

# EIR

Executive Intelligence Review

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## 1983 In Review

Beam-weapons defense  
and the Soviet war drive



# EIR Special Reports

## Kissinger's Plot to Take Over the Reagan Administration

The surprise naming of Henry A. Kissinger to head the President's Bipartisan Commission on Central America was part of a larger long-term operation by the man who has been characterized as acting as Moscow's unpaid ambassador. The report includes dossiers on the top Kissinger-linked people in government, including Bud McFarlane, Brent Scowcroft, Lawrence Eagleburger, and Helmut Sonnenfeldt. Essential for understanding current battles over National Security Council, Defense, and State Department policy.

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Politics in the Gulf region from the standpoint of a "new Yalta" deal between Britain's Peter Lord Carrington and Moscow to force the United States out of the Middle East. The report details the background of the "Muslim fundamentalist card" deployed by Moscow and Lord Carrington's friends, and its relation to global oil maneuvers.

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## Jerusalem's Temple Mount: Trigger for Fundamentalist Holy Wars

A detailed investigation whose findings have made the front pages of both Arab and Israeli newspapers in recent months. The report documents the financing and objectives of a little-understood operation to "rebuild Solomon's Temple" at the site of one of Islam's holiest shrines, the Dome of the Rock in Jerusalem. Backers of this project are associates of Henry Kissinger, Swiss financiers acting on behalf of the Nazi International, and Protestant fundamentalists who are being drawn into a plan to destroy the Mideast through religious warfare.

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# EIR

## From the Managing Editor

This year-in-review issue is also, of course, a preview of the decisive questions for 1984. Will the U.S. administration meet the rapid schedule and funding needs for a crash program of defensive beam-weapons development and deployment? That is the only program that has a chance of ending the age of thermonuclear blackmail and curbing what emerged in 1983 as a fullscale Soviet drive toward war.

Can the terror wave emanating from the Soviet-Nazi International "Islamintern" be halted? *EIR* will continue to provide documentation of the chain of command over the kamikazes and saboteurs.

On the economic front, will leaders in the industrialized and underdeveloped sectors finally realize that savage contractionary measures and renunciation of sovereignty in indebted nations benefit no one but the enemies of the West? *EIR* has been a unique vehicle of the "Operation Juárez" policy first proposed by founding editor Lyndon H. LaRouche, Jr. in 1982, a policy of debt reorganization geared to mammoth expansion of trade, infrastructural investment, and industrial buildup. A second flank in this effort is LaRouche's 1983 proposal for concerted development of Asia's Pacific and Indian Ocean Basin. The LaRouche-Riemann econometric model has been increasingly used to elaborate the specific requirements of these undertakings—and is now being used as well to estimate the economic requirements for achieving adequate defense among the NATO partners and Japan.

*EIR* correspondents in 1983 took these initiatives to Egypt, Algeria, Thailand, Argentina, Brazil, Japan, Israel, Norway, Spain, Switzerland, Austria, Romania, Poland, and other locations where we do not have permanent bureaus. Our conferences in Europe, Asia, and the United States have opened new potentials for those who believe that the power of Reason can overcome even dangers of the magnitude humanity now faces. We anticipate a very combative, very demanding year.

*Susan Johnson*

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On the cover, clockwise from upper left: President Reagan; a Soviet depiction of the U.S.S.R.'s missile strength; Yuri Andropov; and a National Democratic Policy Committee rally on the steps of Capitol Hill in September to press for a World War II-level beam-weapons crash program.

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## Reagan's command decision was 1983's turning point

by Paul Gallagher

President Reagan's public announcement on March 23, 1983 that the United States could end the era of Mutually Assured Destruction by developing strategic energy-beam anti-missile defenses was the turning point of the entire period since the Cuban Missiles Crisis. "Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today.

"What if free people could live secure in the knowledge that their security did not rest upon the threat of instant U.S. retaliation to deter a Soviet attack; that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?

". . . Isn't it worth every investment necessary to free the world from the threat of nuclear war? . . . I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete. . . .

"My fellow Americans, tonight we are launching an effort which holds the promise of changing the course of human history."

Mr. Reagan made a "command decision" against the grain of virtually his entire administration, a move that could not have been postponed for even six months without ensuring the victory of the suicidal "nuclear freeze" policy.

That decision, which stunned other world leaders, thrust to the fore the influence on strategic questions of *EIR* founder Lyndon H. LaRouche, Jr., whose policy proposals have been shown to be uniquely appropriate in this dangerous historical conjuncture, and who, since 1977, was the only public figure to organize a campaign for beam-weapons defense among the U.S. population at large. Often forgotten amidst the reams of "Star Wars" slanders which have appeared in the press is the fact that Reagan's March 23 speech elicited "the strongest reaction in calls and letters from the public of any action of this presidency," according to the



White House, and more than 70 percent of those intense responses from the citizenry during April and May were enthusiastic. Over the course of 1983, LaRouche and his associates have demonstrated that key elements of the European military-political leadership are also ready to join a beam-weapons effort.

Soviet official organs (*Pravda*, *Izvestia*, and *Literaturnaya Gazeta*) have threatened a "justified Soviet pre-emptive strike" against the United States to stop American development of anti-missile systems. The Soviets refused even the most informal discussions of Reagan's new doctrine after April, discussions in which LaRouche had been involved. On Nov. 15 *Izvestia* published a long attack on LaRouche as the reactionary evil genius of Reagan's new policy, and upon collaborators of LaRouche in European military and political circles organizing support for the U.S. beam-weapons commitment. At the Dec. 12 Geneva meeting of the Pugwash Conference, for 26 years the most intimate and cooperative arms control "dialogue" between the Soviets and their Western admirers, the Russian delegation was "stone cold," according to European press accounts; insiders said they demanded that their Western interlocutors "get rid of Reagan" or the Soviets would see no further value in the "Pugwash process."

### Irrevocable decision

What has given the March 23 announcement such extraordinary impact despite continuing underfunding of U.S. beam-weapons development?

In a single speech, the President had rejected the deter-

rence strategy known as Mutually Assured Destruction (MAD), a strategy which deliberately left the U.S. population vulnerable to an enemy nuclear strike, and launched the doctrine of "Mutually Assured Survival," the parallel achievement of the supremacy of the defense.

President Reagan chose the vehicle of a high-profile public announcement of an offer to the Soviets to negotiate development of beam-weapons defenses by both sides, combined with the announcement that the United States would proceed to this development despite any Soviet reaction. Reagan thus put U.S. scientific and technological capabilities into a defensive arms race which until then had been an entirely secret drive by the Soviets alone to "break out" of the no-ABMs fantasies of 20 years of arms-control negotiations. The potential result, with a U.S. "catch-up" mobilization of beam-weapons technologies, would be a competitive but approximately simultaneous deployment of American-allied and Warsaw Pact ABM beam weapons systems in increasingly potent stages. This is the means to bring the era of mutual thermonuclear terror to an end, releasing economic and political energies for general technological progress and the industrialization of the underdeveloped world.

The Russian leadership had been anticipating its ABM "breakout" as the final step in assuring military-enforced domination over the West. As of John Collins' landmark 1980 survey, *U.S.-Soviet Military Balance: Concepts and Capabilities 1960-1980*, it was known that testing of beam weapons was "cornered by the Russians, according to most calculations." The first breakthroughs in high-power lasers and very strong pulsed-power sources for particle beams, making

anti-missile beam weapons a possibility, came in 1966-68. As of 1962 Marshal Sokolovskii's standard work *Military Strategy* was insisting that "particular attention is given to lasers (death rays); it is considered that in the future any missile or satellite can be destroyed with high-powered lasers."

The most recent CIA assessment, delivered to a Nov. 30 National Security Council meeting, states that a Soviet demonstration of an operational anti-missile beam weapon capability should be expected within one to two years, and Russian deployment of these systems will be possible by 1987. It is certain that the Soviets are this close, and quite possible that they are closer. It is also certain that they have the necessary national network of long-range battle management radars already in place to acquire and track U.S. missiles as targets for beam weapons, along with the supporting technology of massed ground-to-air anti-missile missiles, an additional "terminal" layer of anti-missile defense. The Nov. 30 NSC meeting considered this evidence as part of a massive package of Soviet violations of the SALT treaties—the so-called "breakout."

In July 1983, LaRouche submitted to Vice-President Bush and the U.S. Senate vital evidence concerning this deception. Henry Kissinger, a "weapons technologies expert" attending Pugwash conferences from 1961 to 1965, was uniquely well-informed about the Soviets' ABM advantage from the only interval in which they acknowledged and discussed it at international conferences. Kissinger, the chief negotiator for the SALT I treaty supposedly banning ABM systems, ensured that this knowledge was withheld from U.S. Presidents.

Thus as of March 1983 President Reagan faced a situation in which the Russians held an across-the-board advantage in the most crucial of all areas of military potential—defensive anti-missile systems—and would neither admit, discuss, negotiate, nor in any way slow down their attempts to build such systems. His speech was both an irrevocable commitment of the U.S. to this *defensive arms* technology race, and an effort to get the Soviet program out into the open.

The Reagan administration had concluded no later than July 1981, that deterrence could not be maintained more than a few more years under current rates of technological progress in offensive missiles and warheads, and that the Soviets were on a drive to "crack through" U.S. deterrent capability, maintaining the platitudes of MAD and the SALT treaties merely for diplomatic effect. At that time the President ordered studies of how to put U.S. missiles on a "Launch Under Attack" alert as MX was brought on line. In a February 1982 Washington speech, LaRouche insisted that the situation posed a more drastic choice—"nuclear freeze," i.e., surrender to the Soviet's increasing military superiority, or a public choice of the policy of beam weapons. In March, Reagan chose to act on that assessment, at the last possible point of effective action.

The so-called "Pugwash" group of scientists in the U.S. formed a war council against Reagan, accurately described by the Nov. 16 *New York Times* as a "shadow government"

grouped around Walter Mondale's presidential campaign. The group consisted of the leading figures who had attempted to mislead the public through the "Star Wars" scare stories selectively presented by the great majority of media. They had also been the leading arms experts and arms negotiators of the MAD doctrine era: Richard Garwin of Harvard and IBM; Col. Robert Bowman, kook refugee from Air Force weapons programs; the MIT group of scribbler Costa Tsipis and former ACDA officials Jack Ruina, Paul Doty and Bernard Feld; older "one-worlder" physicists like Hans Bethe, Sidney Drell, and Victor Weisskopf.

Weisskopf had publicly stated in April that "the Soviets will start a war to prevent stationing of such a system," implying that they would be justified. He circulated a statement against Reagan's new doctrine among U.S. scientists, and sent it to Andropov for his use with the international press, e.g. in Andropov's May 23 interview with the West German weekly *Der Spiegel*.

At an international conference of scientists at Erice, Sicily in late August, a scandal emerged attesting that this "shadow government" was working directly with the Soviet leadership. Leading Soviet academician and laser weapons scientist Yevgeny Velikhov told the Italian Communist newspaper *Unità*: "Richard Garwin has written many observations on nuclear war, in documents he sent to Andropov. Andropov has answered all the remarks, and to a large extent it is due to this discussion that my government a few days ago took the historic decision [Andropov's phony "ban on space weapons treaty" offer to visiting U.S. congressmen]."

### The immediate ABM necessity

By September, following the Korean Air Lines massacre and the threat of Russian missile-bearing submarines near U.S. coasts, it became clear to some participants in the deliberations of President Reagan's "Fletcher Commission" on beam weapons policy that the U.S. required not just a shift in doctrine to defensive nuclear weapons, but *near-term deployment* of such defensive systems. The minimal goal of such a "Manhattan Project"-type mobilization was defined as capable defense against intermediate- or short-range ballistic missiles—the threat of submarine missiles and the SS-20s. It was also becoming known that the Russians were verging on such capabilities in an undefinably short time frame.

Dr. Lowell Wood of Lawrence Livermore Laboratory, a key beam weapons expert directly advising the NSC, told an American Legion meeting at the National Press Club in Washington on Dec. 1 that Soviet subs' missiles could decapitate the American command structure and East Coast capitol cities in three to five minutes. He also stated that they could be stopped with a crude first-stage defensive weapons system, which would require only \$10 billion in development and deployment funds. The European allies could develop such protection as well against the SS-20s.

In the face of this necessity the National Security Council has split between a "business as usual" faction allied to Kis-



singer and Shultz, and proponents of a beam-weapons "crash program." Rumors of an impending Reagan policy speech launching a "Manhattan Project" have abounded since October, when the depth of the Soviet confrontation drive began to sink in.

Officially, however, the White House still "believes" that the Soviets may return to the Geneva negotiations. That is the corrupting influence of the allies of Kissinger and NATO Secretary General Lord Carrington.

And officially, the fiscal year 1984 appropriation directly for high-power laser, particle beam and related directed energy technologies is only \$600 million, 20 percent more than the previous year. That is the consequence of the stranglehold

on White House economic policy by Federal Reserve head Paul Volcker and his appeasement-bound Swiss banking mentors. The completely inadequate official funding level persists despite the stated position of the Senate Appropriations Committee, citing the Soviet ABM "breakout," "that it is vitally important to keep the ABM systems technology program funded at as high a level as possible," and that "the Committee would entertain supplemental budget requests for these programs."

A second Reagan "command decision" is now imperative, to launch what LaRouche, Teller, and Colorado congressman Ken Kramer have publicly specified: a second Manhattan Project.

## Lyndon LaRouche called the shots on strategic policy in 1983

*Lyndon H. LaRouche, Jr.'s articles and statements appeared throughout the year in Executive Intelligence Review. Below are excerpts from his analyses of strategic military and economic questions.*

**Why a Beam-Weapons Arms Race Is Necessary, Dec. 22, 1982:**

I insist that our choice is between beam-weapons development and early prospect of thermonuclear holocaust.

The core of my argument is that the cultural effects of a beam-weapons development will be to induce a renaissance of combined rationality and fear of war's consequences among the populations and leading institutions of nations. . . . It is the effects of policy of nations, upon the shaping of culture and cultural outlooks, which determine the political preconditions for warfare. . . .

MAD tends to become a lever of thermonuclear blackmail, and a source of encouragement to lunatic degrees of irrationality in relations among states. Governments which are inclined to be irrational believe that they are freed from taking into account the practical consequences of their policies. It is the cultivation of that "freedom" from obligations to weigh policies against their consequences, which is key to the growing danger of thermonuclear holocaust. . . .

If the Soviet Union is disposed to accept the kind of post-war world proposed by Franklin Roosevelt, and if rational

forces lead both nations, war between the powers is virtually impossible. . . . The long-term significance of launching a Beam-weapons development program, is the revival of a vigorous technological optimism, and with that a restoration of the hegemony of rationalism among the peoples and governments of the nations. . . .

**LaRouche on the Bipartisan Challenge and the Question of his Presidential Candidacy, March 24:**

It has been my repeatedly stated policy and practice since President Reagan was elected, that responsible Democrats should develop a bipartisan posture toward the Reagan administration. This view [is] richly justified by the step which President Reagan took last evening.

It has been, and continues to be my policy, that the great political parties of our nation have no proper self-interest as parties except the most vital interests of our nation. . . .

There are two reasons I would campaign for the Democratic presidential nomination of 1984. . . . My leading accomplishments as an economist, my knowledge and personal connections in most continents of the world, are resources of knowledge and commitment to command decisions on vital issues almost non-existent among other visible candidates. [And], one of the great parties of our nation, the Democratic Party, is being destroyed from within. That party urgently needs a leader, a man for a time of great crisis. . . .

## **Moscow's Unveiled War Plan Against the United States, May 31:**

It has been a long time since any power announced in the press [*Izvestia* May 9] that it has a definite war plan against another power, especially a war plan implied to be made ready to go into operation as early as this year. This is exactly what . . . Soviet Chief of Staff Marshal Nikolai Ogarkov did. . . . Ogarkov simply restated the Sokolovskii doctrine, which has been continuous Soviet strategy for at least the past 20 years. The Soviets have been preparing to fight a full-scale thermonuclear war, to survive it, and to win it. . . .

On March 23, President Ronald Reagan made a generous offer to Secretary Andropov. He announced a new strategic doctrine of the United States, a doctrine which would make possible a takedown of the world's thermonuclear missiles arsenals. . . .

How did Secretary Andropov react to this generous offer? Neither the text of the President's announcement nor any reference at all . . . has appeared in any leading Soviet publication. The denunciations of the President and his blacked-out speech began pouring out of the Soviet press. . . . President Reagan's March 23 address did not trigger the indicated Soviet behavior; the Soviet game was already afoot months earlier. Reagan's proposed alternative to a crisis had the effect of unmasking the ongoing Soviet intentions. . . . They intend to plunge the world into the new missile crisis, and have assured themselves that they will force the White House into a humiliating backdown into strategically decisive margins of concessions.

## **The Fall-Winter U.S.-Soviet 'Missiles Crisis' Negotiations from the Standpoint of the New Strategic Doctrine, April 26:**

From a purely military standpoint, the President's strategic doctrine of Mutually Assured Survival makes complete sense to a Soviet military traditionalist, just as it does to our own military traditionalists. Soviet objections arise not from the military side of the new doctrine as such, but from the longer-term economic and political implications of the adoption of such a policy by the United States. . . .

The essential point of the Sokolovskii doctrine is its insistence that general warfare can still be won in the age of thermonuclear strategic missiles. . . . [F]ighting such wars depends upon developing the capabilities for destroying salvoes of strategic missiles while those missiles are in flight. . . .

The Soviets . . . modified their application to the new political, scientific, and economic trends which erupted clearly in the West beginning with President Johnson's "Great Society." . . . If the Soviet Union could but wait out our work of destroying ourselves from within, the Soviet Union would emerge as the world's single, unchallengable strategic power by default. . . .

All the double-talk, the delusions, the deceptive games

of the past 20 years are now ended. We are going to survive as a great world power, and our survival into the 1990s and beyond in such a condition, has made some gentlemen in the *New York Times* offices, in London, and in Moscow very, very unhappy for the moment. It will take time before Soviet officialdom generally becomes reconciled to this fact. . . .

What alternative does the Soviet leadership have, but either to accept the terms of the new doctrine, or to go to thermonuclear war?

## **Open Letter to Yuri Andropov: You have chosen to plunge the world into war, Sept. 13:**

When you rejected even exploratory negotiations offered by President Ronald Reagan, on the basis of the new U.S. strategic doctrine publicized on March 23, 1983, you consciously chose thermonuclear war to occur sometime during the several years immediately ahead. . . .

You are prepared to risk the possibility that in such a situation the United States will shoot, rather than back down to the present Soviet margin of advantage, in the event the U.S.S.R. goes to the point of launching a pre-emptive strategic strike. . . . Something very evil is influencing the philosophical world-outlook currently shaping the decisions of the Soviet government.

The first of the three elements chiefly to be considered is the effects (in this case upon Soviet policy and thinking) of the succession of two post-war strategic policies of the oligarchical families' faction of the United States and Europe. . . . Accepting the President's proposal would mean tearing up an existing, longstanding devil's pact with the gang of racist, oligarchical scoundrels associated with the life's work of the most monstrous degenerate of the 20th century, Bertrand Lord Russell. . . .

Something [in the Soviet Union] has changed very drastically. This change—this drastic change—has two clear and leading features: *A sweep of worldwide cultural pessimism into Soviet society generally, combined with a falling-back toward what Old Russian Culture can bring forth under conditions of deepening cultural and moral pessimism. The practical problem is that if the foreign policies of a superpower are under the influence of such cultural impulses, the world is in danger.*

You would find the Pugwash agreements an abomination to be destroyed by every means available, unless the combination of your infection with worldwide cultural pessimism, and your acceptance of the Pugwash imperial doctrine, had not pushed you into adopting a foreign policy best described as a thrust consistent with the doctrine of Philtheos of Pskov: "The Third and Final Roman Empire."

## **U.S. Policy Toward Moscow after the KAL Incident, Sept. 6:**

Despite the Soviet refusal of the offer of durable peace,

the new U.S. strategic doctrine stands in its own right. It is the only sane policy for the United States and its allies—especially now, since Soviet official sources have several times threatened to launch a preemptive thermonuclear attack against the United States.

However, as of late April 1983, this writer, as one who had encouraged the President to make his generous peace offer to the Soviet Union, was obliged to locate and correct the included error in his own assessment of the character of the Soviet leadership. . . .

The Soviet leadership confronting us today is the Russia . . . which the Nazis' "National Bolshevik" faction and Alfred Rosenberg envisaged as a natural ally of the Nazis. This discrediting of Soviet Marxism, from 1953-56 onwards . . . brought forth a replacement from the bowels of Russian history, the ideology of the Russian proto-fascists, Dostoevsky, Bakunin, and the "Ayatollah" Rasputin. . . .

#### **LaRouche Places His Name in Nomination, Sept. 26:**

Recent actions by Democratic National Chairman Charles T. Manatt and former Gov. W. Averell Harriman force me to place my name in nomination to become the 1984 presidential candidate of the Democratic Party. . . .

On Sept. 20, Chairman Manatt and Governor Harriman convened a press conference at Georgetown University in Washington, D.C., to announce that they, and all announced Democratic presidential candidates excepting Rueben Askew, are committed to the Soviet-created and Soviet-steered Nuclear Freeze movement. . . . At the same time, I have been informed from the most reliable sources, that the Soviet government is presently committed to aiding Chairman Manatt and Governor Harriman in securing the nomination and election of one among these Nuclear Freeze candidates. . . .

Therefore, I shall campaign for the Democratic Party's presidential nomination using my candidacy to spearhead the mobilization of a great mass movement of our citizens against the Soviet-supported and Soviet-influenced Manatt-Harriman leadership of the Democratic Party. . . .

This nation of ours requires an economic mobilization echoing that which President Franklin Roosevelt set into motion during 1939-43. That mobilization must begin now—not after January 1985. This mobilization must be centered around the development of strategic anti-missile defenses, in agreement with the new U.S. strategic doctrine announced by the President on March 23, 1983. . . .

My principal job during this campaign will be to continue doing what I have been and am doing, and to provide you and the thousands of new candidates now beginning to run for local offices with a rallying-point around which to build a new political movement in this country.

#### **The Crisis in U.S. Strategic Policy, Nov. 1:**

. . . The Soviet leadership is presently escalating a

thought-out plan toward thermonuclear, global showdown with the United States, and will merely accelerate its drive toward confrontation once the first missiles are installed. . . .

Soviet-backed Qaddafi is moving step-by-step to destroy every targeted nation of northern Africa. . . .

Meanwhile, in Moscow itself, the Soviet leadership is operating presently on the perception that present Soviet military superiority, the deepening economic depression of nations under the Bretton Woods System, an imminent, 1931-style international financial collapse, and pressures of the 1984 election campaign will hamstring the Reagan administration so much during the coming six to nine months that the White House will be unable to react effectively to any added element of strategic crisis. This is Moscow's perceived historic "window of opportunity."

The obvious political flaw in the White House is [shown by] the evidence of the White House's blind faith in the fraudulent statistics which report a "1983 U.S. economic upswing" in progress. . . . The White House's inability to perceive the monstrous proportions of the strategic crisis now in progress flows largely from the White House's blindness to the realities of the economic situation. . . .

Globally, our main line of defense is not military, but economic. . . . Almost with the stroke of a pen, the President of the United States could collapse the power and policies of the bankrupt Bretton Woods monetary system, and create a new international monetary order based on a new issue of Treasury gold-reserve-denominated currency notes, pegged at at least \$750 an ounce for gold. The debts could be reorganized, and the internal debt-crisis of the U.S. banks stabilized. This would open up Latin America immediately for a high-technology boom, a boom which would spread to other parts of the world.

#### **Beam Weapons: The Implications for Western Europe, Nov. 9:**

Both the United States and the Soviet Union are at present in an extremely advanced state of development of defensive weapons systems of greater firepower than any weapons previously in existence. . . . Under conditions of crash-program development, modeled on the accomplishments of the U.S.A.'s NASA work of the 1960s, both the United States and the Soviet Union could have in place a first generation of such new defensive-weapons systems by as early as 1987 or 1988. . . .

The deployment of such systems would replace the present U.S. nuclear umbrella over Europe, providing Europe for the first time a genuine defense against the destructive force of a Soviet thermonuclear-missile attack, a quality of defense not possible with thermonuclear deterrence. . . .

[T]he time has come for me to report certain facts which have never been made public anywhere up to the moment I speak to you now. . . . From February 1982 through the

middle of April 1983, I was engaged in continuing private discussions with representatives of the Soviet Union on the subject of the strategic doctrine which the President announced on March 23. . . . The limited purpose of these discussions was to explore conceptions with a view to reporting my findings to appropriate channels of my government, and to ensure at the same time that were my recommendations accepted by my government, the Soviet government would have competent knowledge of the intent and implications of the policy being proposed.

Despite the private and informal nature of these fact-finding discussions, the President's announcement of March 23 caused those discussions to secure the highest strategic importance in Moscow, and to become a significant factor in the unfolding of the global strategic situation after that date. At the same time, these discussions placed me in a situation of special advantage for understanding exactly what the Soviet government was thinking, and its purpose in rejecting the President's offer of negotiations under the new strategic doctrine. . . .

Soviet interest covered two overlapping areas. The first was my proposed strategic doctrine itself. Second, it had come to Soviet attention that my own quarterly forecasts for the U.S. economy, regularly published since November 1979, had proven consistently accurate, whereas their own, as well as those of the U.S. government and private forecasting services generally, had been usually wrong, and overall absurd when compared with my results. As it turned out, it was Soviet belief that my economic analysis of the proposed strategic doctrine was correct which played a leading part in Moscow's summary rejection of the President's proposal of March 23. . . .

My discussions of these matters with Soviet representatives affirmed what I know by other means. The Soviet government has no serious technical disagreement with any part of the strategic package I have outlined. . . .

I interpreted the orders to break off discussions with me as crucial evidence of Soviet intentions to move quickly toward a thermonuclear confrontation with the United States, and so informed my friends in the U.S. government. I forecast that the Soviets would begin to escalate on a countdown toward a thermonuclear confrontation as early as August 1983. Events proved my spring 1983 forecast of such a Soviet posture to be correct; the countdown toward thermonuclear confrontation began during August, and has been escalating in various sections of the globe ever since. . . .

[I]f President Reagan were reelected, beginning November 1984, he would without doubt unleash a massive economic mobilization modeled significantly on the precedent of the 1939-43 period, to the effect that the Soviet strategic advantage of the present moment would rapidly evaporate. This present period of 12 months ahead is a period of the United States' greatest strategic vulnerability to a Soviet thermonuclear confrontation which has ever existed is or likely to exist in the foreseeable future.

## The Soviets respond to proposal: seek a U.S.

by Rachel Douglas

When, on March 23, 1983, the President of the United States offered the Soviet leadership the greatest opportunity of the post-war period, to free the world from the tyranny of Mutually Assured Destruction, Moscow replied "No." The Soviet media never printed what Reagan said.

Under Yuri Andropov, the Soviet Union refused to consider even exploratory negotiations on the development of ballistic-missile defense by both superpowers. On Aug. 10 in the weekly *Literaturnaya Gazeta*, Andropov's long-time adviser Fyodor Burlatskii spelled out the blood-curdling response the Kremlin gave instead: The U.S.S.R. would sooner go to war than allow the United States to develop a strategic defense capability, of which the Soviets had intended to be sole possessors. Reams of Russian newsprint were sacrificed to appeals, proclamations, and tirades against defensive strategic weapons, saying one day that they are impossible to build and the next that they will cause World War III, and never letting onto what is evident from Soviet military writings and scientific work: The U.S.S.R. has had its own anti-missile beam-weapons program for years and is ahead in the field.

Burlatskii called all "space" weapons a *casus belli*, thereby threatening the United States with a Soviet first strike.

As 1983 drew to a close, the Soviet Union had positioned its enormous military forces and widespread irregular capabilities in a war formation: They would deal the United States a strategic humiliation, or else inflict that nuclear strike. Chief of Staff Marshal Nikolai Ogarkov, who became the chief spokesman for the Soviet state as the Soviet military eclipsed the ailing Andropov in the last quarter of the year, confirmed in a Dec. 5 press conference that the threat of putting the U.S. mainland in a less than five-minute range of Soviet nuclear missiles has been carried out with the deployment of submarines off the American coasts. In May, the President of the U.S.S.R. Academy of Sciences had warned that the Soviets would also move to the status of launch under attack at the point new American intermediate-range missiles

# beam-weapons strategic confrontation

were stationed in Western Europe. "The deployment of missiles . . . that can reach their target in about five to seven minutes of course excludes the possibility of taking any sort of decision, any sort of action that might stop the unleashing of war. The only possibility in this event is an *automatic response, using all available forces against all possible opponents*," declared Academician Anatolii Aleksandrov. Installation of those U.S. rockets began in December, and served as Moscow's pretext for announcing the submarine deployment and an array of other "countermeasures" such as the installation of short-range nuclear missiles in Eastern Europe.

Moscow, playing the wounded party, refused every opportunity to avert the stringing of this hair trigger on nuclear war, the inevitable culmination of the Mutually Assured Destruction doctrine, at which the Soviet Union has connived for three decades but never accepted for itself. The result of this refusal, said *EIR* founder Lyndon LaRouche in a challenge to Andropov (*EIR*, Sept. 13) was a conscious choice "to plunge the world into war."

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

## The view of an empire

As we editorialized on June 21, "There ain't no Commies in Russia any more." What the March 23 offer and its rejection by Moscow revealed was a "paradigm shift" among the Soviet leadership. With scant pretense of devotion to Marxism-Leninism, the Kremlin rulers are presiding over an empire with all the barbarian proclivities of the Russian Empire and the Byzantine Empire from which Russia inherited its

world view.

Moscow has friends to match its new stance: from Nazi-trained suicidal terrorists in the Middle East to the Swiss-centered banking oligarchy that is orchestrating global economic collapse at the cost of millions of lives. Accordingly, Soviet foreign policy schemes this year came from the armory of imperial geopolitics. In an April interview with *Der Spiegel*, the West German weekly, Andropov endorsed a spheres-of-influence ordering of world affairs. In answer to a question about the Soviet occupation of Afghanistan, he said, "We have a long common border, and it does make a difference to us what kind of Afghanistan it will be. To make this better understood, let us put it this way, for example: Suppose the United States didn't care what kind of government Nicaragua had. Nicaragua is very far away from the United States, whereas we have a common border with Afghanistan, and by helping Afghanistan we defend our national interests." Astute observers concurred with what *EIR* pointed out in our coverage of Andropov's interview: His justification of Soviet policies as those proper to a landpower, while the United States would be a sea power, mimicked the geopolitical theories of Haushofer, the brains behind Hitler's *Mein Kampf*.

This is the Soviet posture that emerged from the Pugwash Conferences, the international conspiratorial sessions begun in the 1950s by senior British intelligence figure Bertrand Lord Russell. Like its predecessor organization, Russell's World Association of Parliamentarians for World Government, Pugwash is a vehicle for establishment of a one-world government, but—in recognition of Soviet superpower status upon acquisition of thermonuclear weapons and ICBMs—one with two imperial divisions, an Anglo-Saxon-dominated Western division and an Eastern division under Russian domination. Under the aegis of Pugwash, Russell's faction of British intelligence (continued today by NATO Secretary-General Lord Carrington) and the part of the U.S. foreign policy elite typified by Henry Kissinger and the State Department made arrangements with the Soviet leadership, against a common enemy: the nation state.

