. The statistics for 1982 are similar.

But the world food trade is controlled not by farmers anywhere, but by the international food cartel companies, whose financial lineage goes back hundreds of years through control points in Odessa, Venice, and along the ancient Mediterranean trade routes.



**Figure 1**  
**World grain exports falling**  
(million metric tons)

1977-79	186.9
1980-81	228.4
1981-82	215
1982-83	200
1983-84	203

USDA

The "Seven Sisters" oil companies are relative newcomers compared to the grain trade cartel (Cargill, Continental, Bunge, Louis Dreyfus, Andre), whose operations are far more extensive and secret. These companies control about 90 percent of the world grain trade, working hand in glove with the International Monetary Fund, the World Bank, and private banks to determine which nation or enterprise gets credit and food, and who fails and starves.

These companies and banks view the worsening depression as a golden opportunity to grab assets to consolidate total control. They have been acquiring grain terminals, shipping companies, slaughterhouses, and other facilities in Europe and North America as if these nations were spice islands and banana republics.

Cargill, Inc., the Swiss-connected grain company based in Minneapolis, is now the largest U.S. flour miller. It is the second largest U.S. beef processor, after Dr. Armand Hammer, who calls beef "the oil of the '80s." Hammer has been one of the most important Soviet assets in the Western business world since 1921, when he acquired exclusive rights for the first export-import Soviet trade company. Julius Hammer, Armand's father, was a charter founder of the Communist Party U.S.A.

Cargill dominates the French grain trade, and the other grain companies have their respective "territories," especially Andre, based in Switzerland, which specializes in strategic barter deals with the East bloc. Company spokesmen call for an end to farm price supports and the formation of an autarkical agriculture bloc in Western Europe. A conference will take place on "Food Security and Barter" in Zug, Switzerland in March, hosted by the European Management Association, many of whose members belong to the commodity cartels.

The food control companies and the International Monetary Fund (IMF) knowingly support genocide. Their policy is to create and manipulate food shortages as a political weapon and to eliminate masses of people, as they are now doing in Africa. The Malthusian report *Global 2000*, written by representatives of the commodity and financial cartels and approved by the Carter administration and pursued by today's State Department, would halve the world's population by the year 2000.

Ted Rice, the vice president of Continental Grain Corp., the New York-based world trade company, said in July 1983, "[The U.S. needs] an acreage reduction program that would take the largest percent of land out of production. Those who want to farm will comply. Those who don't, won't."

A researcher at Resources for the Future, a New York bank-linked environmental think tank, who is working on a study, "Global Food Prospects Through the Year 2000," advocates IMF control of all world food credit. "We must use whatever leverage we can to force reduction in population growth, and quickly. Food is great leverage, although I don't want to be called draconian or cruel."

Democrat Walter Mondale's presidential bid is directly

backed by Cargill and the other international cartel and Soviet networks. Mondale is on the board of Control Data, the Soviet-connected computer company. He has a professorial position at the Hubert Humphrey Institute of Public Affairs in Minneapolis, which is conducting work on the "politics" of famine. Chairman of the Institute's board is Orville Freeman; president of Business International, whose directors include Aurelio Peccei, head of the Malthusian Club of Rome. Henry Kissinger raised funds in London for the Institute, claiming that its policies were the wave of the future. When Kissinger was secretary of state, he initiated the use of food as a "strategic weapon." Kissinger represented the United States in 1974 at the World Food Conference in Rome, predicted global food shortages, and called for the creation of strategic food reserves. He commissioned a study, which remains classified today, profiling the food vulnerabilities of nations.

In May 1983, Soviet "peace advocates" paid a visit to Minneapolis, hosted by the Hubert Humphrey Institute, and joined by Cargill representatives. The Soviet message was that since nuclear war is "unthinkable," the West should all forget about civil defense, focus on the nuclear freeze, and sell more grain to its "peaceloving" adversary.

Mondale and the other Democratic Party presidential contenders, with the exception of Lyndon LaRouche, are all supporting "supply management" to reduce farm output.

### The myth of overproduction

A full blown world food crisis will hit by 1985, including the OECD nations. The world is now producing only 16 bushels of grain (all types) per capita a year, when a person needs 24 bushels, including feedgrains for meat and milk requirements. The 16 bushels is an increase over the 1965 average of 11 bushels per person, and partly this represents farm productivity gains under CAP and advances in India and some other regions of the world. However, since around 1979, food production per capita in the world has been leveling off and dropping (Figure 2).

Merely to maintain food grain supplies per capita, and to increase livestock feedgrains to provide meat and milk per capita on a level approaching the United States, will require a threefold increase in world grain output. Figure 3 shows the increase in feedgrains needed to provide people with adequate animal protein.

Far from suffering from overproduction, the world will undergo a biological holocaust unless food production resumes.

A human being needs daily animal protein because it is a nutrient-dense food which, among other effects, ensures the functioning of the immune system. In the United States, where the daily animal protein supply averages 70 grams, life expectancy is 73 years. In Africa, animal protein averages less than 10 grams a day; life expectancy is around 42 years.

**Figure 2**  
World per capita grain, meat and milk output falling

	Grain bu per capita	Meat pounds per capita	Milk
1982	18	54	23
1983	16	49	23
1984	16	49	22

Food supplies have steadily decreased per capita in Africa for ten years, and epidemics and starvation are creating a biological holocaust. New animal and human diseases are mutating, including the virus-borne cancer Burkitt's Lymphoma. African swine fever has broken out of the continent into Spain and the Western hemisphere. More virulent diseases will follow.

Effects of the collapse are showing up in U.S. agriculture. Dustbowl conditions are beginning to develop as land deteriorates when farmers lack the income to till, grade, fertilize, and rest the fields. During the past 10 years, the protein content of corn for animal use has decreased from 9 to 8 percent, and in the southern states to 7.5 percent, as a result of the farmers' inability to fertilize the land sufficiently. Molds and funguses—including the deadly aflatoxin—are spreading as favorable host conditions develop when farmers cannot afford the energy costs of drying and fumigating stored grain. The budget has been dangerously cut back for controlling the cattle disease brucellosis, which is transmissible to humans.

**Figure 3**  
World animal protein deficit

Region	Animal feedgrains needed to make up shortfall	
	Dressed meat Metric tons	Metric tons
United States	Standard*	Standard*
Canada	252,000	1,512,000
Ibero-America	24,794,000	148,704,000
Western Europe	10,220,000	61,320,000
East Bloc	12,093,000	72,558,000
Near East	11,687,000	70,122,000
Africa	40,990,000	245,940,000
South Africa	1,956,000	11,736,000
Far East	153,308,000	918,486,000
China	89,800,000	538,800,000
Oceania	Standard*	Standard*
Japan	5,378,000	32,268,000
<b>TOTAL</b>	<b>328,158,000</b>	<b>2,041,236,000</b>

\*To provide everyone with the standard nutrition level available per capita in the United States, the world needs an additional 328 million tons of servings of meat—or the protein equivalent in other animal food forms, annually. This requires 2 billion tons of feedgrains over and above current world annual production.

## A crash food production program

The Soviet Union has been importing and stockpiling food for civil defense requirements since the mid-1970s while they have poured resources into armaments. According to studies done at the Hoover Institution, the Soviet Union has imported around 92 million metric tons of grain for strategic stockpile purposes.

In contrast, the United States has made no provision for reliable food stores, except for Congress's mandate to the U.S. Department of Agriculture (USDA) to keep a few million tons of grain in the crop storage programs at all times.

What is required instead is a "War Mobilization Board"-style all-out effort to maximize food production in the United States and Western Europe, in conjunction with allies around the globe. The goal must be "redundancy levels" of food output to allow for civil defense stockpiles, food trade requirements, and emergency shipments to Africa and other points of need. The target level should be a year's require-

ment of grain as carried over stock, properly stored. The United States needs a national grain audit, as was done in World War II, to correct the unreliable picture given by the USDA.

Emergency action is required in both Europe and the United States to implement a full production policy: 1) no farm or equipment foreclosures; 2) freeze farm debt for rescheduling; 3) provide low-interest production credits. Executive action must be taken in the United States to roll back the Environmental Protection Agency and Food and Drug Administration bans of farm chemicals and food irradiation technologies.

Parliamentary and congressional investigations must be initiated into the scope of the grain company political interlock with Switzerland, the U.S.S.R., and the Western trade centers of Europe and the United States—especially Minneapolis—for purposes of prosecution on grounds both of anti-trust law violation and the threat to national security.

## Why we need a farm parity price to increase productivity

A parity-price is the average direct cost of producing—for example—an average bushel of grain, plus a competitive return on investment for the capital the farmer has used in the capital improvements and operating costs of his farm. If the farmer has a fair return on his investment, and invests this return in technological improvements, in better seed-stock and livestock, the average quality of the consumer's nutrition level goes up, and the average amount of labor required to produce a bushel of grain or a half-ton of quality beef goes down. In the process, the nation is guaranteed a reliable food supply.

The few occasions when governments have intervened to establish farm income levels based on the parity policy have always produced dramatic food increases. During both World Wars, the United States government adopted a parity price system and farm productivity and output increased dramatically. The parity policy was discontinued after World War I, but a near-parity policy was continued for some years after World War II, and an "agricultural revolution" took place in farm productivity increases.

Through Gen. Charles de Gaulle's insistence, the

Common Agriculture Policy (CAP) supported European Community farmers at levels approaching parity targets from approximately 1965 to 1978. Productivities leapt forward.

But beginning about 1979, both European and U.S. farm income dropped. U.S. farmers went deeply into debt to remain in operation, but the current constriction of credit is leading to a collapse. U.S. farmers are now receiving less than 50 percent of the official parity income. In Europe, farmers were supported by CAP farm price intervention, but support levels have declined relative to farm costs, and the current CAP budget cutbacks will be devastating.

A world parity price policy is achievable only if the collapsing international monetary system is reorganized. Debt moratoria and the creation of a new credit facility based on gold-backed bonds will stimulate investment in large-scale infrastructure projects and finance expanded world trade to upgrade the standard of living of the Third World as well as the advanced sector. Vast increases of food output and trade can be specified by treaty agreement between governments to cooperate on development projects of mutual benefit. In this context, governments can prevent destructive food "dumping" and make the domestic farm income interventions to guarantee their farmers parity income levels, while securing and upgrading their nations' food supplies. Cooperation between the United States and Europe is needed for massive high technology transfers to the developing sector to create conditions for eventual food autonomy in the Third World, shifting the role of the existing surplus food-staple producers into exporters of high-technology and specialty goods.



# European Parliament cuts funds that support farm production

by Cynthia Parsons

The European Parliament voted Dec. 15 to freeze the budget of the European Community (EC) at 1983 levels, foregoing an anticipated 5 percent budget increase to the Common Agricultural Policy (CAP), the price support system for farmers. The 5 percent increase was already *below* the inflation rate; without it, the stage is now set for mass bankruptcies of farmers in Europe and a food crisis worldwide.

The vote followed a deadlock at the Dec. 6 EC summit in Athens, where European heads of government failed to resolve the crucial agenda item: the reshaping of the CAP, under circumstances in which member countries can no longer afford the farm subsidies which guarantee the food supply for Western Europe and much of the world. With no executive level agreement on the 1984 budget and the "reform" of CAP, the European Parliament could only extend the 1983 budget on an "emergency management" basis.

The CAP is the cornerstone of the European Community, consuming two-thirds of the total EC budget. But the erosion of its price support policy since the mid-1970s has made it an increasingly fragile proposition. Price support to French farmers dropped 6 percent in real terms between 1976 and 1981; support to German farmers fell 8 percent. Given this trend over the past decade, the current EC budget signals disaster.

For many of the estimated 25 percent of West German farmers, for example, who are already living on the brink of bankruptcy, it will slash the thin margin of funds available for investment, for seed and fertilizer. Farmers in France, Spain, Ireland, Italy, and other EC countries will be hit even harder.

The EC fight is further jeopardizing Europe's political stability, at a time of extraordinary Soviet blackmail pressure on the continent. Greek Prime Minister Andreas Papandreou,

the current president of the EC who has virtually brought his own country into the Warsaw Pact, threatened at the Athens meeting: "If the crisis remains unresolved, the EC will break apart within the next six months." The Greek population would favor this, he said. Spain's entry into the EC has now been postponed, and Spanish Premier Felipe Gonzales declared that his country will not join NATO until its EC membership is clarified.

The European Parliament additionally decided to freeze \$1 billion in funds owed to Britain and West Germany, refunds for their over-payment to this year's budget. This decision was made over the opposition of British parliamentarians, like Labour Party leader Neil Kinnock, who called upon the Thatcher government to cancel British budget payments in return—an action Thatcher has threatened to take in the past. Intensified confrontation within the EC is now on the agenda.

The economic crisis in every EC nation means that, without additional sources of financing, the Community cannot afford to keep the CAP going. The West German government, which has been a net funder to the EC (to the tune of \$7 billion in 1983), is facing domestic austerity and wants to cut back its budget contribution. In November the CAP had to temporarily suspend \$522 million in pre-payments to exporters because the funds were not available.

The Athens summit saw British Prime Minister Margaret Thatcher and German Chancellor Helmut Kohl allied to demand greater austerity, particularly against the farmers of Europe. Thatcher is calling for a "consolidation" of the EC budget, which she says is a precondition for her agreement to any future contributions to the Community. She insists that the EC put less emphasis on agriculture and more on industries like telecommunications. Such a shift would undermine

French influence in the EC, since France's farmers are the primary recipients of CAP funds. Kohl agreed, and further demanded a ceiling on milk production, reducing total EC production from 105 million tons to 95-97 million tons. Kohl and his Finance Minister Gerhard Stoltenberg are also calling for the deutschemark to be made the central European currency for the agricultural market—that is, to create a “green deutschemark” to replace the European Currency Unit (ECU).

Other “reform” proposals would also further wreck the productive base of European agriculture and industry:

1) Payments to the EC coffers would be based on what each country can afford, rather than a set budget target based on overall Community need. This would accommodate Britain's insistence that it cannot afford its mandated payments.

2) Finance ministers would be allowed to “assist” agriculture ministers in setting budget limits.

3) The VAT (Value Added Tax) would be increased from 1 percent to 1.25 percent.

4) Farmers would be denied their present yearly price increase.

5) The Monetary Compensatory Amount (MCA), a subsidy which shields the farm price system from the fluctuations of national currencies on the international markets, would be phased out.

6) Ceilings would be placed on production, especially dairy production.

French President François Mitterrand rejected the Anglo-German demands, fearing the decimation of French agriculture. Mitterrand is scheduled to take over as EC president in January, and evidently hopes to use that position to persuade the Germans to continue their traditional support for France's interests in the EC.

## What is the CAP?

The Common Agricultural Policy came into being in

1960, within the framework of the 1957 Treaty of Rome which founded the European Economic Community. French President Charles de Gaulle viewed the CAP as a means of ensuring Europe's food supply and improving the productivity of agriculture. He insisted that membership in the CAP was a prerequisite for EC membership, and he played a key role in shaping the CAP as a tariff union which would protect European agriculture from fluctuations in international market prices.

The CAP price support system uses various mechanisms—target and intervention prices—to support farmers' prices. The CAP laid the basis for real improvements in European agriculture during the first 15 years of its existence (see article, page 25). But “free marketeers” in the European Community bureaucracy have always tried to undermine de Gaulle's conception of the CAP, and the entry of Britain into the EEC intensified the opposition fiercely. Since the death of de Gaulle and the 1972 adoption of the “Mansholt Plan” (which blamed “overproduction” for the difficulties of European agriculture), the CAP has functioned merely as a guarantor of minimal prices to the farmer; It has done little to promote the high-technology development of farming. European farm income in real per capita terms has taken a beating since 1973, but especially in the past several years, when price support levels were held *below the rate of inflation*. As a result of these policies, average animal protein consumption in Europe remains about 70 percent of that in the United States (Figure 4).

Yet the zero-growthers at the European Commission claims that only production cutbacks, especially in beef and milk production, will solve the economic crisis!

Today there is in fact not one farm price zone within the EC, but seven, and farm prices have diverged by as much as 40 percent between Germany at the top and the United Kingdom at the bottom.

The extent to which the effectiveness of the CAP has been undermined over the years has been masked in countries like France, Italy, and the Netherlands because those governments have adopted, independently of CAP, supplemental price-support programs. The United Kingdom, on the other hand, does not support its agriculture apart from what it receives from the CAP. Its gentleman farmers—the largely anti-Europe titleholders whose land is worked by tenant farmers—have never stopped calling for the collapse of CAP. These gentleman have stated their conviction that farm prices should be fixed by “markets, not by ministers,” adding that that is the best way to eliminate “surplus production.”

Today the international economic depression and the effects of the International Monetary Fund's “conditionalities” on the developing sector have blocked off potential export markets for Europe's farmers. This has created the explosive potential for trade wars, and given credence to the foolish doctrine of agricultural “overproduction.” Until these conditions are reversed, and the zero-growthers ousted from the European governing institutions, the danger of food shortages in Western Europe will continue.

**Figure 4**  
**Per capita protein consumption**  
(grams)

	1966-68	1975-77	1978-80
<b>France</b>			
animal	57.4	64.5	67.6
vegetable	40.5	37.1	37.7
<b>W. Germany</b>			
animal	48.1	58.8	59.7
vegetable	41.8	41.8	42.3
<b>Italy</b>			
animal	36.4	45.1	49.5
vegetable	55.7	53.2	54.4
<b>United Kingdom</b>			
animal	55.4	54.3	55.1
vegetable	36.5	36.5	36.5
<b>United States</b>			
animal	70.7	72.2	72.0
vegetable	33.0	34.5	34.7

# Europe's contribution to world food supplies

by Sylvia Brewda

European agriculture has become a significant factor in the world's food supply since World War II. To the extent that significant increases in productivity have occurred, this has been the result of the application of advanced technology to the farms of Europe. The failure to sustain such capital-intensive development is at the heart of the crisis facing European food production today.

Figure 5 shows the world acreage and production of grain from 1950 to 1980. Europe doubled its per-capita production of grain, while world production rose by only 27 percent. Between 1965 and 1980, European grain production per capita rose from close to the world average to one-and-a-half times that level, allowing for significant exports. European grain yields per acre in 1980 were the highest in the world, a

**Figure 5**  
World grain acreage and production

	Total Grain Acreage (Millions)	Yield per Acre (Bushels)	Grain per Capita (Bushels)
<b>North America</b>			
1950	249	26	39
1965	198	40	38
1980	224	56	49
<b>Latin America</b>			
1950	70	18	8
1965	100	21	8
1980	123	29	10
<b>Europe</b>			
1950	185	24	11
1965	181	35	14
1980	174	59	22
<b>Africa</b>			
1950	120	11	6
1965	141	15	7
1980	180	16	6
<b>Asia</b>			
1950	871	15	9
1965	1,023	20	10
1980	1,156	28	11
<b>Oceania</b>			
1950	15	18	22
1965	23	20	27
1980	39	18	30
<b>WORLD</b>			
1950	1,509	18	11
1965	1,665	23	12
1980	1,794	35	14

Source: U.N. F.A.O. Production Yearbook, 1971, 1981

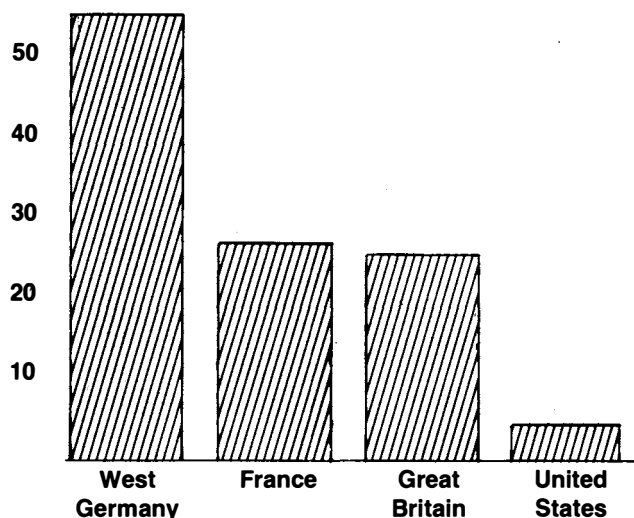
position achieved only in the last decade. This reflects in part the labor-intensive small farms which are still common in Europe, where each acre of cropland receives more than five times as much labor input as in the United States (Figure 6). But the mere application of more man-hours does not result in such progress, as indicated by the figures for Asia, where labor-intensive farming predominates.

Europe's productivity levels are highest within the European Community (EC). Figure 7 shows a more detailed view of the grain producing areas of the world, and highlights the difference between the countries which have been under the EC's Common Agricultural Policy and those which have been operating outside this framework, as well as indicating the differences between Eastern and Western Europe.

The rise in EC productivity levels involved increased mechanization and other key production inputs. In 1980, for example, the major grain-producing countries—West Germany, the United Kingdom, and France—had 1.8, 2.1 and 1.3 tractors per farm respectively, while American farms had an average of 2. The tractors per acre for the EC countries increased by close to 50 percent over the decade from 1970 to 1980. Figure 8 shows that the EC farms are relatively tiny by U.S. standards, but there has been significant growth in the average farm size over the last 20 years. This is particularly true of the countries shown. Italy, in contrast, had an average farm size under 20 acres in 1980, less than a 10 percent increase over the 1960 average.

Figure 9 analyzes the output and yield of wheat, allowing a comparison of the EC with major producers elsewhere. The yield per acre of the United Kingdom is the highest and the three large EC producers have yields more than double that of the United States. Much of the large United States wheat

**Figure 6**  
Labor intensity per acre farmed  
(for cereal crops, 1975)  
manhours/acre/year



**Figure 7**  
**World agricultural acreage and grain output by region, 1980**

Region	Tot. Ag. Land Avail. (Millions of Acres)	Tot. Acreage in Prod. (Millions of Acres)	Tot. Acreage in Prod. of Grain (Millions of Acres)	Yield per Acre for Grain (Bu/Acre)	Workforce in Ag.	Workforce in Grain	Yield of Grain (Bu/Man-Year)	Grain Output of Region (per Capita)
<b>U.S.A. and Canada</b>	2,734	1,225	224	56	2,747,000	1,373,000	9,059	49
<b>European Community</b>	317	250	71	71	8,393,000	4,197,000	1,200	19
<b>Non-European Community, W. Europe</b>	366	161	42	48	6,168,000	3,084,000	655	20
<b>Eastern Europe and Soviet Siberia</b>	4,030	1,647	362	29	38,402,000	26,881,000	393	28
<b>Latin America</b>	4,243	1,735	123	29	38,996,000	24,177,000	147	10
<b>Africa</b>	4,104	2,385	180	16	114,245,000	85,683,000	33	6
<b>Middle East</b>	691	575	67	24	20,549,000	17,467,000	92	12
<b>Asian Subcontinent</b>	903	693	324	23	217,355,000	195,619,000	39	8
<b>Southeast Asia</b>	823	226	108	35	83,649,000	75,284,000	51	10
<b>Taiwan, Japan, South Korea</b>	97	19	12	64	12,284,000	8,599,000	90	5
<b>Oceania</b>	1,640	1,266	39	18	2,108,000	1,476,000	467	30
<b>China and North Korea</b>	1,449	1,102	243	47	280,426,000	260,796,000	44	11
<b>World</b>	21,397	11,284	1,794	35	827,325,000	704,636,000	88	14

Source: U.N.F.A.O. Production Yearbook, 1981

**NOTES:**

Total land available consists of arable land, permanent cropland, pasture land, and forest.