The basic arrangement was the retaliation-deterrence doctrine of Mutual Assured Destruction itself, the notion that the nuclear age dictates a shift from traditional war-fighting to a defense based only on the ability to obliterate the opponent.

The keynote speech by Dr. Leo Szilard at the Second Pugwash Conference (September 1958), "How to Live with the Bomb and Survive," was a treatise on MAD and a touchstone of the Pugwash movement, it called for a Soviet-American nuclear arms race to reach a level of deterrence sufficient to maintain a "metastable" state of tension. Szilard explicitly identified this as the two-empire idea, saying that "when [the] long-range rocket stage is reached . . . it is conceivable that America and Russia may be able to go one step further, that they may be able to agree on a revision of the map."

But, as the Soviet mode of operation in the Middle East and elsewhere makes clear, Moscow joined the two-empire game with the intent to emerge solely dominant. "Russia is

still 'Holy Russia' and Moscow is still the 'Third Rome,'” wrote that British master of cultural manipulation, Arnold Toynbee, in the 1940s. In offering the Soviets their own half-world empire, the Pugwashites were encouraging the ancient Russian Orthodox doctrine that Moscow will rule as the “Third and Final Rome.” The force unleashed by such geopoliticking, which is continued today by Kissinger, Carrington, and their like, does not play by the rules.

### Margin of superiority

Throughout the 1960s, Soviet participants at Pugwash regularly included top strategists from the General Staff of the Soviet Armed Forces, who were glad to help instill MAD as U.S. and NATO doctrine. They, on the other hand, always assuming that deterrence at a certain point could fail, never abandoned the idea that armed forces have to be able to fight wars. Hence the Soviet quest for marginal strategic superiority, not only by the surreptitious development of defensive technologies, but by circumventing, violating, and flying through loopholes in every arms-limitation agreement ever signed.

If the advanced industrial sector in the West doomed itself to collapse through economic decay, the proliferation of the drug culture, and cultural pessimism, Moscow could rest assured of eventual world hegemony in any case. But if the United States, in a national mobilization for defensive beam weapons with all the gear-up of science and industry that entails, catalyzed a genuine economic recovery and epidemic of cultural optimism, then the Soviet Union would have to find its future in a world dominated by republican nation-states—with no room for empire. To date, Moscow says it would prefer going to war.

After Reagan's March 23 speech posed this choice, the Soviets cashed in every accumulated asset at their disposal—military, political, terrorist, financial. With forays in the Middle East, in the Western Hemisphere, in Asia, and especially in Europe, Moscow aimed to bombard Reagan with multiple crises to the point at which he could not deal with all of them and would back down at one critical moment.

The Soviets embarked on this dubious venture with the confidence that, should Reagan not back down, the U.S.S.R. possesses a margin of superiority in every category of nuclear weapons now deployed by the two sides. By means of “hidden” missile deployments, which have been detected by U.S. surveillance but are not counted at strategic arms talks because the Soviets don't admit they exist, and clever Soviet subterfuges such as stockpiling missiles that are not in their launchers but are available for rapid “reload” or are exempted from strategic arms counts because they are deployed at “test” ranges, the U.S.S.R. has 45 percent more nuclear weapons that can hit U.S. territory than vice versa.

Furthermore, it is not the case that this advantage is meaningless because either side could wipe the other out. All three legs of the U.S. nuclear triad are vulnerable. American strategic bombers would probably be destroyed by Soviet inter-

ceptor aircraft and anti-aircraft missiles before dropping their bombs. As *EIR*'s Editor-in-Chief, Criton Zoakos, documented in the Oct. 25 *EIR* cover story, U.S. nuclear-armed submarines have either already lost or are about to lose their value as a deterrent, due to abruptly upgraded Soviet anti-submarine warfare (ASW) technologies. If the Soviets launched a nuclear first strike, at present they could probably annihilate 90 percent of U.S. land-based missiles before the latter left their silos. Lastly, the Soviets have two crucial war-fighting capabilities the United States does not have at all: a civil defense program and a nation-wide anti-missile defense system based on powerful anti-aircraft missiles doubling as anti-missile missiles.

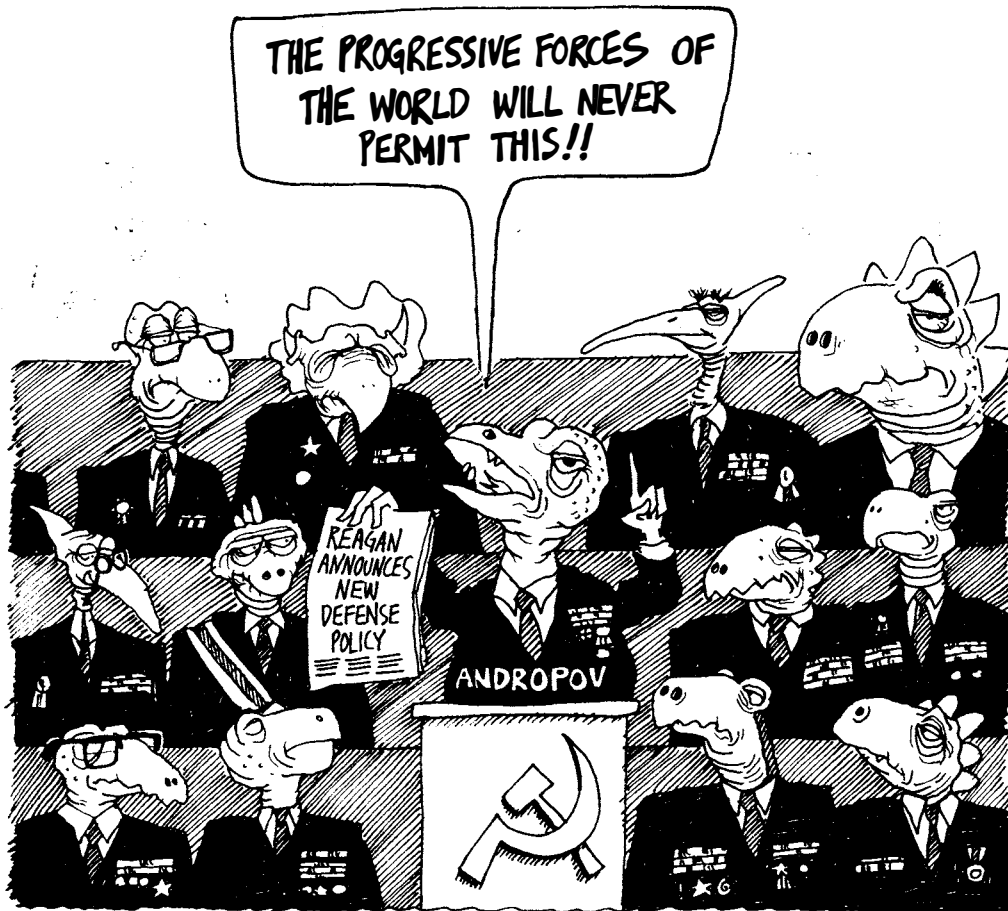
This huge war machine is undergoing reorganization to achieve a higher level of war-readiness. The autumn 1983 series of Warsaw Pact military meetings focused on the ability to launch combat actions with shorter advance notice than ever before.

*EIR* has ascertained that, since 1979, the Soviet military has been creating war-theater command and force structures, to be the in-place war-fighting organization of the armed forces. Referred to by one British analyst as “preemptive strike commands,” they complete the array of institutions that “shadow” the institutions operating in wartime. The existing Military Districts in the U.S.S.R. and Groups of Forces in Eastern Europe, into which Soviet ground forces are organized, are each slated to transform into a “front” in war-fighting. The theatre commands are an intermediate level of command, between the Military District and the General Staff, and are transformable into autonomous commands for a “sector” or group of fronts—a Theater of Military Action, known in Russian as TVD. Four TVDs have been identified around the perimeter of the U.S.S.R.: the Far East, the Southern (divided into Central Asia and Transcaucasus parts, the second of those oriented to the Middle East and Mediterranean), the Central (Europe) and the Northern.

### Shift to terror

In the last quarter of the year, Moscow went into a phase of rapid-fire acts of terror against any and all, employing the Nazi tactic of *Schrecklichkeit*. The cold-blooded murder of 269 passengers aboard Korean Air Lines Flight 7 on Sept. 1 tested world reaction to such behavior. The bombing of U.S. and French force headquarters in Beirut, part of a wave of Soviet-sponsored Islamic fundamentalist terrorism, followed the next month. And in Western Europe, the anti-missile “peace movement,” which Moscow had been backing all along to disrupt NATO, moved through its Hot Autumn of 1983 into an outright terrorist phase.

Especially from September onward, there were coordinated Soviet pre-war deployments in the Northern and Central theaters. According to the London *Daily Telegraph*, the Soviet Navy conducted its “biggest worldwide demonstration of maritime power for many years,” in September. During a week-long exercise, 60 percent of the ships of the Murmansk-



based Northern fleet were at sea, mainly in the North Atlantic, but also in the Mediterranean and Caribbean seas. The North Atlantic is where Soviet nuclear submarines pass en route from Murmansk to the open seas; a "break-out" of a large number of subs into the Atlantic in early 1977 dramatically tested this deployment. In November and December, British naval officials reported a pattern of Soviet deployments of missile-carrying submarines and surface ships off Britain this fall, fitting what another analyst described as a shift of naval forces from the Northern Fleet to the Baltic Fleet. In combination with Soviet naval special forces (*spetsnaz*) operations in which mini-submarines mined or prepared to mine Swedish and Norwegian coastal waters, these were moves to turn the Baltic Sea into a Soviet lake. The Soviets strong-armed Finland into putting its air-defense network at the service of the Warsaw Pact for detection of cruise missiles passing over Scandinavia, and they skyrocketed their own ground force deployment into the Baltic region.

These military moves, together with a propaganda barrage attacking Reagan as a "second" Hitler, point toward early confirmation of intelligence warnings that Moscow is preparing a pre-emptive military strike against West Germany as a test of the nuclear tripwire, facing the United States with the ultimate question of whether to go to all-out nuclear war to defend Europe, or back down in a strategic humiliation.

West Germany began to experience not only terrorism, but sabotage bearing the stamp of Soviet *spetsnaz* pre-war deployments, such as the cementing-up of chambers of bridges in West Germany where NATO forces would place explosives if retreating from a Soviet attack.

On Dec. 15, the Warsaw Pact side broke off the last of three main arms talks. As the Soviets had done at the Soviet-American intermediate-range nuclear force (INF) talks on Nov. 23 and the Strategic Arms Reduction Talks on Dec. 8, they refused to set a date to resume the 10-year-old Mutual and Balanced Force Reduction (MBFR) talks in Vienna, thus shutting the third major arms control channel in the space of three-and-a-half weeks. Although the MBFR talks, on forces in Central Europe, have been deadlocked for years, cutting them off is a further pre-war attempt to terrorize the West Europeans.

### Rise of the marshals

In January, *EIR* reported the estimation of one British expert on the Soviet military, that Andropov was working on a margin of tolerance from the military that could vanish in six months if he did not succeed in splitting the European NATO members away from the United States using his levers of arms control offers and the so-called peace movement in Western Europe. Instead, Andropov himself vanished, seven

and a half months into the year. The Soviet military picked up the baton.

The commander of Ground Forces, the chief of Rear Services and the first deputy Chief of Staff were elevated to the rank of Marshal of the Soviet Union in March, and the commander of the Strategic Rocket Corps became chief Marshal of Artillery.

If Andropov's *Spiegel* interview revealed the cynical map-drawing of a geopolitician, it was Marshal Ogarkov who laid down the parameters of the Soviet mobilization for total war. On May 9, for the anniversary of the end of the "Great Patriotic War," Ogarkov published a long article in the daily *Izvestia*, which LaRouche characterized in the May 31 *EIR* cover story as "a definite war-plan against another power . . . a war-plan implied to be made ready to go into operation as early as this year."

Ogarkov asserted "the necessity of having, in peacetime, organs of command and control which could immediately go into action at the outbreak of war without a lengthy period of reorganization." With the creation of the war-theater commands, these are being put into place.

Soviet economic policy in 1983 likewise proceeded from a directive by Ogarkov, this one published in the party magazine *Kommunist* in July 1981, which demanded "coordination of the mobilization deployment of the Armed Forces and the national economy as a whole, especially in the utilization of manpower resources, transport, communications and power . . . [and] further improvement of the system of mobilization readiness of the national economy itself, proceeding from the fact that a close interconnection of the mobilization readiness of the Armed Forces, the national economy, and civil defense is a very important condition for maintaining the defense capability of the country as a whole at the necessary level." Ogarkov proposed the World War II-era State Defense Committee as a model of centralization.

The changes made in the Soviet economy this year matched this schema, not the much-ballyhooed "Hungarian-model decentralization" that Andropov was supposed by many to carry in his portfolio of reforms. For KGB chief Andropov and his party and police henchmen launched a campaign against corruption, which enabled them to knock out dozens of members of the vast patronage machines built up under Leonid Brezhnev. It also appears to have been aimed against the middle layer of the economic bureaucracy, so that increased local decision-making can be coupled with tighter control from above, as required by Ogarkov.

Several personnel shifts also pointed to militarization of the economy, starting with decisive sectors such as nuclear power, transport, and the machine tool industry. Sergei Afanasyev, minister of General Machine Building—which builds missiles—since 1965, was named minister of Heavy and Transport Machine Building. Another former official of the Ministry of General Machine Building, Minister of the Machine Tool and Tool Making Industry Boris Bal'mont, was promoted to full membership in the Communist Party

Central Committee in June (as were Ogarkov's First Deputy Chief of Staff Marshal Sergei Akhromeyev and Deputy Defense Minister Gen. V. M. Shabanov). And on Aug. 1, Yevgenii Kulov moved from the Ministry of Medium Machine Building, which makes nuclear warheads, to head a new state committee for atomic power.

By autumn, one other economic policy shift was also apparent: The Soviets abandoned the slowed investment policy of the 11th Five Year Plan (1981-85). Investment was at least doubled, perhaps tripled, in order to crank up capacity for the military mobilization.

## Russian culture

The good news is that communism is dead, a long-time observer of Soviet affairs quipped at the end of 1983, but the bad news is that Genghis Kahn has taken over the U.S.S.R.

It is impossible to evaluate the strategic threat of war from the Soviet Union without a tool applied by *EIR*, practically alone among strategic analysts in the West, during the unfolding crisis of 1983: an understanding of the culture of Russia since it was forged under the influence of the Byzantine Empire and Eastern Orthodoxy a thousand years ago. Looking across this sweep of a thousand years, *EIR* could discern, as revealed in the Sept. 27 cover story, "Those features of current Soviet foreign policy and strategic postures which cohere with the Russian Orthodox Church's centuries-old perspective for the 'Third and Final Rome,'"—an empire with Moscow as its capital.

Russia has changed, we reported, but it has changed into something old. With a literary revival of the likes of blood-and-soil ideologue Fyodor Dostoevsky and an officially sponsored outbreak of vile anti-Semitism, the Soviet Union is reverting to the outlook of the Russian Empire. It has modern trappings now, with brigades of Soviet systems analysts and sociological poll-takers to rival the nuttiest psychological profiling centers in Britain or the United States, but Mother Russia is underneath. Her social base was never fundamentally transformed either by 19th-century industrialization or after the Bolshevik Revolution. Thirty-five percent of the Soviet population still lives on the land, and these peasants, organized into collective farms that mimic the traditional Russian peasant commune and grind up tractors and other hardware relentlessly with no return, are a huge constituency against progress.

This is the Russian population that was the base for the Russian Orthodox Church, historically the enemy of the factions of Western civilization that fought for the idea of the perfectability of the individual human being, the idea expressed in the *filioque* doctrine of Augustinian Christianity. It is therefore lawful that 1983 saw the Soviet state restore to the Church the ancient Danilevskii Monastery and the emissaries of Moscow's Patriarch Pimen (the first high-ranking Soviet spokesman to denounce beam weapons, in 1982) fan out around the globe to participate in the false peace movement.



# The revival of the Nazi-Communist pact: Soviets foster worldwide terrorism

by Thierry Lalevée

As 1983 drew to a close, an interview was made available by intelligence sources to *EIR*—a discussion with former Lt.-Gen. Otto-Ernst Remer, who in July 21, 1944 led the commandos who arrested and assassinated the members of the conspiracy led by Adm. Wilhelm Canaris against Hitler. Canaris himself, leader of German military intelligence, the *Abwehr*, was hanged in March 1945. Remer, who came back to Germany in late 1981, told his interlocutor bluntly: “I want to make an agreement with the Russian people, we have to move out of NATO, and out of the European Community. We want to be a neutral country, then we can reunify. The Americans, not the Russians, are the aggressors!”

Remer, who created a “European Resistance group” against American imperialism last March in Luxembourg, added that the “Russians are very interested” in his proposal. He also noted that one person with whom “I have connections” was Gerd Bastian, a retired West German general, a leader of the Green Party of Germany, and a luminary within the international disarmament movement!

Remer’s declaration serves to underline how things changed during 1983, the year that celebrated the 50th anniversary of Hitler’s 1933 seizure of power. There was no Nuremberg rally or anything close to it, but there were more than backroom meetings organized by aging men from the old days: In European capitals as well as in Damascus, Tehran, and Tripoli, celebrations were held. In February, Qaddafi told the French newspaper *Le Matin* that “Hitler was right, he had understood the threat to the German nations represented by the Jews”—a view shared by Druze leader Walid Jumblatt, who has pictures of Hitler on his wall.

1983 had been targeted for years as a launching date for the revival of Nazism, and so it became. But as the declarations of Otto-Ernst Remer underline, not merely old fanatics in the West were involved; the Soviet Union and its East German satrapy played a key, even essential, role. To do so, the Soviets mobilized the array of Nazi networks they have controlled since World War II and before. And as we analyze elsewhere, Soviet sponsorship of a Nazi revival today has a very specific aspect. According to Articles 53 and 107 of the original United Nations charter, a revival of Nazism in Germany gives the Soviet Union the right to intervene militarily in the country. Both articles stipulate that “renewal of ag-

gressive policies” from countries of the Axis can be countered by any means without requesting a decision of the U.N. Security Council! In the same way that Stalin used Hitler as a pawn for Russia’s expansionist goals in Eastern Europe, today’s Nazis will be used by the Soviets in the attempt to gain world hegemony, and to destroy the United States and Western civilization. As Remer puts it bluntly, this is a goal which is common to the Russians and Nazis.

## KGB-controlled Black International

The Soviet use of the Nazi card is not merely aimed at West Germany; Nazi networks have been for decades an essential component of KGB and related institutions’ covert operations worldwide. Soviet control over the Nazi networks has been a major weapon of disinformation toward those Western intelligence agencies which thought the Nazis were an asset on their side, a blunder which could have disastrous consequences.

The roots of Nazi-Communist cooperation go back to those Nazis around the Strasser “left” wing of the party which advocated that Germany take up the “leadership of a league of oppressed nations, together with Russia, China, India, Saudi Arabia, etc., against Western Imperialism.” This outlook didn’t die with the physical elimination of Strasser; Martin Borman, Hitler’s private secretary and one of the most powerful Nazi leaders, supported such ideas until very late, as did numerous other Nazi leaders who saw in Russia a force against hated Western civilization, like themselves. It was not by chance, thereafter, that scores of Nazi leaders decided to join Moscow’s KGB or East Germany’s Stasi after their defeat. As a matter of fact nearly the entire command structure of the Nazi Middle East operations went East after the war; most of them to East Berlin. Some, like Dr. Grobba who had planned the 1941 Nazi coup in Baghdad and the Tunisian campaigns of the Grand Mufti’s Arab Legion, went to Moscow to take high positions in the foreign ministry.

## Soviet agent François Genoud

It is this inheritance that Moscow is today mobilizing worldwide in a general onslaught against the Western world. Key to these operations, as *EIR* exposed in 1983, is Swiss banker François Genoud (see *EIR*, April 20, 1982 and April

19, 1983). Perhaps one of his key propaganda operations was the publication of faked Hitler diaries by the West German magazine *Der Stern*. There is little doubt that this was a masterpiece of propaganda realized by the disinformation department of Directorate I of the Soviet KGB. The diaries were only meant to have credibility for a brief period: They were intended to create a scandal and a massive propaganda operation on the issue of Hitler and of Nazism, and they succeeded. At the center of the operation was Genoud, who admitted to an Italian journalist that he knew about the operation long before it became public. The credibility of the diaries, which came from East Germany, was asserted by Genoud's old associate SS Gen. Karl Wolff, who now quietly lives in Chiems in Bavaria, after having spent months helping *Stern's* journalist Gerd Heidemann. That Genoud and Wolff are also close friends of Otto-Ernst Remer may underline the point.

The diary hoax was also important in fostering neo-Nazism in West Germany itself, as shown by the decision this month by the West German interior ministry to ban the neo-Nazi Michael Kuhnen group, the Action Front of National Socialists (ANS), as a serious threat. Other groups have been created such as the "Republikaner Partei" in Munich led by former Waffen SS member Franz Schoenhuber, an opponent of Bavarian governor Franz-Josef Strauss. Schoenhuber, a radical right-wing leader, is said to have received the help of Genoud in this operation, as well as of the luminaries of the European "New Right" around Armin Moehler and the GRECE foundation (Groupe de recherche et d'études sur la civilisation européenne) of Alain de Benoist in France.

Genoud himself—who in 1956 won the international publishing rights for the writings of Goebbels and Borman—has repeatedly boasted of his good relations with the Soviets and East Germans. Over the years, he has been fed material from Borman's archives, which were seized by the Soviet Union in 1945. More recently the East German authorities have handed Genoud the manuscripts of a certain Mrs. Wagner, characterized as a "left-wing" adviser and ideologue of the Nazi Party, a reference to Strasser and his wing.

Of direct relevance is the game played by Genoud in the trial of Klaus Barbie in France, the former SS officer who was extradited to France last February by the Bolivian government, and accused of war crimes against the French Jewish community and World War II Resistance. The case is in fact further-ranging: Barbie was the connecting point for the Italian Propaganda-2 lodge of Licio Gelli, with Italian fascist Stefano della Chiaie, who was an international terrorist wanted for the August 1980 bombing of the Bologna, Italy train station and was a middleman in numerous arms deals signed in Geneva with Iran's Khomeini.

There is also the question of for whom Barbie was really working during World War II. He was under the orders of Gen. Walter Nikolai, who had created in Berlin a Department of Jewish Affairs, the same Nikolai who as intelligence chief under the Kaiser had sent Lenin back to Russia. But Nikolai

was suspected by Admiral Canaris and his collaborators of being a "Russian agent," and Nikolai went by himself to Moscow before the end of the war. Was Barbie already a liaison in a certain Nazi/Soviet cooperation which aimed at preparing a postwar Europe by eliminating the key figures who could reconstruct that Europe, such as Resistance leader Jean Moulin?

It is not surprising in this light that Klaus Barbie's lawyer is the pro-communist Jacques Verges, who at the start of his career chaired the Soviet-controlled Students Federation in Prague together with Alevsander Shelepin, who was KGB chief from 1958-61. Verges, who is known for his close relations with Arab and Palestinian terrorists, was introduced to Barbie by François Genoud, an old friend from the late 1950s; in 1969 Genoud and Verges defended three PFLP terrorists in Switzerland, and, as Genoud admits, he has maintained close relations with everybody involved in that 1969 trial. With Genoud probably footing the trial expenses, the Barbie case has become one of the key Nazi-Communist operations. Verges is now rumored to have taken the leadership of the old "Curiel network," an international terrorist ring which created "Carlos." His strategy is to continue Barbie's work during the war: to use the trial to discredit and destroy the old Resistance networks which created the Fifth Republic with General de Gaulle. The aim is to recreate in France a Fourth Republic-type of instability around a radicalized right and left wing. The scenario is assisted by the deliberate help the French Communist Party is giving to extreme right-wing luminary Jean-Marie Le Pen.

### Creation of the Islamintern

A complementary development was the creation during the late summer 1983 of a coordinated command structure of international terrorism under Soviet command. In meetings in London and Teheran, the Soviets pulled together under the leadership of Deputy Prime Minister Geidar Aliyev fanatic Islamic and terrorist groups from Iran, Libya, and numerous other countries (see *EIR*, Sept. 20, 1983). Out of this centralized command were deployed the Oct. 23 kamikazes against the French and American compounds in Beirut and later in Kuwait. Investigations revealed that such operations are coordinated by the KGB "autonomous center" of liaison with the Middle East based in East Berlin under the command of KGB Directorate I, Department 9. Associated are the "autonomous" centers of Vienna and of Karlovy Vary in Czechoslovakia, where international terrorists are trained.

Why did the KGB choose East Berlin as their liaison center for the Middle East? East Germany's intelligence service, the Stasi, was the one to inherit most directly the old Nazi Middle Eastern networks. Leipzig University and its Islamic department is a major center of Nazi-Communist cooperation. It is this department which organizes the propaganda for Qaddafi's *Green Book*, a pamphlet reportedly written by Qaddafi's chief security adviser Al Haneish, himself a member of the Stasi who converted to Islam and mar-

ried one of Qaddafi's cousins.

A regular visitor to Leipzig is Ahmed Huber, a Swiss Nazi converted to Islam by the Grand Mufti al Hussein, Hitler's closest war-time Middle Eastern collaborator; Huber for years has been a close collaborator of Genoud and of the entire Nazi crowd which gathered in Cairo in the mid-1950s, headed by former Nazi Economics Minister Hjalmar Schacht. Huber worked for East Germany's press agency ADN from 1970 to 1978, a task which required some kind of "ideological affinities." Indeed, like Remer, Ahmed Huber has long advocated a German reunification based on a political deal with Russia and the East Germans. It was Huber who, as early as July 1982, organized a secret meeting in Paris with Algerian fundamentalist Ahmed Ben Bella to plan for the commemoration of Hitler's 1933 takeover! Huber's role at the center of the operations of the Islamintern was underlined in declarations made available to *EIR* concerning the Oct. 23 kamikaze operation in Beirut: "I just met with the Iranian chargé d'affaires. That's marvelous what happened. I am really proud of my Iranian friends and of the Shi'ites in the Lebanon. They did their job. . . . The Americans and the French are finished!"

And finally, from Genoud and Huber, one can go to the old Nazis who are still active in the Middle East, such as Alois Brunner, former SS leader, now security adviser to Soviet ally Hafez al-Assad, president of Syria.

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## CASE STUDY

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### Mexico's PAN: 'KGB' fascism on U.S. doorstep

by Timothy Rush

The forward surge during 1983 of the National Action Party (PAN) of Mexico to a position threatening the traditional rule of the PRI party has parallels to the Mussolini coup in 1922 and the Hitler seizure of power in 1933. The PAN is joining together middle-class and immiserated city and rural strata into a mass force capable of moving into power much sooner than most people in the United States, lulled by State Department fairy tales of the PAN as "the Republican Party of Mexico," realize. It is deploying jointly with KGB-directed forces in an effort to make Mexico ungovernable. What this means on the U.S. southern border, at a moment when Moscow is heating up confrontation with the United States on every front, is not hard to imagine.

The PAN was founded as an asset of the Nazi International in 1939. It attempted to find credibility in Mexico as a "conservative, Catholic-oriented" party, but its roots were in the same European solidarist circles who helped put Hitler into power. The party today is working with an overtly neo-

Nazi, anti-Semitic network centered in a group called "Integral Human Development" (DHIAC), whose officials, such as José Angel Conchello, are on the record with fulsome praise of the economic policies of Hitler's economics minister, Hjalmar Schacht, and of Hitler's forced-labor policies.

The most striking example of the alliance of this fascist force with KGB-controlled networks was the joint march of the PAN and the Mexican Unified Socialist Party (PSUM, formerly the Mexican Communist Party) down the main streets of Culiacán, Sinaloa, in early November to protest the PRI victory in state elections. The PSUM leadership had just returned from consultations in Moscow.

The collaboration was replicated in Puebla, Mexico's fourth-largest city, where the "red" rector of the Autonomous University (UAP), Alfonso Vélez Pliego, threw his support to the PAN mayoral candidate in elections held Nov. 27. A week later Vélez Pliego received a special medallion for meritorious service from the Patrice Lumumba University in Moscow.

When evidence of simultaneous control channels to the PAN from the U.S. State Department and the FBI surfaced in early September, it was a chorus of *left-wing* parties and intellectuals which sprang to the PAN's defense. "Absurd charges" snorted Antonio Gerschenson, congressional deputy of the PSUM. His defense of the PAN was echoed by spokesmen for the terrorist-tinged Revolutionary Workers Party (PRT) and the leading outlets of the "left" Jesuit-controlled press, *Unomásuno* and *Proceso*.

Most fierce in his support for the PAN was KGB asset Miguel Angel Granados Chapa, recently expelled from *Unomásuno* for services to the PSUM cause which went beyond what even that leftist daily could take. Granados Chapa, in a mid-September panegyric in favor of the PAN, extolled PAN neo-Nazi ideologue José Angel Conchello as a man "with his feet on the ground," and finished a defense of the PAN from charges brought by the Mexican Labor Party (PLM) with the ringing words: "The PAN is a thousand times better than the PLM." Granados Chapa is one of a group of young men who have had especially close associations with Mexican Education Minister Jesús Reyes Heróles, who is an object of new investigations into how the Nazi-KGB interface functions in Mexico.

### Drugs and the 'northern strategy'

The fact that KGB and FBI/State Department networks overlap in the PAN poses a particular problem for Mexican officials in the north. The party won the mayorships of the capital cities of Durango, Sonora, and Chihuahua in 1982-1983, as well as key border cities in the latter two states. It lost the states of Baja California Norte and Sinaloa by only small margins during the same period. *This is an area of strong separatist tendencies and an explosion of drug trafficking which has deeply alarmed law-enforcement professionals on both sides of the border.*

The PAN is integral to both developments. It has gone so

far in its encouragement of separatism as to call for the sale of Baja California to the United States as a way to meet foreign debt payments. The drugs are flowing across the border to the U.S. Southwest through PAN-controlled gateway cities such as Agua Prieta and San Luis Río Colorado in Sonora. The PAN mayor of the latter border town was elected with campaign funds from the drug-created fortune of the powerful Meraz family.

The State Department and FBI (the latter with a special, little-known mandate dating back to World War II which allows it a full range of operations in Mexico) were caught repeatedly during 1983 stage-managing the PAN political "breakout" in the north. State Department consular officials and FBI personnel in such centers as Hermosillo, Sonora, met routinely in private sessions with the PAN to work out support operations. When a late-April planning session attended by U.S. deputy chief of mission George High in Hermosillo, Sonora, broke into the press and created a scandal, Ambassador John Gavin threatened that any effort to curtail U.S. diplomatic contact with the PAN might lead "the American people . . . to question our ability to continue the use of tax dollars to finance a government which is hostile to America."

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*The suicide bombings by Mid-east-based terrorists are the most visible expression of the international alliance of Nazi networks and the KGB foreign-operations division. In the late summer of 1983, a coordinated command structure was created in London, Teheran, and East Berlin.*

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Revelations of the State Department/FBI interference in Mexican affairs, made in early September by Will Wertz, West Coast coordinator for Lyndon LaRouche's National Democratic Policy Committee and covered on the front pages in Mexico's press, was one of the biggest political bombshells of the year.

At the same time an extraordinary number of Soviet military personnel and "agronomists" have recently concentrated their efforts in Sonora, intelligence sources on both sides of the border report.

### **Disappointment for Kissinger**

The PAN's great defender in the KGB-linked press, Granados Chapa, also rushed to rescue Henry Kissinger from

PLM attack at the end of the year. Granados Chapa's two loves are not unrelated: Kissinger, according to insider sources, is one of the prime behind-the-scenes designers of the policy of making Mexico ungovernable through a PAN-led assault on the PRI. Intelligence experts are asking: Was this part of the conversations held secretly between Kissinger and Cuban ambassador in Mexico, Fernando López Muino, on Dec. 14?

It is important to note that, although the PAN made great inroads in 1983, it did not achieve what Kissinger had hoped for. After the stunning victories in Durango and Chihuahua in July, it lost subsequent state elections—albeit by small margins—in Baja California Norte (Sept. 5), Sinaloa (Nov. 6), and Puebla (Nov. 27). The defeats were due, in significant part, to brilliant campaigns against the PAN waged by the Mexican Labor Party. In each case, as its electoral pretensions were jolted, the PAN turned increasingly to violent street demonstrations and civic disruptions. In the Puebla elections, the PAN dispatched armed groups of squadristi who burned polling boxes in the streets and intimidated voters throughout the city.

One Mexican official, aware that Henry Kissinger was behind the effort to pass off a PAN takeover as "the establishment of a two-party system in Mexico," confided at year's end, "What will Kissinger do, now that his 'two-party' gambit failed in 1983?"

### **The PAN and the IMF**

The dramatic rise of the PAN in 1982-83 cannot be separated from yet another powerful supranational backer: the International Monetary Fund. United States officials waking up to the dangers of a "PAN-ized" Mexico will have to simultaneously rethink America's unconditional support for the IMF "adjustment" program now wrecking the Mexican economy. The fact that the IMF has made a bigger role for the PAN an unwritten "conditionality" is attested to by the PAN itself, as witness the Nov. 18 declarations of Humberto Rice García, PAN leader in Sinaloa. "The IMF pressured the [Mexican] system to create a democratic opening in Chihuahua and Durango [the two elections where the PAN was installed in power] as well as the rest of the country, as a condition for negotiating the foreign debt," Rice García declared. Using the same reasoning by which British and Swiss bankers in the 1930s helped foist Hitler on Germany as part of a debt reorganization, the *Financial Times* of London wrote Nov. 24: "Opposition parties, Western diplomats, and Mexican political scientists believe that the government is playing with fire by not allowing freer elections at a time when people are fed up with the ruling party and the country needs an escape valve."

The best-selling *Mein Kampf* of the PAN movement, a novel called *Operation Bloodless Coup*, by Manuel Sánchez Pontón, portrays the unfolding of a PAN-backed military coup in Mexico to forestall a break with the IMF debt-collection policies.

# The Nazis again deploy suicide commandos against Europe

by Vin Berg

In 1944, Col. Otto Skorzeny, "Hitler's favorite commando," was put in charge of a special Nazi plan called "Operation Suicide." The SS plan involved fitting the V-1 unmanned rockets with a pilot. These 400-mile-per-hour weapons carrying a ton of explosives could then be honed in on the exact target. Goebbels and Himmler took a personal interest in this project, even visiting the Luftwaffe base in Larz to watch the tests. Goebbels also requested copies of the release signed by the volunteer pilots: "I hereby voluntarily apply to be enrolled in the suicide group as pilot of a human glider-bomb. I fully understand that employment in this capacity will entail my own death." Goebbels had a plan to glorify the pilots as martyrs of the Third Reich, a way of getting more recruits and continuing the Nazi war effort. Only the Allies invasion of Europe pre-empted the plan.

One of the most horrifying developments of 1983 is that, today, Europe again is faced with "suicide commandos"—as is the United States. This time, they are deployed out of the Middle East—deployed by old networks of Hitler's *Abwehr* intelligence services inherited after World War II by the Soviet and East German intelligence services. The atrocities now being committed by these Middle East-based suicide-terrorists are the most visible practical expression of the international alliance of Nazi networks and the Russian KGB foreign-operations divisions.

The suicide bombings against the French, American, and Israeli military installations in Lebanon, and their threatened spread to Europe and the U.S.A., signify that the Soviets are using the commitment of Iran's Ayatollah Khomeini regime to a *Jihad* or "holy war" against the non-Islamic world. In such a war, martyrdom is not only accepted, it is wished for, and for the would-be-martyrs and their families, it would be a disgrace to come back alive from any such operations.

That Moscow was preparing to transform Iran into nothing but a terrorist center was signalled in the summer of 1983, when members of the Iranian Communist Party (Tudeh) just released from prison issued public statements of "conversion" from communism to Islam. This cannot be dismissed as the result of torture in jail. There is evidence that the entire affair was orchestrated from Moscow.

From the inception of the suicide terrorism, Moscow's involvement has been direct. Take, for example, the Beirut

bombing which killed 239 U.S. marines on Oct. 23. Five days earlier, on Oct. 18, two officers of the Bulgarian secret service, specialists in explosives, were seen arriving at Beirut airport, and were welcomed by Soviet embassy officials and representatives of Rifaat Assad's special Syrian intelligence squads. A special Syrian truck convoy escorted by armored cars and two helicopters was later to be seen on the Beirut-Damascus road. Then, a few days before the fatal suicide bombing of the American marines' compound, one of the most important Soviet electronic spy ships arrived off the coast of Beirut monitoring local activities, while the intensity of Syrian-Soviet communications dramatically increased.

Driving the trucks were members of the Islamic Suicide Commandos, an organization created in March 1982 under the sponsorship of Iranian Prime Minister Moussavi. Subsequently, Moussavi spent time in North Korea, and the Islamic Suicide Commandos were based in Persepolis, in northern Iran, for training by North Korean military experts.

The real power behind the suicide terrorist organization is said to be Ayatollah Khoini, the man who organized the 1979 seizure of American hostages. Khoini attended Patrice Lumumba University in Moscow, and then spent time in East Germany where Soviet operations employing old Nazi assets in the Middle East are based. Khoini is a leading figure in the Imami faction of the ruling Islamic Republican Party, comprised of Khomeini's closest confidants. That faction represents the hard-core of Soviet assets in Iran. Khoini on Aug. 23 helped form an international Islamic terrorist organization, known as the Assembly of United Islamic Terrorist Organizations (dubbed "Islamintern"). It is the Islamintern that is now preparing for attacks in Europe and the United States.

One of the key figures for this spread of operations is based at the Islamic center of Munich. Her name is Fatima Hereen Sarka. She works closely with the old Nazi associate of François Genoud, converted Muslim Ahmed Huber, and is the main correspondent of the London-based "Muslim Institute" sponsored by Khomeini, which coordinates Iranian activities in North America and Western Europe. Recently, former SS Gen. Kurt Wolff declared America "the aggressor" in the world, and Russia the natural ally of Nazis. Fatima Hereen Sarka is Wolff's daughter.

# The battle for Europe will determine if the world averts thermonuclear war

by Vivian Freyre Zoakos

As 1983 comes to a close, the Battle for Europe dominates the global political situation.

What we are witnessing is the playing out of the final consequences of the doctrine of flexible response, originally developed at the 1958 conference of the Pugwash East-West "backchannel" and later made public in the early 1960s by Robert McNamara. As a concoction of Anglo-Soviet networks, the doctrine created the foundation for a rift between the United States and its European allies, introducing the notion that the United States would not necessarily respond to a Soviet attack of Western Europe with a full American strategic barrage.

Rooted in the untenable doctrine of Mutual Assured Destruction (MAD), the crack in the alliance implied by flexible response has today become a chasm. It is impossible to say whether in the course of 1984 any nation of Western Europe will remain in the North Atlantic Treaty Organization.

If such a European decoupling occurs, full-scale thermonuclear war becomes likely to the point of near certainty. It is in Europe, and not in the Middle East or other hot spots that humanity's political and strategic future is being played out.

Nineteen eighty-three can be characterized in part as the year in which the Soviet Union began to take off its gloves in its strategy of terrorizing Western Europe, using political and diplomatic means and, toward the latter part of the year, outright military means to do it. In this Moscow had the enormous advantage of being able to play on the issue of the so-called Euromissiles, American-built intermediate-range nuclear weapons whose deployment in Europe began this past November. These forward-based missiles, whose premise was the doctrine of flexible response, had been voted up at NATO's 1979 year-end meeting, once again under the aegis of Pugwash channels, in this case principally through the efforts of Henry Kissinger.

The issue of the Euromissiles was never a military one; it is a central component in a Soviet political strategy to decouple Europe from the United States. This became an urgent

priority following President Reagan's March 23 announcement of a new strategic doctrine based on the development of a beam weapons ABM defense. Because Reagan's policy offered the first hope for bringing Europe and the rest of the world out of the conundrum created by MAD and flexible response, the beam weapons question after March 23 began to shape European political behavior.

## Response to Moscow

As Moscow stepped up the pressure, ostensibly over the Euromissiles, which they had in fact pre-discounted, two types of European responses began to emerge. On the one hand there were the appeasers, led by newly elected NATO General Secretary Lord Peter Carrington, German Foreign Minister Hans-Dietrich Genscher, Italian Foreign Minister Giulio Andreotti, and outright Soviet asset Olof Palme of Sweden. Carrington's election to the NATO post at the December NATO year-end meeting was viewed rightly by Moscow as a major victory. The Carrington policy was spelled out in mid-November in an article in the Hamburg weekly *Die Zeit* written by one of his intimates, Theo Sommer, who stated the faction's fundamental demand: that President Reagan scrap his March 23 program or face the dissolution of the Atlantic Alliance.

The second, European response to Soviet pressure has been from the outset in one manner or another, tied to the efforts of this journal's staff and of the European Labor Party, which used the Reagan beams ABM policy to spark a resistance movement regrouping the best and most combative political and military forces remaining in Europe. Through a series of *EIR*-sponsored conferences thus far held in Bonn, Rome, Oslo, Vienna, and Paris, large groups of military and political leaders representing all the leading nations of Europe were brought together to confer on the strategic and specifically European implications of these weapons' development. The process began to directly and indirectly create the basis for a European leadership who could reverse the drift toward Finlandization.

A crucial measure of the success of this effort was the November speech delivered at the British Institute for International Strategic Studies by Jacques Chirac, head of the French Gaullist party, *Rassemblement pour la République*. Chirac's speech was a signal to both Moscow and their appeaser allies that the old continent was not about to roll over and play dead at Moscow's behest. Issuing the first public statement of support for Reagan's beams policy of any elected European leader, the Gaullist leader did so in the context of arguing against the currently rampant notion that a Soviet takeover of West Germany might be tolerable. Chirac argued that far from abandoning Germany, Europe must bring that nation to take greater responsibilities inside the Atlantic Alliance, situating beam weapons as the key to revitalizing the alliance and ending the one way street to war of MAD and flexible response.

Secretary of Defense Caspar Weinberger gave the Europeans a complete, closed-door briefing on the U.S. beams weapons policy at the Dec. 10 NATO meeting, emphasizing the American commitment to joint cooperation in the development of the weapons. This doused any remaining European excuses for refusing to take a stand on the issue due to being "insufficiently briefed" by the United States.

Now, either the proponents of beams weapons take control of the future of European policy-making or, probably within the first half of next year, we will be faced with a map on which the entirety of the continent will be under Soviet domination. The United States would then be vastly out-gunned, politically and militarily. The only possible outcome would be an (unlikely) American capitulation, or a thermo-nuclear confrontation in which superior Soviet forces are committed to wiping out every inch of the United States. Either way, the cultural legacy represented today uniquely by Western European civilization and its North and South American transplants will have been eradicated for the future generations of humanity. Ruling the globe instead will be the fascist Soviet heirs of Byzantine cultism, the faithful heirs of that world which broke with the West precisely on the point of repudiating the Western tradition's conception of the primacy of the individual's creative powers as representing mankind's God-like attribute. These, and nothing less, are the stakes in the current Battle for Europe.

### **Destabilization and 'reunification'**

For its part, the Soviet Union is deploying all its capabilities to destabilize Western Europe as well as terrorize it militarily. Such Soviet tactics as the December walkout from the INF Euromissile negotiations and the Soviet cessation of the START (strategic weapons) and MBFR (conventional forces) talks are best understood as diplomatic terror aimed principally at Europe.

Alongside this, the Soviets are conducting a custom-made operation against their principal target: the West Germans, the backbone core of European NATO. While threatening the Federal Republic through domestically conducted

destabilization operations, and waving their military might in front of the country's leadership and population, Moscow is also holding out the possibility of German reunification in exchange for a German pull-out from NATO. Negotiations to this end have been in process during the past year between the U.S.S.R. and the remains of the old Nazi networks left scattered throughout German institutions and nurtured by post-war British and anglophile American collusion.

Working with these treasonous negotiators at the top is the West German foreign minister, Free Democratic Party (FDP) chief Hans-Dietrich Genscher. Others involved are the two heads of the Social Democratic Party (SPD) Parliamentary fraction, Egon Bahr and Horst Ehmke, who have also guided the SPD's increasing alliance with the fascist Green Party ecologists/peaceniks and the rejection on Nov. 20 of the SPD's former pro-Euromissile policy.

Working with Genscher, Bahr, Ehmke, and their ilk are representatives of the old Nazi apparatus such as Lieutenant-General Otto Ernst Remer (see article, page 15). A living representative of the old Hitler-Stalin pact, Remer has called for an alliance with Russia against the United States. Raving that "the Americans, not the Russians, are the aggressors," Remer states that "we have to leave NATO, leave the European Community, become a neutral country, then we can reunify."

This, in summary, represents the policies of the beam-weapons opponents. It is what Chirac was addressing in his cited speech, as well as at an earlier speech delivered in Germany in which he insisted that the security of the entire continent was indissolubly bound up with the question of Germany.

The Soviets are playing on these appeasement tendencies and the fear that often underlies them, making good use of the resources of the enormously powerful, Swiss-centered neo-Nazi networks. The leaders of the "peace" movement, funded by Moscow and Moscow's Muammar Qaddafi and logistically led by the neo-Nazi Soviet allies, this year declared a Hot Autumn against the continent and especially against West Germany. The resulting destabilizations involved more than large-scale marches in the streets decrying the Euromissiles and the United States. They involved the widespread use of outright terrorist tactics in the form of bombings against military-connected targets, beginning with the computer center of the German MAN firm this autumn. This terrorist phase of the campaign has only begun. With the beginning of Euromissile stationings in Britain in November, and in West Germany and Italy in December, the peace movement leaders have already announced that the terror will now increase dramatically. They were urged in this by the Soviet party paper *Pravda*, which printed marching orders after the missiles began arriving telling "the movement" that they must now escalate operations.

Beginning roughly last May, the U.S.S.R began additionally to flex its military muscles against northern Europe, with West Germany once again the ultimate target. This



Soviet activity set off a chain of events which has weakened the northern flank of NATO to the point that several nations are hanging on to their Western loyalties by the merest thread.

### The northern tier

Denmark is having elections on Jan. 10 whose outcome may well mean the country's de facto withdrawal from NATO. The Belgians have decided to withdraw from the Central Front NATO air defense belt. The Dutch parliament voted in December against the stationing of American cruise missiles in Europe. "Neutral" Finland, and only somewhat more slowly, Sweden, are being roped into defending Soviet territory from Western-launched cruise missiles. Behind this is an arrogant Soviet military show of force in the area.

The British began to report Soviet submarine sightings off their northern coasts beginning last May. On Dec. 12, former British Navy Minister Speed warned of 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." The mini-sub incursions into Swedish territorial waters which caused such an international stir last spring are continuing. There were 62 such incursions officially reported in the course of this year. An *Oskar*-class Soviet submarine carrying 24 cruise missiles three weeks ago staged a breakout off the waters of Norway. This was a Soviet exercise in demonstrating to NATO that Moscow has the capability to maneuver with impunity through Western anti-submarine screens.

Underlying the fear generated by these staged shows of force is the fact that NATO military strength relative to the Warsaw Pact in the area is already abysmal—and Moscow continues its arms buildup. To give an example of force levels in indicative categories: According to Pentagon figures for

early 1983 covering the area sweeping from Norway to Denmark, there are 100 NATO tanks facing 1,700 Soviet tanks; in artillery and/or mortar batteries, NATO has 500 units, as opposed to 2,000 for the Soviets. Additionally, the enormously rapid buildup of Soviet MI-24 attack helicopters in the northern tier is threatening to completely saturate the Western border air defense systems there. Moscow already has 1,800 of these very fast and deadly helicopters stationed and, according to one German authority, more are continuously being mass-produced and stationed.

The reason for the Soviet focus on the northern flank is once again West Germany. Authorities in the United States and Europe have for the past months been circulating scenarios based on observation of Soviet behavior and knowledge of Soviet thinking. Typical of the scenarios floated in the course of the past year was the book *Soviets Threaten Sweden* authored by Estonian refugee Jurij Lina. Lina—and many military experts agree with him—says the U.S.S.R. will very likely stage an invasion of Sweden by 1986 at the latest. Lina's hypothesis is that the Soviet leadership will provoke Sweden into violating its de facto "treaty" with Moscow—its neutral stance—and this would be used as a pretext for invasion. Indeed, various Soviet moves are underway today in this direction, and Soviet foreign minister Andrei Gromyko pointedly told the visiting Finnish foreign minister in Moscow in December that the Moscow government "observes the relation between Sweden and the U.S.S.R. with grave worry."

The reason for the Soviet takeover of Sweden would be to secure the northern flank preparatory to a Soviet military incursion into West Germany. *EIR* has learned that already in 1976, the East Germans and Soviets had conducted military maneuvers based on just such a scenario. Code-named "Plan Polarka," the exercise involved a surgical, conventional attack into northern West Germany including a full propaganda barrage around a supposed revival of Nazism in West Germany serving as the maneuver's political cover.

Given the limited sovereignty agreement signed by the World War II allies in 1958, Moscow reserves to itself the right under articles 95 and 105 of that treaty (articles eventually repudiated by the Western allies, although not by the U.S.S.R.) to invade West Germany in the event of a resurgence of Nazism. The 1976 Plan Polarka was based on the activation of these treaty clauses. Crucial to the exercise was a Baltic-Scandinavian deployment to seize the area and seal northern access routes to the NATO enemy.

### The southern flank

The NATO southern flank is also in abysmal shape. Greece, like Sweden, is ruled by a second generation Soviet agent: Prime Minister Papandreou, who is already behaving more like a Warsaw Pact satrap than a NATO member. 1983 saw Greece begin to deny the U.S. and NATO the use of its air space, while granting the Warsaw Pact refueling rights at its ports. Papandreou, together with another notorious Soviet KGB asset, Canadian Prime Minister Pierre Elliot Trudeau,



has also pioneered in the West the propagandizing of any and all Soviet disarmament proposals while loudly attacking President Reagan's beam weapons alternative.

Turkey is beginning to come under massive Soviet pressure. Given that the stationing of Euromissiles in Turkey would be of great significance for the West in militarily countering the Soviet war danger, the Soviet newspaper *Red Star* began this month to issue harsh warnings to Turkey not to accept the weapons or face serious "retaliation." Intelligence sources in Europe have warned that the Soviets are ready to throw everything in their arsenal short of launching an actual war to destabilize Turkey, including terrorism, left-right destabilizations, and exploitation of an ongoing faction fight in Ankara between nationalist/pro-American military layers and the newly installed Ozal government.

Most decisive of all for the southern flank is the situation inside Italy, headquarters of the NATO southern command and the bridge between Europe and the Mediterranean border nations. Nineteen eighty-three saw the takeover of the Italian premiership for the first time by the Socialist Party (PSI), under PSI general secretary Bettino Craxi who succeeded the collapsed Christian Democratic Fanfani regime. Over and above the problems inherent in any government led by Craxi—an individual whose terrorist-linked career this journal has documented for many years—the decisive factor strategically in Italy has been and remains the role being played by Christian Democrat Giulio Andreotti in the role of foreign minister. Andreotti is the lifetime agent of certain Vatican elements represented by the internationally prominent Father Morlion, whose oligarchic world view is expressed by his visceral attacks against the notion of the nation-state and who admits to conducting ongoing back-channel negotiations with Moscow. To the extent that this faction has gained the upper hand in the Vatican, Andreotti has been conducting Italian foreign *and* military policy under an appeasement formula that has led to his alliance with NATO's new secretary general, Lord Carrington, and West Germany's Genscher.

## France, Britain, and Germany

Proceeding northward again, we come to France, which is today in a political category uniquely its own. Not only has President François Mitterrand behaved over the past year as the staunchest American ally on issues of military policy, France is the only European country whose government has begun to actively cooperate with the United States on the beam-weapons question. Exactly what this cooperation entails is not publicly known, but apart from Jacques Chirac's intervention on the matter, French Defense Minister Charles Hernu signaled a positive government response to the March 23 Reagan proposal in the course of responding to a Parliamentary enquiry last October.

The catalyst that made such a development possible was the creation this year of an organization named "La France et son Armée" launched jointly by the European Labor Party and leading members of the World War II French Resistance, principally the celebrated Mme. Marie Madeleine Fourcade.

Encompassing well-known figures within French military circles, such as Gen. Revault d'Allonnes and Col. Marc Geneste, La France et son Armée has functioned as the core for rallying the French leadership around fighting for Western survival through beginning to move around the beams weapons conception.

In Britain, there was a temporary emergence of a "Churchillian reflex" factor among ruling circles in the earlier part of the year. Thus, in the immediate aftermath of Reagan's March 23 address, it was the British, including Prime Minister Margaret Thatcher, who delivered the most positive response. This included speeches by Thatcher on the importance of emerging technologies applies in the military sphere, and her announced commitment to enhance the country's peaceful nuclear energy capabilities. The backers of what they themselves called the "Churchillian reflex" based their behavior on the recognition that Moscow was out to seize control of the West, and any private back-channel negotiations with the Russians would be as useful as earlier attempted negotiations with Adolf Hitler had proven to be.

The Churchillian faction was ousted from power in the course of the autumn, with the Thatcher government reshuffling and the corresponding return to prominence of Lord Carrington. For the moment the Carrington faction is in command in London, although opposition against him and his policies is still rife and may surface again as the Soviets become more blatant in demonstrating their actual policies for the continent, Britain included.

Finally, returning to West Germany, we find the government of Christian Democrat Helmut Kohl virtually under siege. The Social Democrats led by Egon Bahr and Horst Ehmke have virtually transformed this mass party into an extension of the Moscow-run Green Party and its attached fascist ecologist/peace movement. Coalitions between both parties are currently under negotiation in various German states. Inside the government, the central problem is that foreign *and* military policy is under the control of Foreign Minister Genscher, one of the leaders of an East-West German unification movement under Soviet domination.

The ouster of the traitor Genscher is thus of international strategic significance, given the outstanding importance of West Germany in the global military and political arena. Around the Battle for Germany, the Battle for Europe will either stand or fall. Inside Germany, that battle is being led by the European Labor Party, the only centralized political force working to combine all the extant nationalist networks opposed to a Soviet takeover of the country under any terms. The potential that exists was proven by the attendance, reported earlier in the *EIR*, of the magazine's beam-weapons conference in Bonn in the late fall of 1983. However, it is crucial that more external public initiatives of the type taken by Chirac in this cited speech be taken by other European leaders, giving support to the anti-Finlandization forces already existing inside Germany itself. This, coupled with a rout of Genscher, is required if the West is to thwart Soviet plans for the political and military takeover of Europe.

## The world monetary crisis turns against the U.S.

by David Goldman

Federal Reserve Chairman Paul Volcker, reappointed by President Reagan in July, postponed a general crisis of the banking system until early 1984, but at the expense of putting the United States in line as principal victim of the crisis when it emerges. The theme of the October meeting of the International Monetary Fund, echoed in IMF and European government statements since, is that the American budget deficit—implicitly, the President's defense program—is the central cause of the present world monetary crisis. In fact, the end-product of Paul Volcker's financial regime of the past year, which has made the U.S. Treasury the sinkhole for international flows of flight capital, will make the Treasury the major casualty when a banking crisis interrupts such flows.

At the end of 1982, Treasury Secretary Donald Regan and Fed Chairman Paul Volcker, with the support of Secretary of State George Shultz, determined to crush the growing initiative for joint debt moratoria on the part of the major Ibero-American debtors—as proposed by former Mexican President José López Portillo to his Argentine and Brazilian colleagues in October 1982. The American monetary leadership adopted a policy which might politely be characterized as fraud and blackmail to avert this. The fraud consisted in first the allegation, and then the outright manufacture of statistics (as exposed by *EIR* in an autumn 1983 investigation) pertaining to "American economic recovery." No recovery ever existed, merely a deceleration from the 1982 rate of decline brought about by \$100 billion of federal "off-budget"

support for the housing and other consumer sectors. The blackmail consisted in threats of economic warfare and worse, should countries refuse to cooperate with the International Monetary Fund.

By any normal accounting standard, the major American banks were finished as of March 31, when the major Ibero-American debtors were unable to pay about \$40 billion of interbank lines extended to them the previous fall, in order to "bridge" debt payments coming due which went unpaid then. Brazil was able to pay neither the banks, nor the Bank for International Settlements-led consortium of governments and central banks who had lent the country more than \$2 billion to bridge expected payments from the International Monetary Fund.

Volcker pumped reserves into the banking system throughout the first half of the year at an unprecedented 12 percent annual rate, and ignored the arrears building up on the American money-center banks' accounts—\$3 billion in defaulted interest payments due from Brazil alone by the end of the year.

By mid-July, the proverbial eyeball-to-eyeball confrontation had arrived; the Bank for International Settlements, under the direction of Swiss National Bank chairman Fritz Leutwiler, had not received \$500 million in bridge-loan repayments due the previous month, and threatened to call Brazil into default, a form of financial excommunication which would have triggered an immediate crisis. Volcker's own reappointment was under review by a hostile Reagan

administration which, from its own limited perspective, recognized the Fed chairman as a Carter appointee who meant the White House ill.

Both the Reagan White House and the Ibero-American governments—who could simply have struck a political deal for long-term debt restructuring and averted the crisis—collapsed in front of the terrors presented to them. The major money-center banks, *EIR* revealed, went to the President behind Treasury Secretary Regan and warned that the “recovery” would collapse unless the President turned matters over to them. Meanwhile, they exercised enough of what is politely called influence in the U.S. Senate to credibly tell the White House that no other candidate for Fed chairman but Volcker would be confirmed.

Although the President had entertained early doubts concerning the reports of recovery, the barrage of lies produced in the Federal Reserve basement permitted his “political advisers” to convince him that the recovery was the key to his 1984 political fortunes. The bankers’ blackmail stuck, and Volcker was reappointed. The backdown by the White House permitted the American Treasury to threaten the Brazilians with a cutoff of their oil supplies, and, with oil stocks at two weeks, the Brazilians chose to crumble. A notice of surrender was delivered to the International Monetary Fund, and Brazil ultimately capitulated fully to the IMF in November.

On the surface, the spit-and-chewing-gum methods used to postpone the crisis have become flimsy to the point of absurdity. By Dec. 31, 1983, the major American banks will (as of *EIR*’s deadline) have brought Brazil up to date to Oct. 4, 1983, leaving themselves only 88 days in arrears—or two days away from bankruptcy. If the banks had to close their books Dec. 31 showing billions of dollars of bad Brazilian paper more than 90 days in arrears, U.S. bank regulators would have no choice but to force them to write off most of their Brazilian loans.

The nine top American banks—Chase Manhattan, Citibank, et al.—have between two and three times their shareholders’ capital in Brazilian debt—which is to say that a Brazilian write-off would bankrupt them two or three times over. The only consequence of this exercise in creative bookkeeping will be to postpone the big blowout until March 31, when the banks have to close their books for the next quarter. By this time, the supposed bankers’ rescue package for Brazil will have fallen apart, according to an authoritative, but confidential, U.S. government study.

In October, Lyndon LaRouche issued a statement beginning, “Before Christmas 1983, it is probable that Brazil and other leading nations of Ibero-America will be forced to default officially on their foreign debts.” The present state of affairs in Ibero-America shows that if the bankers have been able to forestall that probability, it has only been by resorting to the kind of fantastic “creative accounting” practices that would send any ordinary bookkeeper to jail.

As *EIR* reported the view of a senior official of the Swiss National Bank, “The debt reschedulings of 1982 were difficult, the second round during 1983 was next to impossible, and the third round in 1984 will fall apart.”

### **America’s turn in the barrel**

Volcker’s grand success of 1983 was to back up the \$800 billion in hopelessly defaulted Third World debt by undermining approximately \$10 trillion of debt in the OECD countries. The dollar’s strength throughout 1983, especially since November, is less a reflection of “confidence” in the American economy than a slow-motion bankruptcy of Western Europe, whose financial system is collapsing under the weight of \$400 billion in net external debt.

And America’s creditor relationship to the rest of the world was maintained at the expense of bankrupting the majority of debtors. In our Year-End Review for 1982, we reported that the developing-sector debt crisis was not the result of overborrowing and overspending by developing countries, but of the reduction of these countries’ terms of trade by half since 1979. The flood of capital inflow into the United States—matched by uncontrollably growing indebtedness on the part of the weaker Western European nations—got the Volcker regime through 1983, by ruining America’s major debtors. Since these debtors are also America’s principal military allies, the implications for America’s world role are deadly.

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, a budget deficit close to \$300 billion (including the buried “off-budget items”), and a current account deficit at almost \$50 billion, the Volcker policy now requires the exhaustion of Europe’s capital resources to finance the external deficits.

Europe is 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 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.

The flows of wealth, both in the form of the OPEC surplus and 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 has replaced Ibero-America as the leading source of flight capital, and Western Europe has "sovereign" external debts of over \$300 billion and short-term bank external debts of over \$100 billion.

At what point will the crisis break out? "If you look at the trade and current account deficits, they will be increasing on out as far as the eye can see. The economics of it are inexorable. But as for what will trigger the actual turnaround in the market, this will be a non-economic event," said a leading economic spokesman for the Carrington group in London in a Christmastime chat. "I am thinking of something like, hypothetically, if the President were to announce tomorrow that he wouldn't run for re-election. If no adverse political development occurs, the dollar can remain on a plateau for some time, or bump further upwards. But the history of these things shows that something else always happens—an oil crisis, an assassination, a war, or something like that. What is tricky in this case is that the dollar is a haven currency, and some developments like this would be good for the U.S., and lead to a stronger dollar in the short term. So it has to be something damaging to the United States, raising questions about U.S. economic policy."

Asked what this implies for the American budget deficit, Carrington's associate said, "This is what is poorly understood. For this year, by most estimates for current account—although the discrepancy [the errors and omissions] make this a bit difficult—show foreign capital inflow of about 1 percent of GNP, with a deficit at about 5 percent of GNP. All forecasts for next year show the inflow at about 1 to 2 percent of GNP. But that isn't the real problem. When foreigners want to go out, they can't, not until the current account turns around. But even if they can't get out, they will try to get out, which creates the potential for a very big and very sudden drop in the exchange rate. *The sudden desire of people to get out of the dollar will push up U.S. interest rates.* If this is triggered by a dramatic non-economic event, the slipover from the present situation to one in which everyone will try to get out will be enormous."