55 pounds = 1 bushel

Workforce in grain based on estimates.

crop is grown extensively—sown over huge expanses of land, with minimum fertilization and no irrigation. Mexico also has higher yields than the United States, although its production of wheat is relatively tiny. The major wheat producers of the Third World, such as Argentina and India, have yields which are between 50 and 75 percent of those of the United States. Africa, which produces close to 10 million tons of wheat, operates with a yield of under 17 bushels per acre, approximately half that of the United States.

**Figure 8**  
**Average farm size**

	1960	1970	1975	1980
<b>West Germany</b>				
Average acres/farm	23	29	34	37
Index of farm size	6	7	9	10
<b>France</b>				
Average acres/farm	42	52	60	63
Index of farm size	11	13	15	16
<b>United Kingdom</b>				
Average acres/farm	-na-	142	159	170
Index of farm size	-na-	36	41	31
<b>United States</b>				
Average acres/farm	288	389	427	450
Index of farm size	74	100	110	116

The greatest dependence of the world on the agricultural production of the EC is for the provision of animal protein by milk. Europe supplies more than 20 percent of all types of milk in the world. **Figure 10** gives the details of milk production in major areas of the world, along with per-capita production. The per-capita production in the EC is well above that of the United States, which shows the European capacity for export. The per-capita production of the EC has risen sharply over the past ten years, while per-capita production has decreased in many of the less advanced countries. Protein malnutrition is now endemic throughout Africa, which produces only 66 pounds of milk per capita—little more than 10 percent of the U.S. consumption rate.

The well-developed European dairy production infrastructure could be used to produce rates of milk output sufficient to transform health standards in many parts of the world. Powdered milk and other dairy products are the best foods to provide animal protein to rapidly combat malnutrition, since under rough distribution conditions, milk needs no cooking, and can be consumed in any form.

Dairy herds in Denmark and other EC dairy regions are already among the highest-producing anywhere. But through application of the computer herd management equipment available in Europe, which assesses each cow's exact food, medicine, and breeding requirements every day, output could be increased by 20 to 30 percent. With the additional appli-

cation of herd improvement through superovulation, milk production could be doubled within a couple years.

At the same time, the EC has the processing facilities for "long-life" milk, preserved through ultra-high pasteurization, which can be shipped and distributed without refrigeration. And there are facilities for food preservation through gamma radiation. These have not been developed to any degree in the United States.

Figure 11 shows the productivities of workers and land in various countries at different levels of development, demonstrating the relative technology-intensive character of Eu-

ropean farming. Development is indicated by electricity use, both per worker and per acre. West Germany possesses the most developed farm sector per acre, and the second-most-developed per worker, of those for which data were available. Although the values for France are rather low, they represent a doubling of electricity use in agriculture in the 1970-1980 period. These values are closely correlated with overall yields and productivities, and indicate that energy intensity in farming is just as crucial as in industrial processes. The ability to use such energy cannot be acquired overnight. Infrastructure for electricity itself, movement of fertilizer and fuel into

**Figure 9**  
**Production and yield of wheat, selected nations**

	1960	1965	1970	1975	1980	1983
<b>United Kingdom</b>						
Production, thousand tons	3036	4171	4236	4489	8472	9860
Yield bu/acre	53.1	60.3	62.2	64.4	87.1	86.1
Index of yield	171	195	201	208	281	278
<b>France</b>						
Production, thousand tons	11010	14760	12922	15013	23683	24549
Yield bu/acre	37.5	48.4	51.1	57.4	76.6	75.1
Index of yield	121	156	165	185	247	242
<b>West Germany</b>						
Production, thousand tons	4965	4348	5662	7014	8156	8220
Yield bu/acre	52.8	45.6	56.3	66.7	72.4	75.7
Index of yield	170	147	182	215	234	244
<b>United States</b>						
Production, thousand tons	36955	35880	36861	57885	64745	64173
Yield bu/acre	26.1	26.4	31.0	30.6	33.4	40.1
Index of yield	84	85	100	99	108	129
<b>Mexico</b>						
Production, thousand tons	—	2278	3363	2785	—	—
Yield bu/acre	—	43.0	56.4	51.9	—	—
Index of yield	—	139	182	167	—	—
<b>Turkey</b>						
Production, thousand tons	—	11423	16578	16554	—	—
Yield bu/acre	—	19.4	26.4	27.2	—	—
Index of yield	—	63	85	88	—	—
<b>Argentina</b>						
Production, thousand tons	—	5873	11000	7780	—	—
Yield bu/acre	—	19.7	25.4	23.0	—	—
Index of yield	—	64	82	74	—	—
<b>India</b>						
Production, thousand tons	—	20859	28846	31830	—	—
Yield bu/acre	—	15.6	15.7	16.9	—	—
Index of yield	—	50	51	55	—	—
<b>Brazil</b>						
Production, thousand tons	—	1743	3215	2708	—	—
Yield bu/acre	—	13.9	13.5	12.9	—	—
Index of yield	—	45	44	42	—	—
<b>African continent</b>						
Production, thousand tons	—	7999	10218	8854	—	—
Yield bu/acre	—	14.4	16.2	16.3	—	—
Index of yield	—	46	52	53	—	—

Index is based on U.S. 1970 yield. The average quality of wheat in Europe is much lower than in the United States, since it is low in moisture content.

**Figure 10**  
**Milk production, selected nations**

	1960	1965	1970	1975	1980	1983
<b>Germany</b>						
Total (thousand tons)	19250	21184	21856	21604	24778	26100
Per capita (lbs.)	754	790	792	769	885	
<b>France</b>						
Total (thousand tons)	22972	26780	22963	24855	26859	30900
Per capita (lbs.)	1123	1205	995	1037	1101	
<b>United Kingdom</b>						
Total (thousand tons)	12080	11980	12873	13909	15958	16750
Per capita (lbs.)	521	484	473	544	625	
<b>EEC</b>						
Total (thousand tons)	—	—	73251	99744	113199	105000
Per capita (lbs.)	—	—	640	849	953	
<b>United States</b>						
Total (thousand tons)	55959	56445	53185	52424	58420	—
Per capita (lbs.)	681	639	606	534	565	—
<b>Turkey</b>						
Total (thousand tons)	—	—	4308	4817	5334	—
Per capita (lbs.)	—	—	268	265	259	—
<b>Mexico</b>						
Total (thousand tons)	—	—	4104	5233	7182	—
Per capita (lbs.)	—	—	176	191	227	—
<b>Brazil</b>						
Total (thousand tons)	—	—	7386	10049	10289	—
Per capita (lbs.)	—	—	170	204	185	—
<b>India</b>						
Total (thousand tons)	—	—	21343	25875	30930	—
Per capita (lbs.)	—	—	85	92	99	—
<b>African continent</b>						
Total (thousand tons)	—	—	12450	12766	14093	—
Per capita (lbs.)	—	—	77	69	66	—

farms, and the storage and transport of their products, machinery and its servicing, as well the provision and use of high-quality seeds, have been built up in Europe since the devastation of two World Wars. These capabilities are not yet fully used, but they have already produced results.

### France's agriculture under CAP

The Common Agricultural Policy (CAP), as designed by French President Charles de Gaulle, was a major force moving France's agriculture, as well as that of most other original members of the Common Market, into the 20th century. In 1950 France had only 140,000 tractors in use, and relied on over 2,500 draught animals. Wheat yield was 26 bushels per acre—less than the 1933 level during the Depression. Over five million people were involved in what could reasonably be described as "peasant agriculture."

By 1960, when the CAP was first instituted, the effect of guaranteed prices and support for investment had begun to be felt. Although there were 1 million fewer farm operatives, the area under cultivation had remained almost constant, and the yield of wheat had risen to 37 bushels per acre. Although there were still almost 1,900 draught animals, the number of

tractors had increased more than five-fold, as shown in **Figure 12**.

De Gaulle used the political base of the French farmers, and the power of the French nation, to maintain and increase the development of agriculture—in his own country and elsewhere in the Common Market. During the 1960s, the number of farm operatives dropped by almost half, and the average farm size increased by approximately 25 percent. Most notable was the rapid rise in the use of fertilizers, shown in **Figure 13**. Although total wheat production rose at a relatively slow rate of 17 percent, yield per acre rose at more than twice this speed. By 1974 French farmers were applying almost as much nitrogen and approximately half as much phosphorus and potassium as used by those in the United States.

Fertilizer-use trends also vividly show the downturn in the process of modernization after de Gaulle's death, and the depressing effect of the 1973 oil price shock. The U.S. Department of Agriculture's 1974 predictions for French fertilizer use trends indicate the trajectory which French agriculture was following up to that point—and which it failed to maintain.

**Figure 11**  
International yield comparisons, 1978

	Yield per Worker (Tons/yr per ag wkr)	Yield per Area (Tons/yr per ag acre)	Electricity Intensity (kWh/yr per ag wkr) (kWh/yr per ag acre)	
United States	351.0	.73	17,574	36.4
West Germany	70.0	2.38	6,099	234.7
France	58.5	1.41	807	19.5
Brazil	24.9	.97	154	3.7
Italy	22.7	1.08	1,092	59.6
Soviet Union	21.2	.31	3,805	55.7
Turkey	4.7	.36	18	1.9
South Korea	3.8	2.92	34	33.7
India	1.4	.43	81	30.6

Source: USDA, OECD Energy Statistics, Congressional Hearings on USSR, Soviet statistics, Brazil Census, DoC Export Opportunities in Brazil, Bank of Korea Economic Statistics Yearbook, Tata Services Ltd. Statistical Outline of India

**Notes:**

Agricultural acres (ag acre) are the sum of arable land, permanent cropland, and pasture land.  
In India, electricity for agriculture use refers to electricity for agricultural pumping. Yield is sum of all agricultural products.

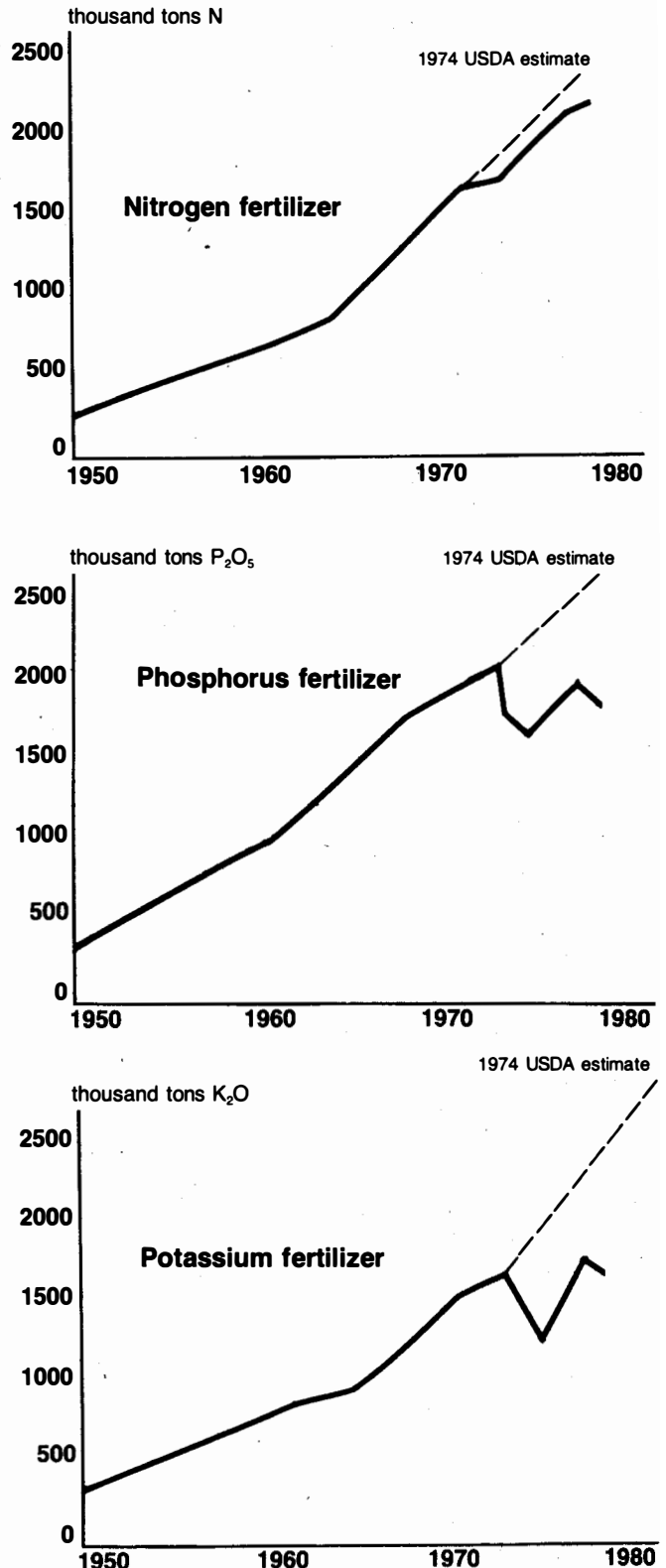
By 1982 the head of the farmers' union could proudly announce that one French farmer could feed 30 people, while in 1962 he had only been able to feed 7. But at the same time, the impact of the fall in the real prices of farm products was already hitting hard. Farmers were being forced to cut back on equipment replacement, quality seed, and fertilizer inputs, and maintenance requirements of their livestock. Demonstrating farmers handed out leaflets which complained that a tractor which in 1970 cost the equivalent of 45,000 kilos of wheat, was costing them 70,000 kilos. The process of technological improvement which had led to the *real* cheapening of food prices for the entire nation was being rapidly reversed. The failure of the CAP to overcome this has brought about its crisis today.

**Figure 12**  
Tractors in use

	1950	1960	1970	1975	1980
<b>France</b>					
Total*	140	743	1239	1363	1504
Number per farm	-na-	.42	1.15	1.13	1.33
<b>United States</b>					
Total*	3394	4685	4617	4434	4775
Number per farm	.63	1.26	1.69	1.78	1.97

\*Thousands

**Figure 13**  
Declining growth of fertilizer use in France



## U.S.S.R. and Iran deploy thousands for terror wave

by Thierry Lalevée

Under Soviet intelligence services' control, a pool of several thousand would-be kamikaze terrorists has been put together in recent weeks for deployment in the Middle East and the advanced sector. The Dec. 12 series of bombings in the Gulf Emirate of Kuwait have initiated, according to intelligence experts, a new international terror wave to culminate in Europe and the United States around Christmas and the New Year. Considered key targets following the Kuwaiti bombings of Dec. 12 are France, the United States, Britain, Saudi Arabia, Oman, and Pakistan. In more than half a dozen countries worldwide, regular law enforcement and police agencies as well as military installations have been put on alert to face this unprecedented terror wave, unleashed by the Soviet Union and its allies in preparation for an early 1984 global military crisis.

As pointed out by the French daily newspaper *Le Matin* on Dec. 13, the almost simultaneous explosion of six remote-controlled bombs in Kuwait at the same time that a dynamite-filled truck driven into the compound of the American embassy caused four deaths, required a high level of logistical organization generally not available to fringe terrorist groups. Such organization was necessary merely to bring the weapons used into Kuwait, to say nothing of using them. Thus, *Le Matin* posed, the supposedly Lebanese or Iranian origins of the Jihad al-Islamiyya group which claimed responsibility for the bombings are nothing but a cover for a direct Soviet KGB deployment from its regional headquarters in Damascus.

### Islamintern converts in Damascus and Teheran

The Dec. 12 bombings are the result of a reorganization of Iranian international terrorist operations, determined some

seven to eight weeks ago at a Teheran meeting of the newly created Islamic Institutions Unified Movement with most of Iran's ambassadors. Next there were several high-level planning sessions in Damascus under Soviet and Bulgarian sponsorship. Then came the Oct. 23 Beirut bombing attack on the U.S. and French peacekeeping forces there—and a gathering of international terrorists, which also took place on Oct. 23 at the Hôtel Président in Geneva under the chairmanship of Ali Duba, chief of Syrian intelligence.

The Teheran meeting was led by Ayatollah Khomeini's appointed successor, Ayatollah Montazeri. The latest achievements of the terrorist training operation at the University of Persepolis—run by North Korean, Soviet, Bulgarian, and Vietnamese teachers—were presented at the gathering. In addition, a reorganization of the Iranian diplomatic corps was imposed. Diplomats including Hossein Navab, the Iranian ambassador to Bonn, who were characterized as "too diplomatic," did not return to their posts. Navab's replacement was none other than Salari, a veteran of the taking of the American hostages in 1979!

At a more recent Dec. 6 meeting in Damascus, Foreign Minister Abdul Salam of Libya, representatives of South Yemen and of the PFLP-general command of Ahmed Jibril, and Hussein Zadeh, deputy foreign minister and chief of the Iranian pasdarans (Revolutionary Guards), gathered under the Syrian leadership. Hussein Zadeh was in Damascus days before the blowing up of the American embassy in Beirut last April and again in October. With him was "Ayatollah" sheikh Azari-Ghomi, chief of the Iranian revolutionary court. Azari-Ghomi left Damascus for Baalbek after the meeting, clandestinely entering France on Dec. 11. *This session to coordinate terrorism pooled 1,000 to 4,000 would-be kamikazes*





*The early stages of Islamic fundamentalism in Iran produced the women soldiers above. Now Iran—with full use of the resources of Soviet terrorist-training capability—has created thousands of fanatics to carry out suicide bombings against the West.*

ready to be deployed in the Middle East and in Europe.

The Palestinian forces of Yasser Arafat were meanwhile still besieged in Tripoli. There are conflicting reports about Arafat's stance toward the Dec. 7 bombings of civilians in Jerusalem. The bombing was claimed to have been done by Yasser Arafat's Palestine Liberation Organization, but the day after the atrocity, the Palestinian leader's chief spokesman, Abdul Rahman, told the press that Arafat definitely did not authorize the bombing. "The official PLO policy is not to hit civilian targets. We have not hit civilian targets for four or five years. We do not, as the leadership of the PLO, sit down and put civilians as the target for our resistance."

Other intelligence sources have reported, however, that a recent strategy session of Arafat's Fatah concluded that the only way for the organization to survive was to join in the mainstream of international terrorism, under the cover of fighting Syria, and that this is why Arafat's Palestinian faction claimed responsibility for the bombings which had in fact been perpetrated by the PFLP-GC of Ahmed Jibril, in an attempt to show that their forces were still able to strike at Israel. Further, Arafat is reported to have given an interview to the Tunisian magazine *L'Action* in which he boasts that without his PLO, Khomeini's Iranian revolution would never have been possible. It is possible Arafat is merely giving in to the plans of the Soviet and the Nazi/Communist international which fostered the PLO split in the first place with the aim of creating dozens of small Palestinian terrorist organizations.

The terrorism wave planned in Teheran and Damascus has several aims: 1) to spread the three-year-old Iraq-Iran war to the entire Gulf, especially Saudi Arabia, igniting the region including those countries considered "Western allies"; 2) to

put the international peacekeeping forces in Beirut in such an untenable situation that either a wider confrontation is unleashed or the troops withdraw; and 3) to target those countries which have troops in Beirut at home.

Although the Iranians, Libyans, and Syrians will be the vanguard of this operation, there is no doubt that local terrorist groups in Europe will participate. *Die Welt* recently reported that members of the Red Army Fraction (Baader-Meinhof), of Action Directe, and of the Italian and Japanese Red Brigades have been intensively trained in the Middle East by the Syrians and the Bulgarians. Most of these European terrorists are reported to be on their way back to Europe, to support if not participate in the planned kamikaze bombings. The kind of support the Europeans will give to the kamikazes was demonstrated by such blind terrorist attacks as the Irish National Liberation Army's planting a bomb in the middle of a busy shopping area in London Dec. 9. Irish terrorists are known to have developed extensive contacts with the Iranians in the last months, using Madrid as a key interconnecting point.

In the last few weeks, several Iranian commandos are known to have arrived in Europe via East Berlin and have reached West Germany for further deployment. In the European center of Iranian activity in Cologne, the commandoes were given new instructions. Some returned to the Middle East and may have gone to Kuwait to cover their tracks, but others remained in Germany. They will be put under the leadership of Azari-Ghomi, a close associate of Hojatessalam Khoienia, the leader of the students who took over the U.S. embassy in Teheran. In Paris itself, Ghomi has no less than eight former "students" who work out of the embassy as diplomats and represent the local command structure.

# Genscher caught red-handed in plot to break up NATO

by Umberto Pascali

U.S. Secretary of Defense Caspar Weinberger, with a powerful speech Dec. 6 before the NATO defense ministers on the need for joint and immediate European-U.S. development of directed-energy defense systems, succeeded in blocking an operation that could have split the Alliance from the inside. The attempt to wreck NATO was carefully prepared and triggered by the foreign minister of the Federal Republic of Germany, Hans-Dietrich Genscher, in complicity with his Italian counterpart, Giulio Andreotti, and Greek Prime Minister Andreas Papandreou. All three were acting as front men for the newly-elected NATO secretary general, Peter Lord Carrington.

Genscher's move was temporarily pre-empted by timely, forceful counterpressure applied by the United States. Yet, although the immediate threat to NATO was checked, the continuing presence of Genscher in the sensitive foreign ministerial role in NATO's core European member country is now demonstrably intolerable.

What conclusively proved that Genscher was acting on behalf of Soviet interests was the fact that he chose to target President Reagan's directed-energy defensive beam weapons policy as the core issue around which to decouple Europe from the United States. Thwarting the development and deployment of these defensive systems has been Moscow's absolute priority since the President's March 23 speech.