That is what the defense-budget-cutting cabal—from Helmut Schmidt to Margaret Thatcher, from Robert Dole to Tip O'Neill—expects to "de-fang Reagan," to quote the phrase of a Soviet economist. The financial mess is supposed to play into a general backdown on the part of the Reagan administration, permitting the decoupling of Europe from NATO and the crumbling of the Mideast.

## The end of governments

The end-product of the slaughter is described with un-

usual frankness by the International Monetary Fund in an appendix to its 1983 *World Economic Outlook*: The IMF reports that funds equal to about a quarter of world trade now cross national borders untracked by governments. As *EIR* has exposed in detail, this includes flight capital, narcotics revenues, illegal arms, smuggled gold, contraband high-value agricultural products like coffee, and human beings, and it represents a \$300 to \$400 billion per year flow of funds, the margin of available cash in the world economy. This is the pool of international funds the United States is now drawing on to finance its external and internal payments deficits, and that defines an American weakness.

The \$300 to \$400 billion a year flow of untraceable money corresponds to hidden trust assets which, as *EIR* first reported in 1981, control roughly \$200 billion of American equity unregistered with U. S. authorities, as well as substantial portions of the "visible economy." It also represents a Soviet strategic capability. The British, Swiss, Hong Kong, Singapore, and other investment and commercial banks who provide the "shells" through which such funds are invested untraceably are the Soviets' partners in what is euphemistically known as the "underground economy."

From the center of an international network that controls a large part of world narcotics traffic, gold smuggling, weapons contraband, and similar activities, the Soviets operate one of the largest of the world's major *fondi* (concentrated, usually family-based, investment holdings). Available indications are that the Soviet *fondo* represents a joint venture with British and Swiss partners, of which the leading Western figure is the new Secretary-General of NATO, Britain's Lord Carrington. At the point of takeoff of Soviet Empire financial operations, Moscow Narodny Bank, the Soviet-owned bank in London, formed a joint venture, East-West Trading Ltd., with Carrington's merchant bank, Morgan Grenfell.

One indication of the scope of Soviet operations is the size of foreign-exchange operations conducted in November and December, reported in *EIR*. Moscow Narodny and its sister institutions have accumulated foreign exchange lines of \$100 billion—net of lines available for other purposes—and are capable of operating in all major U.S., European, and Asian money markets simultaneously.

When the United States removed the dollar from gold backing in 1971, it lost control of dollar-based banking operations to the Eurodollar market. When Volcker crushed the debtor nations of the developing sector during 1983, he unleashed a financial whirlwind which has ruined the state finances of Ibero-America and Europe, and now threatens to ruin the United States Treasury. The American banking system is now sitting on a scaffolding controlled, in large measure, by Soviet foreign intelligence operations. The "success" of the Volcker-IMF policy in 1983 will mean America's military, as well as financial, ruin in 1984. The time to consider the consequences of continuing in this direction is now measured in weeks.

# *EIR* uncovers Fed 'recovery' fraud

by Leif Johnson

Reports of an economic recovery, massively documented by figures published by Paul A. Volcker's Federal Reserve, were creating a national security crisis for the United States on two fronts by the middle of 1983.

The Reagan administration's acceptance of the reported recovery—which the population at large, now preserved from worse economic conditions than existed during the early 1930s only by the existence of social welfare programs, knows to be a hoax—led the administration to believe that there should be no changes in the very Federal Reserve policies which were creating the crisis. This persistence on a course of economic disaster has not only threatened Reagan's reelection effort, but has also, by continuing to undermine the U.S. economy, dangerously curtailed spending on national defense programs at a time when the Soviet Union has put its entire economy on a war-mobilization footing.

The second problem caused by the Fed's reports was a mistaken foreign policy, particularly toward debt-ridden Ibero-America. The purported U.S. economic upswing, these nations were told, would mean increased imports by the industrialized sector and increased exports earnings that would make it possible for the developing sector nations to carry the debt service. As a result of this mistaken policy, and because the United States has failed to carry out the far-reaching debt reorganization and monetary and credit reforms necessary to stop a world financial collapse, the entire debt structure of the nations of Ibero-America is collapsing.

Already by mid-March, *EIR* had enough information to suspect that the Fed's index of industrial output levels was not an accurate measure of the nation's economic activity. The Fed's figures were elaborate and, like the work of any embezzler, each new set of faked figures is used to derive the next one. But even the cleverest embezzler is uncovered when the figures are checked against reality: what sits on the production-yard floor. That is what *EIR* did.

The LaRouche-Riemann economic model—which has consistently produced accurate predictions of the course of the U.S. economy since October 1979—forecast at the end of 1982 that there would be continued slippage in industrial, construction, and agricultural output in 1983. The model showed there would be an output decline of between 3 and 10 percent, depending upon the interest rates and credit availability set by the Federal Reserve Board.

The Fed's figures for the beginning of 1983 gave a very

different picture:

1) In March, the Fed announced substantial production increases in construction supplies, despite the fact that homebuilding was below October-November 1982 levels and other construction was down.

2) The Fed reported rises in steel product shipments for January and February that topped the average of such shipments for 1982. The Fed's figures were belied by the steel industry's, which showed shipments off 15 percent from a year earlier and employment down 33 percent.

3) The Fed claimed that household appliance production for the first two months of 1983 was 38 percent over December and 10 percent over the 1982 average. The Department of Commerce reported (in deflated dollars) that January and February sales of furniture, home furnishings, and appliances fell consecutively.

4) Another problem was the curious internal inconsistency in the Fed's own figures that showed increased output of certain items but reduced electrical consumption by the industries producing these items. The Fed could offer no explanation for the discrepancies.

Except for the counter-indications of the LaRouche-Reimann economic model, the discrepancies between the Industrial Production Index and the other data seemed susceptible of explanation. Construction supply products could be rising while actual construction moved contrariwise. Supplies might be stockpiled toward an eventual increase in homebuilding, some of which did in fact materialize. Steel shipments were so incredibly low in the final quarter of 1982, that it seemed, of necessity, they had to rise.

The problem remained that industry figures, although also showing an increase, were far lower than the Fed's. A Fed economist explained the difference by claiming that their figures measure production, not shipments, although ultimately the Fed number is based on the industry's shipments figure, adjusted for inventory.

*EIR*'s doubts were heightened when we discovered that the Department of Commerce figures for inventory (used by the Fed), are, by Commerce's own admission, based on an unreliably small sample and complicated by diverse inventory methods used. Further, an examination of the dollar amounts of monthly orders reported by the steel industry led us to suspect that steel product tonnage shipped was not an accurate measure of actual steel produced. We discovered that the industry was shipping lower-grade steels, so that the tonnage was high relative to the actual value of the steel compared to previous periods.

Finally, it was impossible to reconcile the Fed's increased product and decreased electrical consumption for the same industry. Could the energy-intensive cement industry decline a minimal 0.3 percent while its electrical usage plummeted 12.6 percent?

Reports from basic industry in mid-March through April gave a picture as bad or worse than the first two months. Steel

was extremely depressed and the metalworking industries worse. Machine-tool orders continued as bad as 1982, the worst year in memory. Industrial fasteners, forgings, castings, non-ferrous metals, mining, basic chemicals, transportation equipment, and transportation itself were moribund.

There clearly was no recovery: American basic industry was so depressed and such a substantial portion forced out of business, that it would not be possible to regain 1978-79 production levels even after a year of maximum production. Even the homebuilders and auto makers remained far beneath 1978-79 levels. If there was no recovery, then the Federal Reserve Board's Index of Industrial Production was wrong. It soon became apparent that it was an elaborate fraud.

*EIR* took a set of 18 industrial products from hosiery to bituminous coal, steel products to tires, cooking stoves to newsprint, cardboard boxes to freezers and asked the industry associations for their output figures. In every case we found that the Fed had inflated the actual numbers, in some cases by gross amounts.

The most conspicuous fake was hosiery. On an actual increase in the first six months of 1983 over the last six months of 1982 (the basis for all calculations), of 1.9 percent, the Fed claimed a 12.1 percent jump in output—more than a sixfold error. Refrigerators and freezers output increase was multiplied by nearly three times, while steel product increases were doubled.

The Fed has been systematically lying since the index was set up in 1967. In that year, when the Fed Index for autos was at 100, the United States produced 7.4 million passenger cars. In August 1983 the Fed Index for autos was again 100—but U.S. production was at an annual rate of only 6.1 million cars.

The key was discovering the Fed's method in lying: the "Quality Adjustment Factor" (QAF). In collusion with the Labor Department's Bureau of Labor Statistics (BLS), the QAF was devised, beginning in 1967, to distort the most widely used indicators of economic activity, the levels of production and of inflation. The QAF is based on the—demonstrably false—assumption that since 1967 the quality of autos, steel, and so forth has improved, and that this "improvement" should be counted as more goods produced. By the same method, the BLS discounts inflation simply by deducting the QAF from prices, since the consumer gets more "quality" when he buys a product. BLS figures this year claimed a \$3,799 "quality improvement" in autos—the difference between the actual price of a car, \$10,258, and the BLS's consumer price index for autos, \$6,459—since 1967. Cars have, of course, become far smaller and much worse.

The Fed is reported so worried about the findings of *EIR*'s investigation that it has gone to the extreme of telling other government agencies and the White House that it will not tolerate any investigation and, further, that if they have any complaints about the Industrial Production Index, "they should not use it."

## The LaRouche-Riemann measure crash-program

by Lyndon H. LaRouche, Jr.

*Up to the EIR's October 1983 "Quarterly Economic Report on the U.S. Economy," the data employed for the LaRouche-Riemann quarterly forecasts were chiefly supplied by reports of the U.S. federal government and Federal Reserve System. The analysis performed to arrange this data-base for forecasting operations had been accomplished chiefly by recasting the chart of accounts of the National Income Accounting system published by the U.S. government and Federal Reserve. The October report contained a discussion, excerpted here, of improvements in the economic model effected during 1983, and directions in which the work will now move.*

Beginning with the October 1983 quarterly report, a series of changes have been begun, beginning step-by-step improvement in assembly of data-base and in choice of data-base. Because of the monstrous increase of willful fraud in U.S. government and Federal Reserve statistics and reporting during the recent nine months, the data-base supplied from these sources has become worthless even as a crude approximation of actual performance in the U.S. economy. Unemployment was "reduced" by dropping approximately one percent or more of the total labor force from the data-base by the Bureau of Labor Statistics. The rate of inflation was fraudulently cut approximately in half by various tricks, such as the Quality Adjustment hoax. Data supplied by industry associations, already inflated significantly above actual in some cases, were inflated once again by the Federal Reserve, with no explanation of the methods of calculation or assumptions used for manufacturing this hoax.

As a result of these and other extravagant manipulations of data, a grave economic decline—an ominous rate of decline—in the U.S. economy was falsely reported as a significant "economic upswing."

Obviously, such a falsified change in the data-base of reported statistics could not be used for a quality forecast at this juncture. Therefore, the staff of *EIR* deployed a large part of its personnel resources to dig into primary and secondary data on production, employment, and sales in key sectors of the U.S. economy. The purpose was to develop a fair estimate of both the methods and extent of the manipulation of statistics, and by that means to arrive at at least a reasonable estimate of what the actual recent performance has been. Although the *EIR*'s forecasts still reference the statistical reporting by the government and the Federal Re-

# model expands to development needs

serve, that data has been corrected to reflect at least as much of the faking of reported official statistics as we have been able to estimate with fair certainty. Now, with cooperation from concerned citizens, some concerned public officials, and by other means, the *EIR* staff is beginning to develop a data-base for performance of the economy which will be to an increasing degree independent of official reporting. . . .

## Why the LaRouche-Riemann method is superior

The reasons for the unchallenged superiority of *EIR*'s quarterly and medium-range forecasts are easily identified. An economy consists chiefly of two general components. One is the production of physical consumer and producer goods, plus transportation and production and maintenance of basic economic infrastructure. This component of total throughput is analogous to the direct production-costs of a particular firm or industry. The remainder of the throughput—administration, services, selling costs, waste, and unemployment, for example—are analogous to the non-productive “overhead expense” of farms and industries. By breaking the total GNP of the U.S. economy down to these two general categories—“production costs” versus “overhead expense”—and then subdividing each category appropriately, *EIR* treats the U.S. economy as a whole as if it were a single, consolidated agro-industrial enterprise. By contrast, competing forecasts treat overhead expense—including speculative appreciations of rental-incomes, and spiralling debt-service charges—as contributing output in the same sense that production of physical goods contributes output.

This is the general reason for the superiority of the *EIR* forecasts since they were first regularly published, in November 1979. Additionally—and this is the sophisticated part of *EIR*'s forecasting so far—the computer programs developed echo a physical principle discovered by the famous Professor Bernhard Riemann in 1859. This principle prompts the name “LaRouche-Riemann method.” This “sophisticated” feature of the programming enables us to establish the effect on the rates of economic growth of production of physical output caused by a raising or lowering of the average level of technology.

So far, the *EIR* forecast has made this sort of calculation by using a set of linear inequalities specified by LaRouche in 1979, linear inequalities which assume that the rate of per-

capita capital investment (and maintenance of depreciated production assets) correlates with increasing or lowering of the level of technology in production. In other words, net disinvestment, through failure to maintain infrastructure or failure to invest in maintenance and replacement of capital stocks of agriculture and industry, represents a net lowering of the average level of technology. So does an increase in the percentile of unemployment in the labor-force—since a smaller percentage of the labor-force is producing.

Improvements or net disinvestment in technology proceed by ratchet-like steps upward or downward in rates of net economic growth of production of physical output. Riemann's principle provides the method for estimating the appearance of these ratchet-like phase-shifts in rates of economic growth.

These methods used by *EIR* up to this time do provide a very good estimate of probable economic growth or contraction under even slightly abnormal conditions in the economy as a whole. Therefore, no one should find anything mysterious in the unapproached superiority of past *EIR* quarterly forecasts over those published (at higher prices, incidentally) by Wharton, Chase Econometrics, and so forth. *EIR*'s performance has been reliable and competitively excellent, but it does not satisfy us—nor should it. Major improvements are therefore under way.

We report, briefly, the direction in which these improvements are now taking us, and then identify the practical importance of such next steps.

## The true measure of economic performance

The proper datum for measuring the actual performance of any economy—at any point in past or future human pre-history or history—is named an *increase in potential relative population density*. We break this term down, piece by piece, and then show why this is the only valid datum for measuring economic performance.

*Population density* measures number of persons per average square kilometer of habitable land. As a measure of economic performance, it must measure the number of persons sustained, per square kilometer, by means of the productive and related activities of the population inhabiting that territory. It measures the ability of a population to sustain itself at a certain level of population-density.

The included cause of difficulty in attempts to effect such a measurement is the fact that human populations' required consumption per-capita is not fixed. There is no level of consumption which represents “subsistence-minimum levels” for all societies. Broadly, as the productive powers of labor increase, this requires an increase in standard of per-capita household consumption, more education, increase of leisure, and so forth. We must measure the percentile of the total labor of a society required merely to maintain the level of per-capita household consumption required for that level of average productivity, and study the way in which the remainder of production-output affects increase or decrease in the attainable levels of population-density.

Land is not of uniform quality for habitation. The comparison of rich river-bottom land with desert land illustrates the general point. Yet, the case of the development of the rich Imperial Valley of California out of desert also illustrates that there is nothing permanently natural about the relative qualities of land. The relative quality of land is always a net result of combined improvements and depletion. Instead of simply population-density, we must measure *relative population-density*.

Actual population-density is not a proper measurement. We must determine what the relative population-density could grow to become given the present general level of technology. We must measure *potential relative population-density*.

This is not yet sufficient. For each relatively fixed level of technology, there is a corresponding spectrum of useable natural resources. If a society continues in approximately a fixed level of technology, at least some of these resources will become marginally depleted. As a result of such depletion, the amount of labor required to produce the raw-materials component of the total market-basket of combined consumer-goods and producer-goods requirements will rise per-capita for the society as a whole. As a result of this, the potential relative population-density as such is the datum for measuring economic performance.

Society may overcome the effects of marginal depletion of natural resources by no other means but advances in technology. Advances in technology solve this problem of depletion in two degrees of approximation. First, if the rise in average productivity caused by advances in technology is greater than the fall in productivity caused by rising per-capita labor-costs for required raw-materials components of market-baskets, the potential relative population-density of society is maintained successfully. Second, those leaps in levels of technology which are recognized as the meaning of "technological revolutions" cause a revolution in the definition of the total spectrum of useable natural-resource forms of apparent limits to growth.

However, advances in technology have the general effect of increasing the complexity of the social division of labor. These increases require an enlargement of the labor-force, and therefore also an enlargement of the population-density. For this reason, the only datum which adequately measures performance of economies is *increase of the potential relative population-density*. . . .

Over the recent years, important research has been done by the *EIR* staff on past leaps in technological progress in the U.S. economy, including the work of Dr. Steven Bardwell on the electricity revolution breakthrough in productivity at about 1910, and the work of the staff on the impact of the 1939-43 U.S. economic mobilization. Whereas our earlier forecasting has employed an indirect approach to estimate, rather successfully, the shifts in levels of technology in the U.S. economy as a whole, we are presently determined to approach this measurement more directly.

The practical importance of doing so at this point is as follows.

The new U.S. strategic doctrine—of Mutually Assured Survival—which President Ronald Reagan announced on March 23, 1983, requires a crash-program effort totalling directly about \$200 billion, in 1983 dollars, over approximately five years ahead. Although the new defensive-weapons systems will make use of advances in basic computer-technology, gyroscope design, and so forth, the heart of the new systems draws directly from two interrelated areas of breakthroughs now occurring on the frontiers of physics: plasma-physics research overlapping the development of controlled thermonuclear fusion as our primary energy-source of the coming period, and directed-beam technologies in the areas of high-powered, short-wave-length lasers and particle-beams, most emphatically. With the right assortment of such beams, less than 10,000 kilowatts of pulse can destroy a thermonuclear ballistic missile within a fraction of a millisecond. Contrary to old cronies of Bertrand Russell and Leo Szilard, such as Hans Bethe, Richard Garwin, and so forth, such technologies are either already existing or are within reach within a few years—not decades—ahead.

Such a military crash-program will have effects upon the U.S. civilian economy which dwarf the earlier gains in technology contributed by the first ten years of NASA's research-and-development build-up. To produce these systems, we shall be required to build up greatly the machine-tool sector of industry, and to begin spilling into the civilian sector of the economy new kinds of machine-tools employing laser and other advanced technologies. With these tools to encourage us, we shall produce materials we could not cut before the development of high-powered lasers, and will increase the average productivity of labor by—conservatively—two and three times present levels during the remaining years of the present century. The advanced technologies embodied in improved machine-tools will spill over from machine-tools into capital-goods generally, and from capital-goods generally into production generally.

### **The greatest technological leap in history**

This revolution in military technology is merely a reflection of the fact that mankind stands at the edge of the greatest technological leap upward in history. The major revolutions will occur on three frontiers. First, breakthroughs in the plasma-physics of controlled thermonuclear fusion. Second, the ability to concentrate the vastly increased energy-flux densities of advancing plasma-physics technologies into lasers and laser-like devices as tools of regular production. Third, breakthroughs in bio-technology—and mastery of the processes of aging of human tissue—which will revolutionize aspects of industrial production as well as agriculture, and mean foreseeable prolongation of life-span by decades. Every other technological advance, for the foreseeable decades ahead, will center around breakthroughs in these three areas, and coordinated steps toward both powered space-flight (using fusion energy) and the beginnings of man's colonization of the Moon and Mars.

The policy-shaping and other decision-making which



government and entrepreneurs must make in such an environment of technological breakthroughs requires a shift in practice of economic forecasting into emphasis on the foreseeable, direct causal relationship between specific classes of advances in technology and resulting changes in rates of per-capita productivities and general economic growth.

To analyze the impact of technology in this way for effects on the economy as a whole, it is necessary to measure economic performance explicitly in terms of net increase in potential relative population-density.

This begins with an estimated census of households (the irreducible unit of reproduction and maturation of new individuals), and the correlation of total population and its growth-rates with demographic characteristics of classes of households. The labor-force must be measured in total as a characteristic demographic feature of households. The demographic analysis must study the composition of households and total population by functionally defined age-intervals.

The total land-area of the United States must be analyzed for functional characteristics of use, for urban and rural households, agricultural production, industrial production, and so forth. The relative quality of land, as this bears upon potential relative population-density, must be correlated with land-use data.

In this setting, a more rigorous study of basic economic infrastructure must be conducted and the relevant data maintained. This includes water-management, transportation, energy production and distribution, and basic urban infrastructure. At present, since infrastructure is chiefly a function of government and public utilities, economic reporting for the economy as a whole virtually ignores this category of the economy. Estimates of economic growth and contractions presently fail to appreciate the effects of failing to expend governmental funds at federal, state, and local levels for maintenance of this essential infrastructure. The deficit incurred over the past decade totals to an estimated \$3-\$4 trillion at present! If infrastructure collapses through lack of maintenance and improvements, the whole economy, which rests upon that infrastructure, must come toppling down. . . .

We require the kinds of general economic and management information this turnaround implies. We require the readings on the economy which enable decision-makers to trace out the efficient connection between changes in technologies and the effects of those changes upon potential relative population-density. Gross National Product is the wrong yardstick, increasingly a misleading yardstick: The addition of the salary of an added clerk in the factory's offices is not an increase in the factory's saleable output, and does not replace the shrinkage of production in the factory itself. We must shift to the yardsticks the situation now requires.

This indicates the direction of improvements in *EIR's* forecasting practices which are beginning step-by-step implementation now. Our former forecasting has been proven the best available, indeed the only competent forecasting publicly available. That was good, but not good enough for the tasks our economy faces now.

## Scientists open path to the plasma age

by Marcia Merry

Breakthroughs in the science and engineering of lasers and plasma energy systems point the way into a Plasma Age of unprecedented growth potential. Most of the 1983 developments—involving fusion energy, laser medicine and biological research, and plasma metallurgy are taking place in an international network of the U.S. national laboratories and collaborating research centers in France, Japan, India, and elsewhere, the core of which in the United States are centers for classified work on directed energy defense systems.

These breakthroughs are occurring despite the lack so far of a federal government commitment to a Manhattan Project-style crash program for energy beam defense systems, which would create a shower of spin-offs whose application would transform the now-collapsing economies of the world into powerhouses for population growth and space colonization.

According to most intelligence reports, the U.S.S.R. is ahead of the West in areas of beam defense development. However, the Soviets are working on these systems in a secret, Hitlerian "wonder weapon" approach, to be deployed to blackmail the world into submission or face nuclear annihilation.

Therefore continued scientific advances are key to both neutralize this threat and simultaneously provide the productivities to lift the world out of economic collapse. A computer projection study done by the *EIR* and the Fusion Energy Foundation in May, 1983, shows that a beam-defense development program would double its industrial productivity in 10 years and add 4 million jobs to the U.S. economy.

It is essential to implement these productivity gains soon, both because of the strategic war threat and the rate of economic collapse. The austerity policies in force under the International Monetary Fund, World Bank, and related institutions have caused the physical deterioration of whole sections of continents—the formation of dustbowls, increase of death rates, and the appearance of new diseases. Currently, the level of world food output has shrunk to 16 bushels of grain or less per capita, from 18 bushels in 1980. To provide a decent diet, 24 bushels of grain are required per capita. The population potential of the world is falling.

### Polarized fuel brings fusion energy closer

The world is in urgent need of increased energy through-

put to reverse the decay and upgrade living standards, and fusion energy—literally, the power of the sun—is now closer than ever to realization.

In September, Dr. John Nuckolls of the Lawrence Livermore National Laboratory announced in London that a breakthrough had been made in the progress toward controlling fusion reactions for commercial energy generation. Preliminary test results this year indicated that by polarizing the fuel used in the reaction, the energy input required to start the fusion burn process could be reduced nearly tenfold. Dr. Nuckolls estimated that this can cheapen the cost of building commercial fusion reactors to half that of coal burning generators or fission reactors. The energy output is enormously greater.

Fusion energy results from the forcing together of two hydrogen nuclei under conditions of very high temperature and pressure. The fusion of the two nuclei produces a nucleus of helium, with a mass less than the sum of the masses of the two hydrogen nuclei, and releases an enormous amount of energy. Whether the nuclei fuse together or not depends on their spin alignment. In ordinary, unpolarized fusion fuel, the spin alignment of the nuclei is arbitrary and only some of the atomic nuclei are caused to fuse. However, if the spins of the individual nuclei can be arranged to have their spin oriented (polarized) in the same direction, the reactivity of the fuel is increased—more reactions will take place for a given amount of fuel—increasing the efficiency of the process. Most scientists did not expect polarized fuel to remain in alignment long enough under the confinement conditions for the fusion reaction to begin, but they were proved wrong.

The containment of the fusion process is accomplished either by magnetic fields or by inertial methods, as in laser fusion. The polarized fuel breakthrough will accelerate progress in all types of fusion-machine development. Magnetic fusion is still in the lead for achieving conditions of commercial performance levels. The Princeton TFTR—Tokamak Fusion Test Reactor, which first went on line Christmas eve, 1982, is expected to reach levels of net energy generation in another year. Alternative fusion devices, such as the spheromak, are also making progress.

The introduction of fusion energy will mean much more than a new, cheap source of electrical power. Through the development of related technologies, such as the fusion torch, it will become possible to convert raw Earth and garbage into absolutely pure elements. Forecasts of resource and energy shortages based on existing technologies will become laughable.

There are even greater theoretical implications. In the case of an H-bomb, or a fusion burn of unpolarized fuel, the energy is released isotropically, that is, in all directions. With polarized fuel, the neutron output from the burning fuel sphere takes the shape of an expanding disk coming out of the equator of the pellet. This directed energy makes the direct production of electricity, or whatever form of final energy output desired, very flexible.

Work is now going on with the hydrogen bomb to employ the self-organizing nature of plasma to shape the energy release into coherent radio and microwaves. This is called the microwave bomb, or M-bomb. We can expect that plasmas can be developed to generate microwaves to allow new methods of medical diagnosis. This will be even more refined than the latest generation NMR—nuclear magnetic resonance.

## High-powered lasers

There are a number of revolutionary breakthroughs underway, from the high energy to the microwave end of the electromagnetic spectrum, which compare in impact only to the rapid development and application of control of the low end of the electromagnetic spectrum one hundred years ago. In 1870, there were no telephones, no electricity, no radios; within 40 years the situation was transformed.

Twenty years ago the first lasers appeared, named for the process involved: light amplification through the stimulated emission of radiation. But in 1960 a laser could harness only the energy equivalent of a match. Today, the new x-ray laser possesses the energy equivalent of a small nuclear bomb.

There were significant developments this year in the free electron laser (FEL) and the KrF—krypton fluoride—eximer laser.

In June 1983, scientists at France's Orsay Laboratory for the Utilization of Electromagnetic Radiation reported that they were able to extend the operation of their FEL to significantly shorter wavelengths and greater levels of control. The FEL is based on injecting an electron beam into a magnetic field in association with a laser beam. By altering the strength of the electron input and the magnetic field, the electron beam output can be "tuned" to desired wave-lengths. The breakthrough involved shortening the wave-length to about 0.6328 micrometers, at low-beam power levels of about 50 microwatts.

The FEL promises to be the "electric motor" of the plasma age. It can be used in optical communications, isotope separation, metal cutting and finishing, photochemistry, inertial confinement fusion, and anti-missile beam weapons. It could be used for long-distance power transmission itself. Given a network of orbiting mirrors and FELs, electricity generated on the night side of the world could conceivably be transmitted in the form of laser beams at 20 percent efficiencies to the day side, and be reconverted into electricity with solar cells at the receiving sites.

The same FEL-orbiting mirror system could be utilized to increase the rate at which agricultural crops are grown. Both field station experiments and arctic farming show that constantly irradiated plants grow exponentially faster and that a larger, healthier plant results.

## Life sciences

The advancement of the x-ray laser promises to revolutionize biology and the understanding of life processes. At year end, experiments were underway at Nevada test sites to

use x-ray lasers to create microholograms—pictures of living cells.

With laser microholography, the interior of cells can be viewed, at a trillionth of a second in time. As of now, the cytoskeleton of a cell is invisible. The microhologram will show the structure.

The x-ray laser is simply a very short wave-length beam, which until recently was almost impossible to produce and control. The power source at present is literally a small nuclear explosion. But the shaping of the detonation through geometric fuel configuration presents new opportunities. The new Nova laser, now under construction at Lawrence Livermore and due to be completed in 1985-86, will be capable of laboratory experiments producing microholograms of cells.

This powerful tool promises to produce results which will transform the conceptual foundations of today's biological research, which is currently mechanistic, with virtually no understanding of what distinguishes living processes from any other energy configuration. This lack stems from an Aristotelian "molecular science" approach, and parallels the quark orientation in physics.

Nevertheless, there are some very recent advances in biotechnology and laser medicine whose immediate application will have far-reaching results in agriculture and health.

Over the year, laser surgery, already in use in most medical specialties, was perfected to new levels and was used successfully in France in four cases of coronary artery surgery, and in leg-artery surgery in California and England. Advances continue in the development of the artificial heart, though opponents to its widespread availability have refused to allow another test case. With proper backing and funding, the mechanism could be widely available in three years.

Doctors in New York state reported this fall the success of a multi-valent vaccine, which can protect against several diseases at once. In tests so far, genetic engineering has grafted antigens to several diseases onto the vaccinia virus, long used in small-pox vaccination. Within only three years or less, this "poly-vaccine" could be used to drive back the major global killer diseases—hepatitis-B, malaria, influenza strains, and others. The cost per shot of hepatitis vaccine would fall from \$100 to 35¢.

Genetic engineering has been used to develop the means to protect crops from frost damage, which could increase citrus and other output by 20 to 30 percent a season in several latitudes. Viruses have been isolated which can be turned loose on citrus groves, in the event of frost warnings, to attack and destroy specific bacteria which otherwise serve as "seeds" around which frost crystals form and destroy crops. In the daylight, these viruses die.

A lawsuit was filed in late 1983 to stop the anti-frost viruses and other genetic engineering advances, on grounds of "non-interference in nature." The leader of the action, propagandist Jeremy Rifkin, is part of the nuclear freeze movement, which also wants to ban energy-beam advances for defense and advanced technologies.