## The Genscher plot

The Genscher plot—what he tried is a plot in the full meaning of the word—surfaced Dec. 2, when Genscher ordered a document he had written distributed to every foreign and domestic journalist in Bonn. In “delphic” diplomatic language, Genscher accused the United States of failing to inform the European allies of its strategic decisions and in particular of something the minister considered very dangerous for Western Europe: “Longer-term strategic perspectives, including those *which concern outer space* [emphasis added], are topics which affect the common security interests of all who believe in the unity of the alliance area.” Genscher proposed a series of special informal meetings of the NATO foreign ministers, a sort of supranational body to be granted quasi-decisional power.

The paper also featured a direct attack on the present U.S.

administration. “One important topic of such meetings must be the development of East-West relations from a longer-term perspective. To this end greater conceptual clarity is necessary. It is equally important that the Alliance strategy be shared by all NATO members and not *put at stake whenever there is a change of government.*” Generous of praise for Soviet Union, Genscher went so far as to advise Moscow on how to pacify the ferocious Americans: “By pursuing a prudent policy of moderation, the Soviet Union can influence the United States.”

The document was then “translated” for the public through a pair of violently anti-American articles published, explicitly as comment on the minister's “position paper,” on Dec. 5 and 6 in Genscher's personal outlet the *Bonner Generalanzeiger*, under the revealing title “Dynamite in the Alliance.” “Decoupling problems are not only threatening the alliance from the Soviet side. . . . Decoupling [Europe from the United States] is also the issue of President Reagan's decision to develop a missile defense system operating in space which is to make the United States invulnerable. The American tendency to autarchy is dramatically underscored by this. Europe's security, after the realization of such a gigantic project, would be then only of second-rank interest for the leading power of the West. The plan alone, still never discussed with the partners, can additionally disrupt the international balance of power *even more than the Soviet SS-20s.* . . . A lot of dynamite has piled up in this Alliance. . . .”

The leak made it immediately evident to informed observers that Genscher was acting as the most exposed agent of NATO Secretary General Carrington. “Carrington,” an official of the West German Defense Ministry told *EIR*, “is going to move the hardest in the NATO bureaucracy to paint the U.S. beam-weapons program as endangering the alliance, and he will seek to strengthen the line and impression that this is a U.S. ‘national policy’ which leaves the Alliance out in the cold and is therefore decoupling the U.S. from Western Europe.”

## Athens: The plot moves forward

Genscher presented his document to his European colleagues at the European Community (EC) meeting in Athens on Dec. 5, collecting several supporters according to sources.

It was at this meeting that the British, Genscher, and Andreotti almost succeeded in blowing apart the European Community by manipulating the issue of agricultural production. (Never until that moment had Andreotti showed such determination to "defend" the Italian economy. Under Andreotti's tenure as Italian prime minister nobody, for example, had opposed the decision to destroy European steel pushed by EC Commissioner Count Etienne Davignon.) In Athens, the precondition was set for a trade war with the potential to pull Western Europe apart.

On Dec. 6, Genscher briefed U.S. Secretary of State George Shultz in Bonn on Europe's "conditions" for remaining U.S. allies. At the same time Andreotti and Italian Prime Minister Bettino Craxi made it official that Italy was going to withdraw its troops from Lebanon, to punish the United States. Craxi announced from Athens: "I think we will leave in Beirut only a military hospital."

At the NATO winter meeting in Brussels, the centrifugal tendencies had built up so much that NATO members like Denmark, Holland, and Belgium, not to mention pro-Soviet Papandreou's Greece, voiced reservations and refused a full commitment to the NATO Northern Air Defense Belt. Meanwhile, the Norwegian parliament passed a resolution on stationing Euromissiles by only a one-vote majority.

### **Euro-American beam-weapons defense**

It was into this shaky situation that Weinberger intervened with his Dec. 6 speech, as *EIR* reported last week. The U.S. defense secretary's call posed the basis for what an authoritative Italian military source defined as the "most powerful military-political-industrial lobby in modern history, which will change everything"—the transatlantic beam weapons lobby.

There are few public reports on the Weinberger speech, but the ferment is already palpable in France, Italy, and among military and industrial circles in other NATO countries, with the partial exception of Germany, where the Carington-Genscher influence prevails. One of the few newspapers to cover the speech was Italy's leading daily *Corriere della Sera* on Dec. 7: "In a briefing to the journalists in Brussels on the speech by Weinberger, a high Pentagon representative said that, according to Weinberger, NATO should try to surpass the Soviet arms buildup by using new electronic technologies and the application of laser beams."

According to military sources this is an euphemistic characterization of the intervention of the U.S. defense secretary, who also reportedly stressed the need for tactical use of beam weapons. "Install laser beams on tanks?" another source told *EIR*. "Not only on tanks. What was discussed is to install these technologies on every weapon powerful enough to carry them! Here the ferment is growing. . . . I foresee the end of the polemics between beam supporters and the conventional weapons industry." The question of tactical use of beam weapons was at the center of a successful seminar organized by *EIR* in Rome Nov. 9. On Dec. 14 a military source inside NATO, referring to the lack of any mention of

beam defense in the communiqué from Brussels, told *EIR*: "I want to stress that the fact that there are not public reactions from inside NATO does not mean that the thing did not go into the process of decision-making. It is wrong to assume that only what has been made public was really done."

### **The hot potato**

Suddenly, after the intervention of Weinberger in Brussels, Andreotti changed his mind and talked about a possible reduction of Italian troops in Lebanon "in the future." Genscher dropped the issue. The spokesman of the foreign ministry in Bonn began denying to journalists that the minister had ever written a document or made any proposal. "This is the Italian press, which always lies," he said. "It is absolutely sure," confirmed a leading Italian journalist in Bonn, "but I think they are embarrassed now because this proposal was rejected by the Americans. I myself received the document personally."

The foreign ministry press office insisted that probably the Italian press was referring to a meeting organized by Andreotti in Rome on space technology, where a blacklist of countries considered too "dangerous" to get such technology was drawn up. The Italian foreign ministry vehemently denied the existence of a blacklist and confirmed the existence of the Genscher proposal ("We have the press releases"). No details were given on the mysterious Rome conference, identified by Rome sources as "on space technology non-proliferation."

The haggling between two close anti-American allies shows the potential weakness of the "plotters." Inside Andreotti's party, the Christian Democracy (DC), a pitched battle is shaping up in anticipation of the party congress in February. Andreotti and the present secretary, Ciriaco de Mita, are already in minority vis-à-vis a coalition led by former Prime Minister Arnaldo Forlani. Commenting on Andreotti's neutralist tendencies, DC parliamentarian Publio Fiori, very close to Forlani, responded to *EIR*'s briefing on beam weapons development: "The foreign policy issue is definitively part of the pre-congress debate. . . . We saw, it is true, the emergence of what you call neutralist tendencies, but the forces around Forlani have the majority and we are determined to reaffirm Italy's Atlantic loyalty."

At the NATO meeting it was also decided to increase conventional arms. The defense ministers, after Weinberger's briefing, announced a plan for the construction by 1984 of 700 tanks, 260 fighter planes, submarines, and other weapons. New technologies will be developed. According to inside sources, the reactions of the Europeans have been in general "positive."

A demand for Genscher to step down at once has been made by the Europäische Arbeiter Partei (EAP) of West Germany. The forced resignation of Genscher would be a signal both to the allies and the Soviets that the West has decided to clean Moscow agents-of-influence out of its leadership, and to establish at full speed an adequate beam-weapons defensive system.

# The Soviets slam Pugwash group as war gearup grows

by Rachel Douglas

In the first hours after a stormy meeting of the Pugwash "back-channel" disarmament forum in Geneva Dec. 12, word leaked out from distraught Western participants that Soviet military representatives had caused a "complete disaster" at the session. "The Russians walked into the meeting and said 'Nyet,'" according to one source. "The generals were stone-cold, and even said at one point that the utility of Pugwash had come to an end, and [Pugwash] *should be wiped out*. . . . They never did something like this before. The people at Pugwash are very depressed."

The elite Pugwash group, initiated by Britain's Bertrand Russell, has privately pre-negotiated with Russia in advance every strategic policy commitment undertaken by U.S. presidents since the late 1950s, dismantling U.S. defenses under the banner of "arms control," while Soviet strategic superiority grew relentlessly. Leading Pugwashers from the Western side include W. Averell Harriman, Henry Kissinger, and Robert S. McNamara (the latter attended the recent Geneva session).

The Moscow delegation came to the meeting to send a wave of terror shooting through the "back channel." The threat of a complete Soviet shutdown of the Pugwash channel immediately raised the spectre of a war the Pugwashites had held to be "unthinkable." Shock waves are already rippling through Britain, where one top Sovietologist is preparing an article entitled "What the Hell Is Going to Hit Us?"

## Warsaw Pact war mobilization

Pugwash spokesmen were quick to insist that, despite the confrontations behind closed doors, nothing "serious" had occurred. At the final press conference, Pugwash official Martin Kaplan announced that the meeting had backed the eighteen points listed by Robert McNamara in a recent *Newsweek* article, including unilateral Western disarmament moves to comply with Soviet negotiating demands, and a "freeze" on deployment of U.S. cruise and Pershing II missiles in Europe.

But the reality of Soviet global actions during the past weeks reflects the pre-war atmosphere which in fact shaped the Pugwash confrontation. Soviet diplomats reportedly sig-

nalled that Moscow intends to break off the last of the main three arms-control talks, the Mutual and Balanced Force Reduction (MBFR) talks in Vienna, where NATO and the Warsaw Pact have been wrangling over conventional force levels in Europe for ten years. The Soviets have already terminated Soviet-American intermediate-range missile negotiations (INF) and refused to set a date to renew Soviet-American strategic arms talks (START).

The first Soviet short-range SS-21, SS-22, and SS-23 missiles have begun to be installed in East Germany and Czechoslovakia, according to the Yugoslav press agency Tanjug—a decision formally taken at the Warsaw Pact defense ministers' meeting on Dec. 4.

A meeting of Warsaw Pact member chiefs of staff had a three-point agenda: 1) development of new weapons and defense capabilities, 2) making these weapons available to the alliance, 3) reducing the time required to reach full combat-readiness.

In East Germany, Defense Minister Gen. Heinz Hoffmann announced a 7.2 percent increase in the defense budget, which he promised would be evident to every citizen by the reduction of consumer goods supplies.

The Soviets are increasing pressure on Finland to integrate completely into the Warsaw Pact defense structure and on Sweden to collaborate, according to reports in the Finnish press. Although Finnish military officials already announced that their air defenses would shoot down cruise missiles aimed at the Soviet Union and passing over Finland, the Finnish press speculates that the Soviets will now demand "military consultations" with the Finns, in view of the imminent threat of war. Such consultations are mandated under certain circumstances by the 1948 Friendship and Mutual Assistance Treaty signed by Finland and the Soviet Union; it provides for consultations in the event of a threat of attack against the U.S.S.R. "by Germany or Germany's allies." Although this clause has never yet been invoked, Nikita Khrushchev threatened to do so in 1961 in connection with the Berlin crisis, and the wording has never been changed.

The question of Soviet-Finnish military consultations and the demands on Sweden are being linked to NATO's deployment of cruise missiles in England, which would pass over Scandinavia en route to targets in the Soviet Union. The Soviets are also putting the British cruise sites under direct threat, with measures similar to what they have done vis-à-vis the United States, by placing nuclear-armed submarines off the coast. According to the London *Daily Telegraph*, former Navy Minister Speed has reported a shift of "significant numbers of [Soviet] cruise missile submarines from their Northern Fleet to the Baltic to put them closer to targets in this country and Northern Europe." Speed said a Soviet *Juliett*-class submarine, armed with four 250-mile-range cruise missiles, passed through the English channel in October and the cruiser *Slava*, with 16 cruise missiles, sailed around northwest Scotland in November.

# Lord Carrington and the betrayal of Her Majesty's Secret Service

by Mark Burdman

Coincident with the decision by British Home Secretary Leon Brittan on Dec. 8 to release most of the secret papers pertaining to the case of British fascist Sir Oswald Mosley, it has become fashionable in certain London circles to start reminiscing about the fate meted out after World War II to Lord Haw Haw and John Amery, both hanged for having collaborated with the enemy.

It is being recalled in certain quarters of the British Secret Intelligence Services (SIS) and MI-5 that there exists a precedent in this century for defining a concept, in British terms of reference, of *treason*. The consensus politics and compromises intrinsic to the British "Establishment" have put the reins on use of the concept, but it is not to be excluded that in the not-too-distant future, some of the "old boys" of Her Majesty's Secret Service may decide that the behavior of Lord Peter Carrington falls under that category.

Now that Carrington has been officially designated Secretary-General of NATO, various factions within the Establishment, including members of the House of Lords strongly opposed to Carrington's actual policies, have decided to band together behind Carrington in the "higher interest" of Her Majesty's Government's control over the crisis-management mechanisms of the Western alliance. The idea was put crudely by the *Sunday Telegraph's* Gordon Brook-Shepherd on Dec. 11: Carrington's appointment meant that "les Anglo-Saxons" were again in control of the military and political branches of NATO for the first time since the 1950s.

But that does not dampen the extraordinary restiveness among elements of British intelligence. Military intelligence "old boys" are reportedly fuming over the role Carrington played in the "Falklands affair." "British intelligence was sending urgent dispatches about the military confrontation that was about to happen, and Carrington sat on everything," one source told *EIR*. "Then the intelligence service got blamed for so-called intelligence failures. There is a growing feeling that Carrington set the services up for a fall." Some insiders,

he said, are convinced that Carrington contrived the whole "Falklands affair" from the beginning, to throw British defense posture off balance in the context of his "balance of power" ("New Yalta") global wheelings and dealings with Moscow.

But consider the role Carrington is playing now in making the British Isles vulnerable to a pre-emptive strike from the East: If the full weight of this dawns on relevant nerve centers of the services, all hell will break loose.

## The Soviets' Western pre-emptive strike command

Carrington, like his co-thinkers in the Pugwash Conference circuit in Geneva, is committed to the maintenance of the doctrine of Mutually Assured Destruction ("deterrence") and to the prevention of the return to classical defense doctrine which would mandate crash development of beam weapons by the United States and the associated industrial-technological revolution that would go along with it.

The Soviets, from their side, have in reality never adopted the "deterrence" strategy, and in mid-December, at the Pugwash meeting in Geneva, they kicked the MAD chess game over, announcing in effect that they were launching a global confrontation whether the congregated epigones of the late Lord Bertrand Russell liked it or not. This threat so terrified the Pugwashers that they bowed and scraped before the Soviet generals present and mobilized their entire international network within hours to induce the Western alliance to make new concessions to Soviet blackmail.

The Pugwash stalking horse within NATO is Carrington himself. A British parliamentarian close to Carrington assured a confidant in London on the eve of the Pugwash meeting that Carrington would guarantee the sabotage of the American energy-beam development program and would keep NATO within the MAD regime.

Herein lies the rub: What the Soviets issued at Pugwash

was a pure and simple announcement that they were moving toward world war. According to University of Edinburgh Sovietologist John Erickson, who maintains conduits into the coterie around Soviet Chief of Staff Nikolai Ogarkov in Moscow, the Soviet war plans now include the creation of five "pre-emptive strike commands," including an operational "Western" strike command preparing military action against the territory of Great Britain itself. Corroborating information known to American, French, and Israeli intelligence, Erickson reported that the Soviets were engaged in unprecedented efforts to build an "invulnerable defensive system" based on application of lasers and particle beams to antibalistic-missile complexes, and that the Soviets were forging well ahead of the United States in these areas.

Why is Carrington silent on matters known to British military and intelligence circles, matters involving the continued existence of the United Kingdom itself? Why, for that matter, is Carrington so fanatically opposed to the doctrine of strategic defense for the West that would inclusively increase Great Britain's own chances for survival in the coming months?

According to Erickson, the Soviets have stepped up surveillance and reconnaissance provocations against Scotland and contiguous areas, with an ultimate view, in his evaluation, to act directly against underwater sensors in and around Scottish territory. During the week of Dec. 12, units of the Soviet Baltic fleet have begun to make menacing operations around British territory. As Erickson points out, Yorkshire is at the demarcation line between Soviet "northern" and Baltic military operations, and this is a point of intense Soviet pressure, in the context of an expanding matrix of Soviet provocations against Iceland, Spitzbergen/Norway, and other sensitive points, in preparation for pre-emptive Soviet military action in the period ahead.

Erickson's contentions were expanded on Dec. 12 in the *Daily Telegraph* of London, by former Navy Minister Speed, by Vice-Admiral and Vice Chief of Naval Staff Sir Peter Stanford, and by Admiral of the Fleet Sir Henry Leach, former First Sea Lord. Speed warned that the Soviets had shifted a "significant number of cruise missile submarines from their Northern Fleet to the Baltic to put them closer to targets in this country and Northern Europe," and had sent a submarine armed with four 250-mile-range cruise missiles through the English channel in October and the cruiser *Slava*, with 16 cruise missiles, sailing around northwest Scotland in November. Stanford and Leach warned of the inadequacy of Britain's capabilities to meet the threat.

The silence of Lord Carrington and his Foreign Office collaborators on these matters is deafening. Why?

Those interested in preventing the United Kingdom from being transformed into a radioactive heap would be obliged to desist thinking of Carrington as representing actual British interests, in the sense of 900 years during which the British Isles have never been conquered. Carrington is rather to be

regarded as of that Geneva-centered grouping, with branches in Venice and Genoa, which has predominantly controlled Britain only for the past 300 or so years, since the 1688 Glorious Revolution. It was Geneva which manipulated leading British factions into the folly that necessitated Benjamin Franklin's American Revolution, and it is the same quality of folly which is about to walk Britain and the Atlantic Alliance into the abyss.

The families for which Carrington speaks are, internally, completing the transformation of Britain into a Sodom and Gomorrah, a de-industrialized heap of drug users and homosexuals. They are savaging British defense capabilities, and they abhor the U.S. beam-weapons program insofar as that might help regenerate the United Kingdom's technological and industrial infrastructure as well.

### **The shock of Chirac**

Carrington does not assume his office as NATO Secretary-General until the spring of 1984. Before then, it is not to be excluded that a survival instinct of the same sort that gripped factions of the Cliveden set in early 1940 may re-emerge, and that Carrington's betrayal may become too much even for the Establishment to stomach.

Curious rumblings began to surface in the first days of December, immediately following the trip of French opposition leader Jacques Chirac to London.

On Dec. 1, during comments made at the prestigious Royal Institute of International Affairs, Chirac dropped a bombshell: He called for West Germany to be defended with beam-weapons systems as the most effective way of defeating neutralism and pacifism in the Federal Republic (see *EIR*, Dec. 20).

The proposal was front-page news in French newspapers, but never made the press in the U.K. On Dec. 2, London insiders who attended the RIIA event lied that Chirac had never made any such statement in London. One Thatcher intimate told *EIR*: "Nobody is thinking of beam weapons here." The latter fellow, one week later, had gone through a fascinating transformation. He still could not "remember" Chirac having spoken about beam weapons, but he declared: "Beams are in. The principles are accepted."

Developments in Paris, not only around the Gaullist Chirac, but also concerning President Mitterrand himself, had taken on an unexpected dimension. The London *Financial Times* Dec. 13 published a half-page op-ed about how Mitterrand now embodied the institutional forms of the Fifth Republic founded by de Gaulle, in terms of unflinching commitment to national defense. In British Pugwash circuits, the word was put out that the French could not be "trusted" and were acting like mavericks.

The truth that dawned on the Establishment, as much as they hated to admit it, is that the United States and France had embarked on complementary, if not cooperative, efforts for developing beam weapons. This, in a sense equal to the

Soviet threat itself, has begun to create a panic in Establishment circles that balance-of-power control over the West could fall out of British hands, unless an adaptation in policy were made. Under the most optimistic circumstances, this could mean that Britain will be compelled to enter into a American-French-British "directoire" policy arrangement to survive; the price could be the political head of Lord Peter Carrington.

### Treason in Britain: the Mosley case

In the United Kingdom, the question of treason, such as it is, reflects intense behind-the-scenes intrigues involving the royal family, the intelligence services, the banking world, and so on. The victims are chosen with a selectivity aimed at protecting the broad oligarchic principles of the British system.

Hence the gambits emerging around the release of the "Oswald Mosley papers." Based on interrogations of Mosley and other documents accumulated before and during the second World War, the papers contain an enormous wealth of material reportedly implicating a wide array of Establishment and royal family figures in backing not only the avowed fascist Mosley but European fascist movements more generally. That the British were massively involved in nurturing fascism in the 1930s, and that Establishment figures were involved in backing Hitler into the 1940s, is well known. But what is the motivation behind their sudden release now, when they were originally to have been kept secret until the middle part of the next century?

Notably, gossip is passing around London parlor circuits that Tory right-wing hardliners like parliamentarian Julian Amery will be hardest hit by the new revelations, especially as Amery's brother John had been hanged for collaborating with the Nazis. For all his idiosyncrasies, Julian Amery is today an outspoken advocate of strong Western defenses for meeting the Russian war threat. By the same token, why was John Amery selected as an example after the war? By the standards of Justice Robert Jackson's interpretation of the Nuremberg Codes and principles of treason in accordance with republican natural law, scores of Establishment figures should have met the same fate, but in Britain decisions are made for other reasons.

Among the most outspoken campaigners for the release of the Mosley papers has been the left-wing Labour Party Tribune Group faction, interfacing elements of Soviet intelligence and the U.S. Anti-Defamation League. Their motivations have all the outward cast of moral purity. In the words of parliamentarian Norman Atkinson, the aim is to show the "relations between the British fascist leader Mosley and the royal family." Ex-M.P. Stan Newens told the *Jerusalem Post* Dec. 9: "It is not Mosley who was being protected by the records being kept closed. A whole group of the British establishment was prepared to come to terms with Hitler, and after the war, they preferred that their past views should be forgotten. Today, people tend to forget that many people in

the Conservative Party and in the establishment were prepared to make a deal with Hitler. They were prepared to come to terms with him even as late as the early years of the war. There is a very important job to be done today in exposing this state of affairs. There is a great deal about Mosley and the Fascists which still has to be brought to light."

So far, so good. But, then this curiously worded conclusion: "There are lessons to be drawn today from these issues if we are to take an intelligent approach to current problems such as whether to support fascist governments as alternatives to communist regimes."

Of course, the insiders know better: It was "communist" Russia which backed, and in some cases helped to create, "fascist" movements as a way to destroy the West. Various British Establishment figures in the "Children of the Sun" grouping of the 1920s were godfathers of this "Nazi-Communist" assault against Western civilization.