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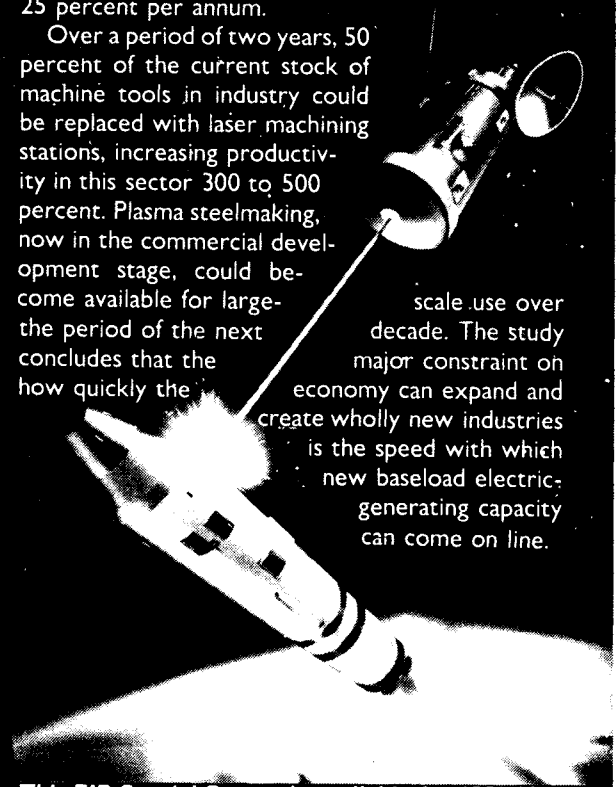
# The Economic Impact of the Relativistic Beam Technology

A unique study of the impact of the new defense-related technologies—high power lasers, particle beams, and fusion—which will become available to basic industrial production as the March 23 defensive strategic doctrine proposed by President Reagan is developed. The report is a computer analysis incorporating the LaRouche-Riemann model, which examines the little-discussed revolutionary civilian economic "spinoff" effects of the new beam weapon development program.

The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

- an estimated 4 million highly skilled industrial jobs could be added to the economy per year;
- the U.S. trade deficit could be eliminated in two years; and
- the rate of growth of real GNP could approach 25 percent per annum.

Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the next period of the next decade. The study concludes that the major constraint on how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.



This EIR Special Report is available for \$250.00. Contact: William Engdahl, EIR Special Services, (212) 247-8820 or (800) 223-5594 x818

# The year in review

## INTERNATIONAL

### January

**14** Non-Aligned ministerial meeting communiqué stresses priority of development over debt.

**18** Mitterrand becomes first French head of state to address West German parliament.

**24** Italian court convicts 63 for 1978 kidnap-murder of former premier Aldo Moro. Kissinger exonerated.

### February

**5** Gestapo torturer Klaus Barbie extradited from Bolivia to stand trial in France.

### March

**6** Christian Democrat Kohl and coalition partner Genscher returned to power in Bonn elections.

**7** Indira Gandhi tells leaders of 100 developing nations at Non-Aligned summit in New Delhi that "humankind is on the brink of the collapse of the world economic system and annihilation in nuclear war."

**9** Pope addresses Latin American bishops' conference in Haiti after Central American peace mission.

**10** Over 40 armed members of Kach (the Israeli branch of the Jewish Defense League) are arrested in Jerusalem for attempting to tunnel into and seize the Temple Mount site of Islam's holy Dome of the Rock mosque.

**12** Non-Aligned summit issues "New Delhi Appeal" to halt the arms race and restructure the international economic order for development.

**27** Andropov, in Pravda interview, attacks Reagan's speech on defensive strategic weapons.



## NATIONAL

### January

**17** LaRouche holds Washington press conference denouncing Heritage Foundation sabotage of movement for beam-weapon missile defense.

**18** Edward Teller takes his campaign for ABM defense to Georgetown University.

**18** Japanese prime minister Nakasone meets with Reagan in Washington.

**25** Reagan State of the Union Address continues U.S. capitulation to IMF.

**31** Reagan FY84 "no guns, no butter" budget unveiled.

### February

**23** Edward Teller tells University of Miami audience about use of X-ray laser for strategic anti-missile defense, "a concept I could not have mentioned to you two weeks ago," due to security classification.

**28** Cyrus Vance and Robert McNamara propose \$135 billion in defense budget cuts over a 5-year period, at a Washington press conference.

**28** AFL-CIO Executive Board endorses defense spending cuts.

### March

**1** National Governors Association demands slashing of the Federal budget.

**7** Federal decision demands strict enforcement of federal statutes prohibiting discrimination against handicapped infants, to prevent cases of infanticide.

**18** The American Academy of Pediatrics and the National Association of Children's Hospitals sue Federal government for anti-infanticide ruling.

**20** William Ruckelshaus, famous for causing millions of deaths through the banning of DDT "for political reasons" as the nation's first Environmental Protection administrator, is appointed by President Reagan to head the EPA.

**21** Justice Dept. lifts "Levi Guidelines," which prevented before-the-fact FBI investigations of terrorism; "Cointelpro"-type political harassment feared.

**23** Reagan on national TV, announces historic new missile-defense strategic doctrine to "free the world from the threat of nuclear war."

**26** LaRouche says Reagan move is

## ECONOMICS

### January

**3** Decontrol of prices and 18 percent value-added tax hike results in 25 percent jump in prices, as Mexico attempts to meet IMF demands for "a free market."

**7** EIR's economic forecast says no recovery in 1983.

**10** Chile gets IMF "certificate of good health."

**10** Time magazine cover story on "The Debt Bomb"—six months after EIR.

**18** Group of 10 industrial nation representatives at IMF call upon their governments to expand IMF funds by \$50-\$60 billion.

**19** A dozen companies from the giant BHC group in Chile default on \$1 billion in loans.

### February

**2** Argentina's opposition coalition, the Multipartidaria, challenges the military junta to abandon its commitment to IMF conditionalities.

**10-11** IMF Interim Committee meeting considers how to put the U.S. under surveillance. The Group of 24 underdeveloped nations backs 100 percent quota increases and expanded powers for IMF.

**18-20** Club of Life holds meetings in 40 cities around the world to urge the Non-Aligned nations to adopt a debtor's cartel and replace the IMF with a new world monetary system to promote development.

**16-23** Mexico says it will not be able to pay its February bills without a \$500 million emergency bridge loan; Brazil effects largest currency devaluation (30 percent) in a decade; Venezuela enacts exchange controls.

**22** Carlos Alzamora, head of the Latin American Economic System (SELA) tells Ibero-American ministerial meeting in Cartagena that the continent must meet its debt crisis through joint renegotiation and the creation of an Ibero-American "regional market." The ministers stall.

**22** George Shultz tells Senate Budget Committee that an imminent collapse of world oil prices is "the biggest story of the year."

**24** David Rockefeller and the Ditchley

## April

**11** PLO peace spokesman Issam Sartawi murdered in Lisbon by Abu Nidal group.  
**18** Kissinger, in Rome for Trilateral meeting, leaves town abruptly when Italian judges issue a warrant for his interrogation on the murder of Aldo Moro.  
**18** Bomb explosion in U.S. embassy in Beirut kills nearly 50 people, including close Reagan adviser and most of CIA Mideast team.  
**26-29** Presidents de la Madrid of Mexico and Figueiredo of Brazil meet in Cancún to strengthen political ties.  
**27** Prime Minister Palme holds press conference on Soviet mini-submarines in Swedish territorial waters.

## May

**Beginning of May** Outbreak of Moscow-backed rebellion against Arafat leadership of the Palestine Liberation Organization.  
**1-9** Japanese Prime Minister Nakasone tours ASEAN nations, on theme that "there will be no peace in the northern countries without stability in the southern countries."  
**6** West German Federal Archives announces that the so-called Hitler diaries discovered by *Stern* magazine reporter Gerd Heidemann are a "grotesque and superficial fraud."  
**21** Cuban Vice-President Carlos Rafael Rodríguez tells *EIR* in Bogota how much he admires Robert McNamara for his recent positions on the developing countries and in favor of the nuclear freeze.  
**26** Averell Harriman meets in Moscow with Andropov, Gromyko, and other officials.  
**28-30** Williamsburg, Virginia summit of top seven industrial nations takes a tough stand against Soviet attempts to split Western alliance, but ducks economic crisis.  
**28** West German Club of Life founded in Karlsruhe.

## June

**7** Peruvian President Belaunde Terry charges that Sendero Luminoso terrorism is fomented by foreign aid, human rights, and social research organizations.  
**14-15** Soviet Communist Party Central Committee meeting on the "ideological struggle" with the West. Andropov afterwards named chairman of the Presidium of the Supreme Soviet  
**16** Police and carabinieri arrest 856 persons allegedly connected to the Neapolitan "Camorra" organized crime army  
**17** *France et son Armée* formed in Paris upon the initiative of LaRouche associates and military figures, to promote support for Reagan's March 23 strategic doctrine and economic recovery

"probably the most important and well-executed action by any President in 20 years."

**24** Sen. Larry Pressler (R-S.D.) tells press that "space-based weapons will lead to a new and destabilizing arms race."  
**28** Uwe Parpart-Henke, research director of the Fusion Energy Foundation, and longtime LaRouche associate, is interviewed on WCBC-TV "Today" show in support of Reagan Mutually Assured Survival policy.

## April

**8** LaRouche submits "Investigations into Indicated Withholding of Information Vital to U.S. National Security by former U.S. National Security Adviser Kissinger" to U.S. Senate.  
**11** Defense Secretary Weinberger's speech to the Aviation and Space Writers Association convention, on the significance of the Reagan ABM policy, is ignored by the press.  
**12** Harold Washington squeaks in as mayor of Chicago after all-out Democratic National Committee support effort.  
**12** Left-environmentalist Tom Hayden-backed incumbent slate loses Santa Monica, Cal. city council elections.  
**13** Washington D.C. rally by the National Democratic Policy Committee in support of beam weapons policy.  
**14** Federal court ruling strikes down administration ruling which protects handicapped infants from passive murder.  
**20** Supreme Court unanimously upholds California moratorium on nuclear plant construction.  
**21** Fusion Energy Foundation says states-rightist Supreme Court decision has "disgraced the Constitution."  
**25** Senator Moynihan, Mayor Koch and other New York "KGB Democrat" notables hold City Hall press conference to denounce NDPC-backed school board candidates in Manhattan's District 6 as "bigots," "slobs," and "a fascist cult."  
**27** Brent Scowcroft meets in Denver with Moscow's Georgii Arbatov on strategic arms questions, under auspices of a Dartmouth Conference task force.

## May

**11** Brent Scowcroft backs former Defense Secretary Schlesinger before Senate committee in defense of Mutually Assured Destruction (MAD) doctrine.  
**24** Conferences held in Minneapolis and Baltimore provide forums for KGB program against Reagan beam-weapons policy.

## June

**10** Carter Democrats Robert Strauss, Jody

Group bankers' cartel sets up Commission on Latin American Debt and Governmental Politics to direct U.S. government policy.  
**28** Brazil gets \$5.9 billion from IMF. Venezuela announces emergency economic package as two decades of price stability and free convertibility of the bolivar come to an end.

## March

**14** OPEC officially cuts prices for first time in its history.  
**15** Senate Foreign Relations Committee approves U.S. bailout for IMF.  
**22** U.S. Dept. of Agriculture announces that 57 percent of cotton and sorghum, 62 percent of wheat farmers, and 95 percent of cotton and rice growers have signed up for its Payment In Kind (PIK) program.  
**25-26** Ditchley bankers' group meets in Zürich, to form a creditors' cartel.  
**28** Buenos Aires meeting of the Group of 77 developing nations opens as British Commonwealth countries attempt to protect the IMF.

## April

**9** G-77 ministerial meeting concludes with "moderate" declaration, hailed as a victory for the IMF by its allies. Barter agreements among Ibero-American countries increase.  
**13** *EIR* Fusion Energy Foundation conference in Washington says that the Reagan March 23 policy will unleash "a new industrial revolution."  
**13** São Paulo Chamber of Commerce says interest rates in Brazil reach 496 percent.  
**27** G-24 developing nations representatives at IMF in Washington endorses Non-Aligned call for international monetary conference but postpones action on debt.

## May

**16** SELA and the U.N. Commission for Latin America issue "Quito Document," a comprehensive program for cooperative Ibero-American action to solve the economic crisis.  
**17** Norman Bailey, National Security Council Director of Planning, tells international monetary conference in Brussels that the Reagan strategic defense policy could restore economic prosperity through the fostering of technological revolutions.

## June

**6** UNCTAD meeting in Belgrade hears Egypt's Mubarak proposal for a world development bank which could sponsor infrastructural projects and provide a billion jobs.

## INTERNATIONAL

### July

**3** Delegation of the West German Green Party arrives in Washington for meetings with State Department and Pentagon officials.

**5** Bombing of Paris airport by the Armenian Secret Army for the Liberation of Armenia (ASALA).

**27** Mr. and Mrs. Lyndon H. LaRouche, Jr. visit Thailand, are received by Vice-Premier Admiral Sonthee Bunya Thai, and by the minister of communications and transport and the deputy minister of finance.

### August

**8** Coup in Guatemala topples Gen. Efraín Ríos Montt, installs Brig. Gen. Oscar Humberto Mejía Victores.



**10** Licio Gelli, Venerable Master of the Propaganda-2 masonic lodge, escapes from prison in Switzerland.

**10** Fyodor Burlatskii, an adviser to Yuri Andropov, writes in *Literaturnaya Gazeta* that U.S. development of defensive weapons systems is a "casus belli."

**11** Bettino Craxi installed as Italian Prime Minister.

**14** President Ronald Reagan meets Mexican President Miguel de la Madrid in Mexico.

**14** Demonstrations and strikes against the martial law government of Ziaul Haq break out in Pakistan.

**18** Soviet President Yuri Andropov, in a meeting with U.S. Senators, calls for a ban on research and development of space-based weapons. Andropov's last public appearance.

**20-23** Conference of scientists in Erice, Italy on "Technological Bases for Peace." Physicists Dr. Edward Teller (U.S.A.), E. P. Velikhov (U.S.S.R.), and others form a commission to investigate the feasibility of beam-weapon development.

**21** Assassination of Philippine opposition leader Benigno Aquino.

## NATIONAL

Powell, Gerald Rafshoon, Pat Caddell, Stuart Eizenstat, and David Rubenstein meet to plan "Debategate" scandal against Reagan.

**13** Walter Mondale announces that a freeze on nuclear weapons is "first priority" for the United States.

**15** Washington State supreme court rules that utilities contracted to purchase power from the Washington Public Power Supply System (WPPSS) are not liable for the bonds floated by WPPSS to construct its nuclear units 4 and 5, thus ensuring that WPPSS defaults on \$2.2 billion worth of bonds.

**28** Cyrus Hashemi's \$100 million libel suit against *EIR*, Campaigner Publications, et al., dismissed by federal court. *EIR* had exposed Hashemi's role in financing Ayatollah Khomeini's terrorism.

**29** FBI announces it is investigating "Debategate" scandal over Carter campaign's briefings during the 1980 election debates.

### July

**18** Senate passes amendment to defense authorization bill placing restrictions on U.S. testing of anti-satellite (ASAT) systems.

**18** Henry Kissinger named to head Bipartisan Commission on Central America.

**27** House passes amendment to the 1983 Intelligence Authorization Act banning "covert" operations in Nicaragua, but mandating a \$80 million program of "overt" military operations.

### August

**1** Warren Hamerman, chairman of the National Democratic Policy Committee, issues a call to draft Lyndon H. LaRouche as a Democratic presidential candidate in 1984.

**3** House of Representatives votes up the authorization bill for an \$8.4 billion increase in U.S. contributions to the International Monetary Fund.

### September

**12-14** "Beams '83" conference in San Francisco reports rapid progress in all advanced beam weapons technologies.

**15** Rep. Henry Gonzalez (D-Tex.) submits resolution to probe former Secretary of State Henry Kissinger for conflict of interest between his chairmanship of the bipartisan commission on Central America and his business connections.

## ECONOMICS

presence of IMF mission in Brazil.

**End of June** Meeting in London among U.S. Federal Reserve Chairman Paul Volcker, IMF Managing Director Jacques de Larosière, Bank for International Settlements Chairman Fritz Leutwiler, and British Foreign Secretary Geoffrey Howe reaches agreement on a hard line toward Brazil and other debtor countries.

**19** Reagan reappoints Paul Volcker as Fed chairman.

**22** Rejecting IMF demands for a 66 percent currency devaluation, Guyana declares it "cannot obey the IMF conditions for financial assistance."

**22** French scientists at Orsay achieve record short wavelengths with free-electron laser.

### July

**2** Latin American Political Thought forum in Caracas calls for creation of a coordinating council on the foreign debt.

**14** Andean Labor Council formed by trade unions from Colombia, Bolivia, Peru, Ecuador, Venezuela. Council announces one-hour strike against the IMF.

**14** Senate Banking Committee hearings on the reappointment of Paul Volcker as chairman of the Federal Reserve. The National Democratic Policy Committee is the only nationwide organization to testify against the confirmation.

**15** Brazilian government agrees to IMF austerity demands, allowing the IMF to give it about \$400 million—enough to make its payment to the BIS, whose deadline this is. Must still be approved by Brazilian Congress.

**20** Paul Volcker's reappointment confirmed by Senate Banking Committee.

**21** General strike in São Paulo, Brazil.

**20-25** Conferences of the Club of Life in 47 cities throughout the United States, Europe, and Ibero-America support the call for formation of a debtors' cartel.

**23** Indian Prime Minister Indira Gandhi inaugurates India's first domestically built nuclear power plant.

**24-25** Andean Pact summit discusses continental integration and a "common, global strategy" on political and economic questions.

### August

**8** U.S. Bureau of Labor Statistics announces that collective bargaining contracts in the first six months of 1983 were the lowest for any six-month period in the past 15 years of reporting.

**11** 241 out of 479 Brazilian congressmen call on President Figueiredo to effect "an

## September

1 Soviet downing of Korean Air Lines (KAL) jet killing 269 civilians.

9 Marshal Nikolai Ogarkov, Chief of Staff of the Soviet Armed Forces, gives a press conference justifying the shoot-down of KAL flight 007.

12 Soviet scientific delegation cancels scheduled participation in "Beams '83" conference in San Francisco.

## October

9 Four South Korean cabinet members and 15 others killed in a bombing in Rangoon, Burma.

12 Coup against Grenada government of Prime Minister Maurice Bishop by Soviet-backed Gen. Hudson Austin.

23 Kamikaze terrorist attack on U.S. and French military headquarters in Beirut.

25 U.S. troops invade Grenada, capturing 600 Cubans, 30 Soviet advisers, and a massive army.

27 Lyndon LaRouche addresses conference in Bangkok, Thailand, on "Long-Term Economic Development of the Pacific and Indian Ocean Basins."

30 Argentine elections: Raul Alfonsin of the Union Civica Radical defeats the Peronists to become president.

## November

7 Andropov fails to appear at celebration of the 66th anniversary of the Bolshevik Revolution.

15 *Izvestia* publishes an attack on Lyndon LaRouche and the Nov. 9 *EIR* beam-weapon conference in Rome.

22 West German Bundestag votes 286 to 226 in favor of stationing U.S. missiles if arms talks fail.

23 Soviets walk out of Geneva talks on intermediate range missiles.

24 Israel releases 5,000 Palestinian prisoners in exchange for six Israelis.

## December

5 Soviet Chief of Staff Nikolai Ogarkov announces that the Soviet Union will deploy missile-carrying submarines within five minutes of U.S. mainland targets.

8 NATO meeting in Brussels appoints Lord Carrington as new NATO head.

12 Terrorist bombing of U.S. embassy and other targets in Kuwait.

12 Pugwash Conference in Geneva; Soviet military representatives take hard line.

20 Yassir Arafat and 4,000 supporters evacuated from Lebanon.

22 Arafat meets with Egyptian President Mubarak.

20 Democratic National Committee Chairman Charles Manatt, in a speech at Georgetown University, announces Democratic consensus for "nuclear freeze."

26 Lyndon H. LaRouche declares his candidacy for the Democratic Party presidential nomination.



## October

1 Fletcher Commission reports to the National Security Council on the feasibility of beam-weapon defense.

1 AFL-CIO General Board endorses Walter Mondale for the Democratic presidential nomination.

4 President Reagan announces "build-down" disarmament proposal.

13 National Security Adviser William Clark resigns.

26 Senate votes to kill the Clinch River fast breeder reactor program.

28 Sen. William Armstrong (R-Colo.) introduces "People Protection Act" into the Senate, calling for implementation of President Reagan's antiballistic missile defense program.



## November

7 Bombing of the U.S. Senate building.

## December

8 Sens. Kennedy and Hatfield sponsor Capitol Hill hearings on the nuclear freeze, with testimony from Dr. Y. Velikhov, vice president of the Soviet Academy of Sciences, and other Soviet representatives.

10 *New York Times* and *Washington Post* begin press attacks on Secretary of Defense Weinberger as responsible for the failure to provide adequate security for U.S. Marines in Lebanon.

immediate break with the IMF [and a] declaration of moratoria on the foreign debt."

27-28 Conference in Vail, Colorado on "Trade Policy Issues," includes Henry Kissinger, Gerald Ford, Helmut Schmidt, Valéry Giscard d'Estaing, Malcolm Fraser, James Callaghan. Discuss transformation of Third World debt into "equity."

26 Signing in New York of an \$11 billion agreement between Mexico and its foreign bank creditors to restructure the debt.

## September

24 Ditchley Group meeting.

26 Brazil's creditors announce \$11 billion bailout scheme.

26 Argentine judge Federico Pinto Kramer bars renegotiation of the state debt pending clarification of "irregularities" in the contracting of the debt.

27-29 IMF annual meeting.

## October

3 Argentine judge Federico Pinto Kramer detains central bank president Julio González del Solar for questioning on Solar's role in foreign debt negotiations.

4 Government of Rio de Janeiro, Brazil announces it will not meet interest payments on a \$150 million loan from the Bank of Montreal.

31 Greyhound Corporation workers go on strike when company demands 17 percent wage cut.

## November

1 West German private bank Schroeder, Münchmeyer, Hengst & Company announces insolvency. Bankruptcy avoided when Bundesbank extends bailout.

7 MIT Fusion Center announces that the Alcator C tokamak has approached the confinement parameters needed for energy breakeven.

9 Brazilian Congress endorses wage-reduction program.

17-18 Both houses of U.S. Congress vote to increase U.S. funding to the IMF.

18 Argentina announces that it has mastered the full nuclear fuel cycle and has the capability to enrich uranium.

29 West German federal prosecutor's office moves to indict Economics Minister Count Otto von Lambsdorff.

## December

15-16 Club of Rome holds the first meeting of its Latin American regional group in Bogotá, Colombia.

16 European Community summit breaks up without resolving budget crisis.

## Ibero-America bows to IMF in 1983 'financial Malvinas'

by Dennis Small

Ibero-America's agenda for 1983 was set at the end of 1982, when the three principal debtor nations of the continent—Brazil, Mexico, and Argentina—agreed to subject their economies to the anti-growth conditionalities of the International Monetary Fund (IMF). All did it out of expediency, announcing that they didn't particularly like the Fund's recessionary policies, but that these were preferable to incurring the wrath—and countermeasures—of the international financial community which would descend on them were they to form a debtors' cartel and force the joint renegotiation of their foreign debt.

*EIR* began attacking this outlook early in 1983, warning the governments of Ibero-America, in the words of a widely distributed and reprinted press release, that IMF austerity is more destructive than the consequences of a debt moratorium." Representatives of *EIR* founder Lyndon LaRouche also explained personally to top policy-making circles across the continent that the toleration of IMF austerity would so decimate their economies that the very social and political fabric of their nations would be destroyed.

The year's events unfortunately bore out *EIR*'s forecast.

For the entire first half of 1983 the governments of Ibero-America closely considered adopting LaRouche's anti-IMF strategy, as detailed in his August 1982 *Operation Juárez*, which called for the formation of a debtors' cartel and a regional common market. They resisted IMF austerity; they ceased paying even the interest on their debt; they criss-crossed the continent in hectic diplomacy that pondered joint debt action; and they even laid the policy framework for drastically shifting their trade patterns towards intra-regional commerce.

But in the middle of the year—in the first 13 days of July, to be precise—the IMF and allied creditors staged a decisive showdown with Brazil. The banks threatened to call Brazil into formal default for not repaying an overdue \$400 million bridge loan from the Swiss Bank for International Settlements, and to launch all-out economic and financial warfare against the continent's largest debtor, if the Figueiredo government did not capitulate to the IMF's demand for major real wage reductions. *EIR* wrote at the time that "all hinges upon the outcome of the June showdown between Brazil, the bankers, and the IMF." On July 13, 1983, President Figueiredo bowed to the IMF demand.

From that moment onward for the remainder of 1983, it was downhill for Ibero-America in its battle for survival. Step by step, "pragmatic" concessions were made to the creditors by each and every country; step by step, they handed over chunks of their populations and their very sovereignty, rather than fight.

The results have been devastating. Gross foreign capital flows into Ibero-America dropped from \$38 billion in 1981 and \$19 billion in 1982, to a pathetic \$3.4 billion in 1983. But debt service payments were so great that, for the first time in recent history, the already impoverished continent became a *net capital exporter*: *EIR* estimates that close to \$40 billion were sucked out of the area in 1983. According to statistics prepared by the U.N. Economic Conference on Latin America, 1983 was the worst year in a half century for the continent: GNP dropped by 3.3 percent, or 5.6 percent per capita.

Looked at from the U.S. side, this dramatic collapse of economic activity translated into the loss of upwards of *one*



million American jobs, due to the sharp decline of U.S. exports to Ibero-America. Over \$400 billion in ambitious industrial development and other infrastructure projects in Ibero-America have fallen victim to the IMF budgetary axe.

This process has politically destabilized every nation south of the Rio Grande, and opened the doors to a booming black market economy—especially narcotics. Drug-linked terrorist groups, such as Peru's "Shining Path," have stepped up their assaults and in some cases created situations of virtual dual power with the constitutional governments.

If this IMF strangulation continues in 1984, the world will witness the early destruction of what were previously the sovereign nations of Ibero-America. The genocide and instability now characterizing Central America will become generalized across the continent. Rather than a bulwark of Western civilization and a booming market for American capital goods exports, Ibero-America will look like Iran.

If the setbacks of 1983 are to be turned around in 1984, the governments and political leaders of Ibero-America will have to change the way in which they have so far fought the IMF and its policies. They must finally learn the real lesson of the 1982 Malvinas War and of its sequel, the "Financial Malvinas" of 1983: that they are locked in battle with an oligarchic enemy whose strategic purpose is their utter annihilation as modern nation-states, and that they have to respond, united, in kind.

### **The 'debt bomb' makes headlines**

In May of 1982 Lyndon LaRouche coined the phrase "debt bomb," and in a public message to the Argentine government urged it to detonate this powerful weapon—in coordination with other Ibero-American governments—at the doorstep of the City of London. Eight months later, on Jan. 10, *Time* magazine made the phrase a household word by running a cover story entitled "The Debt Bomb; the Worldwide Peril of Go-Go Lending."

*Time's* purpose was rather different than *EIR's*. It reflected the thinking of a stratum of international finance which had reached the conclusion that the debt crisis would sooner or later explode. They chose to try to use this crisis to strengthen the IMF, fragment the debtors, and strangle all remaining Third World development prospects.

Most Ibero-Americans had other ideas. Their attitude of early 1983 was summed up in a banner headline in the Jan. 11 issue of the Mexican daily *Ovaciones*, which demanded: "Debtors of the World, Unite." The daily was referring to statements issued in Lima, Peru the previous day by the Permanent Secretary of the influential Latin American Economic System (SELA), Carlos Alzamora, who reiterated his earlier calls for joint debt renegotiation. Statements in favor of collective debt action were also issued at a conference of the foreign ministers of Panama, Colombia, Venezuela, and Mexico at the famous founding meeting of the Contadora Group on Jan. 8, and at the preparatory meeting of Non-Aligned nations in Managua, Nicaragua, two days later. Even the ever-pragmatic Brazilian government discussed the pos-

sibility of joint debt action at a January private summit meeting between President Figueiredo and Argentine head of state General Bignone.

Even as these options were being considered, a number of the major debtors instituted a policy of deliberate foot-dragging on current debt service payments—a necessity, in any event, since the IMF and the commercial banks had sharply cut back on the issuance of new credits in the aftermath of the Malvinas War. Thus in mid-February Brazil underwent a series of near defaults as the state-owned commercial bank Banco do Brasil scrambled for 24-hour cash to avoid bouncing checks. And the central bank quickly built up over \$1 billion in arrears on scheduled debt service payments.

Argentina similarly pronounced its inability to continue servicing over \$5 billion in private sector debt; and on Feb. 28 Venezuela, after stoically suffering months of Mexican-style capital flight, finally clamped on exchange controls and declared a de facto moratorium on approximately \$7.5 billion in debt. Adding it all up, Ibero-America was refusing to service tens of billions of dollars of its foreign debt.

But none of this constituted a fundamental threat to the Bretton Woods monetary system; the only thing the creditors feared was a joint *political* statement from the debtors that they were holding the debt hostage to the creation of a new monetary system. And this they moved to prevent.

Both sides focused their efforts on the March 7-11 New Delhi summit of Non-Aligned nations. The Club of Life, the international anti-Malthusian organization founded by Helga Zepp-LaRouche, was most insistent in identifying the Delhi summit as a "punctum saliens"—a crucial turning point in the fight for a New World Economic Order—and in building international support for the creation of a debtors' cartel at Delhi.

Since the Ibero-American representatives by and large had the clearest view within the Third World of the need for joint debt action, the opponents of a New World Economic Order worked overtime simply to keep them physically away from the Non-Aligned summit. In the weeks before the gathering, sudden internal instabilities, coup threats, and renewed tensions with neighbors forced the heads of state of Non-Aligned members Colombia, Peru, Bolivia, and Venezuela (then applying for membership) to cancel their plans to travel to Delhi. The meeting was correspondingly weakened, and failed to move beyond the stage of good speeches on the debt front.

The early April meeting of the Group of 77 developing sector nations in Buenos Aires also failed to break the logjam.

Reality, however, proceeded apace. The near total absence of dollars in Ibero-America led to a sharp curtailment of trade, and some of these nations began to look into an option earlier suggested by LaRouche in "Operation Juárez": the formation of a Common Market centered on barter trade. The giants of the debtor world, Mexico and Brazil, held a summit meeting to discuss precisely such options on April 26 in Cancún, Mexico.

The dollar shortage was also felt on the financial front. By early May, Brazil had incurred arrears of over \$2.5 billion, and the country's creditor banks and the IMF responded by formally cutting off all credit flows until the IMF's strict conditionalities were adhered to. Brazil's leaders responded violently. Shigeaki Ueki, the president of the huge state oil monopoly Petrobras, said in an interview with *EIR* published May 17 that of course Brazil must make every effort to live up to the IMF's demands—but after that, Brazil may have no other recourse than collective debt action.

Brazil was hardly alone in such sentiments. Venezuelan president Luis Herrera Campins on May 12 denounced the IMF for trying to make his country pay for having supported Argentina during the Malvinas War, and deplored the fact that "coercive measures for collecting the debt were instituted by the international commercial banks." Colombian president Belisario Betancur similarly blasted the banks for trying to penalize Colombia "for living in a bad neighborhood."

### **SELA and Operation Juárez**

Advanced sector response to these urgent Ibero-American concerns was frankly hostile. Both the OECD Williamsburg summit on May 18 and the June full UNCTAD meeting in Belgrade failed to seriously address the debt issue. This served to convince the region's leaders that they could expect nothing in the way of either good will, or even simple self-interested rationality, from the advanced sector governments, and that therefore unilateral debt action was required. The damage done to U.S.-Ibero-American relations as a result of this pro-IMF policy was, in many ways, more serious than the consequences of American support for the British during the Malvinas.