Apparently, some people in the "Services" have begun to sniff a rotten egg. MI-5 historiographer Nigel West, in the Dec. 10 *Times* of London, draws attention to the fact that six files out of 140 in the Mosley papers are being withheld. He puts forward the hypothesis that "the most fascinating and explosive files of all relate to Moscow's intervention in the British Fifth Column." A certain "pro-Nazi" spy named Tyler Kent, West indicates, was most likely a Soviet spy run through Nazi networks.

"MI-5's postwar investigators learned that in fact Kent had been recruited by the Russians while on attachment to the American Embassy in Moscow," West writes. "The implication was that much of the pro-Nazi subversion . . . in the early months of the war had in fact been orchestrated from Moscow, not Berlin. It will be recalled that during this period, the Ribbentrop-Molotov Pact of August 1939, which allied the Soviet Union to Nazi Germany, was in force and remained so until the invasion of Russia in June, 1941. . . . Far from covering up the alleged involvement of senior politicians with the Blackshirts, the files are more likely to contain information concerning that most sensitive of all subjects, Soviet penetration of the security service."

As important as it is to bring out the question of Soviet use of Nazi networks at this point in history, the issue is still broached within the maze of intelligence warfare. As of this writing, wild fights are taking place between British factions, in intelligence and inside the Freemasonry, apparently over control of drugs, terrorism, and so on.

But the reality is that Britain, and the NATO alliance, stand at the precipice of obliteration by the Soviet Union. British "survival" would dictate defining as treason those who are using their cherished "channels" into the East to lull the West into surrender and suicide. It is those influentials in the U.K. involved in the byzantine Soviet games indicated by Nigel West who need to be given their walking papers, and the British would do themselves and the world a favor if they began this process with Lord Peter Carrington.

# Spetsnaz: The Soviet special forces arrayed against the West

by Luba George

High-level European and other Western intelligence sources have recently been stressing the existence and potential deployment of special elite Soviet commando units, known under the acronym *spetsnaz*. The *spetsnaz* (*spetsialnogo naznacheniya*), literally "Special Purpose Forces," are trained in commando tactics, sabotage, and assassination, and are fluent in the languages of the countries where they will be deployed.

The mission of the *spetsnaz* commandos is to destroy key military installations, especially communication and transportation infrastructure, or capture and hold these installations until the advancing Red Army arrives. These missions are all linked to collaboration and logistical support that would be given to the *spetsnaz* by pro-Moscow "fifth column" elements in each country. Similar sabotage and assassination missions are also slated for a "pre-war" phase of operations—for which the Soviets are now mobilizing their nation and their international assets.

## Soviet 'Brandenburg Division'

The *spetsnaz* form a branch of Soviet military intelligence (GRU) under a joint directorate of military intelligence and the KGB, and were set up before World War II as motorized infantry units of the NKVD, as the KGB was then called. They are the Soviet equivalent of Nazi Germany's Abwehr Brandenburg Division commando units which were sent behind enemy lines just before the outbreak of fighting on each front. During the Nazi regime and especially during the period of the Hitler-Stalin Pact, the Abwehr and then "*spetsnaz*"-GRU worked closely together, prefiguring the present-day collaboration between the Swiss-based Nazi International (which includes successors to the Abwehr's nationalities sections) and the Soviet KGB.

Starting with a Soviet defector's account of *spetsnaz* training and activity, published in the September 1983 issue of the Swiss *International Defense Review* under the pseudonym "Viktor Suvorov," several European publications have written on the *spetsnaz* this year. Intelligence agencies are giving this information serious attention, in view of the activation of Soviet-linked terrorists in Europe.

According to Agence France Press, there are over 1,500 elite troops in each *spetsnaz* unit, "specializing in sabotage and assassination of foreign politicians." The news service asserts that there are two main commando training camps in

the Soviet Union, one near Odessa on the Black Sea and the other near Kirovograd, south of Kiev, both in the Ukrainian Soviet Socialist Republic. *Spetsnaz* units are stationed in East Germany (GDR), Hungary, and Czechoslovakia, the three Warsaw Pact states directly bordering the West. French sources report that *spetsnaz* units based in Romania are trained for missions against France in war or near-war situations.

The West German newspaper *Die Welt* disclosed that there are between 1,200 and 1,500 such Soviet commandos in the GDR alone, stationed at four bases: one near Cottbus, southeast of Berlin; one near Prenzlau, northwest of Berlin; one north of Berlin; and the fourth at an undisclosed location. Both the GDR and Bulgaria have their own highly trained units analogous to Soviet *spetsnaz*.

## 'The *spetsnaz* are already there'

Suvorov's report emphasized that *spetsnaz* forces include agents who stake out, or even settle in, the target countries long before an outbreak of hostilities. Soviet sports teams traveling abroad, comprised of top athletes from the Central Army Sports Club, are a common cover for *spetsnaz* missions, he wrote.

Historically, every advance or invasion of the Red Army has been preceded by *spetsnaz* commando operations. This was their function in World War II under the command of NKVD Major Gen. Pavel Sudoplatov, who coordinated sabotage and assassination operations, together with Soviet and communist partisans, in Nazi-occupied Europe.

*Spetsnaz* units played a crucial role in the Soviet invasions of Czechoslovakia in 1968 and Afghanistan in 1979.

In Czechoslovakia, these units seized key installations in Prague (including the airport) and arrested Czechoslovak party chief Dubcek and his colleagues. Selected detachments aided in the pro-Soviet coup of April 1978 in Afghanistan, which overthrew the Daoud regime, and these Soviet special forces units led the assault on the Presidential Palace in Kabul Dec. 27, 1979, killing President Hafizullah Amin, and installed the current Soviet puppet, Babrak Karmal.

During the Soviet invasion of Afghanistan two days later, *spetsnaz* deployed to seize airfields and other key installations before the regular troops arrived. These Soviet units, stationed in Soviet Central Asia and Afghanistan, could potentially be used in advance of a Soviet military move into



Iran or for commando operations against Persian Gulf oil facilities.

These units also function now, as in the past, as a Praetorian Guard for the Kremlin leadership. For example, during World War II, an NKVD motorized infantry unit was responsible for defending the Kremlin in case the Wehrmacht advance was not stopped and German Army units penetrated to Moscow.

### Spetsnaz deployments of 'truck drivers'

A key element in the Kremlin's spetsnaz operation, many sources stress, is the deployment of truck drivers from Eastern Europe, especially the Soviet Union, Bulgaria, and the GDR. These truck drivers have been identified by Western intelligence services as constantly involved in the following areas of illegal activities:

- weapons-smuggling in sealed trucks;
- transportation of illegal espionage equipment and Western money to fund subversive movements and agents;
- espionage, including "scouting" military and logistical installations on the spetsnaz sabotage "hit list";
- assassination and kidnapping operations.

According to the French magazine *Le Point*, there has been a huge increase in Bulgarian truck traffic in the West between 1980 and 1982. The same increase in GDR trucks traveling through West Germany has been observed in the same period.

### Assassination attempt on Helga LaRouche

*EIR* investigators of the September 1981 vehicular homicide attempt against European Labor Party (EAP) Chairman Helga Zepp-LaRouche—which security services have confirmed was a professional operation—find it no mere coincidence that the driver who forced her car off the Autobahn near Hannover was a "professional truck driver" who had "fled" from the GDR to the West.

The intended victim and her husband, *EIR* founder Lyndon LaRouche, have been classified as the primary individual, strategic enemies of Moscow since March 1983, when U.S. President Reagan adopted aspects of LaRouche's proposed defensive anti-nuclear missile (beam weapons) policy. Moscow made its fear of LaRouche and the effects of his policy proposals clear when *Izvestia*, official daily of the Soviet government, carried an attack naming LaRouche and Reagan for promoting U.S. development and development of beam-weapons in its Nov. 15 issue. Five days later, on Nov. 20, the same paper carried an article hysterically denying the existence of the spetsnaz, and attacking Western reports on the spetsnaz and their activities.

The official investigation into the attempted murder of Mrs. Zepp-LaRouche was dropped. In France, investigations into Bulgarian trucking in Western Europe and related weapons-smuggling operations have also been dropped. The smell of "fifth column" support for spetsnaz activities permeates repeated refusals to undertake even minimal and standard security investigations of these incidents.

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# LaRouche Proposes a Cure for Israel's Economic Emergency

*Democratic Presidential candidate Lyndon LaRouche has just completed A Proposal to Begin Development of A Long-Range Economic Development Policy for the State of Israel. The proposal, which is excerpted below, is being circulated within Israel by two of LaRouche's associates who have been invited to address a conference on drug abuse in Tel Aviv Dec. 18-22.*

I believe that the time has come for *EIR* to undertake an in-depth study of possible outlines of a "crash program" for economic development of Israel. The included purpose of such a study by our private agency is to make available to the U.S. government and U.S. policy-influencing channels a concrete policy recommendation concerning outlines of U.S. assistance to Israel's development, an assistance policy which considers both immediate and longer-term strategic implications of Israel's greatly increased economic strength. . . . The study should include an overview of high-impact economic development projects and policies for neighboring countries and regions of Asia and Africa. This should seek to identify points of direct cooperation . . . and efforts which Israel and other nations should encourage politically whether or not direct Israeli involvement were included. Of the nations of the region, only Israel and Egypt command the resources of competence to contribute a leading part in defining practicable approaches. . . .

## **The Israeli economy as such**

The principal problems of the Israeli economy are the high per-capita indebtedness and the spill-over of the "post-industrial society" policy from the U.S.A. and Western Europe.

The debt-ratio is not an insoluble problem, provided the U.S.A. considers the viability of the Israeli economy a matter

of the vital strategic interest of the U.S.A. and Western Europe. Mere agreements on the restructuring of Israel's foreign debt could make that aspect of the combined problem manageable. The erosive effects of Israel's drift into becoming a "post-industrial society" is immediately the fundamental problem.

For the moment, forget all those topics which excite the sexual interest of the monetarist species. Limit our attention to the real economy. Treat any national economy, including Israel's, as a consolidated agro-industrial enterprise. In this view, the correlatives of the portion of the total labor-force employed in production of physical goods represents the costs of production for such a consolidated agro-industrial enterprise; the residue of employment, including unemployment and other waste, is analogous to the "overhead expense" of an individual firm. . . .

It were desirable that Israel's labor-force be apportioned in approximately the following ranges: (a) 55-60 percent for combined production-costs plus national defense, (b) 5 percent or more for research and development, (c) of production costs, less than 10 percent needed to produce required agricultural domestic needs plus a significant agricultural export-volume, and (d) less than 40 percent in various categories of administrative, sales and services other than research and development. Israel should have relatively the highest level of per-capita energy production-consumption in the world for both industrial and agricultural production.

This should be nourished by a public school and university system modeled upon the principles of Wilhelm von Humboldt's policy for German education, directed toward providing the overwhelming majority of Israel's youth the quality of Humboldt-policy education which in Germany never extended beyond a limited, elite portion of the gym-

*nasium* pupils, each steeped, on graduation from secondary schools, in a combined classical and pre-scientific education.

The emphasis in Israel's economy should be to foster agro-industrial employment of the labor-force of a small nation in the most advanced agro-industrial technologies in the world, with heavy emphasis upon research and development and advanced categories of machine-tool production of high-value per unit-weight in export markets.

Consistent with this, Israel's technology-policy should be that of leap-frogging the advanced level of technologies in other nations, selecting those aspects of leap-frogging potentials which are adapted to a nation with a relatively tiny national labor-force.

For this purpose, contemporary science's frontiers define three general categories from which Israel's opportunities are to be drawn: (a) High-energy, organized plasma-regimes, pivoted around the mastery of controlled thermonuclear fusion as a primary energy-source. Areas such as spin-polarized inertial confinement fusion regimes, including applications of directed-energy-beam plus "exploding wire" ignition are exemplary of suitable areas of specialization. (b) Full-spectrum directed, coherent electromagnetic radiation, from the microwave through particle-beam portions of the spectrum. (c) The subordination of advances in bio-technology to mastery of the principles of life accessed through comprehensive research protocols addressing the problems of mastering problems of diseases of aging of human tissue in living persons (immunology, etc.).

. . . Israel has a natural potential for becoming a leading force in technology-transfer to and among developing nations.

For example, India's BARC, IIT, and related scientific capabilities, plus an urban labor-force now approaching sixty millions, is the leading, most under-utilized scientific-production potentials of the world. The agricultural research institutions of India are among the most valuable in the world. If these potentials were better-organized and properly marketed, as India so far has been unable to accomplish by its own initiatives, a tremendous economic power could be unleashed. . . .

For example, Egypt is the reservoir of technological potential of the Arab world. It is not necessary, in this location, to detail the difficulties of realizing that potential. If the Qattara Depression project were implemented, to develop an agro-industrial energy-producing center in that location, and if the opening of an "old-new" branch of the Nile into the Qattara exit were developed, this would represent a fundamental leap forward in Egypt's development. Integral to this undertaking is the case of Sudan, whose underdeveloped agricultural potential represents the future breadbasket of northern Africa. . . .

If biomass-growth is fostered adequately over a region including Egypt-Sudan, and the Middle East into the Euphrates-Tigris valleys, the vapor transpiration regulated by adequate biomass-growth over such an area means the production of new auxiliary weather-rainfall systems. This ben-

efit is secured by promoting developments to the west of the Nile, including (a) a central sub-Saharan water-management project pivoted around the creation of a lake in Zaire to supply water into the vicinity of Lake Chad, and water-management projects in the western sub-Saharan region, supplemented by development of a brush-barrier along the Sahel-Sahara boundary. To facilitate this development, France should develop the "logistical spine" of a main-trunk, high-speed rail-system from Dakar to Djibouti.

For this entire region, the medium-term policy should be the utilization of fission-power, steering India to produce thorium-cycle heat-temperature gas-cooled reactor units as part of its role in the international division of labor. Israel's leading included concern should be the development of qualitative improvement of methods of desalination of water through aid of advanced physical principles—the strategic key to north Africa and the Middle East. . . .

In practice, Israel has the political leverage to tilt U.S. policy in this direction, and thus to make Israel's role in such directions practicable. . . .

Israel is in fact a "garrison state," a condition imposed by circumstances not readily nor quickly altered. Military-security considerations and economic-security considerations must be efficiently integrated in this small nation. The resolution of this requirement is accomplished by a military general-staff policy and practice modelled upon the precedent of Lazare Carnot's work for France. This implies the required, coherent approach to the logistics of Israel, its development as an anti-"post-industrial society," a very advanced high-technology exporting agro-industrial nation. . . .

### **Jewish contribution to Western civilization**

Today, as we have emphasized in an earlier location, Israeli policy, and Jewish outlooks more generally, are divided between emphasis upon the Holocaust of 1938-1945 and emphasis upon approximately 2,000 years of Jewish survival under conditions of diaspora. It is our view and proposal that the Jewish state must employ the proven genius of the diaspora. As the Jew survived through all the persecutions into 1938-1945, through contributions to the cultures of the nations among which Jews were dispersed, so the Jewish state as a state among nations may employ the "Jewish genius" for contributing to civilization as a whole upon the premise of Israeli strategy. This power on which we focus our attention here is the power obtained by mobilizing a commitment to development of the powers of the human mind, to produce thus something good needed by nations. . . .

What we propose for Israel is the implementation of a "knowledge-export" policy: the restructuring of the composition of employment of the Israeli labor force needed to make Israel in net effect a "knowledge-exporting" economy. . . .

In Israel and adjoining areas, including Egypt and Sudan, the emphasis must clearly be on development of agro-industrial complexes associated with nodes of large-scale energy and water-management infrastructural projects. Some of

these, including an amplified Mediterranean-Dead Sea canal-project, are within Israel's physical means. For other cases, Israel's potential role is that of a participating vendor. In both kinds of instances, this sort of development is the world-market setting for Israel's foreseeable potentials—on condition that the world comes back to its senses on monetary and economic policy-issues. . . .

### **The cultural impact of economic policy**

The general threats to Israel's existence are the same as the imminent peril to civilization entirely. These threats include the Soviet government's continuing escalation in the direction of an early thermonuclear confrontation with the United States. . . .

More immediately, in the Middle East, including Egypt and Sudan, global currents take the form of an accelerating, deadly spread of an insurgency of lunatic *Sufism*, merely typified by what is loosely named "Islamic Fundamentalism." This Sufi movement appears to be dominated today by Nazi financial interests of Switzerland. . . . This is not a matter of quaint old SS men hiding under burnouses in Aleppo or Damascus, and calling themselves some silly name such as "Sheikh Ahmed von Schicklgruber"—like Switzerland's Ahmed Huber. . . . The Islamic-Nazi-centered network is a semi-autonomous force of increasing strategic significance in the world today. Worse, massive collaboration between this network and such Soviet agencies as the KGB and Oriental Institute tilts the strategic balance of forces in regions of the world. . . .

Israel is confronted by the need for short-term fire-fighting measures to contain the rising danger accumulating at its borders. This is perhaps generally agreed upon in Israel. . . . Short-term military solutions, supplemented by paramilitary intelligence operations are not to be discarded categorically, of course. The medium-term, to long-term solutions must be predominantly cultural-political. The task is that of shaping military and related policies in such a way that these do not negate the medium-term to long-term measures required. . . .

Rather than proposing something so neat, but also so simplistic as the "westernization" of Islamic nations, I would propose that the rise of the Arab renaissance is a precedent to be studied. The task is that of stimulating among Arabic-speaking populations a humanist culture, a republican culture. The key to this is to make the fact that the divine potential of the individual, expressed by creative-mental powers, is the valuable and real aspect of the new-born child. Let that single principle do the work. Set that principle into efficient action with aid of technological progress. Defend technological progress, and aid selectively if indirectly those forces which reflect the desired process. Shape the promotion of technological progress to serve this spiritual purpose. . . .

Let us take out the maps of the world, the maps of the region most emphatically. Let us proceed to plan the blossoming of the region, economically and culturally, over the coming two generations. Let us be master statesmen. Let us be philosopher-kings.

# The disappearance What role did the

by Judith Wyer

Since Secretary of State George Shultz conferred with Syrian President Hafez Assad in early July, Syria has come increasingly under Soviet military control, and there are signs that a group of Syrian hardliners within Assad's inner circle has usurped much of the Syrian strongman's power. And yet the State Department still insists that Assad can be pressured to the negotiating table.

The turn came on Nov. 12 when Assad disappeared from public sight. Since then rumors have abounded about his multiple ailments; there were also reports that a bodyguard acting as a Soviet agent attempted an assassination which left Assad seriously wounded.

Assad's disappearance was timed with Syrian Foreign Minister Abdul Khalim Khaddam's visit to Moscow, where differences were aired over a number of subjects, including Syria's military drive against Arafat. Moscow displeasure at the Assad regime is said to have touched on Assad's proclivity toward "keeping the door" open with the United States, and his even leaning towards President Reagan's Mideast peace policy if it included returning the Israeli-occupied Golan Heights to Syria.

### **Satrapy of Moscow**

Moscow is quickly transforming Syria into a powerful satrapy in Moscow's global war buildup against the United States. Secretary of Defense Caspar Weinberger warned on Dec. 14 that the U.S.S.R. had increased its number of "advisers" in Syria by 1,000 in recent weeks to a total of 8,000. Soviet personnel exclusively man the SS-21 and SAM-5 missile systems on Syrian territory; Syrian forces are reported to be prevented from entering these missile sites. Late last month Syrian Defense Minister Mustaffa Tlas boasted that these missiles are capable of hitting both the U.S. fleet off the Lebanese coast and major population centers in Israel, including the Negev, the suspected site of Israel's nuclear arsenal.

Since the Tlas statement both Israel and the United States

# of Syria's Assad: Soviets play?

have stepped up air reconnaissance over Syrian missile sites. Israel has deployed unmanned drones over Syrian territory to activate these systems and survey their capabilities and exact locations, in preparation for possible air strikes inside Syria which Washington analysts say will be triggered should Tlas's late-November warning of eventual Syrian air kamikaze strikes on the U.S. flotilla be borne out.

Two days before Assad's disappearance, Syrian Culture Minister Najah al-Attar circulated a secret document to the leaders of the ruling Ba'ath Party calling for a Syrian-centered nationwide front to challenge the United States and Israel. The document states: "Our front against American aggression now consists of Syria, the Palestinian units, the National Lebanese front, Libya, South Yemen, Iran, and Algeria. This front is capable of powerful blows that will make the United States suffer very heavy losses and sustain attrition, week after week, and month after month, as in Vietnam. This conflict will not remain either local or limited. We can marshal enough regional and above all international forces to stand up to the United States and Israel."

Both Tlas and Al-Attar, a member of the leading Syrian Muslim Brotherhood family, are considered to be rising stars within the secretive Ba'ath ranks. They have been the most outspoken in defending the Syrian-Soviet military axis. With Assad's future in question, these hardliners are thought to be Moscow's choice.

Assad's brother Rifaat, the head of Syrian intelligence and security, is seen as the most likely replacement, but there are questions as to how long he could maintain power. There have already been some personnel changes within Syrian intelligence which reflect Soviet pressure on Damascus to toe its line. A few months ago one General Ghanem, a leading official in Syrian intelligence, was sacked over the issue of Syria's bid to take over the PLO.

## Soviet deployments

On Sept. 26, not long after the first reports that the

U.S.S.R. was deploying SS-21 missiles to Syria, Al-Attar told a Kuwaiti newspaper that the Soviets had formulated an emergency plan to transport 25,000 Soviet troops to the region in the event of an all-out war with Israel and the United States.

The same day Hafez al Assad disappeared, the London-based weekly *Al Majallah* quoted Arab diplomats that a Soviet military delegation had just visited Damascus to request the construction of a Soviet naval base at Tartus.

Less than a month later, Soviet Marshal Ogarkov, the chief of staff of the Soviet Armed Forces, made his first trip outside the Warsaw Pact this year, visiting Algeria at the invitation of the Algerian defense ministry. Ogarkov reportedly requested increased Soviet-Algerian military cooperation, including Algerian military support for Syria in the event of war, and increased Algerian naval cooperation in the eastern Mediterranean.

Days before Ogarkov arrived in Algeria, European sources reported that Libya had deployed a submarine into the Eastern Mediterranean to "observe" the U.S. fleet off the Lebanese coast. Libya is said to have built up an impressive fleet of mini subs and gunboats equipped with fast missiles.

Since early November Damascus has been the center of intensive diplomacy involving the Warsaw Pact countries, Libya and South Yemen, the radical Arab allies of Iran and Syria, and Palestinian extremists out to eliminate Yasser Arafat. Damascus has been the planning center of a two part anti-U.S. strategy; first drawing the United States and Israel into direct military confrontation, and second intensifying global terrorism utilizing Muslim suicide squads trained in Iran by North Koreans and Bulgarians.

## Iranian terrorists in Syria

Syria has increasingly become a transit point for Iranian terrorists to enter Lebanon and beyond. On Nov. 30, Mostafa Mirsalim, the chief adviser to Iranian President Ali Khomeini, conferred with Syrian Foreign Minister Khaddam in Damascus. Also at the meeting was director general of the Afro-Asian affairs of the Iranian foreign ministry Hossein Lavasani, who had just visited the northern Lebanese town of Tripoli. The same day the Lebanese press reported that Iranian revolutionary guards armed with surface-to-surface missiles were brought to Beirut's southern suburbs near the U.S. Marine outpost and within shooting range of the U.S. fleet. Iran reported about the same time that it was deploying 4,000 martyrs to Syria, code words for yet another terrorist deployment.

White House Special Envoy to the Middle East Donald Rumsfeld began talks on the Lebanese crisis Dec. 14 in Damascus only hours after the U.S. warship *New Jersey* delivered the most powerful attacks to date from the U.S. fleet against Syrian positions in Lebanon's Bekaa Valley.

The day before Rumsfeld arrived in Damascus, the Syrian Ba'ath regime called nationwide mass demonstrations against the United States and Israel.

# Ershad versus the fundamentalists

*Susan Maitra writes from New Delhi on the Bangladesh government's efforts to separate the responsible political opposition from the Soviet-backed Islamic fundamentalists.*

Bangladesh leader Lt.-Gen. H. M. Ershad has taken bold political measures to quell the violence that broke out following his announcement in mid-November of elections next year. First came the forced expulsion on Nov. 30 of 18 personnel from the Soviet embassy in the capital of Dhaka and the closing of the Soviet "cultural center." The Soviet Union had 100 people stationed in Dhaka, 36 of them accredited "diplomats," while the United States maintains only a 24-person embassy. The U.S.S.R. is infamous for its practice of overstaffing its embassies and consulates with KGB agents.

A week later Ershad released from custody the two leaders of the umbrella coalitions of the country's 22 opposition parties: Sheikh Hasina Wazed, daughter of the late Sheikh Mujibur Rahman, the founder of Bangladesh, and Khaleda Zia, widow of the assassinated former president Ziaur.

With this action, Ershad is attempting to separate out the responsible opposition leadership from the Soviet-centered provocateurs who have stirred up the violence. As early as July this year, Soviet-backed leftists and Islamic fundamentalists held a combined conference where they plotted out the destabilization of the Ershad government.

Ershad also declared himself President on Dec. 7, after he had announced on Nov. 28 the formation of his own political party, the Jana Dal. Ershad said the Jana Dal is based on four principles: nationalism, Islamic ideals and values, democracy, and progress. One of the party's seven main objectives is to increase the political participation of the armed forces in the country's government.

Since the formation of Jana Dal, large-scale disturbances have broken out all over the country. In Chittagong, a port city in eastern Bangladesh, at least one person was killed when police opened fire on demonstrators who were setting fire to navy patrol cars. Since then violence has diminished, but the discontent still simmers.

Ershad has vowed that martial law will not be lifted again until after the 1984 elections. Bangladesh has been under martial law since March 1982, when army chief Ershad took

power after a bloodless coup against the government of Bangladesh Nationalist Party leader President Abdus Sattar. Although demands to lift martial law have continued through these 20 months, the 22 political opposition parties failed to unite over a common program.

The Bangladeshis' deep mistrust of the military and of Islam has roots in the 1971 liberation movement. It is the Pakistani military's insane killing of the local people which remains vivid in their memory. Ershad spent the liberation struggle period in West Pakistan and became an expatriate after Bangladesh became a nation.

## **Islamic fundamentalism?**

The opposition has charged the Ershad government with pushing "Islamicization" in coordination with Mideastern countries Bangladesh depends on for economic aid, including Saudi Arabia and Kuwait. The strongest challenge to Ershad came last February after the government tried to make Arabic and English compulsory at the primary school level. The government explained that this would make Bangladeshis better able to secure jobs in the Middle East. When this policy was made known, the campuses erupted against the attempted "Islamicization." On the morning of Feb. 14, more than 25,000 students in Dhaka marched toward the secretariat, where Ershad lives and works. When the marchers were intercepted by the police, a bloody battle ensued in which at least four students were killed and more than 100 injured. Soon after, Ershad withdrew the policy, and an uneasy truce between the army and the students was established.

In reality, Ershad has been battling *against* Islamic fundamentalist forces within the army, including some former colleagues of his. Following an attempted coup in June of this year, Ershad stripped a number of high army officers of their posts, including Major-Gen. M. Chowdhury, the home minister, and Major-Gen. Abdur Rahman, commander of the Dhaka garrison, because of their involvement in promoting Islamicization.

Ershad also expelled the Saudi ambassador 15 months

ago for interfering in the country's religious affairs, when the ambassador denounced allegedly "un-Islamic" practices in Bangladesh.

Long before Ershad came to power, President Ziaur Rahman, considered by most Bangladeshis an ardent nationalist, had befriended the Arab nations and sought financial assistance from them. It is also reported that the fundamentalist Al-Badr group had been allowed to flourish in Dhaka since the days of Ziaur Rahman.

Opposition leaders, backed by the campus leaders, formed various alliances to use the momentum of the February clash to mount pressure on Ershad to lift martial law and restore democracy. A 15-party alliance led by Sheikh Hasina Wazed, president of the largest faction of the Awami League and daughter of the late Sheikh Mujibur Rahman, the founder of Bangladesh, and a 7-party alliance led by Khaleida Zia, senior vice-president of the Bangladesh Nationalist Party and widow of President Ziaur, assassinated in May 1981, demanded an immediate end to martial law and the return of the army to the barracks. Other demands included the restoration of democracy and fundamental rights; an end to all restrictions on political activity; election to parliament by this winter, and transfer of power to the people's representatives; release of all political prisoners and trial of those responsible for the student-police clash in February; and compensation to the families of those killed by police.

Ershad responded to some of these demands. He lifted press censorship, relaxed martial law, allowed political activities, and lifted some curbs on the trade unions. He announced an 18-point program covering economic and social development, especially in the rural sector. Finally on Nov. 12, he announced that next May 24 direct elections for the presidency will take place. He set Nov. 25, 1984, for elections to the 300-member parliament. Both the opposition alliances summarily rejected his proposal, insisting on holding presidential elections first, followed by parliamentary elections. Their goal is to change the Bangladesh constitution to abolish the presidency and create a purely parliamentary system. They called for a week of nationwide demonstrations from Nov. 17-24, and a nationwide general strike on Nov. 28. On that day, the military regime announced the formation of Jana Dal and the wave of violence followed.

Ershad has attempted to broaden his base of popular support through policies of reducing bureaucratic delays and inefficiency in administration. He has been touring the rural areas urging the people not to vote for "the politicians," and it would not be surprising if his supporters won these local elections hands down.

### Foreign policy polemics

While the opposition charges that Ershad is pandering to the Islamic fundamentalists, he delivered a speech at the 14th Annual Islamic Foreign Ministers Conference in Dhaka in December, denouncing the wealthier nations of the Mideast for not doing enough to aid the poorer countries—such as his

own. He charged that the secretariat of the Organization of Islamic Countries has failed to implement agreed-upon programs, and that the achievements of the countries in it have been negligible in 14 years despite the tremendous wealth many of them have amassed.

Ershad's tongue was honed by the fact that several delegations, particularly the Saudis, had snubbed Bangladesh by refusing to send ministerial-level delegations. The Saudis are still smarting from Ershad's ejection of their ambassador 15 months ago, when he was discovered making provocative financial and political forays on behalf of the Islamicization of Bangladesh.

Another act that exacerbated the agitation against Ershad was his recent trip to the United States, where he met with President Reagan. That trip has been scored by the left in both Bangladesh and neighboring India. The Communist Party of India-Marxist (CPI-M) newspaper *People's Demonstration* of Nov. 20 accused Ershad of discussing with Reagan "not only the internal affairs of his own country, but the bilateral issues between Bangladesh and India as well, such as the Ganga water dispute." The article claimed that Ershad, speaking before the U.S. Chamber of Commerce, "gave the shameful assurance that all nationalized enterprises in Bangladesh would shortly be returned to private hands."

The Indian left's attack on the Ershad government took a more violent turn in Calcutta on Dec. 3 when the All-India Student Federation, a student wing of the Communist Party of India, allegedly threw bombs and stones at the Bangladesh deputy high commissioner's office and burned Ershad in effigy. This occurred three days after the expulsion of Soviet diplomats from Bangladesh.

Ershad has dealt skillfully with regional issues, such as Bangladesh's relations with neighboring India. During his 20-month rule, Indo-Bangladeshi talks have proceeded cordially on unresolved issues such as the sharing of Ganga waters, and providing the corridors through Bangladesh to connect the north of the Indian state of West Bengal with the rest of the state. Last August in a two-day meeting of the Indo-Bangladeshi joint economic commission, it was agreed to expand and accelerate cooperation in economic, commercial, and industrial fields, with special emphasis on improving telecommunication and air links. It is generally admitted in India that Ershad's administration has shown greater interest than that of any previous Bangladesh leader in resolving the outstanding issues with India.

But in the present crisis, Ershad has received no vocal support from neighboring India. The Indian state of Assam is putting pressure on New Delhi to stop the inflow of illegal immigrants from Bangladesh. Ershad has expressed resentment at Indian Prime Minister Indira Gandhi's announcement that India will put up a fence along the Assam-Bangladesh border. In early December, the chief minister of Tarapura, leader of the ruling CPI-M government there, repeated earlier accusations that Bangladesh was training armed guerrillas for insurgency operations in northeast India.

# Will Alfonsín be a new Jimmy Carter?

by Cynthia Rush and Dennis Small

When Argentina's new president, Raul Alfonsín of the Radical Civic Union (UCR), was inaugurated on Dec. 10, the event brought to an end seven years of military dictatorship that imposed harsh Friedmanite economic policies on that country. But despite his popular mandate to resume industrialization and accelerated growth, President Alfonsín is acting more and more like an Argentine version of Jimmy Carter: talking a blue streak about human rights while threatening to dismantle his country's all-important nuclear energy program, the key to increased living standards.

Alfonsín announced less than a week before his inauguration that he was taking the country's nuclear program—the most successful in Ibero-America, with two functioning heavy-water plants and the just-announced capability of enriching its own uranium—out of the hands of the Navy, which has run the program since its inception in the early 1950s. Alfonsín added that he was establishing a special advisory committee to “review” the plans of the country's Atomic Energy Commission (CNEA), now to be headed by Foreign Minister Dante Caputo.

Caputo is a vocal adherent of the Socialist International, a graduate of France's anti-technology Sorbonne University, and a close friend of such international anti-nuclear luminaries as West Germany's Willy Brandt. Placing Caputo in charge of a review of the nuclear program is like asking Count Dracula to run a blood bank.

## State Department socialist?

In announcing his decision to take the country's nuclear program out of the hands of the military at exactly the point the major breakthrough on enriched uranium had been achieved, Alfonsín gave credence to the “Carterite” line which has inundated the international press: that Argentina's nuclear program is geared principally toward the production of an atomic bomb. Alfonsín vowed that his government would do no such thing, and swore that he would rein in any military officers who might be considering that option. He also hinted that his administration might be willing to sign the Non-Proliferation Treaty (NPT) or the Ibero-American Tlatelolco Accord, both designed to limit Third World nations' access to advanced technologies on the pretext of stopping the spread of nuclear weapons.

The pressure on Argentina to abandon its nuclear program comes principally from the U.S. State Department, which since the Carter years has tried to sink the program in every possible way, from the international banks which hold Argentina's \$40 billion foreign debt, and from the Kremlin. The Soviet ambassador in Buenos Aires, Oleg Kvasov, delivered a threatening diplomatic note a few days before Alfonsín's inauguration. “We continue to declare that the U.S.S.R. will under no circumstances use nuclear weapons against countries that do not have these weapons in their territory,” said the note. Like much of the Western press, the Soviet message suggests that Argentina is “building the bomb.”

Sources close to the nuclear industry told *EIR* that the consequences of the CNEA's reorganization will be to block large investments required for research and expansion, and to create the conditions by which Argentina will have eventually to sign the Nuclear Non-Proliferation Treaty. “This is the triumph of the Carter Doctrine,” these sources said, “in which there is no distinction between peaceful and military uses of nuclear power.”

Argentina's nuclear program, launched in the 1950s at the initiative of Gen. Juan Perón, has for years been the target of anti-growth forces who hate the thought of a developing-sector nation possessing an independent technological and scientific capability. Even more dangerous in their eyes has been the commitment of Argentina's National Atomic Energy Commission (CNEA) to collaborate with and assist other Ibero-American nations in setting up similar programs, and provide them with necessary technology and personnel training.

Alfonsín's Carterite drift has not been limited to the all-important nuclear issue. He invited as special guests of honor to his inauguration leaders of the opposition forces in countries today run by military governments: Wilson Fereyra was there from Uruguay, PMDB leaders came from Brazil, and opposition spokesmen from Chile and Paraguay were present. From the United States, Alfonsín invited his friend and fellow human rights advocate, Patricia Derian—the Carter administration's human rights coordinator who played a leading role in denying Argentina access to nuclear technology during 1976-80.

President Alfonsín has hinted at a quid pro quo. An unnamed government official was quoted in the Dec. 8 *Washington Post*: “What impedes us in the nuclear field is the question of the Malvinas. . . . With the Malvinas question unresolved, we don't have freedom of action on anything else.” Presumably Alfonsín will proceed to further restrict nuclear development if the Reagan administration promises to pressure Britain into negotiating its dispute with Argentina over the Malvinas Islands. Alfonsín is also asking U.S. help in compelling Argentina's creditors to be more “flexible” in renegotiating the foreign debt. Both “conditions” are viewed abroad as a small price to pay for the obliteration of the Argentine nuclear program.



## **The spy that went out of the fold**

*The arrest in Boston of an East German spy threatens to uncover more than one sensitive East bloc operation in Mexico.*

On Nov. 3, 1983, Mexican political circles were surprised to learn of the arrest of East German professor Alfred Zehe in Boston, Massachusetts, while presenting a physics paper on the study of vacuums.

According to FBI accusations, Zehe participated in an attempt by the state security service of the DDR to bribe an employee of the Center of Electronic Systems Engineering of the U.S. Navy, located in Charleston, South Carolina, in an effort to obtain films of technical manuals and secret formulas related to U.S. military research.

The employee involved had first been approached by personnel of the East German embassy in Mexico in October 1982. He reported the contact to the FBI and the Office of Naval Intelligence, who instructed him to play the game to see where it led.

By July 1983, it had led to a drop-off of film materials in East Berlin to Alfred Zehe.

But Zehe, a Ph.D. graduate of Leipzig in natural sciences, was only in Berlin himself on a short tour. His main base of operations for the past seven years has been Mexico. Mexican security investigators believe the case could lead to major revelations of how the KGB and related intelligence services work in Mexico, particularly in terms of control of terrorists and manipulation of political groups.

Zehe was first deployed to Mexico from the DDR under cover of a professorial exchange program between

the Technical Institute of Dresden and the Autonomous University of Puebla (UAP). The initial exchange ran from 1976 until 1980, in which year Zehe moved to the University of Sinaloa in the northwest. At his new post, he founded an Institute of Metallurgical Research. In both places, he directed the thesis work of a number of Mexican graduate students, and came to enjoy great prestige and a wide circle of acquaintances among the Mexican scientific community.

Zehe's assignment to Puebla and Sinaloa was no accident. Both universities are hotbeds of radicalism (with a Jesuit tinge) and terrorism.

The case of the UAP is exemplary, and must now be re-examined in light of the Zehe case. Radical rector Alfonso Vélez Pliego, a product of the Jesuits' Instituto Oriental, assumed control of the university at the same time Zehe first appeared on the scene in the mid-1970s.

In April of 1983, Vélez Pliego popped up at the head of a Mexican delegation to a *Green Book* conference in Libya sponsored by the joint KGB-Nazi thug Qaddafi. Two months later he rushed to the defense of FALN terrorist Willie Morales, apprehended by Mexican authorities on the outskirts of Puebla as Morales prepared a bomb attack on a U.S.-Mexico parliamentarians' meeting. Security sources identified Luis Ernesto Arévalo, a UAP philosophy professor and close collaborator of Vélez, as the main Mexican contact of Morales.

The first week of December, the rector of the Patrice Lumumba University of Moscow, Dr. Valeri Stanis suddenly showed up in Puebla to present Vélez Pliego with the "Great Medal of Friendship among Peoples" from the University, the first of its kind to be presented to a Mexican rector. His work in "facilitating exchange" between the UAP and the universities of the East bloc was stressed in the accompanying citation.

The terrorist support apparatus of both Puebla and Sinaloa swung into action immediately after Zehe's arrest to portray Zehe's work in Mexico as purely that of a worthy academic, and his arrest as part of "U.S. imperialist policies" designed to disorganize the scientific work of Latin American universities. Vélez Pliego charged that a "new McCarthyism" was at hand.

The UAP has now shown up in the forefront of efforts to build a "nuclear freeze" movement in Mexico, under the East bloc marching orders it so fervently defends. The university hosted a special conference of Mexican scientists on peace and disarmament, which concluded its sessions Nov. 25 with a call for the Pershings and other Euromissiles on the Western side—but not the Soviet SS-20s—to be rolled back.

The leftist weekly *Proceso*, much of whose editorial staff is made up of current or "former" Jesuits, subsequently picked up the standard KGB marching order to attack President Reagan's efforts to build beam-weapons technologies, with a lampoon against effective defense measures in the West in its issue the third week of December.

The question now occupying investigators is what the connections may be between the KGB nests in Puebla and the "right" fascist party, the PAN.

## Colombia defeats terrorists

*A national demonstration—with international support—forced kidnappers to release the president's brother.*

**J**aime Betancur Cuartas, the brother of Colombia's President Belisario Betancur, was released unharmed on Dec. 7 from a three-week kidnapping by members of the National Liberation Army (ELN), a terrorist group linked to Colombia's powerful drug mafia.

The ELN was forced to release Betancur by the mobilization of the population of Colombia in support of his brother's government. The kidnapping was an attempt to split and bring down the government, and end the effective war on drug production and export President Betancur has waged since he took office in 1982.

The ELN dared to kidnap Jaime Betancur, the former head of the Council of State, because they were gambling on rallying popular support for their "cause" with demands for wage increases for agricultural workers and freedom for "political prisoners."

The terrorists' move backfired. The response of the Colombian population—and of foreign governments and international organizations—was to denounce the kidnapping and the ELN's demands, and to call an international day of protest to back President Betancur in his fight against drugs and terrorism.

Jaime Betancur was released on the day that Colombia's civic, political, and religious organizations had set as a national day of demonstrations "for peace and against violence." With the release, the protest turned into a celebration. Precisely at 12 o'clock the nation stopped work, record stores

played the national anthem, churches rang their bells, and people took to the streets. In the capital city of Bogotá, organized labor held a march at the Plaza de las Nieves, and the city's taxi drivers association sent their cabs into the street trailing white banners. People waved white handkerchiefs from almost every window in the city. That evening, the citizens of the country's second largest city, Medellín, marched in a torchlight parade organized by the Catholic Archdiocese.

In Bogotá, members of the Andean Labor Party, the Colombian Anti-Drug Coalition, and the Club of Life, held a rally where the speakers told those assembled that the President's brother had helped to save the nation during his earlier tenure as head of the Council of State. They cited Jaime Betancur's leading role in the fight against the attempts of the drug-linked former President Alfonso López Michelsen to alter the constitution to permit the free flow of drug monies in Colombia.

The international Club of Life and Anti-Drug Coalitions had organized support for the Colombian demonstration in North and South America and Europe. A statement issued Dec. 5 by president of the International Club of Life Helga Zepp-LaRouche pointed to the "unrelenting war on the drug mafia" which President Betancur has waged since he came to power, and called on the governments and peoples of the world to join in two minutes of silence to coincide with the Colombian protest. Mrs. Zepp-LaRouche cited the political power being exer-

cised by the population's willingness to stand up to the terrorists, which was creating the opportunity to expand the demonstration into an international protest against all terrorism.

The Club of Life's Venezuelan chapter went to the Colombian embassy in Caracas and joined the diplomats and their families in the two minutes of silence. In Mexico City, some 40 members of the Club of Life held a demonstration of support in front of the Colombian embassy, after which the leaders of the group met with the ambassador, who thanked the Club and said that he hoped it would continue to hold such demonstrations.

The Club of Life organized support demonstrations for the Colombian anti-terrorism fight in U.S. and European cities. Rallies were held in cities including Hamburg, Hanover, and Düsseldorf in West Germany, and the Swedish and Italian Anti-Drug Coalitions sent delegations to the Colombian embassy to join in the two minutes of silence.

The forced release of Jaime Betancur was a victory for the Colombian war on drugs. Both the ELN, which has rejected every offer to negotiate made by the government under a program of amnesty for the guerrillas that plague the country, and former Liberal Party presidents López Michelsen and Turbay Ayala, who held a congress of their faction of the Liberal Party Dec. 2 to denounce Betancur "for failing in his promises to the people," have lost credibility with Colombians.

Soon after, the Lopez-Turbay group demanded controlling power in Betancur's cabinet for members of their faction, under a law requiring representation for the party that comes in second in the elections. This would force the ouster of Justice Minister Lara Bonilla, a leader of the war on drugs.

## The beam fight is going strong

*Trudeau's call for denuclearization—probably written in Moscow—is not the only strategic policy in town.*

Those who have been watching Canadian Prime Minister Pierre Trudeau globetrotting in behalf of a program of denuclearization, might get the wrong idea about what is going on in Canada. A recent visit by *EIR* to Ottawa revealed that Trudeau by no means has his country sewn up behind his freeze-nik views and that he is in danger of losing his platform for pushing them altogether.

Trudeau released his "new initiative" for disarmament at the conference of the British Commonwealth in late November. It was what might have been expected from this Maoist member of the Club of Rome. He called for the superpowers to attempt new negotiations by merging the INF and START talks, and added the plea that the Nuclear Nonproliferation Treaty be strengthened.