As during the Malvinas War, the principal standing policy bridge between the United States and Ibero-America was the activities of Lyndon LaRouche and *EIR*. In mid-1983, LaRouche broadened his earlier Operation Juárez call, and urged that Ibero-America be involved in scientific and technological cooperation with the U.S. beam weapons program, and that its economic spin-offs benefits reach the South as well. The proposal elicited a highly positive response among Ibero-American military and other leaders informed of the idea through *EIR* seminars on the subject held in Mexico, Argentina, and elsewhere. Thus Brigadier Héctor Luis Fautario, the former Commander in Chief of the Air Force of Argentina—a country which a bit over a year ago was at war with the United States—was able to state to *EIR* in an interview Oct. 28:

I think that the development of beam weapons is tremendously important. . . . Countries like ours have to rapidly associate themselves with developments of this magnitude because they would ensure the freedom of the world. . . . We would look forward to a period of participation by the U.S., so as to feel truly united in work like this.

But with LaRouche's views merely influential, and not

dominant, in Washington, the Ibero-Americans continued to organize for unilateral action.

On May 16 in Quito, Ecuador, SELA—which throughout 1983 played the key role in coordinating the efforts towards continental integration—hosted a meeting of special plenipotentiary ambassadors of the continent's heads of state to discuss a joint response to the financial crisis. There was unanimous endorsement of the document drafted for the meeting by the SELA staff, which finally proposed the two central policy points urged by LaRouche since mid 1982: a debtors' cartel and a common market.

There is an urgent need for concerted Latin American action at the political level to make possible joint consideration of a solution to the problem of external indebtedness.

It is necessary, as a second objective, to intensify the whole unexplored potential of intra-Latin American trade. . . . This requires the adoption of an agreement to ensure . . . that regional trade preferences covering all Latin American countries will be adopted, and that the implementation of compensated partial bilateral agreements will be intensified.

With this, Operation Juárez was placed on the Ibero-American agenda. But it had yet to be acted on.

During this period, the governments of the region received important backing for their anti-IMF diplomacy from organized labor. In Venezuela, the trade union federation CTV went on record in support of collective renegotiation. In Colombia, the UTC federation was outspoken for the SELA approach. The Argentine CGT blamed the country's economic plight on the application of IMF prescriptions. In Brazil, workers organized street demonstrations to denounce that the IMF's initials in Portuguese really stand for "Fome, Miséria, Inflação" ("hunger, misery, and inflation").

The continental drive for a debtors' cartel reached its most advanced expression on July 2 in Caracas, when political leaders representing every nation of Ibero-America met at a week-long Congress on Latin American Political Thought, and called for the immediate formation of a "coordinating council on the foreign debt" and the "economic, political, social and cultural integration" of the continent into a "nation of republics." Ex-presidents, senators, diplomats, economists, and intellectuals with the political weight to implement such policies voted to end the IMF's power to dismantle economies and impose genocidal levels of austerity.

### **Thirteen days in July**

The IMF and the creditors reached the conclusion that they had to stop this aggressive drive towards a debtors' cartel dead in its tracks. They targeted Brazil, the country all sides agree is the sine qua non of any Third World debtors' club. There was no time to lose. On July 7 rumors of Brazilian and Argentine unilateral debt default swept the international markets, sparking an \$18 rise in the price of gold.

Earlier factional disagreements among the creditors over whether to force Brazil to the wall disappeared during the first week in July when British Prime Minister Margaret Thatcher advocated “teaching Brazil a lesson.” U.S. Undersecretary of the Treasury Tim McNamar, called his contacts in Brasilia to deliver American government backing to the creditors’ principal threat: if you don’t bow to the IMF, we will cut off all oil deliveries. Brazil’s Planning Minister Delfim Netto was then spirited off to London on July 9, returning two days later to deliver the same message, and to organize a military faction inside Brazil to stage a coup d’état should Figueiredo refuse to go along peacefully with the creditors’ demands.

But the Brazilian government was not yet ready to give up the ghost. Figueiredo dispatched central bank head C. G. Langoni to Venezuela the first week of July, for emergency consultations on whether or not that country would be willing to supply Brazil with oil should the threatened creditor blockade emerge.

At that precise moment everything hung in the balance. Brazil would either tell the creditors to go jump in the lake and defend itself from the ensuing economic warfare through common market arrangements; or it would buckle to the blackmail if it thought continental solidarity was inadequate.

On July 13, President Figueiredo went on national television to tell the Brazilian population that his government had agreed to the IMF’s demands. Brazil had blinked.

Equally significant, the entire continent knew that Brazil had blinked, and that they could not expect backup from the largest economy of Ibero-America in each of their own fights to stave off the IMF. The diplomacy continued, the calls for collective debt action were reiterated . . . but there was a hollow ring to it all.

On July 24 the heads of state of the Andean Pact gathered in Caracas to celebrate the 200th anniversary of the birth of Simón Bolívar, and the occasion served to rally forces in favor of integration. Economic and financial coordination was discussed; joint action to combat drugs was agreed on; and the adoption of an Andean Pact common currency was even considered by the presidents. But every leader there was painfully aware that the continent’s three largest nations—Brazil, Mexico, and Argentina—are not part of the Andean Pact and that in their absence few regional agreements could be made to stick. Argentina had a military government which would be replaced before year’s end, and thus could hardly speak on behalf of the country at all. Brazil had just caved in to the IMF after talking tough. And Mexico hadn’t even bothered to talk tough, but just do the IMF’s bidding, ever since Miguel de la Madrid had assumed the presidency on Dec. 1, 1982. Mexico, in fact, throughout 1983 was instrumental in organizing the continent *against* taking any kind of joint action on the debt front, arguing stridently for maintaining bilateral negotiations with the creditors at every opportunity.

During August, there was a rebellion against Figueiredo’s capitulation, an uprising made easier by the fact that the

president himself was absent from the country, undergoing heart surgery in the United States. On Aug. 11 a majority of the Brazilian Congress signed an open letter demanding that the government break off all ties to the IMF. The same day, a dozen leading businessmen issued a call for a total change in national economic strategy, which they personally presented to acting president Aureliano Chaves. And throughout the month, the Brazilian labor movement was up in arms over the concessions the government had agreed to. Various labor groups reprinted and mass distributed as a leaflet a March 15, 1983 *EIR* article entitled “Payments squeeze to follow IMF packages,” which exposed the IMF strategy of forcing the dismantling of the state sector.

The decisive factor was the military—as it has been in Brazil since the 1964 coup. Here too, opposition was so strong that Figueiredo was nearly replaced as president while he was out of the country. The military’s “grey eminence,” Gen. Golbery do Couto e Silva, went so far as to tell the press that President Figueiredo was “unable and unwilling” to return to the presidency.

But return he did, on Aug. 26, to enforce the implementation of the IMF decrees.

By September the creditors had clearly regained the initiative, a change which was reflected in the return to the U.S. government of Henry Kissinger in July. From Aug. 27-29 an elite group of international bankers and politicians associated with Kissinger, himself included, met privately in Vail, Colorado to lay out creditor strategy. They concurred that debt repayment as such was a lower priority—most of it was physically unpayable in any event. Rather, they decided to focus on using the debt as leverage to: 1) seize physical assets in the debtor nations; and 2) reduce, and if possible eliminate, national sovereignty of the debtors.

*EIR* received insider reports on the gathering—and broadcast them all across Ibero-America. The principal press in Argentina, Mexico, Brazil, and Venezuela covered *EIR*’s exposé that the bankers were deliberately trying to induce instability and chaos in order to eliminate debtor sovereignty, and there were protests across the continent. But that were not adequate to stop the IMF.

On Sept. 2, Brazilian central bank director Langoni resigned, consolidating Delfim Netto’s grip on economic policy in that country. On Sept. 27 an agreement was reached with the banks for a new \$11 billion package to tide Brazil over, since the country had demonstrated its willingness to behave itself. Days later, the Argentine government signed a watershed agreement on the refinancing of the debt of the state airline, Aerolíneas Argentinas, which satisfied the Vail meeting’s two demands: jurisdiction over the accord was placed in New York, rather than Buenos Aires courts; and scandalous cross-default clauses were included which granted creditors the right to seize all state sector assets should Aerolíneas default.

The Aerolíneas deal was such an affront to national dignity that on Oct. 3, when Argentine central bank head Julio González del Solar returned to Buenos Aires from the Sep-

tember IMF meeting in Washington, he was arrested at the airport and unceremoniously flown to the south of Argentina for questioning by federal judge Federico Pinto Kramer, who charged that the agreement was unconstitutional and treasonous. To the horror of the international banking community, González del Solar was held for a few days before his release could be obtained.

But none of these eruptions reversed the tide. In late September the Peruvian Congress, after lengthy debate, voted to sell off to private interest scores of state sector companies, on IMF insistence. On Oct. 19, the Brazilian Congress voted down Decree Law 2045, under which the IMF-ordered wage cuts had been enacted, but the military government responded by declaring a state of emergency in the capital city of Brasília, drafted a nearly identical new Decree Law (2065), and rammed that through the Congress on Nov. 9.

### The Alfonsín fiasco

The event that might have turned this entire situation around, and re-embarked the continent on a trajectory toward joint debt action, was the Oct. 30 presidential election in Argentina. The widely expected victory of the Peronist party would have brought to power the most significant nationalist force in the entire continent which—with absolute backing from the trade unions, major support within the armed forces, and strongly influenced by the policy proposals of Lyndon LaRouche—would have placed Argentina squarely on the side of the debtors' cartel.

But the Peronists lost. The U.S. State Department, the Wall Street banks, and the Socialist International bought themselves the presidency through their support for the social democratic Raul Alfonsín. Yet the Peronists never dared to say that this was exactly what was occurring.

Already, in less than a month in office, Alfonsín has implemented a Jimmy Carter-style policy across the board:

- he has vowed to slow down and “control” Argentina’s excellent nuclear energy program, which on Nov. 18 shocked the world by announcing it had achieved uranium enrichment capabilities without outside help;
- he wants to dismember the Peronist trade unions with French-style “co-gestion and co-participation” schemes;
- he is using the human rights issue to tear into the already discredited military;
- he has named economic advisers hostile to the idea of joint debt renegotiation.

### Narco-terrorism

As Ibero-America was progressively strangled by the IMF over the course of 1983, its economies were increasingly driven into the illicit narcotics trade to gain foreign exchange to pay the debt. This is a murky area of international finance, in which the hand of the Soviet Union is increasingly prevalent. In the northwest of Mexico, for example, an area whose traditional drug traffic had been drastically curtailed by the Mexican government in 1976-82, massive narcotics contra-

band was reactivated in 1983, thanks to the activities of the KGB-linked fascist party, the PAN.

So too in the Andean nations of Colombia, Peru, and Bolivia, where the drug mafias operate with virtual impunity. Terrorist activities linked to the drug trade, including those of KGB-linked “indigenist movements,” also stepped up sharply, in particular from July onward.

The Colombian government conducted all-out warfare against the drug mafia and its financiers in 1983. In August, President Betancur named Rodrigo Lara Bonilla as his justice minister, and the pace of anti-drug operations picked up sharply. Later in the year, the country finally began experimental spraying of the defoliant paraquat against drug crops, over the loud squawks of protest from local environmentalists and other drug apologists.

If narco-terrorist destabilizations were barely kept in check in the Andean region, Central America in 1983 descended further into hell, despite the best efforts of the Contadora group to defuse the crisis. President Reagan has to date resisted the suicidal counsel of Kissinger allies such as Deputy Secretary of Defense Fred Iklé to commit a major number of American troops in the Central American quagmire. But this potential grew much greater over the course of 1983, principally as the result of two developments. First, the Sandinista regime in Nicaragua deliberately provoked Pope John Paul II during his March visit, which opened the door to the total, final polarization of the region between “right” and “left.” Second, on April 24 the new Soviet president, Yuri Andropov, gave a historic interview to *Der Spiegel* magazine, in which he virtually invited the United States to send troops into Nicaragua, in exchange for tolerating Russian presence in Afghanistan. This Soviet desire to divide the world into “two empires” was used by Henry Kissinger to counsel Reagan to “take Central America.”

At year’s end, although the continent’s economy is being devastated, and drastic political concessions were made to the IMF crowd in 1983, there is still an important reserve of optimism and fighting spirit in Ibero-America. Even the Argentine elections showed a population totally mobilized to put an end to a decade of dictatorship and fascist economic policies. In the Peruvian elections on Nov. 13, the ruling AP party was all but driven out of office by a population fed up with the imposition of IMF policies in that country. And in the Venezuelan elections on Dec. 4, the Club of Rome’s preferred candidate, Rafael Caldera, was mauled at the polls.

Will Ibero-America marshal these resources in 1984 and succeed in stopping the IMF onslaught? Not unless the suicidal pragmatism that characterized their 1983 actions is changed. For, to summarize Ibero-America’s actions during the 1983 Financial Malvinas, we can quote what *EIR* said one year ago about 1982’s events: “Ibero-America had shown enough combined brains and courage to *start* a just war, but not enough of those two qualities to *win* it.”

The danger, as we begin 1984, is that there may not be a third chance.

# Asia becomes a new 'arc of crisis': the Kissinger Plan versus the LaRouche Plan

by Linda de Hoyos

The attention trained on Asia from the outside during 1983 stemmed from the fact that the Asian countries—Japan, South Korea, Thailand, Malaysia, and India in particular, though not China—have remained relatively unscathed by the world depression. By contrast with the rapid decline of the economies of Ibero-America, Western Europe, and the United States, the Asian countries represent an opportunity either for the extraction of wealth by financial and asset looting—or as the powerful engine, in combination with the United States, for global industrialization.

The results of the first policy option—which can be called the Kissinger Plan—will be the sacrifice of the Asian economies to the monetarist policies that have already ravaged Latin America, and the continued strategic displacement of the United States by the Soviet Union throughout the region.

The second policy option was put forward by *EIR* founder Lyndon LaRouche during two trips to Asia this year, one in July to India and Japan, and another in October to Thailand, just before the trip of President Ronald Reagan to Asia in early November. The LaRouche plan centers on a “package of projects.” Around these huge infrastructural projects—the development of the Ganges-Brahmaputra waterways, the building of a North-South canal in China, the creation of a canal through the Kra Isthmus in Thailand, the development of the Mekong Delta in Indochina, and the digging of a great second Panama Canal—are to be arrayed high-technology centers producing the energy and industrial capital goods to bring the entire region into the 21st century.

Focusing on what each country can uniquely contribute to the needs of others, LaRouche's concept calls for an economic axis of Japan, the United States, India, and Indonesia. The realization of the LaRouche plan also assumes the junking of the Bretton Woods system—a political undertaking against the International Monetary Fund and its financial backers to which all the Asian countries can add significant clout.

The lack of an effective alliance among Asian nations with the United States on the basis LaRouche proposes, has

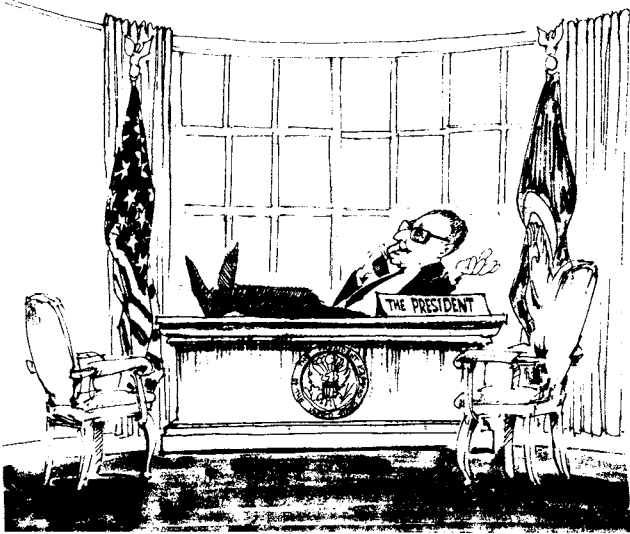
already turned the Pacific Basin into a new arc of crisis—from Seoul to Pakistan—orchestrated by the Soviet Union and its allies.

The explosion in the region went off in Pakistan, on Aug. 14, when the opposition parties, led by the Pakistani People's Party founded by Z. A. Bhutto, sparked violent protests against the Zia military regime. Within a month, it was clear that the protest movement, based primarily in the Sind province of Pakistan, was being manipulated by the Soviet Union into a provincial separatist movement that would provide the opportunity for a Soviet military move into Pakistan, perhaps through the northwestern province of Baluchistan. As this issue of *EIR* goes to press, the Soviet Union has delivered a message to the Zia government, warning that if it does not stop with its alleged interference among Afghani rebels that Moscow will retaliate.

On Aug. 21, exactly one week after the upsurge in the Sind had begun, Filipino opposition leader Benigno Aquino was gunned down as he emerged from a plane at the airport in Manila. The Aquino assassination sparked a massive wave of protest in the Philippines that forced President Ronald Reagan to cancel his scheduled November trip there. Among the key points of the opposition to Marcos: Get rid of the U.S. bases on the islands. The opposition is receiving help from the same forces that have led the agitation in Western Europe against the placement of Pershing IIs, including the KGB-funded Green Party of Germany.

On Sept. 1, the Soviets downed the KAL airliner in a signal to the world—but especially to South Korea, Japan, and the United States—that Moscow was in a military war-mode.

On Oct. 9, seventeen members of the South Korean government, including four cabinet officials, were murdered in a bombing explosion in Rangoon carried out by North Korean special commandos. Only one country has defended the North Korean government against the charge that it carried out the bombing attack, which was meant to assassinate close Reagan partner President Chun Doo Hwan—the Soviet Union.



Going further than even the North Korean regime itself, Moscow has accused Chun of pulling off the atrocity himself.

Since September through to the present, the Soviets have systematically violated Japanese air space and have surfaced nuclear submarines right off the Japanese coast. This is to underline the Soviet psychological pressure on America's foremost ally in Asia, pressure augmented by the steady buildup of air installations on the southern Kurile Islands a few miles north of Japan.

At the same time, nearly every country in Asia has been hit by upsurges in both separatist and Islamic fundamentalist protest movements. For its manipulators in Teheran, Switzerland, and Moscow, Islamic fundamentalism is a thread which, when pulled, acts efficiently to unravel the entire fabric of the nation-state. In November Malaysian Deputy Prime Minister Musa announced that Iran was attempting to destabilize the Malaysian government through Islamic Shi'ite fundamentalists. In Pakistan the government expelled the Iranian consul in Karachi after riots by Shi'ites. In India, separatist movements continue to operate—with ample funding from the Bertrand Russell Peace Foundation and from the Swiss-based Nazi International—in the Punjab, in the state of Jammu and Kashmir and in Assam. In addition, the Tamils in Sri Lanka opened up a campaign for a separate state, causing increased tensions between India and its southern neighbor.

In short, nearly every country in the region is facing restive movements at home and increased pressure from the Soviet Union. As in the Middle East, the Soviet Union is determined to push the United States out of the region and become the ultimate dictating force for the political behavior in Asia, including that of Japan. Asia is to become a new Soviet sphere of influence.

That will certainly be the future for the region if the policies of Henry Kissinger and his business partner and ideological preceptor Lord Peter Carrington prevail. Kissin-

ger put forward his views toward Asia in a forum of the Hong Kong Trade Fair in late October. Speaking to various representatives of the dope-based financial powers of Hong Kong, Kissinger declared that America must give up its belief that morality should affect foreign policy. He directly challenged the policies of President Ronald Reagan and declared his adherence to the China card, and his rejection of a closer U.S.-Japan defense alliance. The United States must learn to coexist with the Soviet Union in a pact that recognizes a balance of power based on tensions between countries in the area, most notably between Pakistan and India. Lastly, Kissinger states that the major concern for Asia must be "development." By this is meant an asset-grabbing policy by OECD corporations and banks in Asia.

To the extent that the Reagan administration has not fully rejected the geopolitical and economic premises of Kissinger's policy, the United States has no effective policy to deal with the Soviet challenge in Asia—despite the progress made by President Reagan in the right direction in the past three months. During his trip to Japan and South Korea in early November, Reagan reversed the policy of strategic withdrawal from the region followed during the Ford and Carter administrations, most importantly placing the Republic of Korea back under the U.S. nuclear umbrella. Second, Reagan showed that his concern is to build a strong U.S.-Japan defense alliance with South Korea and other allies, including Peking, orbiting around that primary axis. No longer will the United States rely upon the "China Card" at the expense of its friends.

The inadequacy, however, of the Reagan administration's policy toward Asia is twofold. First is the United States' current overall military weakness in the face of the global Soviet threat. That weakness results in additional pressure upon Asian countries to seek some accommodation with the Soviet Union, the powerful neighbor on or near their borders.

Second, the United States has formulated no forward-moving economic policy toward the region. As in Ibero-America, Washington has strictly adhered to the policies of the International Monetary Fund in constraining the industrialization of the underdeveloped sector. The Reagan administration has tended to maintain the competitive stance toward Japan and opposition to Asian industrialization. Washington's blunder in this area is epitomized by its refusal to resupply India's Tarapur nuclear energy plant.

Therefore, the Asian countries' fear that the United States is an unreliable ally has not been dispelled. The LaRouche development alternative, correlated with the development on a crash-program basis of beam weapons and the commensurate military strengthening of the United States, is the only American bridge toward Asia that will withstand the pressures emanating from Moscow. It is in that context that the resolution of the strategic crisis in Asia—barring nuclear war—will depend upon the outcome of the battle between the Kissinger and the LaRouche plans, a fight that will be fought both in Asia and in Washington.

# Africa ravaged by Qaddafi and IMF

by Douglas DeGroot

Economic devastation across Africa was brutally compounded in 1983 by the assaults of Libyan dictator Muammar Qaddafi and the South African regime of P. W. Botha.

Qaddafi, an asset of the Russian empire-builders and European Nazi networks, willingly provides a base of operations to his controllers for Russian-armed Muslim Brotherhood destabilization operations and international terrorism.

The invasion and occupation of northern Chad beginning June 24 by Qaddafi's Islamic Legion, a ragtag combination of mercenaries and insurgent tribal elements, provided the Qaddafi machine a strategic base for launching operations in black Africa. The Reagan administration could have stopped the invasion cold with surgical air strikes against the invading columns as they entered Chad, as recommended by *EIR*, but the administration backed off at the last minute, afraid to move without the French, who had been blackmailed by their internal "Libya lobby."

In addition to Chad, where over the years Qaddafi has shifted support from faction to faction to maintain a civil war and where a standoff now exists between the French in the south and the Libyans in the north, the cash-rich Qaddafi now has considerable influence in the economically impoverished countries of Ghana and Upper Volta. He has his eye on other nations in the region, with the intention of isolating and knocking off Nigeria, Ivory Coast, Cameroon, and Niger, in particular.

Qaddafi makes no secret of the strategic goals of his destabilization operations. He calls for the elimination of Egypt, the most important nation-state in Africa, and the establishment of an Islamic republic throughout much of northern and western Africa, threatening Nigeria, which has about one-fourth of the population of the entire continent of Africa.

Qaddafi's nation-destroying capabilities, armed and directed by the Soviets and their covert allies, stretch throughout northern and western Africa, and extend into central Africa.

In southern Africa, the economic blackmail exercised by South Africa (most nations in the region are dependent on using South Africa to reach ports) and the destabilizing operations by the South African army and various proxy forces, has the same effect: destroying the young nation-states in Africa. The preconditions for the success of destabilizations and invasions—social and economic weakness—have been

enforced by the World Bank's and International Monetary Fund's anti-development policies, and the refusal of Western nations to build up the African republics as true allies.

If the Nazi/Soviet forces behind the IMF-Qaddafi-South Africa combination are not stopped, Africa will become their strategic preserve, returned to colonial status. Yet despite the threat to U.S. strategic interests that this combination represents, the United States either lacks an effective policy against it, as in the case of Qaddafi, despite an anti-Qaddafi posture, or is actually supporting other elements of the combination, such as the IMF and South Africa. The Reagan administration backs the latter not only because of "anti-communist" sympathies, but because of strategic raw-materials needs (as the contractive policies of the IMF's man in the United States, Paul Volcker, make America ever more dependent on foreign supplies).

Why should Africa be left to provide slave labor for small-scale cash-crop production and extraction of raw materials? Dedicating a relatively small effort and outlay to African infrastructural and industrial development, the United States could not only bring virtually all of Africa into the Western alliance, but develop African nations into strong, expanding allies. The deployment of the U.S. Army Corps of Engineers on large development projects in Africa, as opposed to sending Peace Corps volunteers to teach peasants how to plow with oxen—as is the case with Senate African Subcommittee chairman Nancy Kassebaum's daughter in Togo—would put a speedy end to the influence of the Soviet assets.

In the words of one African diplomat: "We want to be pro-West because the alternative is not acceptable. But the United States, the Western superpower, won't move on the economic front, won't give any alternatives on the monetary front."

The current Angola-South Africa standoff over the issues of Cuban troops and Unita—South Africa demands removal of all Cuban troops as a condition for negotiations—works to the advantage of the Russians, enabling them to pose as the anti-imperialist defenders of black Africans, despite their man Qaddafi's slaughter of blacks in Chad, and of the European and British Nazi International networks which pull South Africa's strings. The Angola-South Africa crisis may blow up again in 1984; a U.S. policy of developing Africa will be required to deal with such crises.

# Club of Life center of fight for civilization

by Nancy Spannaus

Club of Life raised the alarm that the world's very existence was threatened by the danger of nuclear war, famines, and epidemics, the Nazi "ethic" of the "useless eater," and the spiritual degradation throughout large portions of the world, particularly among the youth.

To counter these threats, it put forward three principles: 1) the inalienable right to life of all people through eliminating Malthusianism; 2) the necessity of a new world economic order based on the restoration of national sovereign development; and 3) the need for a new humanist renaissance of the same power as the Italian renaissance of Raphael and Leonardo da Vinci.

Fifteen months later, it is clear that the principles of the Club of Life are now more than ever relevant to solving the central strategic crises and cultural pessimism which threaten mankind's future. This has been recognized not only by the Club of Life, but also by its central enemies, the Malthusians whose "limits to growth" ideology is a cover for a deliberate policy of exterminating darker-skinned populations.

## New world economic order

The Club of Life began 1983 with an intense worldwide campaign for the adoption of a debtors' cartel and a new world economic order at the summit of the Non-aligned Nations in New Delhi, India. Over 3,000 individuals participated in a round of conferences dedicated to this effort on the weekend of Feb. 19-20, and then sent petitions to the Indian government encouraging it to take the necessary economic measures.

Through the course of the Nonaligned meeting, and then at the Group of 77 meeting in Buenos Aires, and later at the UNCTAD meeting in Belgrade, Yugoslavia, the Club of Life delegations played an active role in the deliberations, al-

though the promise shown by the initial rejection of the IMF at the New Delhi meeting was not fulfilled.

Particularly striking confirmation of the Club of Life's influence was the response it drew to one of its initiating campaigns—the campaign for development of directed-energy beam technologies, as the only practicable means to achieve peace. Better known today as beam weapons, the beam technologies represented the dual potential for military defense against incoming ICBMs, and for a third industrial revolution utilizing the laser and particle-beam technologies which could greatly speed the industrialization of the developing sector. Beams, in the words of Club of Life founder Helga Zepp-LaRouche, are the means of achieving the common aims of mankind in industrial development.

## Club of Rome attacks defense policy

The Club of Rome—the Malthusian general staff which the Club of Life was founded to defeat—apparently agreed. Utilizing many of its cothinker organizations that are accredited to the United Nations, the Club of Rome spent the early part of 1983 organizing explicitly for population reduction as a part of the international financial discussions. But by the end of 1983, the Club of Rome's leading spokesmen, including cofounder Alexander King, began a propaganda campaign against beam weapons in Bogotá, Colombia. According to King, the new year will see the publication of a Club of Rome white paper on "disarmament" which will center on attacking the beam defense program. The Club of Rome—otherwise devoting its efforts to suppressing nuclear technologies and imposing mass sterilization—has been forced onto the battleground of the Club of Life.

The Club of Life began 1983 with a drive to gain nongovernmental status at the United Nations, a drive that was unfortunately stymied by the Malthusian majority there. While the official rejection letter, phrased in terms of bureaucratic deadlines and rules, claimed that the Club of Life had no unique contribution to make which would merit immediate inclusion, the process itself demonstrated that the Club of Life is unique. It is the only international voluntary grouping devoted to economic and social issues which is *pro-life*.

The issue of the Club of Life at the United Nations will take on new significance in 1984, when the U.N. plans to host an international conference on population in Mexico City. The purpose of that conference is no secret: It is to *reduce the number of people* in the non-white developing world.

In organizational terms the Club of Life has greatly expanded. A conference of 250 persons was held in Zaire and activities are being expanded in Asia. Equally remarkable has been the success of the Club of Life in holding day-long cultural festivals featuring geometry, classical music, and theatre, in North America and Western Europe. In their audiences, primarily high-school and junior high-school youth, will lie humanity's future, once mankind defeats the Malthusian threat.



# Will the West legalize euthanasia?

by Nancy Spannaus

In three so-called advanced sector countries this year, legal history was made. By virtue of court rulings and legislation, the legendary Nazi crime of euthanasia has been given legal protection.

Not even under the Nazis was the elimination of "useless eaters" so openly approved as it now is in West Germany, Italy, and—worst of all—the United States.

## The right to kill

Three landmark decisions were made in the United States during the course of 1983:

- In April, the United States Court of Appeals in Washington, D.C. threw out a federal government ruling which would guarantee medical treatment for severely handicapped infants in federally-funded hospitals, at pain of removal of funding. The ruling was called "arbitrary and capricious."

- On Sept. 29, the California state legislature, the same body which initiated the so-called right-to-die laws in the United States in 1976, passed legislation which will allow relatives the "legal" right to pull the plug under a so-called "durable power of attorney."

- On Oct. 12, the highest court in the state of California threw out murder charges against two doctors who deliberately starved 55-year-old Clarence Herbert to death, after having convinced his family that his life was no longer worthy of being lived. Herbert had merely fallen into unconsciousness after undergoing elective surgery

The Clarence Herbert case was especially outrageous since an EEG was performed which did not show brain death. The doctors then took Mr. Herbert off his respirator, but after two days he still didn't die. They next deprived him of both food and water. Mr. Herbert died six days later and the hospital's autopsy report showed that dehydration was a major contributory factor in the cause of death.

In hospitals around the country, it has become commonplace for handicapped infants and the elderly to be deprived of *food and water* under the rubric of denying "extraordinary treatment." Both the federal government ruling, occasioned

by the much-publicized intentional killing of a mongoloid baby in Michigan in 1982, and the throwing out of murder charges in California, involved deprivation of elementary nutrition.

The Reagan administration has consistently fought against the concept of "useless eaters," but has found itself hamstrung by the courts at every turn. The most recent roadblock was in the case of a handicapped infant in New York whose parents have denied her essential surgery. The federal government attempted to intervene and evaluate the possibility of ordering treatment. The U.S. Supreme Court has so far lent its support to the state courts, who loudly protested federal moves to protect the handicapped as "Big Brother" interference.

Equally crippling to the administration's efforts for elementary protection of the sanctity of human life has been its commitment to fiscal austerity. With the beginning of the 1984 fiscal year in early October, for example, the federal government implemented a system of competitive bidding for operations. From now on, the government insurance programs will only pay for operations *at the price of the lowest bidder*.

In other words, it has become increasingly dangerous to enter a hospital in the United States—if you can afford to enter one at all. Fifteen states have right-to-die laws, and 22 more states have introduced legislation which legitimizes such suicides or murders. Insurance policies already encourage such practices, and soon bills like that in California will extend in other states the power of attorney to relatives. Health care will only be available to the healthy—with the others left to die.

## And in Europe

While the battle has been less public in Europe, two striking cases indicate that legal precedent is taking them in the same direction.

In West Germany on Sept. 28, a Krefeld court acquitted a doctor who deliberately decided not to treat a patient who had attempted suicide, therefore leaving her to die. The patient, Charlotte Uhrmacher, had deliberately overdosed on morphine, soon after the death of her husband. The doctor, knowing that she had expressed suicidal wishes, arrived at the house to find her still alive. Despite the fact that he had several hours in which to save her, he stood by and watched her die.

In Rome, a man by the name of Luciano Papini killed his handicapped 14-year-old nephew by shooting him in the head. In the face of this clear and premeditated murder of a boy who was well enough to attend school, the court this December gave Papini a sentence of only four years, and then suspended the sentence.

Is there any crisis that will alert this dying civilization to the fact that its abandonment of the sanctity of human life is condemning it to extinction? That will be one of the major questions to be answered in 1984.

# *EIR* interviews in 1983

We present here highlights from some of the many interviews with world leaders conducted by *EIR* in 1983. The dates given in parentheses refer to the issue of *EIR* in which the interview appeared.

## **The Ibero-American debt bomb**

*EIR* interviewed leading officials from the Ibero-American countries trying to organize a “debtors’ cartel” as well as representatives of the competing factions of international finance.

The strategy of the primarily Swiss-based banking faction is to force a “crash” that would wipe out the U.S. banks and force unprecedented levels of austerity upon the developing sector. A prime spokesman for this view was **Friedrich von Hayek**, the 84-year-old honorary world chairman of the ultra-monetarist Mont Pelerin Society. He told *EIR* (Jan. 18): “I rather expect that during my lifetime, a financial crash will be avoided by renewing inflation. I fear so. I would rather have, in the long run interests of the world, the financial crash now, and then a new beginning. . . . [The Third World nations] will have to crash. Nothing special about Brazil. All of them will have to crash.”

**Fritz Leutwiler**, president of the Swiss-based Bank for International Settlements, was asked about the possibility of the formation of a debtors’ club (March 1): “I cannot express it in public, but I expect something like this to happen; I have a very uneasy feeling. I saw the Brazilians in Washington. . . . I felt I was the one asking for money. *They told me what to do!* They gave me instructions.”

Leutwiler emphasized that the financial crisis will get much worse and that “the hope of a U.S. recovery is ill-founded, wishful thinking.”

**Carlo De Benedetti**, the managing director of Italy’s Olivetti Corporation, a member of the board of directors of Morgan Guaranty, and a spokesman for Venetian financial interests, believes that a crash is inevitable (April 5): “Everybody sees that the LDCs can never repay their debts. . . . So what will happen? The banks don’t want it, the governments don’t want it, and the populations don’t want it. That doesn’t mean there won’t be a crash. It could happen by accident, or

by political action.”

From the Ibero-American side, *EIR*’s numerous interviews with government officials and other leaders reflect momentum toward using the collective “debt bomb” if necessary to force a global economic reorganization.

**Carlos Alzamora**, then-permanent secretary of the Latin American Economic System (SELA), is one of the principal spokesmen for continent-wide integration around an economic development perspective. In an interview conducted in Bogotá, Colombia, he discussed SELA’s proposals on the debt issue (June 14): “We think the problem is of too great a magnitude to be solved within the individual capacity of the countries, banks, and international financial entities; it demands a meeting of minds at the political level between debtors and creditors. This meeting of minds can only be possible on the basis of a common proposal issued by the debtors. . . . What we have protested most strongly is the excessive and unjustified cost which refinancing is having for the countries. . . . We have to pay our debts, but we do not have to pay usury.”

**Dr. Jorge Illueca**, president of the 38th General Assembly of the United Nations, former foreign minister of Panama (Nov. 1): “In Latin America an effort is being made . . . to stress the necessity for these countries, either at the regional or world level, above all the indebted countries, to coordinate their efforts, not so much to achieve collective negotiations, because we know that is very difficult, but at least to coordinate their attitudes and actions.”

**Frederick Wills**, former foreign minister of Guyana, described the effect of International Monetary Fund conditionalities in the developing sector (Nov. 29): “[The IMF and the World Bank and other lending institutions] pursued policies which meant that the only chance of recovery, if the policies were accepted, was to do something like the exportation of dope—heroin and marijuana—to get quick cash flows to close the balance of payments gap.”

Brazil, the biggest debtor country in Ibero-America, has been the scene of the fiercest national battle with the IMF and the Bank for International Settlements.

**Ramiro Saraiva Guerreiro**, foreign minister of Brazil,

stressed (June 28) that Brazil would not repudiate its debts unless it becomes "physically impossible to meet commitments on their due dates." But he warned that the austerity conditionalities of the International Monetary Fund could lead in this direction. "It cannot be the object of the IMF to impose policies which are self-destructive, therapies which will kill the patient."

**Alencar Furtado**, a Brazilian congressman and chairman of the Parliamentary Inquiry Commission on the foreign debt (Nov. 22): "We are paying today more interest than the debt itself. And the news brought to us now, which we are carefully analyzing, is that we are also paying, in addition to the interest, the U.S. inflation incorporated into the Brazilian debt. Therefore the Brazilian population is paying what it owes plus what it does not owe—insult with interest."

**Jamil Haddad**, the mayor of Rio de Janeiro (Nov. 8): "The international financial powers have dominated the Third World not by military arms but by financial weapons. The Third World was trapped; it became dependent through the types of loans that can never be paid. . . . If the international creditors want a solution, they are going to have to accept the idea of moratoria so there can be internal investments, improvements in the social situation, increases in the population's buying power, generation of jobs. . . ."

**Shigeaki Ueki**, president of Petrobrás, Brazil's state oil company (May 17): "There is no way for the developing countries to overcome the crisis through their own efforts. . . . It has never been so important as it is now to have a greater understanding between the developed and the underdeveloped countries."

**Dr. Rodrigo Lloreda Caicedo**, foreign minister of Colombia (June 28): "The President of Ecuador has insisted during the last few months on the need of the debtor countries to get together, not exactly to form a negotiating group, but rather to exercise pressure on the developed countries and the banking institutions so that the conditions can be worked out in a broad sense. I think this is the realistic approach. . . ."

**Jorge Carrillo Rojas**, vice president of the Union of Colombian Workers (UTC) and president of its largest region, Bogotá and Cundinamarca (Dec. 6): "There are no possibilities for paying the debt at the moment, at least not if the population is not to be starved to death to pay the debt. . . . Thus we agree to the proposal for the formation of a debtors' club, so that the banks accept a moratorium on payment of the interest and they give us a grace period of 10 to 16 years, while we are able to develop our economies to be able to pay."

**Carlos Andrés Pérez**, former president of Venezuela (Feb. 15): "Global renegotiation would put the industrialized nations face-to-face with an idea which we hold to be fundamental, that of defining a New International Economic Order in which the industrialized nations will no longer unilaterally set for us the terms of exchange, will no longer force the developing nations to submit to the abusive policies which the International Monetary Fund imposes on the poor nations. I call that 'economic totalitarianism' by the industrial-

ized nations. It is a totalitarianism which kills not with bayonets, not with cannons, but with hunger."

**Léon Roldos**, vice-president of Ecuador (Sept. 27): "I do not believe in a debtors' club, because I believe that there are problems unique to our countries which cannot possibly be acted upon jointly in negotiations of this sort. On the debt, I think there should be an overall reference framework so that all renegotiations and all credit policy are decided from the perspective of development rather than in terms of trying to pay previous debts."

**Luís Valencia Rodríguez**, foreign minister of Ecuador (April 5): "This is the most serious crisis of the postwar period, similar only to the Great Depression of the 1930s. It is possible that we are on the brink of a great collapse; that is what we have to assume. . . . The possibility of a joint renegotiation of the public debt and even of a moratorium has been widely discussed. All of these ideas are currently in play. On the other hand, the idea of achieving a joint renegotiation seems difficult in view of the fact that the economies of Latin America and those of other developing nations are all very different."

**Raul Alfonsín**, now president of Argentina, spoke with *EIR* during the election campaign. Asked about the possibility of a Latin American common market, he replied (May 17): "Maybe that would be too pretentious, but this is in reality the direction we have to be working toward. . . . We have to work together, at least to protect ourselves from being forced to pay usury. . . . I would not pay this usury. I am willing to fulfill our country's promises, but not on the basis of destroying our people by paying international usury."

**Pinto Kramer**, a federal judge in Rio Gallegos, Argentina, outraged the international banking community when he ordered the arrest of central bank president Julio González del Solar on Oct. 3, on the charge that the terms on which he was renegotiating Argentina's foreign debt were a violation of national sovereignty. Judge Kramer told *EIR* (Oct. 25): "It's time for Latin America to stand up, to establish its importance in the eyes of the international community. You cannot strangle the debtor, and [force him] to pay at any price. . . . You asked me if I thought that with these actions I had lit the fuse of an 'atomic bomb.' . . . I think I have."

**Juan José Taccone**, a leader of Argentina's Partido Justicialista [Peronist party] and international coordinator of the Office of Latin American Economic Information in Buenos Aires (Feb. 22): "We have determined after examining the foreign debt of our own country . . . that it is necessary to convene an Ibero-American conference, including a meeting of the Organization of American States, to discuss the problem of Ibero-America's \$260 billion in foreign debt, and propose a joint renegotiation. This situation was imposed on our countries as a collective process, and as an antibody, there must be collective response from our side."

*EIR* asked **Dr. Juan Bustos Fernández**, president of Argentina's state oil company, Yacimientos Petrolíferos Fiscales (YPF), whether there was any chance that his company would be denationalized as part of an agreement with the

foreign banks (Oct. 4): "No. I see this to be quite impossible. In the speech I gave on Petroleum Day, last Dec. 13 . . . I very solemnly declared that YPF is not for sale and never will be sold. This is not a mere phrase; it is not mere rhetoric, but the feelings of all the Argentine people."

**Ricardo de la Espriella**, president of Panama (April 12): "Everything that is a cartel carries weight, can make itself felt politically. That does not mean that a debtors' cartel is the solution, but we have a saying: 'In unity there is strength.'"

### The international response

*EIR* correspondents covered the two key meetings of developing sector countries this year—the New Delhi summit of the Non-Aligned and the Belgrade UNCTAD meeting—where the debt crisis was the number one item on the agenda. **Saud al-Faisal**, the foreign minister of Saudi Arabia, gave a press conference during the Non-Aligned summit in March. *EIR* asked him about Saudi Arabia's view of the debt crisis and the IMF's role (May 10): "Something has to be done concerning the conditionalities of the IMF to make it more responsive. The decisions concerning these institutions lie in the hands not only of the developing world."

**Fernando Moran**, foreign minister of Spain (May 31): "Spain doesn't have much debt, it doesn't have the same proportion of debt that Mexico has, for example, but I think that it can be effective to coordinate the postures of these countries suffering the economic crisis."

At the UNCTAD VI conference in Belgrade, *EIR* spoke to **Moustapha El Saeed**, Egyptian minister for economy and foreign trade (June 28): "It may even be in the interest of the creditors if such a club is formed, to discuss and find agreed-upon means to repay the debt. . . . I think that unless something completely new and unusual is done, either by writing off the debt or a large part of it, or by investing in certain export oriented projects, which can bring in initial capital, and which can generate profits that can be used to pay for the old debt, this problem cannot be solved."

Also in Belgrade, we interviewed **Janez Stanovnik**, senior adviser to the Yugoslav government on foreign economic policy (July 5): "I do not believe that a debtors' cartel is a realistic approach. . . . All economic logic speaks for a debtors' cartel. When one side monopolizes, it is only logical that the other side monopolizes also. But the situation here in the power structure, in the balance of power, is such that it is just totally impossible to get to it."

*EIR* correspondents visited Poland in January, and interviewed **Bazyli Samojlik**, an economic adviser to Polish Prime Minister Gen. Wojcieck Jaruzelski. He explained the desperation behind Poland's application to join the IMF (Feb. 1): "Because of the level of our debt, our inability to pay, and the strong demand for credit for our most urgent needs, we are looking for every possible source of credit, even if it is on bad terms. . . . Already the degree of control by the IMF and the banks is huge."

### Beam weapons and the defense of the West

*EIR* featured statements of support for President Reagan's anti-ballistic missile defense program from Western European and Ibero-American experts.

**Bartolomeo Ciccardini**, Italian Undersecretary of Defense (Oct. 18): "Is a laser shield perfect? It is still difficult to say, but every step in this direction is right. I find ridiculous the attempt to ridicule the American President's proposal by calling it science fiction or 'star wars.' . . . I am convinced that defense represents an important lever for technological advancement which can be re-utilized in civilian life."

**General Giulio Macri**, retired general in the armored armed forces of the Italian Army (May 31): "I think that Western Europe as a whole and Italy should immediately and urgently give political support to the project that President Reagan announced last March 23 and which was reaffirmed by Defense Secretary Weinberger, so as to support him also in the present battle in the U.S. Congress and Senate to pursue the research and development efforts of laser and particle beam weapons, as essential components of a valid antimissile and nuclear defense."

**Colonel Marc Geneste**, vice-president of the Center for the Study of Total Strategy in Paris, is known as the father of the French "neutron bomb." He described (Nov. 9) the erosion of the Mutually Assured Destruction (MAD) doctrine which has governed Western defense, and the need to replace it with Mutually Assured Survival—the "shield" of defensive weapons like the neutron bomb and anti-ballistic missile beam weapons: "The French had better cooperate, because they have the capability to participate in laser development, they are very good. And they have the know-how to participate in the common ballistic projectile defense of the West, if they want."

**Julian Amery**, a British Conservative Party member of parliament, distanced himself from the British government's outcry against the U.S. military action in Grenada (Nov. 9): "Grenada was being destabilized from the outside by Cuba and Nicaragua. It was better to move now rather than later, when it would have been more problematic."

**Piers Wooley**, a British defense economist and international relations specialist, was, until Sept. 1983, the research officer for the Conservative Party Research Bureau International Department. He discussed (Nov. 8) the effect of monetarist doctrines in destroying the British economy, including its defense: "We should go for beam weapons on the basis that it would be a policy of Mutually Assured Survival. . . . [In the U.K. this] is not taken seriously."

**Brigadier General Hector Luis Fautario**, former commander-in-chief of the Argentine Air Force, was the first leading military spokesman from a developing-sector country to endorse beam-weapon defense (Nov. 9): "This strategy, which opens a completely new panorama on the future nature of war and the future defense of all countries, has not been sufficiently broadcast here. I think that the development of beam weapons . . . is tremendously important; I could

compare it directly with the development made by the United States when it launched its famous NASA program to conquer the moon and reach other planets. . . . What I believe is that countries like ours have to rapidly associate ourselves with developments of this magnitude because they would ensure the freedom of the world.”

**Makoto Momoi**, a Japanese defense expert currently with the Tokyo daily *Yomiuri Shimbun* (Sept. 27): “Now the United States is putting emphasis on defense and laser beams. This is good, particularly from the standpoint of reassuring the allies. It’s very reassuring for us to learn the United States is not trigger happy.”

## Asia and the Mideast

**Tan Sri Ghazali Shafie**, foreign minister of Malaysia, spoke to *EIR* at the Non-Aligned nations’ summit in New Delhi in March. During the summit, Mr. Ghazali Shafie held a meeting with Vietnamese Foreign Minister Nguyen Co Thach (April 5): “We have been making contacts at this conference with Co Thach of Vietnam. . . . I told him: Surely Vietnam is the first country to recognize that to occupy a foreign country is the easiest way to allow your enemy to subvert you because that is how you subverted the Americans when they were occupying South Vietnam. So, by your being in Kampuchea, it is very easy for the Chinese to subvert both Kampuchea and Vietnam. So why don’t you leave if you are afraid of China?”

**Nguyen Co Thach**, the Vietnamese foreign minister, in turn told *EIR* (April 5) that the security of Kampuchea was improving, as signaled by his government’s declaration of annual withdrawal of troops: “There are two options. Now, we can settle the problem between ASEAN and Indochina on Southeast Asia, the sooner the better. This is the best option. The second option is that the present situation will drag on. And if time goes on, the situation in Kampuchea will improve.”

**Pichai Rattakul**, deputy prime minister of Thailand, told *EIR* about his government’s efforts to ease relations with Vietnam (June 14): “The Thai government is willing to cooperate in the economic field and trade with any country. This has never been mentioned before. On the basis of the statement made by the prime minister, I think this should be a good initiative.”

**Datuk Musa Hitam**, prime minister of Malaysia, described his government’s efforts to crack down on the drug trade, which he described as a “security problem” (May 24): “We regard this matter as one of the biggest threats that we have ever faced, and we are determined to stamp it out.”

**Dato Azman Hashim**, chairman of the Arab-Malaysian Development Bank, said (May 17) the Malaysian government would orient its economy toward the Japanese model: “We need to be comparatively more productive. So I think ideally the best example right now is in the East, Japan and Korea.”

**Youssef Wali**, Egypt’s agriculture minister, described

his country’s bid to become “the Japan of the Middle East” (Jan. 25): “Our transformation into a new Japan will not be served to us on a golden platter. We will have to work hard; we must be organized; we will have to avoid mismanagement, to avoid corruption, to avoid miscommunication, to become the Japan of the Middle East.”

**Mohammed Abdellah**, foreign affairs chairman of the Egyptian National Assembly (Jan. 25), discussed the Non-Aligned movement’s attempts to coordinate economic and political action: “There is coordination among the countries of the Third World that could give them more bargaining power. It’s nothing in comparison to the power of the big powers, but it is more bargaining power.”

**Col. Meir Pa’il**, former brigade commander in the Israeli army, former deputy in the Knesset for the Zionist Peace Initiative parties (Aug. 23): “The Israeli invasion of Lebanon was from every point of view something that created a terrible negative outcome for Israel. . . . We didn’t destroy the PLO. We didn’t solve anything vis-à-vis the Palestinian question. . . . I don’t like Israel to perform the duty of a dirty dog. Kissinger and others in Washington have all too often used Israel as it would use a dirty dog.”

**Ehud Olmert**, an Israeli member of parliament from the Likud party (March 1): “I read with apprehension that [West Germany’s] Green Party included in its official publication and material positions and views which are traditionally anti-Semitic.”

## Terrorism, gun-running and the Jesuits

*EIR* interviewed two Spanish government ministers on the threat posed by terrorism to democracy. **José Barrionuevo**, the interior minister, stressed (June 21) that “terrorism can act as an incentive for the most reactionary groups who would prefer there were no democracy in Spain.” **Joaquín Ledesma**, the justice minister, discussed the government’s effort to crack down on the ETA terrorists, and its interest in solutions found by countries like Italy, “notably, disincentives to criminals through favored treatment in the fight against terrorism.”

**Rep. Henry Gonzalez**, a Democratic congressman from Texas, has launched an inquiry into possible conflict of interest regarding Henry Kissinger’s as chairman of the President’s Commission on Latin America. As he explained to *EIR* (Sept. 13): “Kissinger has profited, and continues to profit, from such things as even the arms sales in Central America. . . .”

**Alfonso Robelo**, Nicaraguan co-commander of the Democratic Revolutionary Alliance which is waging guerrilla warfare against the Sandinista government (Nov. 29): “It seems like a segment of the Jesuits . . . really wants to be the power behind the throne, independently of which way the current goes. They were once the power behind the throne of the bourgeoisie; now they are at least the top advisers of the Sandinista government. . . .”

## 'Mutually Assured Survival' dominates 1983 policy battles

by Richard Cohen in Washington, D.C.

On March 23, 1983, President Ronald Reagan made an address on national television to announce a new revolutionary strategic doctrine based on the research, development, and deployment of advanced ballistic-missile defense systems.

While the overwhelming majority of senior Reagan administration officials have been too blind to realize it, the March 23 pronouncement and the shock waves it sent through Moscow's elite, as well as their channels in the New York Council on Foreign Relations (CFR) and allied outlets in the United States and Europe, determined the foreign-policy questions that gripped the nation's capital in 1983.

The questions brought to the fore by the President's March 23 announcement of a "Mutually Assured Survival" doctrine had been increasingly begged during the past 30 years. Since the apostles of the Council on Foreign Relations first gave birth to Dr. Henry Kissinger as a "strategic nuclear expert" in 1956, and then invested their energies in hauling the Soviet Union into Bertrand Russell's Pugwash "peace" process, Washington's strategic doctrine operated within the parameters of joint nuclear blackmail, codified as Mutually Assured Destruction (MAD).

President John F. Kennedy, terrified by the nuclear brinksmanship of Soviet Premier Nikita Khrushchev, bought the advice of Pugwash and turned loose the accounting abilities of his Secretary of Defense Robert S. McNamara to entrench MAD. McNamara put forward the doctrine of "flexible response," throwing into question this nation's nuclear commitment to Europe while the Soviet Union initiated one of world history's most dramatic peacetime arms buildups.

Authority was cracking within the Western Alliance system. Economic upheavals culminated in the Aug. 15, 1971 decoupling of the dollar from gold. Henry Kissinger answered the growing Soviet pressure to end U.S. superiority in certain strategic weapons areas by seeking to institutionalize limited Soviet superiority through the first Strategic Arms Limitation Treaty (SALT I) in 1972.

Despite SALT I, the Soviet Union continued its broad rearmament program, while Kissinger oversaw the broad retreat of U.S. conventional superiority in Asia, the Middle East, and Africa, and facilitated potential security disasters for the West in the Third World by strengthening the policing arm of the teetering monetary system, the International Monetary Fund (IMF).

By the early 1980s, Moscow could witness a slight but growing strategic military advantage and a United States, which had just suffered four years under the regime of Jimmy Carter in which total restraint was placed on any attempts to respond to the Soviet challenge. The West under U.S. leadership showed no sign of the will to revive basic industry, and no plan to reverse the technological slide in the military field.

For Moscow, the advent of Ronald Reagan was a sour note, especially the new President's plan for "strategic modernization." But Moscow reasoned that modernization would take time, would have to pass through a Congress unprepared to hike military expenditures under conditions of high federal budget deficits and high interest rates, and could be compromised by the powerful Pugwash "peace and disarmament"

crowd. Finally, Reagan's modernization program, while challenging marginal Soviet superiority, would not introduce new technologies—especially not the ones toward which the Soviets had already channeled significant resources.

### **Soviets face loss of advantage**

Considered from the point of view of the Kremlin, then, the President's new March 23 antiballistic defense program, if it were implemented, would rapidly reverse the strategic impact of their 25-year arms build-up. Further, Soviet estimates of strategic dominance by the 1990s, largely based on their own ballistic missile defense (BMD) effort, would be decimated. Indeed, Soviet planners would also recognize in the President's plan the seeds for the technological and economic revival of the West, a potential revival of a magnitude with which Moscow knew she could not compete.

And considered from Pugwash's anti-growth and anti-technology perspective, implementation of the bold new doctrine would be fatal to the "post-industrial society" blueprint.

The post-March 23 confrontation between the White House and Moscow, and the treasonous role of the Pugwash group, dominated 1983. As 1984 opens, this process threatens to intensify. But the President and his national security advisers most intimately involved in pressing the March 23 doctrine have underestimated Moscow's reaction to the policy, unlike the leading representatives of the Pugwash policy, typified by Henry Kissinger, his business partner and now Secretary-General-designate of NATO, former British Foreign Minister Lord Peter Carrington, and Democratic Party foreign-policy guru Averell Harriman.

Moscow is prepared to escalate to thermonuclear blackmail to force a capitulation in Washington while the Pugwash crowd—terrified by Moscow's escalations—is scandal-mongering against the U.S. military establishment, targeting the fiscal year 1985 defense budget for major reductions, and harassing the President's strongest beam defense supporters, including Secretary of Defense Caspar Weinberger and Central Intelligence Agency Director William Casey.

### **Blackmail on the MX**

As 1983 approached, Moscow and the Pugwash elite had reason to believe that even Reagan's strategic modernization program could be defused.

By the summer of 1982, Ronald Reagan had lost the dominant bipartisan coalition of forces on Capitol Hill that secured his early budget and tax programs. Then, by the fall of 1982, the centerpiece of the President's strategic modernization program, the MX missile, could no longer be sustained by his crumbling congressional coalition. If that vital project were to be saved, Reagan was told he would have to make a deal.

In the late fall, the President was urged to launch a "bipartisan" commission outside the administration to sell the MX to Congress. Deputy National Security Adviser, Robert "Bud" McFarlane, who had served under Kissinger on the

Nixon National Security Council, and Brent Scowcroft, Kissinger's handpicked successor and current business partner, along with Secretary of State and Kissinger-intimate George Shultz, succeeded in this move, and Reagan began the year with a Jan. 3 announcement of the formation of a "Bipartisan President's Commission on Strategic Forces" to be headed by Scowcroft.

Under Scowcroft's script, the President would have to accept all recommendations of the commission's report in order to secure legislative backing for the MX. The price for the MX was first made public on March 21 in a *Time* magazine article by Kissinger, outlining a detailed program that would forbid the development of an effective U.S. pre-emptive strike capability through the unilateral scrapping of all ICBM MIRVed warheads (multiple-warhead missiles), substituting a single-warhead mobile missile dubbed the Midgetman.

Kissinger and Scowcroft were attempting to reinforce the MAD doctrine by hypothetically undermining the Soviets' first-strike capability. But the Soviet Union need only increase the number of MIRVed ICBM launchers to offset what would be a U.S. increase in single-warhead launchers. Not only was the Kissinger-Scowcroft program antagonistic to the MX, limiting the total number deployed to 100 (that is, well below the level necessary for a credible first-strike capability); Scowcroft based his testimony on the dangerous falsehood that the U.S. had "at least another decade of secure deterrence," and needed only a few MX missiles deployed during the later 1980s as a "hedge" against "unlikely" Soviet SLBM developments. He baldly stated, more than a month after Reagan's March 23 speech, that his commission considered no ABM concepts to be viable or necessary until well after the turn of the century.

The so-called "MX basing controversy" was of no real importance here: key Congressional liberals led by Rep. Les Aspin "made a deal" with Scowcroft and Kissinger against Reagan on the basis of Scowcroft and Kissinger's reaffirmation of MAD. They assumed they could knock off Scowcroft's miserably truncated, slow-motion "MX" strategy at their leisure.

Thus by March, Kissinger and his cohorts had blackmailed their way to the President's desk with a plan that was directly opposed to the MX missile and ballistic-missile defense. On other fronts as well, including China relations, the Middle East, and international economic policy, the Kissinger team had finagled their way onto center-stage—largely with the help of Shultz and the White House political crowd headed by White House Chief of Staff James Baker III and Deputy Chief of Staff Michael Deaver. By the beginning of 1983, the Reagan foreign policy was starting to resemble the disasters orchestrated under Kissinger's "détente."

### **The March 23 shock**

Then, on March 23, Reagan delivered a shock to those in Moscow carefully calculating Kissinger's progress. Kissin-

ger and his closest associate Helmut Sonnenfeldt told an April Trilateral Commission meeting in Rome that the new program was a disaster. Within a month, Scowcroft would take the stand in Capitol Hill hearings to echo the Soviets' charge that the President's commitment for ballistic missile defense is "destabilizing."

From April through the first weeks of August, the Pugwash crowd, bolstered by Soviet actions aimed at facilitating Pugwash credibility, mounted a furious counterrevolution against the President's new defensive strategic doctrine.

On May 23, Scowcroft told a Washington press conference that under presidential prodding he was prepared to extend the life of the Commission on Strategic Forces. On June 8, a blackmailed President, eager to maintain the MX program, endorsed the Scowcroft Commission proposals that the MX be produced and deployed in limited numbers, under condition that the President press for an arms-control agreement with Moscow and that Kissinger's Midgetman missile be promoted. Scowcroft, aided by Shultz, McFarlane, and James Baker, had by early May welded together a winning congressional coalition in support of his formula. The President was reminded after the early-May congressional passage of monies for the MX that the funding could collapse, along with the Hill coalition supporting it, if the President reneged on his part of the bargain.

Scowcroft also stated on May 23 that Andropov's U.S. specialist, Georgii Arbatov, had shown positive reactions to key aspects of the Scowcroft Commission Report, particularly the appeal for the Midgetman. Between April 22 and May 2, Arbatov had met privately in Washington with Kissinger lieutenants Scowcroft, Sonnenfeldt, and William Hyland.

On May 26, Kissinger lunched privately at the White House with Reagan. It was at this midday meeting that Kissinger pushed hard for the appointment of his business partner and ideological mentor Lord Peter Carrington to replace NATO Secretary General Luns; by November, Carrington was appointed.

At about the time of this Kissinger-Reagan meeting, Shultz began a process of intensive and regular "back-channel" meetings with Soviet Ambassador Anatoly Dobrynin. Then on May 30, Shultz dispatched Moscow's favorite American statesman, the aging Averell Harriman, and his wife Pamela, also an intimate of leading figures in the Democratic Party apparatus, for four days of private meetings with Andropov and Soviet Foreign Minister Gromyko. Harriman conferred with Shultz before and after the trip.

In addition, during the week of May 23, no fewer than 25 Soviet KGB and GRU (intelligence and secret police) officials, featuring Gen. Mikhail Milshtein and Andropov associate Fyodor Burlatskii, were granted entry to the United States to attend a convention of "nuclear freezeniks" in Minneapolis. This began a round of 33 such forums where KGB officials could promote disinformation and profile American reactions. FBI Director William Webster refused to intervene.

As Pugwash opened up the nation to direct Soviet propaganda and consolidated their control over the NATO structure, Moscow facilitated their cause. After Harriman's early June trip to Moscow, Andropov issued a series of signals starting with a sudden change in the Soviet position at the Vienna Mutual and Balanced Force Reduction (MBFR) talks. This was followed by a cosmetic change in the Soviet position at the START talks. Kissingerite Undersecretary of State for Political Affairs Lawrence Eagleburger claimed that Moscow was playing a positive role in facilitating the Pope's trip to Poland. Andropov also released a number of Soviet Pentacostals, and surprisingly agreed to a "no-holds barred" 1986 conference on the reunification of families and free travel in Europe, an item of particular importance to Israel and West Germany.

The hard-pressed White House on June 10 announced the indefinite extension of the Scowcroft Commission. Two days earlier, the President had approved a new SALT negotiating position heavily weighted to the primacy of the new "Midgetman" missile. Reagan proposed that negotiations should concentrate on the number of warheads rather than launchers.

In July President Reagan unexpectedly reappointed Federal Reserve Board Chairman Paul Volcker, a sharp critic of the President's defense budget, and in August—to the shock of most—appointed Kissinger himself to head a "Bipartisan Commission on Central America."