But the word in Canada is that Trudeau was not the author of his Pugwash-style proposal for denuclearization. The real author was Count George Ignatieff, chancellor of the University of Toronto, and founding member of the Pugwash conferences. Count Ignatieff is a former prospect for governor general and a close friend of the incoming head of NATO, Lord Peter Carrington.

Even more interesting is the count's family relations. Most important is his close friendship with his cousin, Commodore Valetin Ignatieff, who is not a Canadian citizen, however, but rather the current deputy defense attaché at the Soviet Embassy in Canada. The family lineage has in fact dominated Russian/Soviet military intelligence for at least two

centuries.

In this case, it appears that blood—Russian blood—runs a lot thicker than citizenship. The Ignatiev family was extremely prominent under the czar and among the prime movers of the anti-Semitic pogroms. George's grandfather, Gen. Nicholas Pavelvitch Ignatieff, was a key manipulator of the Balkan wars of the 1870s and a creator of the Okhrana.

Now they seem to be well integrated into a plan to carry out the same kind of racist pogrom throughout the rest of the world, a project the Ignatieffs jointly cherish with Canada's top one-world Malthusian activist, Maurice Strong, and their Canadian Organization for Development Through Education.

So it appears likely that Prime Minister Trudeau is actually peddling goods made in Moscow!

But Trudeau by no means has the full support of his government behind him. There are increasingly large sections of the Canadian political elite who are not turning toward Moscow, but toward Washington.

On Nov. 23 the U.S. administration arranged a briefing for Canadian Defense Minister Jean-Jacques Blais and chief of the defense staff Gen. Charles Edouard Theriault on the U.S. defensive beam weapon program. The briefing, given by Richard Cooper, assistant to Undersecretary for Defense Research and Engineering Richard DeLauer, made it clear that the United States had an irreversible commitment to the beam program. Equally importantly, the U.S. emissaries conveyed the offer to the Canadians to

join the United States in implementing the multibillion beam defense program.

Positive response to such an offer is of course the strongest in Conservative Party circles, but not restricted to them. Canadian Liberal member of Parliament Thomas Henri Lefebvre, rapporteur for the North Assembly, told *EIR* a few months ago that a team of Canadian experts had convincingly demonstrated the feasibility and the desirability of beam weapons. The "Draft General Report on Ballistic Missile Defense (BMD) and East-West Technology Transfer," submitted by Lefebvre to the Assembly's Scientific and Technical Committee, was endorsed by the committee on Oct. 2.

The report concluded that "whatever the arguments for and against BMD, this much is clear: The Soviet Union's BMD effort is substantial and probably much larger than its American counterpart. Consequently, the possibility of the Soviet Union deploying BMD systems outside the scope of the ABM Treaty cannot be overlooked. If the Soviet Union were to proceed with such deployment and the United States could not follow suit, that would be an alarming development. However undesirable some feel an American BMD system would be—or indeed Soviet and American BMDs—the presence of a solely Soviet system would still be less desirable. Thus, while Soviet BMD research continues, there is every reason for American research to continue also."

The Nov. 26 Toronto *Globe and Mail*, whose publisher, Roy Megarry, is a member of the Club of Rome, was even forced to admit that "President Reagan will announce within two to three weeks a massive spending program to develop an arsenal of exotic space weapons."

# International Intelligence

## ***North Korean saboteurs dispatched to South Korea***

Two North Korean agents captured in South Korea have revealed that a bombing attack in September against the American Cultural Center was carried out by North Korean agents. Two other captured agents confessed that their mission had been to detonate bombs identical to the claymore bombs that killed half the South Korean cabinet last month in Rangoon, Burma.

Their objective was sabotage, murder, and sowing chaos and confusion, they said. These incidents have been performed by agents who are intensively trained in isolation camps for months before their mission, to ensure a high degree of physical fitness and a brainwashed state of mind. The North Korean plan, had the Rangoon bombing killed the entire cabinet and the President as anticipated, was to send thousands of these agents south; the failure of that mission has reduced the deployment to a lower level of activity for the time being.

In a related development, two Japanese fishing boats were seized Dec. 12 and taken to North Korea, with no explanation given. The following day, North Korea announced that it would hold a Japanese freighter that it had detained until a North Korean defector is returned from Japan. The defector had stowed away aboard the freighter, and the ship was detained by the North Korean government a week later.

## ***Justice ministries back Peru's war on drugs***

The Eighth Inter-American Congress of Justice Ministries, meeting in Argentina in mid-December, issued strong public support for the anti-drug efforts taking place in Peru. Special attention was given to a proposal by Peruvian Judge Miguel Cavero, who has requested the adoption of severe measures against those whose drug trafficking is linked to terrorist activities. This proposal was adopted by congress participants, who decided to hold their next meeting in Peru.

A patrol of 12 officers was ambushed on Nov. 23, following a successful raid in which the Peruvian Investigative Police captured 200 kilograms of cocaine paste, \$23 million, three terrorists and a cache of weapons.

Hugo Denegri Comejo, Attorney General of Peru, pointed out that presently severe penalties are leveled against drug couriers, but otherwise the traffic continues without major obstruction. Comejo also attacked those American publications, such as *High Times*, which encourage drug use.

## ***LaRouche representatives arrive in Israel***

Muriel Mirak, member of the European Executive Committee of the International Caucus of Labor Committees, and Paolo Raimondi, European Committee member of the ICLC, arrived in Tel Aviv on Dec. 14 for a week's stay in Israel.

Mirak and Raimondi were invited to an international conference on "The Prevention of Alcohol and Drug Abuse," to be held in Tel Aviv Dec. 18-22. Mirak is the head of the European Anti-Drug Coalition, an organization established in the mid-1970s by collaborators of American political leader Lyndon H. LaRouche, Jr., to combat the international drug trade.

During their stay in Israel, Mirak and Raimondi will be circulating a new booklet by LaRouche entitled *A Proposal to Begin Development of a Long-Range Economic Development Policy for the State of Israel*. The booklet elaborates the principles of an economic, technological, scientific, and cultural renaissance, using the LaRouche-Riemann economic forecasting method that LaRouche has developed over the past three decades.

## ***Iranian fundamentalists target Malaysia***

The Iranian embassy in Kuala Lumpur, Malaysia is sending Malay Muslims to Iran, India, and Bangladesh "to participate in seminars on the Islamic revolutionary strug-

gle," according to the November issue of the Iranian opposition publication *La Lettre Parsane*. The Iranians are reportedly organizing to overthrow Malaysia's parliamentary monarchy.

The Malaysian foreign minister summoned the Iranian ambassador to protest against Iran's interference in Malaysian internal affairs.

Iranian terrorist activity in Europe and the Middle East is currently coordinated out of West Germany, according to an exile source in Europe. He described how Iranian "kamikaze" terrorists would enter Germany with student papers, stay in safehouses around the country, get their instructions from the Iranian embassy or consulate, and then fly out again to their targets.

Iranian exile groups who have presented the German foreign ministry with detailed information on this operation, were told that as long as the Iranian terrorists did nothing against German interests, no steps would be taken to close down their activities.

The German foreign ministry's protection of Iranian terrorists comes as no surprise, since Foreign Minister Hans-Dietrich Genscher helped Iranian weapons- and drug-smuggler Sadegh Tabatabai escape from Germany last January, after his arrest for attempting to smuggle heroin into the country.

## ***Soviets up the pressure on NATO member Turkey***

Vasily Safronchuk, chief of the Middle Eastern Countries Department of the Soviet Foreign Ministry, has publicly denounced Turkey for its willingness to allow the United States to build Rapid Deployment Force bases in eastern Turkey near the Soviet border. Safronchuk was interviewed in the Turkish daily *Millyet*.

Turkey finds itself squeezed between the Soviets, a European campaign against the "undemocratic" military regime, and the threat of a resurgence of the terrorist gangs which nearly destroyed the country before the 1982 military coup. Turkish President General Evren, in a speech before the national parliament last week, denounced the

European "human rights" campaign. "It is not possible for me to equate the good will of certain European countries with their negative attitude toward Turkey while she is aiming to return to full democracy," he said.

There is growing concern in Turkey over Evren's decision to allow the United States to transship equipment and arms to the U.S. contingent of the Multinational Force in Lebanon. Many Turks fear that Turkey will be dragged into a war on the side of the United States and Israel, undercutting Turkey's critical economic ties with the Arabs and exacerbating an already serious economic crisis there.

### ***Interior minister calls for German civil defense***

West German Interior Minister Friedrich Zimmermann announced Dec. 12 that the Bonn government would increase civil defense expenditures by 1 billion deutsche-marks over the next 10 years. Zimmerman was speaking on the 25th anniversary of the German Civil Defense Bureau.

"In the broad spectrum between peace for all time and total extinction," he said, "one cannot state with certainty that an armed confrontation in Central Europe can be ruled out forever. In view of this fact, it is a strong requirement for humanity to take the necessary precautionary measures for its survival today." The peace movement talks of the danger of nuclear holocaust but "irresponsibly" opposes such civil defense measures as the construction of shelter systems and special emergency training for medical personnel, Zimmermann said.

### ***Club of Life convenes in Kinshasa, Zaire***

The Club of Life held its first conference in Africa Oct. 27, in Kinshasa, Zaire. Rev. Dibala Banayi Mpolesha, president of the Zairean Club of Life, described the organization, of which he is a founding member, as "a humanist reaction to the anti-humanist

Club of Rome."

"The Club of Rome," said Reverend Dibala, "is violently opposed to the industrial scientific and technical development of the Third World, due to its oligarchical view of the world, in favor of the international banking system where more than \$200 billion of debts cannot be paid back. . . . In this way, the Club of Rome is condemning about two billion human beings to genocide. . . .

"We can say that the Club of Rome is comparable to Hitler and Mussolini, white racists practicing genocide against people with colored skins out of fear that they outnumber the whites and consume all the precious limited raw materials. . . .

Reverend Dibala called for the defense of life in Africa, and the solution of Africa's economic problems by the creation of a new world economic order.

The other speaker at the conference was Ngoma Ngambu, Professor at the National University of Zaire, who spoke on the topic "Africa Must Be Saved from Genocide." He showed that increased population in Africa was the opposite of a danger, given the potential riches of the continent.

There are Club of Life members and supporters in many African countries, such as Nigeria, Egypt, Congo, Ivory Coast, and Gabon, as well as African members of the Club of Life in Europe and the United States.

### ***Will Finland join the Warsaw Pact?***

Finland and Sweden should cooperate to stop NATO cruise missiles directed against the Soviet Union, according to Prof. Krister Stahlberg, writing in the Swedish-language Finnish journal *Finsk Tidskrift*. By an exchange of radar information, writes Stahlberg, the two countries could ensure that those cruise missiles which Sweden did not shoot down could be stopped later in their trajectory by Finland. This would be one way for Finland to meet its treaty obligations with the Soviet Union, he states.

Finland is under growing Soviet political pressure since it agreed in December to incorporate its air defenses into those of the Warsaw Pact.

## ***Briefly***

● **THIRTY BRIDGES** in the West German district of Hanau were found to be sabotaged during the first weeks of December, with the chambers used to explode the bridges in military emergencies found filled with cement. Hanau is the site of extensive concentrations of nuclear related industries. Police are investigating the radical wing of the "peace movement." The possibility of Soviet *Spetsnaz* commando sabotage activities has also been raised.

● **SOVIET** "spetsnaz" special sabotage commandos set up positions at sensitive points in Sweden during the first days of December. "The deployment of these units is really intensive there," a military intelligence source commented.

● **GIANNI AGNELLI**, Italy's Fiat magnate, has been supplying large sums of money to Libyan dictator Muammar Qaddafi, sources in Rome report.

● **LORD CARRINGTON** is reportedly "getting a bit fed up with" *EIR* charges of his malfeasance in office and lack of qualifications as new NATO Secretary-General.

● **ISRAELI** finance ministry officials expect that a U.S. government economic delegation due to arrive in Israel around the turn of the year will demand a 10 per cent reduction in the Israeli population's standard of living, in return for a \$2.6 billion American economic aid package.

● **IRANIAN** exile sources warn that Pakistan will be "the next big target of terrorists" deployed by the Soviet Union and the Khomeini.

● **TORONTO's** *Globe and Mail* newspaper, whose publisher, Roy Megarry, is a member of the Club of Rome, regretfully reported Nov. 26 that "President Reagan will announce within two to three weeks a massive spending program to develop an arsenal of exotic space weapons."

# Attacks on the Pentagon aimed at beam weapons

by Susan Kokinda in Washington, D.C.

A broad front of political forces—including Andropov Democrats, Kissinger Republicans in the U.S. Senate, the appeasement-minded U.S. press, and the U.S. State Department itself—is poised to exploit two controversies early in 1984, in order to prevent the Reagan administration from mobilizing the nation in response to the Soviets' confrontation drive. The two issues, the U.S. military presence in Lebanon and the size of the U.S. defense budget, are being used to undercut Defense Secretary Caspar Weinberger and the Pentagon during a period of strategic tension leading very probably to a showdown with the Soviet Union.

Weinberger, of course, has been the administration's out-front spokesman for the new strategic doctrine enunciated by President Reagan last March 23, calling for a strategic defense against incoming nuclear missiles using the "new physical principles" of directed-energy beam weapons.

Behind the assaults stands the unholy alliance of the Soviet KGB, which has activated all its assets in the West, and the International Monetary Fund and U.S. Federal Reserve Board, who intend to maintain their control over the world economy at the expense of American economic sovereignty and national security. The threat by IMF director Jacques de Larosière, issued in Washington on Dec. 6, that the United States must impose massive budget cuts or accept responsibility for a world financial collapse, is music to the ears of the Soviet military command.

The opening salvo against the Pentagon began over the weekend of Dec. 10 with articles in the *New York Times* and the *Washington Post* on the theme that the Pentagon was the source of American problems in Lebanon. The *Times* of Dec. 11 laid the blame for the bombing of U.S. Marine barracks in Beirut at the doorstep of the military. The *Post* argued the same day that the use of U.S. planes in Lebanon rather than

the guns on the battleship *New Jersey*, a tactic which resulted in U.S. losses, was a failure of the civilian command authority—i.e., the Secretary of Defense—in exercising proper control over the military.

The next day, the *Washington Post* carried a front-page article by Brian Urquhart, a Briton who purportedly devised the idea of a "peacekeeping force," charging that once the U.S. forces in Lebanon "retaliated" (i.e., defended themselves), they were no longer a peacekeeping force and would fail. The spectre of a Vietnam-style unrestrained military was raised in the *Post* Dec. 13 by George Ball, perennial Democratic State Department appointee. Observers at Weinberger's Dec. 13 speech to the Washington Press Club compared the correspondents to a school of sharks sniffing for an opportunity to "get" Weinberger.

From the Democratic congressional leadership, whose position is that Andropov is a man of peace while Reagan is a warmonger, the cry has gone up to re-open debate on the War Powers Act and to present the White House with the demand for a humiliating retreat of U.S. forces in Lebanon. When Democratic presidential hopeful Sen. Gary Hart of Colorado demanded that a special session of Congress be convened to reopen the War Powers Act debate, he was quickly seconded by front-runner Walter Mondale. While the proposal to reconvene Congress will go nowhere, the ground is being readied for a January Democratic assault on the U.S. presence in Lebanon.

One Senate source said, "You're going to see a coalition ranging from Barry Goldwater to Ted Kennedy demanding a U.S. withdrawal." Adding credibility to this report, syndicated columnists Evans and Novak reported Dec. 12 that Reagan loyalists in the House Republican leadership, such as GOP Whip Trent Lott of Mississippi and senior Foreign

Affairs Committee Republican Henry Hyde of Illinois, had privately communicated to the White House their diminishing support for the U.S. mission.

### State Department sabotage

The erosion of support among pro-defense congressmen is attributable to the State Department's grip over U.S. Middle East policy. As the administration has been maneuvered by Henry Kissinger's allies at State into an ever-closer alliance with the Ariel Sharon faction in the leadership of Israel, U.S. influence with moderate Arab forces in the region is collapsing (see article, page 57), while the fanatic assets of the KGB and Nazi International are unleashed in a regionwide destabilization effort. It is indicative that Undersecretary of State Lawrence Eagleburger, a career Kissinger flunkey, delivered the closed briefing on the situation in Lebanon to members of Congress in mid-December. An often-heard *private* comment on Capitol Hill is that the Marines are being used as an appendage of State Department "appeasement" diplomacy.

As long as no legislator talks out loud about it, such disaffection only serves to feed the overall assault on the Pentagon. Nowhere is this clearer than in the investigation of the bombing of the U.S. Marine barracks in Beirut. It is widely known that the State Department dictated the rules which ensured that Marine guards did not even have their weapons loaded when the kamikaze attack came. Yet it is expected that the Long Commission, set up by Defense Secretary Weinberger under the chairmanship of Adm. Robert Long (ret.), will blame the military. One source put it, "We know that the rules of engagement were established by the State Department and we have been trying to officially confirm that. But we can't. The Pentagon has been ordered to be good soldiers and cover up for the State Department and take the rap."

The aroma of coverup exuded from the Dec. 14 State Department daily briefing. *EIR* correspondent Stanley Ezrol asked State Department spokesman Alan Romberg, "In light of completion of the Long Commission report, can you comment on the suspicions that it was actually the State Department which recommended the lack of security at the Marine compound outside of Beirut?" Rather than the standard refusal to comment on internal administration decisions, Romberg said, "That was a military decision, made entirely within the Pentagon." Ezrol followed up: "Are you denying that the State Department made any recommendations whatsoever regarding the security of our Marines in Lebanon?" A discomfited Romberg gave an uncharacteristically abrupt "Yes."

### Too poor to defend ourselves

The other line of attack on the Pentagon which will dominate the next dangerous months is the effort to cut the defense budget in order to "reduce the deficit." After a year of semi-hibernation, the deficit bogeyman has been awakened to turn politicians into quivering sheep, and stampede them into cuts

which will serve only the strategic designs of the Soviet high command. Just at the point that the administration is said to be making major decisions about the size and timetable of the desperately needed beam-weapon-centered ballistic missile defense system, and next year's overall defense budget, the IMF and Fed chairman Paul Volcker insist that if there is an international financial crisis, it will mainly be the result of the U.S. budget deficit. De Larosière blamed high U.S. interest rates caused, he claimed, by the deficit, for part of the Third World debt crisis. Although these financiers have avoided verbalizing their conclusion, no one on Capitol Hill has missed the intended point: The United States cannot afford to defend itself and must cut the proposed 1985 defense budget drastically.

Caught in the wringer is Defense Secretary Weinberger, who has already recommended, first, a 22 percent increase, and then a 17 percent increase in the defense budget. "It doesn't matter if the strategic situation demands such an increase or not," one Washington source commented, "you just can't say something like that publicly—Weinberger has completely isolated himself. He is fair game in 1984." "You start talking 17 percent and you have just lost the Howard Bakers [Senate Majority Leader] and Pete Dominici [Senate Budget Committee chairman] from the administration's side," said another.

The danger is that not just the Nuclear Freeze-dominated Democrats, but that a large chunk of the Republicans, including forces Reagan counts on in the "fiscal conservative" camp, like the KGB-contaminated Heritage Foundation, are calling for a slowdown in defense spending. The National Taxpayers Union and nominally conservative Sen. Charles Grassley of Iowa have demanded an across-the-board budget freeze.

Indeed, it is the budget-cutting Kissinger Republicans in the Senate leadership, blocking with the Andropov anti-defense Democrats, who are likely to give Weinberger and the administration the most trouble. The FY 1984 defense budget was shaved to under 5 percent by this coalition this year, and conventional wisdom has it that the under-5-percent figure will hold next year as well. Senate Finance Committee chairman Bob Dole (R-Kan.) held a series of hearings during the congressional recess on the danger of the deficit. Dole provided a forum for the AFL-CIO, the American Enterprise Institute, and the Heritage Foundation. Dole's staff is working on a \$150 billion deficit reduction package (composed of one-half tax increases and one-half budget cuts) to be finished shortly after the President's State of the Union address.

Dole has liaised with freshman Democratic members of the House, led by Jim Moody (Wis.), a Keynesian economics professor who succeeded the now-retired Henry Reuss as the Bank for International Settlements's leading asset. When the Dole proposal is released, the entire House Democratic caucus will meet for a weekend workshop, instigated by the freshmen, to come up with an alternative to the President's budget.

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# Did Kennedy back down to Khrushchev in 1962?

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by Lyndon H. LaRouche, Jr.

Although policy-making circles in Washington repeatedly insist that the United States is bound by a secret memorandum signed by President John F. Kennedy and Secretary Nikita Khrushchev in 1962, Congress has been repeatedly unsuccessful in efforts to discover whether such a memorandum actually exists.

The existence or non-existence of such a secret agreement, and the content of the agreement if it exists, is of the most vital strategic importance at the present moment. If President Kennedy consciously capitulated to Khrushchev's Cuba-missiles blackmail, as the sum total of objective evidence shows that Kennedy delivered such concessions through Bertrand Russell and other mediators, then this fact would be of decisive weight in encouraging the Soviet command to push through to a new thermonuclear confrontation now, during the first half of 1984.

The hypothetical Soviet calculation would be: 1) The United States traded off major strategic concessions to Moscow in 1962-63 in return for pulling back the delivery of nuclear missiles to Cuba. 2) If the United States backed down then, when it held overwhelming strategic superiority and its people had a determined political will, is it not certain that the United States would back down even more decisively today, when its political will and that of its allies are eroded, and the Soviet Union now has a significant margin of military superiority?

Although the Soviet government and military are now operating on a war-emergency-mobilization basis, with strike commands deployed in position for a first strike against the United States, Soviet readiness for thermonuclear war does not mean that Moscow actually expects full-scale war to erupt. It must be assumed that Moscow is taking a calculated thermonuclear risk, gambling that President Reagan's political will can be broken by frightened political advisers, and that he will deliver much bigger concessions than did Kennedy back in 1962-63. By "Kennedy" we mean the forces actually controlling the Kennedy administration—including John J. McCloy, George Ball, and McGeorge Bundy, the forces behind today's Nuclear Freeze movement.

In any case, the only action which will deter Moscow

from continuing its present escalation toward a thermonuclear showdown during the first half of 1984 would be U.S. and related actions which convince Soviet military commanders that the risks and penalties of thermonuclear war are far greater than the Soviet command presently estimates. If the President leaves open the offer of Mutually Assured Survival negotiations he issued on March 23, 1983, this would give Moscow a clear choice between war and peace, which might bring Ustinov, Ogarkov, et al. to their senses before it is too late.

However, if Kennedy did sign agreements backing down to Khrushchev in 1962, even adequate U.S. actions forewarning Moscow of the risks and penalties of war would not deter Moscow under present circumstances. Moscow would say "So what? Kennedy backed down when he had overwhelming superiority. Reagan's advisers and the liberals in his party and Congress will force him to back down, too." Since a 1984 U.S. backdown to Moscow would mean Soviet military supremacy throughout the world for an indefinite period to come, Moscow's incentive for risking thermonuclear showdown this coming spring is very, very great.

Frightened, shallow-minded people who speak of "resolving differences between the superpowers" through mediators' interventions are playing the fool under these kinds of circumstances. (Imagine a "President" Walter Mondale negotiating with Ogarkov or Andropov! Mondale hasn't the guts to give a straight answer to a simple question even at a press conference! Faced with Andropov, Mondale would end up negotiating the terms of Soviet occupation of the U.S.A. In the vernacular, Mondale is a bully, but also a "yello' belly.")

If President Kennedy signed such a memorandum, then Moscow will not believe that President Reagan could not be pushed to capitulation unless the Reagan administration caused the release of such a memorandum to the Congress, and also stipulated that appropriate corrections must be made in such a standing agreement. If such an agreement exists and the United States does not repudiate unacceptable features, Moscow would be assured of virtual certainty of U.S. backdown in a spring 1984 showdown.



## Kennedy's backdown

Whether or not President Kennedy negotiated such an agreement through Bertrand Russell or other back-channels during 1962, the objective fact is that President Kennedy did back down massively to Moscow during the period covering the Berlin crisis and the 1962 missiles crisis. Although this writer, like most moral Americans, ordinarily avoids saying things painful to the memory of an assassinated President, in this matter, where the fate of not only the United States, but civilization itself, is in jeopardy, we must dig out all the relevant truth bearing upon the issues of peace or war. To be fair to President Kennedy, we must emphasize two things about his administration. First, like most Presidents, he was a victim of his advisers—including John McCloy, George Ball, and McGeorge Bundy—we know where those fellows have stood on these issues for 20 years to date. Second, President Kennedy did not make more than marginal additions to the shaping of U.S. policy under his administration; the policies of his administration were already set into motion—with the force of the fabled juggernaut—before his inauguration.

The evidence that President Kennedy did back down to Khrushchev is overwhelming. At least, this is clear once one views that the Soviet pull-back of Cuban missiles was part of an overall tradeoff of Soviet concessions balanced against U.S. strategic concessions.

To be scrupulously fair to President Kennedy, and also to be honest with ourselves, we must view the President's actions within the setting in which he found himself, and which he lacked the resources of knowledge and physical means to resist effectively. We must see President Kennedy's concessions to Moscow within the setting of the leading features of U.S. strategic policy over the postwar period.

The first period of U.S. foreign policy, from 1945 through approximately 1953, was dominated by Bertrand Russell's insistence that the Anglo-American forces be mobilized for a "preventive nuclear war" against the Soviet Union. Russell presented the rationale for this "preventive nuclear war" doctrine in the October 1946 issue of the *Bulletin of the Atomic Scientists*, with the support of the faction of scientists presently backing the Nuclear Freeze movement and opposing Mutually Assured Survival. Russell's plainly stated objective was to destroy the sovereignty of, and to disarm the United States, by creating a world-federalist supergovernment with a monopoly on possession and use of strategic weapons. Destroying Russia—before Russia could develop a nuclear arsenal—was seen by Russell and his atomic-scientist cronies as a step toward destroying the sovereignty of the United States in favor of world government. Presidential candidate Sen. Alan Cranston is a hard-core representative of that political faction to the present day.

With Soviet development of fission-weapon arsenals, and also development of an H-bomb, the policies of Russell and his world-federalists changed. Russell and his accomplices proposed to the post-Stalin Soviet government that Russia

become a full partner in Russell's world-government projects. He proposed to Moscow that the Yalta agreements be replaced by a "New Yalta" agreement, under which the entire world would be divided between a Russian empire in the East, and a Western division of a global world-federalist government. N. Khrushchev agreed. At the 1955 London conference of Russell's World Association of Parliamentarians for World Government, four official Soviet representatives participated, delivering an official Soviet statement of undying love and admiration for the "great scientist" Russell. Out of this back-channel agreement between Russell's circles and Khrushchev, Russell's Fabian friends created the first Pugwash Conference in 1957, sponsored by Rockefeller protégé Cyrus Eaton in Nova Scotia. By the time of the second Pugwash Conference, held in Quebec the following year, the secret deal with Khrushchev was already becoming official policy of a leading circle in the New York Council on Foreign Relations, and by Russell's accomplices around Chatham House in London, as well. This began Henry A. Kissinger's long career as a booster of the nuclear-deterrence doctrines secretly negotiated between Russell's circles and Khrushchev, which Kissinger has remained to the present day.

We have evidence pointing to the suspicion of Kissinger's direct connections to Moscow, but we do not believe that Kissinger is actually a Soviet agent. Rather, Kissinger is a "mole" for those Anglo-American interests which have adopted Russell's secret agreements with Moscow as policy.

It is a matter of record that not only did Khrushchev buy Russell's strategic package, but that Khrushchev attempted, unsuccessfully, to disarm significantly non-nuclear forces of the Soviet Union, as part of his subscription to the Nuclear Deterrence doctrine developed by Russell, Leo Szilard, et al.

The Soviet military countered Khrushchev's military policy with elaboration of what became known, beginning 1962, as the "Sokolovskii war-winning strategy" of Marshal V. D. Sokolovskii. We shall return our attention to this point after examining the 1962 missiles crisis itself.

The Nuclear Deterrence doctrine imposed upon the United States by McGeorge Bundy, Robert "Vietnam body-count" McNamara, and Henry A. Kissinger, among others, was designed for the purpose of ensuring the permanence of the borders between the two divisions of Russell's world-federalist one-world government—which Russell's circles have been working to bring into being through the present day. The nominal designer of this Nuclear Deterrence doctrine was Russell's crony, Leo Szilard, who laid it out publicly in his famous "Dr. Strangelove" keynote address to the 1958 Pugwash Conference in Quebec. It was these leaders of today's Nuclear Freeze movement who proposed, during 1958, and even earlier, to build up thermonuclear arsenals to the level that each superpower had the radioactive means to obliterate the other. Such are these celebrated "humanitarians"! They argued that by preventing the development of defensive weapons able to destroy missiles, the balance of terror would prevent either superpower from conducting war directly

against the other.

By the time Kennedy became President, this back-channel agreement between the New York Council on Foreign Relations and Moscow was in full swing. Gen. Maxwell Taylor, back from Britain to become Kennedy's military adviser, played a key part in selling this agreement with Moscow to the new President. The first step was to introduce Flexible Response; that was the first step down the road toward thermonuclear Hell—the Hell which threatens the world from Moscow today.

Under Flexible Response, the United States evaded a firm commitment to the defense of Western Europe, while at the

## Senator Symms: Disavow the 1962 agreements

In a Nov. 2 speech on the Senate floor, Idaho Republican Steve Symms called on the Reagan administration to renounce the Kennedy-Khrushchev agreements as a necessary step in showing the Soviets that the United States has rejected a policy of appeasement. Symms said, "I would like to make several summary propositions regarding the 1962 Kennedy-Khrushchev agreement. U.S. disapproval of this agreement would be another act unshackling America from paralysis. It would also be an act of peacekeeping."

Although Symms does not openly charge President Kennedy with backing down in October 1962, he does catalogue the history of State Department appeasement regarding Soviet offensive weapons in Cuba which followed the agreement. Symms charged that "each time the Soviets have violated the 1962 Kennedy-Khrushchev agreement, the State Department has, in effect, accepted a new protocol to the agreement allowing the Soviet violation. This has happened in 1971, 1978, 1979, and 1982. These U.S. retreats from enforcing the original agreement have all occurred in secret."

Symms charged that access to the documents has been denied to the Joint Chiefs of Staff, the Secretary of Defense, and the President's National Security Adviser, among others. He concludes that "the Soviets now have in Cuba a strategic nuclear offensive threat greater than they had in the October 1962 Cuban Missile Crisis. . . . The Soviets have 52 operational long- and medium-range bombers, together with the precedent already established that they can have six or more submarine-launched nuclear missiles there. Thus the Soviet threat in Cuba today is twice what it was in 1962, fifty-eight delivery vehicles, compared to only 28 operational in 1962."

same time not saying definitely that we might not decide to defend Western Europe if the whim overcame us. President Charles de Gaulle, confronted with this obscene and immoral turn in U.S. strategic policy, adopted the policy of force de frappe, "French nuclear blackmail" intended to keep the United States to its agreements on defense of Europe.

In Moscow, Flexible Response meant to Khrushchev: "Let us test exactly how flexible the United States has become." Khrushchev had met President Kennedy in Vienna and thought him easily intimidated. Khrushchev indicated his plans to test United States will in West Berlin. Washington pretended not to notice the signals. Khrushchev pushed ahead with the Berlin Crisis, not exactly discouraged either by Kennedy or by Mayor Willy Brandt—the famous protégé of John J. McCloy. Khrushchev tested U.S. nerve at Berlin, and Kennedy flinched. Immediately, on the basis of the Berlin affair, Khrushchev moved ahead to test the U.S. will in Cuba. At the point of confrontation, Khrushchev pulled back from actually developing the nuclear emplacements in Cuba; what price, in long-range strategic concessions, did the Kennedy administration pay for that pull-back of the nuclear-blackmail threat? What did Bertrand Russell negotiate in his role as middle-man negotiator between Washington and Moscow?

Since 1962-1963, Moscow has followed a double-track policy. On the one side, it has followed the long-range strategic doctrine of Sokolovskii et al., building up Soviet power to the level of potential for winning thermonuclear war against the United States. However, since the Soviet economy could not keep pace with the economies of France and the NATO countries as long as economic growth persisted in those countries, the success of Sokolovskii's doctrine depended upon inducing the United States and Western Europe to turn their nations into the weakened wreckage of "post-industrial societies," as we have obligingly done since the middle 1960s. Therefore, to lull us into continuing Malthusian "post-industrial society" policies, since 1972 Moscow has worn the mask of "détente." Once Moscow's slow buildup and NATO's economic and military build-down had given Moscow a large margin of strategic edge, Moscow would drop the mask of "détente," and push for a new confrontation. They would be prepared for war, but convinced that U.S. backdown would make war unnecessary. That time has now been reached, greatly aided by the Carter-Mondale administration and Paul A. Volcker's economic build-down policies at the Federal Reserve.

It is imperative that we persuade Moscow's Marshals that the United States would never back down again. It is time to mobilize to convince them we have the power to resist. It is also the time to convince Moscow that President Reagan is not another John Kennedy. The fiddle-faddle at the State Department over the secret memorandum of 1962 must be brought immediately to an end. Bringing it out into the open now might be decisive in preventing thermonuclear war as early as spring 1984.

# The real stumbling blocks to Reagan's Mideast policy

by Richard Cohen in Washington, D.C.

In a speech to Congressional Medal of Honor recipients in New York on Dec. 12, President Reagan summed up unambiguously the message he wished Moscow to receive—a message the President had been seeking to deliver with a series of U.S. demonstrations of force.

Reagan warned that “weakness on the part of those who cherish freedom inevitably brings on a threat to that freedom. . . . With the best of intentions we have tried turning our swords into plowshares hoping others would follow. Well, our days of weakness are over. Our military forces are back on their feet and standing tall.” After identifying this shift from the Kissinger-Carter disaster, the President continued: “When our citizens are threatened, it is government’s responsibility to go to their aid. We did so in Grenada. Our forces had what they needed to get the job done. . . . And now the world knows that when it comes to our national security, the United States will do whatever it takes to protect the safety and freedom of the American people.”

Reagan cautioned, “Freedom is never more than a generation away from extinction. Each generation must do whatever is necessary to preserve it and then pass it on to the next. And that means dealing with the world as it is and not as we wish it to be.”

The President’s rhetorical message to Moscow was immediately followed by new demonstrations of force. On Dec. 13, U.S. Navy ships off the Lebanon coast shelled Syrian-controlled positions with five-inch guns after two Navy F-14 reconnaissance planes were fired on over Syrian-controlled territory. Pentagon sources reported this action to be part of a new policy of “instant retaliation.” The next day the White House escalated, ordering the *U.S.S. New Jersey* to open fire at the Syrian-controlled areas to defend U.S. forces.

## From bold statements to defensiveness

While the White House attempted to back up Reagan’s Dec. 12 warnings with firepower, senior administration officials began a campaign of escalating threats against the Soviets’ Middle East surrogates orchestrating the wave of

anti-American and anti-French terrorism. On Dec. 12, three days after announcing that Iranian-connected terrorists have organized suicide squads including 1,000 Khomeini-bred fanatics to conduct kamikaze raids against U.S. facilities in the Mideast, Europe, and the United States, the President told the *New York Daily News* that Iran will be held responsible for terrorist acts carried out in its name. And on Dec. 13, Secretary of State George Shultz said in Lisbon that if those behind the most recent Shi’ite-linked Muslim fundamentalist bombings against the United States on Dec. 12 in Kuwait can be identified, “there will be ways of getting to them.”

This new hard-line posture, if, and only if, combined with a presidential mobilization of public understanding of the need for major new measures to strengthen the nation’s defenses, especially for the development of directed energy-beam defensive systems, could force a Soviet recalculation of the risks involved in their confrontation course.

A more cautious note was struck on Dec. 14, in a quickly arranged presidential press conference, when the President acknowledged for the first time that the United States would consider total withdrawal of forces from Lebanon if that country fell into chaos, though the day before he had commented to the *New York Daily News* that he wished “some of those who are weakening in their resolve would recognize they’re weakening precisely because that’s why those committing the assaults . . . have committed them.” Now, the President took pains to report that the United States was not seeking war with Syria in Lebanon, and that the case against Khomeini as a terrorist controller is not one that could be brought to a court of law—thus weakening his own earlier hints of broader reprisals against the perpetrators of attacks on U.S. positions.

At the press conference, the President responded defensively to questions quoting administration leaks that withdrawal of U.S. forces from Beirut might be motivated by the 1984 election campaign, further reflecting the heavy domestic pressure being conducted through White House politicians led by Chief of Staff James Baker III and his deputy, Nancy Reagan favorite Mike Deaver, urging the President to back down in Lebanon to avoid Democratic attacks.

## The ‘strategic alliance’

The signals from the impromptu Dec. 14 press conference augmented a series of strategic errors that drastically weaken the intended impact in Moscow of the President’s Dec. 12 policy clarification and related moves. Beyond the potentially fatal underestimate of Soviet short-term military intentions and risk-taking generally accepted by senior administration national security advisers, the decision to press for a U.S.-Israeli strategic alliance to supply an “effective” response in Lebanon compounded the problem.

As this correspondent has emphasized, readings in Moscow and other capitals of this American-Israeli relationship would be opposite from the message the President intended with his Dec. 12 statements. Moscow would spot a major

chink in White House armor, reasoning that the desperate negotiations conducted in Israel by Undersecretary of State Lawrence Eagleburger, a Kissinger crony, were endorsed by President Reagan. Such an endorsement would have to be read as a U.S. attempt to secure Israeli ground forces in place of more American troops if the crisis in Lebanon were to escalate—as clearly it would if the White House chose to answer Syrian/Iranian provocations. In short, Moscow would have reason to question both the President's willingness to lead and the U.S. citizenry's willingness to follow in case of war.

On Dec. 11 and 12, senior spokesmen for American-allied moderate Arab states, King Hussein of Jordan and Dr. Osama el-Baz, an adviser to Egyptian President Hosni Mubarak, appearing on U.S. television, attacked the strategic accord in violent terms. Indeed on Dec. 11, Shultz, Eagleburger's co-conspirator, began an urgent visit to Tunisia and Morocco, after being dis-invited to Algeria, in a supposed effort to calm the moderate Arab allies of the United States, who, themselves weak, saw treachery and disaster in the new U.S. policy.

The reported arrangements for financial and military aid to be granted to Israel without concomitant Israeli concessions on the Palestinian question define the policy both Shultz and Eagleburger were advised to promote by Henry Kissinger. This arrangement would constitute the revival of a similar deal between former Secretary of State Alexander Haig and former Israeli Prime Minister Menachem Begin, which was scotched when Israel, with Haig's secret help, invaded Lebanon in 1982. When Haig was replaced, Reagan initiated a new Middle East policy, on Sept. 1, 1982, dubbed the Reagan Plan, which was strongly supported by the U.S.-allied Arab states. Resurrecting the Haig Plan means the Reagan Plan's death.

Meanwhile the Israeli government itself moved to capitalize on the perceived weakness of the United States when, on Dec. 11, it firmly announced it would not accept the evacuation of PLO chairman Yasser Arafat and his forces from Tripoli. Shortly after that announcement, the Israelis began naval shelling, and continued it even after Shultz and other administration officials, on Dec. 13, publicly pressed for Arafat's safe passage.

Finally, on Dec. 12, Syria and Iran, backed by Moscow, escalated with a wave of terror bombings in Kuwait aimed primarily at Americans. Then Soviet Chief of Staff Marshal Nikolai Ogarkov arrived in Algeria at the same time Shultz was "dis-invited" to that country. Reportedly Ogarkov was seeking to assure port-of-call rights in the wake of potential increased Soviet naval presence in the Mediterranean.

In short, all relevant parties to the Middle East conflict now read U.S. weakness, not strength. The administration's actions have only helped to fuel an environment in the United States in which the use of American force, loss of life, and future loss of life in the Mideast are becoming the principal administration vulnerabilities.

## General Graham is

by Lyndon H. LaRouche, Jr.

We have recently received a copy of a letter of Dr. Edward Teller to Lt.-Gen. (ret.) Daniel Graham, which Graham is circulating to his supporters with his own covering letter.

Apparently, Dr. Teller was pressured or duped into endorsing a lie which Graham is circulating against Lyndon H. LaRouche, Jr. Teller's letter devotes two of its three paragraphs to attacks on LaRouche in support of this falsehood. However, Dr. Teller being Dr. Teller, the third paragraph of his letter informs Graham that the "High Frontier" policy is incompetent and useless against Soviet technology today.

Typical of Graham, his own covering letter advises his supporters to circulate only the first two paragraphs of Teller's letter in a whispering campaign against LaRouche.

General Graham's rise to the rank of Lieutenant-General came by the same route as the fictional character in Gilbert and Sullivan's *H.M.S. Pinafore*, who rose to "Lord High Admiral of the Queen's Navee" by "polishing up the handle" on the office doors, and never going to sea. Graham, a flunkie for former Defense Secretary Robert S. McNamara and the screwballish Kissinger sidekick James R. Schlesinger, rose to his present rank by the same general practice as the four-paper-clip Kissinger sidekick Al Haig.

Graham's outstanding achievements have been faking intelligence estimates in Vietnam, and working with Schlesinger to wreck the system of national intelligence estimates of the U.S. executive branch at the beginning of the 1970s. Graham's most famous achievement was underestimating Viet Cong and North Vietnamese Army forces in South Vietnam by 100 percent on the eve of the 1968 Tet Offensive, and defending the same methods of strategic intelligence estimates during the early 1970s from the Pentagon's DIA. Since the beginning of 1983, even prior to President Reagan's March 23, 1983 announcement of the new U.S. strategic doctrine of "Mutually Assured Survival," Graham has been a leading figure in efforts to block all funding for beam-weapon defense, arguing that his own obsolete "High Frontier" concoction is more "practical," and insisting that scientists are incompetent in matters of technology.

Graham's "High Frontier," proposal interestingly, requires about six years to put into place (approximately 1990). He estimates that it would cost about \$50 billion; it would actually cost about 50 percent more than that estimate, ig-

# at it again

noring inflation over the next six years. A first generation of strategic ballistic missile defense (BMD) based on beam-weapon-centered policy could be completed for about \$200 billion over three to five years if an Apollo-style crash-program approach were used. Additionally, a first-generation beam-weapon defense would work, whereas High Frontier would not. Yet, Graham insists that High Frontier represents a workable, off-the-shelf system which could be put into place immediately, a decade earlier than a beam-weapon system. Graham is informed of all the leading facts on this point; Graham is simply lying outright.

During 1982, after reviewing LaRouche's version of the policy President Reagan announced on March 23, 1983, Graham stated that he was sympathetic to LaRouche's designs, but that since the LaRouche-hating Heritage Foundation was paying Graham's bills, he could have nothing to do with LaRouche's proposals publicly. Operetta fans will recognize in Graham something of the character of Peter Schlimihl in Jacques Offenbach's *Tales of Hoffmann*. Between *H.M.S. Pinafore* and *Tales of Hoffmann*, one might think of General Graham as your basic light-operetta general, a bad-tasting chocolate soldier, perhaps. Or, as the sort of general who would admire the memory of George Washington more passionately if the Federal Reserve would use President Washington's portrait for its \$1,000 notes. Our own view is that General Graham's portrait is a suitable candidate for three dollar bills.

Nonetheless, General Graham has firepower around Washington, paper-clip firepower. He was presidential candidate Ronald Reagan's listed military advisor during 1979-80, when he was already retailing Heritage Foundation lies against LaRouche. He still insists that LaRouche, whom Moscow officially places to the right of President Reagan, is an asset of the Soviet KGB; but, idiots around Washington in Graham's circuit repeat this nonsense, as they do the lying of FBI Senate asset Joel Lisker, that LaRouche is a "Trotskyist East German asset," the same FBI which is covering up openly for direct KGB influence over presidential candidate Mondale, and blocking competent counterintelligence against terrorist forces preparing bloody action for the 1984 Los Angeles Olympics. Three-paper-clip General Graham has accumulated political firepower around Washington amount-

ing to significant political clout with old cronies behind-the-scenes.

## Joffre fired the generals

A prominent French military historian has reminded us that the key to Marshal Joffre's victorious defense at the Marne, during World War I, was that Joffre, as his first act, fired his generals.

Naturally, the United States could not conduct successful military operations without its generals and ranking colonels and majors. However, in the history of warfare, when matters become serious, the successful conduct of warfare requires a rather large-scale reshuffling of top-ranking professionals. The need for such reshuffling is chiefly two-fold. First, when a sharp change in military doctrine is required, there are inevitably ranking military professionals who cling with hidebound stubbornness to the old doctrines, to the point of being more or less uneducable. Second, during long periods of peace, the ordering of appointments and promotions tends to be governed by political and social criteria, bureaucratic criteria. During such periods, emphasis on military competence may play second fiddle to the bureaucratic practices of "career management."

The worst case among our military professionals today is the Delta Force group, with its First Earth Battalion. The touchy-feely brainwashing programs based in California's self-styled "Aquarian" think tank complex, such as Stanford Research Institute at Palo Alto, have turned the minds of a number of U.S. military professionals into the psychological equivalent of overcooked oatmeal. Worse, the coordination of training programs for the Delta Force, and parallel operations such as the operation codenamed "Lifespring," are proven to be deeply interfaced with leading Soviet brainwashing institutions, including the Moscow University parapsychology center. According to Delta Force sources, these activities center around the London Tavistock Institute's Elliot Jacks, currently associated with London's Brunell University.

In case of any condition above lowest level of U.S. military alert, all officers tainted with such Esalen/Delta Force connections should be shunted into assuredly harmless positions or retired as an elementary counterintelligence-security measure of precaution.

At the same time, it is indispensable to jerk the professional officer corps back to its senses, to shake out of the officer corps the bureaucratic dust of "career management" and "inter-service budgetary rivalries." It is in that dusty side of the military and intelligence profession that the paper-clip firepower of operetta-general Daniel Graham thrives. Such action ought to be taken immediately, as the Soviet command now shifts toward the status of next to the equivalent of a U.S.A. Red Alert.

The Soviet military command is without doubt of the highest professional quality among military forces of the world. The strategic motives governing their behavior may

be, and almost certainly are permeated with a quality of Russian irrationalism dating at least from the period of the Mongol occupation, but the military-professional thinking employed in service of such irrationalist motivations is of relatively the highest quality of objectivity and rational thoroughness. They are deeply committed to the engrained doctrines of Sokolovskii, Malinowski, Grechko, et al. on the order of battle for surviving and winning a general thermonuclear war.

In estimating the risks and possible penalties of a 1984 Soviet thermonuclear confrontation with the United States, the Soviet command will continuously monitor not only U.S. capabilities and state of military alert. They will place at least equal weight on the perceived mental state of preparedness and will of both the U.S. political and military commands.

The Soviet command's greatest single advantage in the thermonuclear confrontation now in progress is not the Soviet margin of military superiority; their greatest strategic advantage in this escalation now ongoing is the long conditioning of both the U.S. political and military commands to the false doctrine that thermonuclear war is "unthinkable." This widespread, wishful thinking within the U.S. command reinforces a pragmatic practice of "business as usual" in the Pentagon and around the White House, as well as permeating the liberalism-saturated ranks of both major political parties in the Congress. It is this disorientation, this "business as usual" sort of bureaucratic mentality in the U.S. political and military commands, which is the Soviet command's decisive psychological edge in the present escalation toward thermonuclear confrontation.

During April and May 1983, this writer and his associates warned Washington, D.C. circles that 1) Soviet rejection of the President's March 23, 1983 offer of Mutually Assured Survival signified a Soviet command's commitment to an early, 1962-style thermonuclear confrontation with the United States; 2) That the Soviet scenario for step-by-step escalation toward such a thermonuclear showdown would probably begin to be deployed by August 1983, and would escalate toward a climax at perhaps March 1984; 3) That the key to this would be both the Soviet-directed Nuclear Freeze movement in Europe and the United States, the Soviet negotiations with *Mittleuropa* factions grouped around the Hohenzollern and Thurn und Taxis factions in Germany, and also the Carrington-Kissinger moles within the Anglo-American establishment. We warned that the Soviet command had no serious intention to negotiate with President Reagan, and that all signals of willingness to negotiate were merely calculated deceptions leading toward a breakoff of negotiations near the close of 1983. We reported also that at the point the Euro-missile deployment began, the Soviets would announce that the mainland of the United States is under immediate thermonuclear threat from submarine-based missiles off the U.S. coasts, and that other measures to the same effect would be added.

As of Monday, Dec. 5, with Marshal Ogarkov's Moscow

press conference, all of these predicted developments were confirmed as accomplished fact. Yet, the State Department as well as the U.S. newsmedia are covering up Ogarkov's announcement that Soviet nuclear submarines off our coasts are now officially targeting the U.S. coasts. Around Washington, there persists the same kind of refusal to face facts which we saw in the Kennedy administration's refusal to face the evidence that Khrushchev was preparing to test the President's will in Berlin, and the same refusal to face evidence showing that Khrushchev had made agreements with Fidel Castro to place Soviet thermonuclear missiles in Cuba.

As long as the White House and Pentagon appear to be clinging wishfully to the delusion that the U.S.A. can slide through the 1984 election campaign with a business-as-usual attitude toward strategic preparedness, Moscow will proceed confidently to attempt to do to President Reagan what it did to Kennedy in 1962.

Moscow's present confidence in the success of its present plans for thermonuclear blackmail was born during April 1983. Immediately following President Reagan's March 23, 1983 address, Moscow was terrified. Britain's Lord Carrington, of Kissinger Associates, Inc., howled in protest, saying that the President's announcement would lead to the downfall of Andropov, an Andropov who Carrington avowed was his faction's precious asset in Moscow. Then, Moscow's—and Carrington's—confidence was restored. The first development reassuring Moscow was a U.S. State Department-sponsored broadcast by General Daniel Graham on April 4, 1983, in which Graham announced that the President's March 23 address represented official U.S. adoption of Graham's High Frontier policy. The second, more important development, was the President's endorsement of the work of the Scowcroft Commission. Moscow recognizes Brent Scowcroft as a Kissinger asset, and admires the military folly of the Scowcroft Commission proposal itself. If Kissinger were coming back into the administration, Moscow was assured the projected replay of 1962 would succeed as desired.

By himself, Daniel Graham would not be an important security risk to the United States. To the extent that military professionals and others do not ridicule Graham's antics, Moscow will laugh at any attempt to prove that the United States will not back down to a 1984 thermonuclear showdown as Kennedy did in 1962. By tolerating Graham's nonsense, and otherwise clinging to the wishful delusions of "business as usual" for the duration of the 1984 election campaign, Washington is sending the wrong signal to Moscow.

If a tombstone is raised over the radioactive ruin of the United States, that tombstone should bear the following legend. "U.S.A. 1776-1984, R.I.P. Died of an infection of business as usual." Then, Daniel Graham may gain a well-deserved immortality on Soviet children's television, as the model for the ridiculous cartoon-figure of the American general, whose Rube Goldberg concoctions are always easily defeated by noble Soviet generals at the end of the cartoon strip.



## What was Henry really doing in Mexico?

It has once again been demonstrated that not everyone shares the North American news media's reverence for Dr. Henry Kissinger. News coverage of the visit of Henry Kissinger and his National Bipartisan Commission on Central America to Mexico centered on the demonstration against him conducted by the Mexican Labor Party (PLM).

Kissinger arrived by limousine at the Mexican Foreign Ministry to find 25 demonstrators with placards reading, "Kissinger Is a Fag," "Kissinger Is an Assassin," "Sepulveda, Show Kissinger the Door—He's Here to Sabotage Contadora," and "Kissinger Is a Butcher." As Kissinger crawled out of his limo, the group began the chant, "Kissinger is a faggot." Foreign Ministry security made no attempt to disperse the raucous demonstration. Kissinger's commission consort, Lane Kirkland, probably relieved not to find himself the target of ridicule, waved pleasantly at the picketers as he left and said, "Adios."

The big question surrounding Kissinger's trip to Mexico is why did he meet with Finance Minister Julio Sil-

va Herzog. Could it be that, under cover of his mandate to explore Central America policy, Kissinger is pressing his plans for resolving the debt crisis by mortgaging entire national economies?

## In Hong Kong, he dropped the pretense

Although, as we have reported here, Kissinger has been carefully working to build his image as a reliable "anti-Soviet conservative" in order to increase his influence in the Reagan administration, he dropped all pretense of support for Reagan's philosophy or foreign policy in a late-October address in Hong Kong. In his speech to the Hong Kong trade fair, the text of which has not been publicly made available in the United States, Kissinger not only attacked Reagan's policy of building a strong security relationship with South Korea and Japan, but ridiculed Reagan's foreign policy as being based on "theology."

In Hong Kong, addressing an audience which included such reputed arbiters of the Asian dope trade as David Newbigging of the poppy-flaunting Jardine Mathieson bank, Kissinger went beyond his denial of Soviet culpability in the Korean Airlines Flight 007 massacre, which he dismissed as a "mistake," and called for the United States to re-open relations with the psycho-killer regime of Kim Il Sung in North Korea.

After a greeting to the conference's chairman, Alun Lord Chalfont, Kissinger began with praise for the foreign-policy machinations of the British oligarchy. "For Britain in the 19th century," he said, "the balance of power required no explanation. It was in the bloodstream, so to speak." He then retailed the outrageous libel that the security of the United States up through 1945 was "really taken care of by the British Navy," and derided President Reagan's "moral" approach

to foreign policy as that of a "group that believes that if the walls of Jericho have not yet crumbled, it is because the right trumpet has not yet been blown."

After whining a bit about the problems faced by the Soviet Union, Henry proceeded to attack the Reagan policy of cooperating with Japan and South Korea on Pacific Basin security questions. "The historical memories of many parts of Asia would be severely jarred by a Japan that sought to achieve its security entirely by its own national efforts," he warned. "I do not think it is wise for the United States to press Japan to build up its defense forces." To this was appended a threat: "We have to keep in mind that political trends can be unleashed that the dominant forces in Japan today would themselves not welcome."

In place of cooperation with Japan and South Korea, Kissinger recommended an arrangement based on the most backward and cultish currents in China. "China has never had to conduct a policy of sovereign equality towards its neighbors," he crowed, "because it has been, both by size and by cultural achievement, in a very special relationship." He went on to say, somewhat accurately, that the China he wished to perpetuate had based its external policy on ideas akin to those of Nietzsche (the ideological forebear of Adolf Hitler).

Turning to the drug bankers assembled before him, Kissinger said, "We don't need anybody else. . . . It is a question of wealth and imagination. . . . So my final point is that we have a great opportunity, especially we the nations of the Pacific area, to produce order under the heavens."

As part of this policy, Kissinger made his proposal that international recognition be extended to North Korea, in line with an effort to force South Korea, whose leading cabinet officials were recently murdered by the cult to the North, to negotiate with Kim Il Sung.

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# National News

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## NDPC to investigate FBI judiciary 'sting'

The U.S. judiciary, which backed up the FBI's unconstitutional Abscam sting, entrapment, and blackmail operations against the U.S. Congress and local politicians, has now found itself the target of the FBI.

In Las Vegas and Miami, two federal judges, Harry Claiborne and Alcee Hastie, have been indicted so far in FBI "judicial corruption" probes. Judge Hastie was subsequently acquitted on all charges by a Miami jury. Like Judge Claiborne, Hastie had been an outspoken judicial opponent of the FBI.

In the Chicago FBI sting, dubbed Operation Greylord, some of the FBI agents went through a normal two-year cycle as assistant district attorneys, then took jobs in prominent criminal-defense law firms. Here they attempted to rig cases and judges while gathering dossiers on local politicians.

FBI pressure reportedly was not unrelated to Illinois Attorney General Richard M. Daley, Jr.'s early endorsement of Walter Mondale. In Chicago, the remnants of the Daley political machine are said to be completely paralyzed by the Greylord operation. Intelligence sources have credited similar FBI operations with securing Harold Washington's election as mayor of Chicago.

In Cleveland, an FBI operation code-named "Corkscrew" backfired when the FBI botched the job. A congressional investigation is probing the incompetence of Corkscrew, but not its impropriety.

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## Did State Dept. ignore Kuwait warnings?

At least two warnings from the U.S. embassy staff in Kuwait were ignored by the State Department just before the Dec. 12 bombings, according to reports circulating in Washington. The embassy reported firm intelligence that it was threatened by Iranian suicide bombers, and requested additional funds in order to secure the building.

Twice the Security Division of the State Department vetoed the money. The State Department is denying that it had anything to do with the security of the embassy, just as the State Department is now circulating rumors on Capitol Hill that it was the Pentagon which gave the order for the Marine sentries in Lebanon to carry unloaded weapons just before the late October terrorist bombing that killed 240.

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## Sheila Jones hits Jesse Jackson's connections

"When Jesse Jackson publicly denounced U.S. peacekeeping forces in Lebanon, supposedly on behalf of saving the lives of black American soldiers, I nearly puked," said Sheila Jones, Illinois First Congressional District candidate, in a campaign statement released in the beginning of December.

Jones, who is challenging Rep. Charles Hayes in a heavily black district, charges that "The fact is that Jesse Jackson stood by in silence as Libyan madman Muammar Qaddafi carried out his 'final solution' against black Africans in Chad, Africa . . . with Soviet backing. . . ."

"U.S. intelligence sources are reviewing Jesse's public attack on President Reagan's deployment of U.S. troops to evacuate American citizens from Grenada at the same time that Qaddafi called for the 'elimination' of President Reagan. . . ."

"Political commentators are raising the issue of Jesse's weakness for money. . . . Mondale is well aware that he needs the black vote to win the Democratic presidential nomination. . . it is only fitting and proper to ask: 'How much is Mondale paying Jesse to deliver the black vote?'"

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## Weinberger on classical versus oriental art

Defense Secretary Caspar Weinberger, a classical pianist whose wife is a Shakespeare scholar, used an analogy on the dif-

ferences between classical Western and Eastern art to make the point that the United States would respond from the standpoint of reality to the danger of Soviet aggression while speaking before the Washington Press Club Dec. 13.

"In Western art, at least in the classical tradition, we have been concerned with perspective, a powerful but sometimes artificial means of attaining an ordered image of the world around us," Weinberger said. "In Oriental art," he continued, "the observer is transported outside the immediate frame of reference. He sees the entire landscape, unbounded by the constraints of perspective in artistically arranged detail. There is a certain timelessness over all."

Weinberger emphasized that the President "recognized, as we all do, that the serenity and timelessness of Eastern landscapes can be an illusion. We are firm in our policy that the best path for progress in Northeast Asia requires the cooperation of our friends and allies and must be, ultimately, through a landscape drawn by realists."

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## LaRouche on radio in Midwest

"They are afraid of me. All you have to do is pass my name around on a piece of paper at any event of policy makers and muckymucks. Just the name Lyndon H. LaRouche on the paper, and you'll create immediate freakouts. . . . We will take credit for bringing Mondale down, and then some interesting things will happen." That was the response of *EIR* founder LaRouche, who is running for the Democratic presidential nomination, to a radio interviewer in Flint, Michigan Dec. 12, who had asked him why he is never mentioned in the polls.

Appearing on WTRX in Flint, LaRouche's portrayal of the present life-or-death political crisis produced a frequently heard reaction: "Don't the same rotten people always control government?" Although that is the case, and our job is to clean them out, LaRouche said, "Ronald Reagan is more his own man than JFK, for example, was." He added that Reagan should do immediate-



ly what Reagan would do if he were re-elected, or were LaRouche to win the Democratic nomination: Go on television to announce an all-out mobilization for beam-weapon defense.

People will tolerate almost anything except a threat to national security, LaRouche said to a caller who asked if traitors like the Trilateral Commission could be stopped. The function of mavericks like himself would be to spark a movement that can do the job.

When the tax-revolt question came up, LaRouche declared, "When people revolt it's the last straw, but *they grab for the spare tire instead of the steering wheel*. You only need 5-10 percent of the population to revolt on the basis of our program and policy will change."

When LaRouche appeared on WOC in Davenport, Iowa, to discuss the war threat and blast "Walter Mondale and the seven dwarfs," it produced "a 12-foot-high freak-out" among the AFL-CIO bureaucracy and others who are supporting Mondale, according to host Jim Fisher. When one caller asserted that "welfare is not in the constitution, why should we have it?" LaRouche answered that it was in the constitution, but the Federal Reserve certainly wasn't.

## NFO convention: no answers for farmers

The organized American farm movement suffered another setback at the national convention of the National Farm Organization (NFO) in Denver the first week of December. A bitter battle over the presidency split the convention's 1,400 delegates—only half the turnout of previous years.

Delegates enraged by NFO incumbent president Devon Woodland's "business as usual" policies rallied behind Minnesota farmer Butch Mueller. But Mueller's campaign, which ignored the evidence that the depopulation-minded food cartel strategists are provoking a world food shortage, only heightened frustration and bitterness within the farm organization. Woodland was re-elected with 53 percent of the vote.

Demoralization was evident in the re-

action to Woodland's keynote address. His statement that "the public is going to have to get used to the idea that it is going to have to pay more for its food" received the loudest applause.

## Is the KGB directing U.S. Nazi-hunters?

The well-publicized "Nazi-hunting" activities that center around the Office of Special Investigations (OSI) and former U.S. congresswoman Elizabeth Holtzmann raise many questions. Investigators are considering the following:

- The Justice Department's OSI is trying to prove that John Demjanjuk, a 63-year old auto worker, is the infamous Treblinka death camp guard "Ivan the Terrible." The case rests on a KGB-provided I.D. card that now appears to be a forgery.

- Two months ago a New Jersey judge threw out an OSI case against a naturalized citizen who had been a Lithuanian resistance fighter against the Nazis. The case was built on Soviet witnesses who insisted the accused, Juozas Kungya, was a war criminal. The judge discovered that there was more solid evidence showing the accusers to be war criminals. The witnesses and the evidence they brought against Kungya were produced by the KGB.

- Tscherm Soobzokov recently won a large settlement when charges brought against him were found to be forgeries as well. The case against Soobzokov gained notoriety when *New York Times* and *Village Voice* writer Howard Blum wrote a book in 1976 featuring the charges. The case was a showcase for the *New York Times*, CBS-TV, Blum, and Holtzmann to secure the formation of the OSI. At the time, reporter Blum admitted that one of the major targets of the new apparatus was Lyndon LaRouche; in fact, the frequent slander of Lyndon LaRouche as a Nazi originally came from the Communist Party, U.S.A. in 1972.

It is not well known that the OSI, which works closely with the FBI, is the only agency of the United States that is officially sanctioned to collaborate with the KGB.

- **LANE KIRKLAND** is on the spot after revelations that his candidate Walter Mondale's law firm was involved in Greyhound's effort to bust its work force. City and state AFL-CIO officials have been calling up Amalgamated Transportation Union locals assuring them that Mondale didn't do any work for Greyhound in return for his paycheck from Winston, Strawn, Greyhound's main law firm. "And besides," one AFL officials suggested, "I don't think Mondale even works for that law firm any more." Mondale, never known to disavow a paycheck for mere principle, is still of counsel with the firm.

- **ERNEST HOLLINGS** endorsed Moscow's demand that the British and French missiles be part of the superpower arms control talks. The presidential quasi-contender wants the two countries directly involved in the talks.

- **ROBERT M. BOWMAN** presented in a Dec. 14 *New York Times* op-ed the speech he hopes Reagan will deliver as a follow-up to his March 23 "Mutually Assured Survival" speech. Director of Air Force space weapons research under Carter, and a member of the cultish Delta Force network, Bowman has Reagan declare that after reviewing all the evidence, "I have thus reluctantly concluded that the deployment of such a [defensive beam-weapons] system in the foreseeable future is not in our security interest but that our security would best be served by maintaining and strengthening and the Anti-Ballistic Missile Treaty, which prohibits such weapons." Bowman took the place of a Soviet embassy official who backed out of a debate on the strategic crisis with *EIR* editor-in-chief Criton Zoakos last month.

## Editorial

### *The punctum saliens*

It was exactly one year ago that Club of Life founder Helga Zepp-LaRouche identified a *punctum saliens*, a jumping-off point at which no existing policies of leading institutions can do anything but make crises more acute, but a political force, even one, with limited physical resources can inject the right policy and bring about an upward turn in civilization. The *punctum saliens* requires a decision which, made with the right force, in the right place, at the right time, can change the general direction in which the nation—and the world—is moving.

As we face the opening of 1984, let us draw the political map on which we must locate the spot corresponding to the *punctum saliens*.

First, as every sane adult knows, we are in a worsening economic depression.

Second, as our Economics report describes, the weeks ahead will tear away the veil from the IMF's fraudulent "rescue" package for the Brazilian debt and reveal a ploy to extend the bankruptcy of the developing sector to Europe, parts of the Persian Gulf, and Asia. In this context, the genocidal Club of Rome has come back into the limelight to campaign for its doctrine that populations must be cut, especially among darker-skinned peoples, to save "limited" natural resources.

Since August 1982, the financial collapse has been delayed by one fraudulent bookkeeping trick after another. Those tricks have run out, or nearly run out. Soon, a chain reaction of formal defaults of entire nations will become an accepted fact around the world. It won't stop in the developing sector. Italy, France, and other industrialized countries are on the edge of financial crises bigger than Latin America's. They will probably explode during 1984, and can't be postponed much beyond 1984 at the outside.

What will probably happen—judging from the policies in Washington that recently led to the signing away of a big piece of national sovereignty to the IMF—is that at the first sign of a chain-reaction collapse of major commercial banks, Federal Reserve chairman Paul Volcker will use the dictatorial powers he received un-

der emergency legislation in 1980. President Reagan and Congress will panic. Volcker will raid the U.S. Treasury to bail out the banks, and everyone else will throw up a sigh of relief. The majority of citizens will believe that the crisis has been licked—because they want to.

It will take more than the worsening of the depression and a financial crisis to tilt the political situation from its course toward disaster.

This brings us to the third leg of the crisis, the military-strategic crisis. Sooner or later it will become painfully clear that either the United States prepares to surrender to Moscow or it plunges into the biggest upsurge of economic mobilization since 1939-43. This is the real issue at stake in the current efforts in Washington among the Kissinger crowd, the KGB-beloved Manatt Democrats, and the "fiscal conservatives" in the GOP, all intent on forcing defense budget cuts in the face of the Kremlin's drive for confrontation.

It is useful to recall that technically, what the U.S. government did beginning in 1939 to mobilize the country to stop the Nazis could have been done anytime from 1929 on, or earlier. The fact is, it wasn't done until a significant number of forces saw the United States staring down Hitler's gunbarrels.

Although the Reagan administration's commitment to the new strategic doctrine is firm, the sense of a full-scale "crash program" is not there. The point at which that sense erupts in the right places around the White House and Congress defines the location of the *punctum saliens*. Once the need for such a crash program is recognized, the needed economic reforms and certain of the monetary reforms will be automatically dragged through the side doors.

Once both superpowers are committed to the doctrine of Mutually Assured Survival, we begin to break the grip of Nuclear Deterrence, and turn our attention to solving the political causes of general warfare. If that is accomplished, our focus upon the *punctum saliens* will have changed the world, perhaps durably, very much for the better.

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