### **Kissinger's maneuvers**

From early May on, the Harriman wing of the Democratic Party and Kissinger-allied elements within the Reagan administration pressed the White House for a secret compromise on ballistic-missile defense. The "compromise" reportedly would include a commitment not to deploy BMD, but merely use the threat of deployment as a bargaining chip in arms-control negotiations, while restraining expenditures on the program to no more than the amount the Soviets are said to be spending—an approach that would lock the United States into permanent inferiority, since the Soviets are already ahead in this area. The effort to kill the program through compromise was launched on May 6 by Senate Minority Leader Robert Byrd in an appeal on the Senate floor. By midsummer, James Baker, the State Department and the Pentagon's Richard Perle (assistant secretary of Defense for International Security) were chipping away on the inside against the implementation of the March 23 policy.

Thus by August Kissinger and his coterie were privately hailing the imminence of a "major negotiation" with the Soviet Union. The broad surrender to Moscow was fully outlined on April 24 in a Kissinger interview in *Parade* magazine. Baker, Deaver, and Nancy Reagan were reported to be euphoric about the prospects of a spring 1984 Reagan-Andropov summit that would supposedly help to sell Reagan as the "candidate of peace." And Shultz was preparing to take a major step in this direction as he obsessively readied himself for a meeting with Gromyko, anticipated for the



conclusion of the Conference on Security and Cooperation in Europe (CSCE) in September. That meeting, Shultz thought, would take him to Moscow where he would plan the summit with Andropov.

However, on Sept. 1, the Soviet Union decided to shoot down the unarmed civilian aircraft KAL 007—the mark of the beginning of Soviet and Soviet-surrogate-directed shocks and provocations culminating in the early-October slaughter of U.S. Marines in Beirut at the hands of terrorists. The failure of Kissinger and company to secure a promised six-month delay in NATO's stationing of Euromissiles suggested to Moscow the political weaknesses of their allies in the West. How could forces exhibiting such weakness be counted on to fully derail Reagan's March 23 program, Moscow asked.

### **The Chamberlain response**

The Kissinger crowd tried to cover their footprints, but Democratic Pugwashers typified by the party's national chairman, Charles T. Manatt, showed no shame. On Sept. 20, Manatt, with Harriman at his side, told a Georgetown University audience that all the announced candidates for the Democratic presidential nomination favor Pugwash's policy for a nuclear "freeze," stating, "Contrary to the Republican Party's continued opposition to halting the arms race now, the Democratic Party calls for a mutual and verifiable freeze on the testing, production, and deployment of nuclear weapons."

Kissinger and his coterie publicly reported that the KAL atrocity undercut hopes for a summit—but claimed the shoot-down was committed by lower-level Soviet military forces, not Andropov (making excuses Andropov scorned to claim for himself).

On Sept. 21, Scowcroft called together his Capitol Hill collaborators to join him in pressuring National Security Adviser William Clark to authorize further arms-control concessions. Clark was told that the crucial Hill group would not support the MX program when it came up in October for approval of production funds if the White House did not accept eight principles to be included in the U.S. START (Strategic Arms Reduction Talks) position; most points centered on the so-called "build-down" concept, another gimmick aimed at paving the way for the Midgetman missile. On Sept. 27, Clark reportedly agreed.

On Sept. 26, the White House had announced another concessionary adjustment, this time in its position at the intermediate-range nuclear force (INF) talks. On Sept. 24, Shultz had held a meeting of top Kissingerites, including Scowcroft, Sonnenfeldt, Hyland, Eagleburger, and Richard Burt (assistant secretary of State for European Affairs) for the purpose of assessing ways out of the KAL-promulgated impasse in relations with Moscow.

In short, Pugwash agents in the Democratic and Republican parties moved with speed and terror to mount Chamberlain-like appeasement in the wake of Moscow's thunder.

Moscow in turn escalated, instigating and openly endorsing North Korea's attempt on the life of South Korean President Chun Doo Hwan, the violent overthrow of the Maurice Bishop regime in Grenada, and finally, the Oct. 23 massacre of Marines in Beirut.

But during the week of Oct. 17, Reagan and his national security advisers decided to respond to Moscow's challenge. For the first time, the President went on national television to attack Syria, who with Soviet backing had temporarily torpedoed Lebanese reconciliation talks scheduled to begin that week. At virtually the same time, the Soviets facilitated the overthrow of the Grenada government, resulting in Bishop's assassination. Bishop had met with senior Reagan administration officials, including Clark, not long before and was reportedly considering loosening his ties to Moscow and Havana.

Then on Oct. 25, nineteen hundred U.S. Marines and Rangers landed in Grenada and within days had ousted the Soviet-backed Hudson Austin regime.

For the first time in 10 years, U.S. force had been used aggressively, breaking the taboos of the "Vietnam syndrome." The best advice of Baker and Deaver had been ignored (resulting in one of the most popular actions of the Reagan administration). The intended message to Moscow: The United States is prepared to fight.

But in background briefings surrounding the U.S. action, it became clear that Reagan and his advisers had correctly ascertained a conscious Soviet challenge, yet were dangerously underestimating the intention that lay behind it. Senior White House officials identified the building Soviet provocations as "low-order probes" when in fact they were neither probes nor low order.

### **Miscalculations**

By early December the blustering administration consensus told itself, "Moscow will get the message." Administration officials eagerly pointed to intelligence reports indicating unusual signs of caution and fear among Moscow's elite in response to a show of force in Grenada. Signals from Surinam and Nicaragua in response to the Grenada operation further inflated the administration's confidence, as did Khomeini's failure to live up to his threats to block the Straits of Hormuz in the wake of Iraqi air attacks on Iranian oil shipping due to a massive U.S. naval presence off the Persian Gulf.

Then on Nov. 29, after two days of meetings with Israeli Prime Minister Yitzhak Shamir, the White House announced a new Israeli-U.S. strategic agreement, an agreement that would at minimum create the perception that the Israeli Army would be affixed to the massive U.S. naval presence in the eastern Mediterranean. Long-awaited U.S. air and naval retaliation against Syrian and Soviet provocations could begin with the promise that if the situation in Lebanon were to be escalated by Syria on the ground, U.S. troops would not be needed to answer—the Israelis could take their place.

What Moscow sees is a U.S. response based upon an

underestimation of Soviet intentions. Beyond the rhetoric and overconfidence, the Soviet leadership sees a White House which perpetuates the Kissinger/Pugwash presence, which will be under increasing pressure as the 1984 elections draw near, which has not entered into a war mobilization as has the Soviet Union, and which, through the new arrangement with Israel aimed at demonstrating regional strength, has only signaled strategic weakness. For while U.N. Ambassador Jeane Kirkpatrick and Reagan were citing U.S. willingness to fight—a willingness which indeed exists within the population and the institutions of government if confronted with a strategic threat—the U.S.-Israel strategic alliance was apparently forced through the administration by Kissinger, via his protégé Eagleburger, sold to Reagan as a way of avoiding using American troops, thus sending the message that the United States will back away from direct confrontation.

The Kissinger-concocted deal was also read elsewhere as a sign of weakness. Several days after the arrangement, Syria and Iran responded through surrogates with the bombing of the U.S. embassy in Kuwait. Israel challenged the central asset of U.S. Arab allies in the area, Palestinian Liberation Organization leader Yasser Arafat, threatening to violently blockade his exit from Tripoli against the wishes of their U.S. ally.

Now the Middle East trap that further engulfed the White House with the Nov. 29 accord is a vulnerability that the Pugwash crowd has seized for its own use. Having generated steam among most Democrats and a growing number of Republicans for the demand to recall U.S. forces from Lebanon, and blaming the Pentagon for inadequate U.S. security precautions in Beirut before the October massacre, the Pugwash crowd intends to discredit the U.S. military in general, including Defense Secretary Weinberger, an ally critical to the President's pursuit of strategic modernization. Weinberger, echoing sentiments often repeated by Reagan, is committed to the view that spending on defense must be governed by what is necessary to meet the perceived strategic threat, not by any budgetary consideration. But Pugwash believes that the sizable U.S. budget deficit, along with the evolving Middle East fiasco, can be parlayed into a major attack on U.S. defense spending in election year 1984, with the primary target for budget-slashing being the President's ballistic-missile defense program.

Unless the White House moves quickly to break the web of miscalculation by announcing immediate steps to enhance the U.S. strategic deterrent and mobilize for the crash development of BMD in early 1984, further galvanizing the American people's will to fight, Moscow will move to global confrontation aimed at thoroughly humiliating the Reagan administration. The Pugwash crowd with their attempts to appease Moscow and weaken Reagan, are encouraging the Soviets to move toward that confrontation. Moscow knows that the stakes are high, the advantage is theirs, and time is short.

## Citizen candidate movement challenges the KGB Democrats

by Warren Hamerman

In the first months of 1984, well before either the Democrats or Republicans hold their summer presidential nominating conventions, the Soviet military command most probably will have instigated a global military showdown with the United States. The entire Democratic Party's officially approved presidential nomination puppet show is now on tour to boos and apathy in the United States but to rave reviews in Moscow. Only the "unorthodox" challenge of Lyndon H. LaRouche, Jr. for the Democratic nomination is being denounced in Moscow, for only his policies represent a potential threat to the "Third Roman Empire" aspirations of the Russian Orthodox Church/military complex.

As Lyndon LaRouche emphasized in a Nov. 26 statement on the Soviet war threat, only a bipartisan outpouring of popular support in the United States for the LaRouche crash beam-weapons development program and his design for a world monetary reorganization can convince the current President to take the command decisions necessary to protect the national security of the United States. In 1984, the stakes are not merely the U.S. presidency, but the future existence of the nation and mankind. There is no margin of error left in the American political system. The outcome will be decided by the confrontation between the LaRouche citizen-candidates' mass movement and the "Benedict Arnold Alliance," the politburo of Lane Kirkland, Charles "Banker" Manatt, and "frontrunner" Walter Mondale.

### Democratic Party a battleground in 1983

During 1983 the Democratic Party, its vast traditional constituencies still shattered by the debacle of the Carter-Mondale administration, was the battleground for full-scale combat between the "peace-with-Moscow-at-any-price" officialdom and the feisty, self-conscious American patriots of the party's LaRouche wing. The challenge of the LaRouche Democrats to the Democratic Party "politburo" of Harriman, Kirkland, Mondale et al. broke into an increasingly open slugfest.

The day-to-day ring manager for the Moscow Democrats was the inept and corrupt Manatt, chairman of the Democratic National Committee and a member of the notorious West Coast law firm which had an overt business relationship during the 1980 Olympics with top Russian operative Dzh-

men Gvishiani, former Soviet Premier Kosygin's son-in-law, through the company Image Factory Sports, Inc.

Despite expenditures of millions of dollars for "containment" operations that included thuggery, vote stealing, dirty tricks, and slanders against the LaRouche Democrats by KGB assets in the United States, during 1983 the National Democratic Policy Committee, the 30,000-member organization of the LaRouche wing of the Democratic Party with chapter activities in 43 states, fielded slates of nearly 700 candidates in primaries and general elections. During these elections, which spanned 27 states, approximately 700,000 votes were officially tallied for LaRouche Democratic candidates. Twenty-seven of the LaRouche Democrats won their elections in the states of New York, California, New Jersey, New Hampshire, Louisiana, and Washington.

In late September, LaRouche Democrats won 23 elections within a seven-day period during the first U.S. elections after the Russians brutally shot down Korean Airlines Flight 007. Their victory represented the beginnings of a revolt against Manatt and Harriman's buttering-up to Yuri Andropov. Then on Nov. 8, Election Day 1983—in the vote *after* the events in Lebanon and Grenada and *after* Lane Kirkland used totalitarian methods to ram an endorsement of Walter "Appeasement" Mondale through the AFL-CIO—American voters demonstrated a newly resurgent patriotic mood. It was also the first election after Lyndon H. LaRouche, Jr., founder of the National Democratic Policy Committee (NDPC), had officially declared his candidacy for the 1984 Democratic presidential nomination. Over 210 candidates from the LaRouche Democratic mass citizens' candidate movement came before the electorate, and from coast to coast they either won outright, or otherwise received vote tallies of 30 to 45 percent.

The two key issues of the clash between the LaRouche Democrats and the Moscow Democrats were strategic policy and economic policy. Especially after President Reagan's historic television address on March 23, the Harriman/Manatt machine joined with the Kissinger wing of the Republican Party in an undisguised alliance, charging that President Reagan was a "warmonger" provoking the Russians with his "Star Wars" fantasies, while the Russian leadership was reasonable and peace-loving. The same "Benedict Arnold Alliance" joined forces to bludgeon the executive and Congress into re-appointing Paul Adolph Volcker as chairman of the Federal Reserve and into financing a quota increase for the International Monetary Fund in its conspiracy to undermine U.S. sovereignty, despite mass resentment against both the IMF and Volcker.

The strong LaRouche Democratic vote on Nov. 8 demonstrated the first crumbling of the controls by the KGB-tainted official Democratic Party apparatus control. Each of the nearly 700 members of the NDPC citizen-candidate slate in 1983 campaigned tenaciously for the United States to instantly adopt a 1939-44-type crash program for laser- and other energy-beam defensive systems, in round after round

of combat with the appeasers in the Democratic Party officialdom.

The showing of the NDPC slates in 1983 also indicated rejection of the depression policies of the Carter-appointed Paul Volcker and the genocidal International Monetary Fund. On July 14, the National Democratic Policy Committee was the *only* national, state, or local organization in the United States to testify before the Senate Banking Committee against the renomination of Paul Volcker as Federal Reserve chairman, thus exposing Charles Manatt and Lane Kirkland as Volcker's main protectors in the Democratic Party.

The developments of the year 1983 unfolded in four stages: 1) Prelude to March 23; 2) March 23 through the Averell Harriman trip to Moscow on May 26; 3) the period from May through the late September Manatt-Harriman address at Georgetown and the LaRouche declaration of candidacy; 4) the last quarter year of intensifying political combat between the Kirkland-Mondale Appeasement Democrats and the LaRouche Democrats.

### January 1 to March 23

Three political developments during the very first days of January defined the political process that subsequently unfolded. First, former New York Governor W. Averell Harriman, the senior spokesman for the Democratic Party's appeasement wing, declared in a Jan. 2 commentary in the *New York Times* that the United States should trust the peace offers of the "reasonable" Moscow leadership while rejecting the untrustworthy warmonger tendencies of President Reagan, who was determined to install missiles in Europe to counter the already deployed Soviet missiles. Second, *Time* magazine ran a cover story on the developing sector "debt bomb" threatening that unless the U.S. government gave the bankrupt International Monetary Fund an unconditional bailout while drastically slashing the U.S. budget, then Paul Volcker and the Swiss would collapse the world economy and force Ronald Reagan to take the political blame.

Third, Lyndon H. LaRouche, Jr., the founder of the *Executive Intelligence Review* and National Democratic Policy Committee (NDPC) declared in a special address to farm leaders in Nashville, Tennessee on Jan. 8 that he was "not unavailable" to be drafted as the Democratic presidential candidate, and that he was determined to impel ordinary citizens to run for office to demonstrate a national political constituency for a New World Economic Order and the "higher peace movement" of beam defenses. LaRouche stated that "the clock is running out on America, and if America goes, the world goes with it. . . . It is too late for partial remedies." He called for the United States to initiate a full-scale crash program for anti-missile beam defense as the "technology driver" to implement a new world monetary system, freezing of a major portion of the non-performing world debt, and federalizing the Federal Reserve.

At the California State Democratic Convention from Jan. 14 to 16 the Manatt-Cranston allied forces used totalitarian

tactics to keep LaRouche from being allowed to address the convention along with the other prospective 1984 presidential candidates. The NDPC brought the case against the undemocratic Manatt-Kirkland shutout of LaRouche to court. Manatt's heavy-handed KGB-like tactics provoked turmoil in the party ranks. With the endorsement of over 60 prominent California labor, civil rights and Democratic Party leaders, the LaRouche Democrats fielded Ruth Stephenson, a member of the California Democratic State Central Committee, to challenge Manatt's law partner Kelly for state chairmanship. LaRouche's statement—"Don't Let the Swiss and London Banks Loot the U.S. Treasury"—to the delegates of the convention called for rallying against the IMF and Volcker and for beam weapons development. LaRouche warned that 1983 was no time to fall into petty partisan politics. By the end of January the NDPC announced a plan to run a mass citizens candidate "Laser Beam" slate in New Jersey.

On Jan. 17, LaRouche called a press conference in New York City at *EIR* national headquarters to denounce the "very dirty game being played" to destabilize the Reagan administration by both the Heritage Foundation and the liberal Democrats who jointly wished to halt any U.S. development of space beam weapons systems.

On Feb. 5 and 6 in Washington, D.C. Charles Manatt held a closed-door DNC meeting to outline the enforcement of Kirkland-Manatt top-down control of the Democratic Party. The meeting established procedure for "policy loyalty oaths" and a shift from an "open party" to the blatant use of KGB methods. The Harriman appeasement policy—officially approved in Moscow—was adopted without dissension. The Democratic Party and AFL-CIO jointly committed themselves to mobilize for "National Nuclear Freeze Lobbying Days" on March 7-8, a "Jobs for Peace Week" April 10-16, and an Aug. 27 "Solidarity" March on Washington. It was also at this meeting that the AFL-CIO and Democratic Party adopted the policy of backing Volcker and the IMF. One top AFL-CIO official admitted a few days after the meeting: "We will find a way to back the IMF. . . . We always do."

On Feb. 8 LaRouche declared that his "hat was not yet in the ring." Since the two strategic issues then unfolding were the struggle to redefine American strategic thinking away from the McNamara-Kissinger Mutually Assured Destruction (MAD) doctrine with a beam-weapons program and the world economic crisis, it was in the national interest that LaRouche had a "patriotic duty" to "create no obstacles of partisanship." LaRouche told farmers in Unadilla, Georgia a few days later: "Stop seeking politicians and become politicians!" Two weeks later on Feb. 24, the LaRouche forces played the catalytic role at the American Legion National Convention in Washington: Resolution 32 passed, calling for the U.S. to adopt a "space-based ballistic missile defense system"; the companion Resolution 148 outlined the threat of the Russian Space Program.

At the Feb. 21 Bal Harbour, Florida AFL-CIO executive conference, Kirkland enforced the totalitarian policy by arbitrarily refusing to have LaRouche appear before the board,

while he accommodated every other prospective candidate. On March 1 Pamela Harriman's political action committee Democrats for the '80s and Chuck Manatt's DNC sponsored an event at the elegant Mansion House Hotel to formally pay homage to W. Averell Harriman. Manatt, in a statement he was to repeat many times around the country in 1983, stunned the 32 governors, a dozen senators and other notables present at the plush \$1,000-a-plate testimonial with the statement, "Each dinner like this will draw the Lyndon LaRouche crowd," and, Manatt went on to assert, "they" will be prepared to instigate a fracas to show disrespect for the policies of Harriman. The same day the National Governors' Association (NGA) endorsed a Volcker budget-slashing resolution applauded by the Swiss and Russians and concocted by the Harriman Democrats and their allied Wall Street Republicans.

On March 5, LaRouche appeared on television in San Diego, California with the NDPC-backed mayoral candidate George Hollis. LaRouche outlined the strategic insanity of the Mutually Assured Destruction (MAD) strategic doctrine adopted by the U.S. under the influence of McNamara, Kissinger and the Bertrand Russell Pugwash crowd. He exposed that the nuclear freeze was not an anti-war proposal but a pro-population-extirmination war policy. Gen. Maxwell Taylor and former Defense Secretary Robert McNamara, the architects of the Vietnam War, were the leaders of the U.S. freeze movement. LaRouche called for a crash program of laser and other energy beam defensive systems. Around the same time LaRouche also appeared on television in Chicago with mayoral candidate Sheila Jones and in Texas with NDPC candidates there. In late February-early March, LaRouche Democrats announced "Beam Technology" and "Classical Curriculum" electoral slates in Texas and New York.

During early March the AFL-CIO and Democratic Party activists swarmed Capitol Hill in an unsuccessful attempt to ram the nuclear freeze resolution through Congress. The nuclear freeze activists were challenged by 20 NDPC activists from more than one-half dozen states who lobbied for the LaRouche-proposed "higher peace movement" against the Vance-McNamara-Harriman policy. The NDPC announced a drive to collect 250,000 petition signatures against the nuclear freeze and for a crash program of beam weapons. The small but persuasive LaRouche Democratic forces pulled off a stunning political upset against what has appeared to be an unstoppable juggernaut for the freeze. The National League of Cities meeting in Washington, did *not* pass a nuclear freeze resolution despite overwhelming earlier sympathies for it, and the state legislatures of New Hampshire and North Carolina rejected nuclear freeze resolutions March 15 and 17, respectively.

### **From March 23 to the Harriman Moscow trip**

Immediately after President Reagan's historic speech, the knives came out in the Democratic Party. On March 30 Lane Kirkland declared that there was "no urgency" for the United States to develop beam weapons. All the approved Democratic presidential contenders and most of the party official-

dom put itself on record against what it called Reagan's "Star Wars." In early April the Trilateral Commission—the organization of the Carter-Mondale administration, Paul Volcker, Lane Kirkland, and Henry Kissinger—met in Rome. On April 8 Henry Kissinger went on Italian television to announce that Trialaterals opposed the "Neanderthal Republicanism" represented by Ronald Reagan with his Star Wars.

Lyndon H. LaRouche issued a statement on March 26 declaring that the President's speech had made him "prouder to be an American than I have been since the first manned landing on the moon." He pledged full bipartisan political support for President Reagan, which he affirmed again in a special statement of April 6: "Bipartisan Government in 1985, Pledges LaRouche." On April 11 the New Jersey chapter of the NDPC succeeded in having the State Assembly pass a resolution for Congress to support the beam defense program of Mutually Assured Survival. The resolution was passed overwhelmingly by both Democrats and Republicans in a state that had previously voted up the nuclear freeze. The NDPC succeeded in introducing with bipartisan backing similar resolutions in California, Minnesota, Tennessee, Colorado, Illinois, Nebraska, New Hampshire and Washington.

Then on April 13, LaRouche's National Democratic Policy Committee mobilized a 250-person rally, with more than 30 states represented, on Capitol Hill. The NDPC political activists at the rally, as the nuclear freeze was being debated inside, displayed prominent signs which included "LaRouche Dems Back Reagan's Beam Policy" and "Support President's Beam Policy to End Nuclear Threat."

The first political casualties of the nuclear-freeze movement were none other than Tom Hayden and Jane Fonda on their home turf. The California NDPC launched a direct challenge and defeated Tom Hayden's nuclear freeze "Greenie" Citizens for Economic Democracy (CED) slate for city council in his home base of Santa Monica on April 12.

Early in May, the NDPC issued an emergency national call for conferences to be held throughout the country against the "Benedict Arnold Alliance" of the Harriman Democrats and Kissinger Republicans. The point of mobilization for the conferences, held in more than 30 states, was to prepare a force of Americans to deal with the two unfolding crises—the strategic military showdown and the world economic crisis.

The emergency conference call coincided with an escalation in activities by the "Benedict Arnold Alliance" and its media supporters. On May 4 the AFL-CIO Industrial Union Division formally adopted a policy of opposition to a crash program for beam defense, calling for a freeze on U.S. technological development. On May 10-14 the American Society of Newspaper Editors met in the Fairmont Hotel in Denver, where they concocted the media propaganda campaign to undermine the beam policy. On May 14 the Harrimanite Democratic Strategy Council met in Washington to plan a political offensive to frighten Reagan into backing down on the new policy. On May 24 Kirkland declared at a press conference that he does not support the President's beam

program.

Then on May 24, in Minneapolis, 25 Russian top-level intelligence operatives met with their assets in the Democratic Party and U.S. government at the U.S.-U.S.S.R. Exchange Conference. The Russian delegation was headed by Gen. Mikhail Milshtein of GRU military intelligence. Also present were KGB mouthpiece Fyodor Burlatskii, who subsequently openly denounced LaRouche in the Soviet press, and top representatives of the Russian Orthodox Church/military complex. Averell Harriman himself arrived in Moscow on May 26. The subject of these deliberations was for the "appeasement forces" in the West to come out of the closet and get nasty: The target was the beam-weapons strategic doctrine and Reagan's presidency.

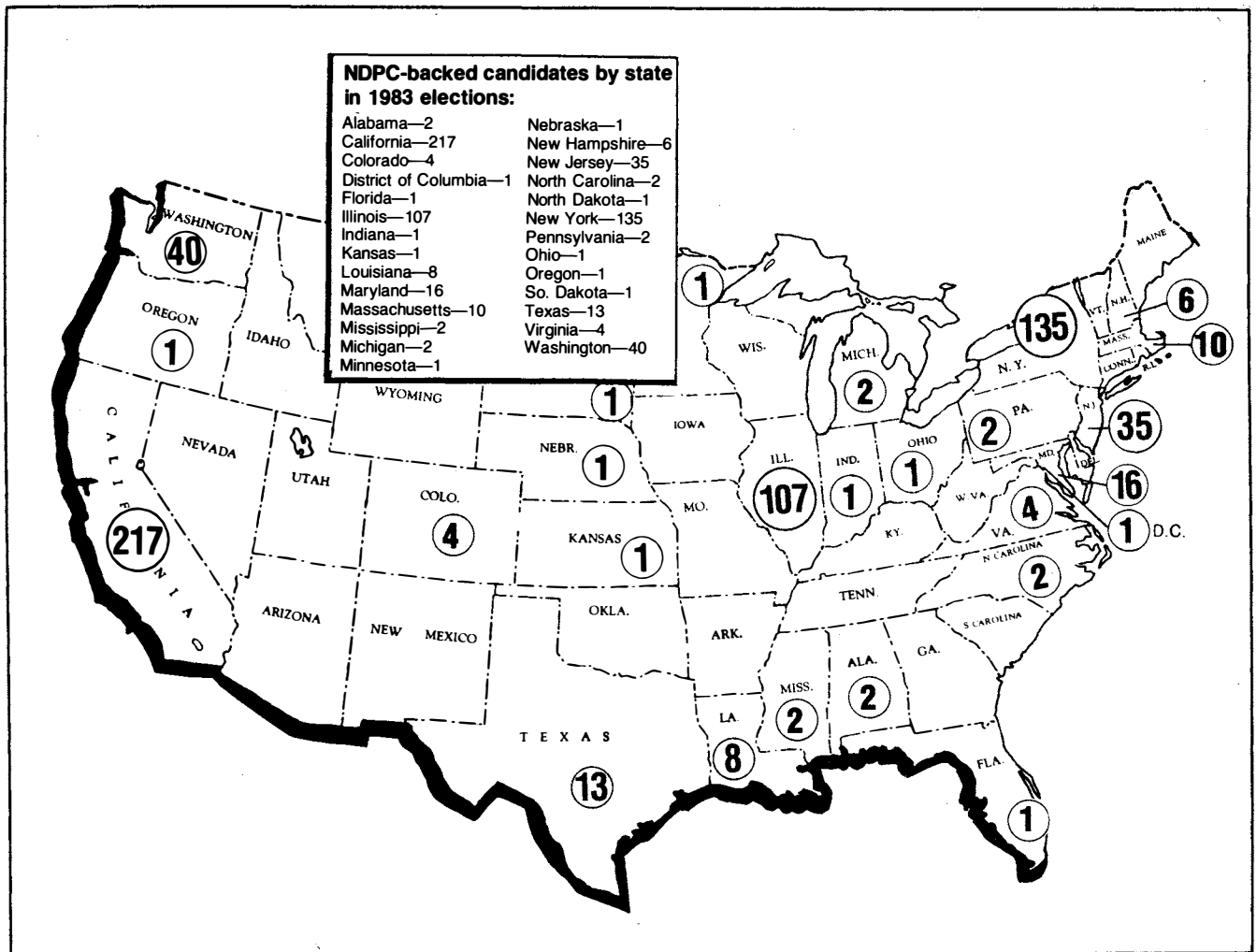
## Summer combat

No sooner did Harriman return to the United States when an overt effort to topple Reagan was launched by the Democratic Party's official leadership. On June 10, five days after the Harriman-Andropov tête-à-tête, a secret meeting took place in the office of Averell's wife Pamela Harriman's intimate Robert Strauss, former chairman of the DNC under Carter. Present were top political operatives of the Harriman-Carter-Mondale apparatus including Jody Powell, Gerald Rafshoon, Pat Caddell and Stu Eizenstat. The subject of the meeting, as an NDPC pamphlet revealed soon afterward, was to launch "Debategate" over allegations that the 1980 Reagan presidential campaign had stolen Jimmy Carter's briefing book, and to threaten the Reagan administration with release of the Vicki Morgan blackmail tapes, alleged to contain compromising material on members of Reagan's inner circle. In tandem, the Women's Leadership Conference on U.S.-Soviet Relations met in Washington in early June to plan a national panorama of activities to stop Reagan from being reelected.

On June 13 Walter Mondale proclaimed in Maine that "a mutual and verifiable freeze is first priority" for the United States. Six days later Mondale went even further on national television in his promotion of Andropov's objections to Reagan's policies, calling again for a nuclear freeze and for an arms-control package including tougher controls over nuclear proliferation and ensuring no tampering or circumvention of the 1972 Anti-Ballistic Missile Treaty. Thus, Mondale became the Moscow-approved frontrunner for the Democratic Presidential nomination.

Early in June a LaRouche Democratic team convinced the California convention of the largest hispanic organization in the United States—League of United Latin American Citizens (LULAC)—to overwhelmingly endorse President Reagan's program for defensive beam weapon technology development. Later in August the NDPC would shepherd a similar resolution through the G.I. Forum (a 160,000-member primarily Hispanic veterans' organization) convention in El Paso, Texas.

On July 9-16 the U.S. anti-Reagan machine and top KGB operatives met for a forum on "U.S.-Soviet Dialogue" at the



Benedictine St. Anselm's College in Manchester, New Hampshire. During July the entire American side of this network, including the "Peace Links" crew of "sexual politics" around Betty Bumpers, the wife of Sen. Dale Bumpers mobilized for a series of anti-Reagan actions in direct support of Moscow policies. On July 16, Averell Harriman granted an exclusive interview to the Russian journal *Literaturnaya Gazeta* which had declared Reagan's policy of beam weapons a *casus belli*. A trip to Moscow for a "roundtable" on how to fracture the Reagan administration was planned for 19 Congressmen at the end of July, and on Aug. 13 the Harriman-KGB assets in the Democratic Party staged a Peace forum in Des Moines, Iowa for the Moscow-approved presidential candidates. On Aug. 18 Andropov took the occasion of a visit by nine Democratic Senators to call for a complete ban on space weapons. Claiborne Pell (R.I.), the ranking Democrat on the Senate Foreign Relations Committee, a Club of Rome member, and a former Averell Harriman campaign chairman, extolled the Russians' "genuine" offer only days before the brutal shutdown of KAL-007. Pell was accompanied by Paul Sarbanes (Md.), Howard Metzenbaum

(Ohio), James Sasser (Tenn.), Russell Long (La.), Patrick Leahy (Vt.), Dennis DeConcini (Ariz.) and Dale Bumpers (Ark.).

Under the onslaught of threats, blackmail and political pressure, in mid-July the Reagan administration caved in to the reappointment of Paul Volcker and the return of Henry Kissinger to government. On Aug. 9, the executive board of the AFL-CIO under Kirkland, after several days of meetings in Boston, voted 23-6 to advance the target date for their executive board to endorse a presidential candidate—namely, the Moscow-preferred frontrunner Mondale—from December to October. At the end of July Kissinger, Shultz and others had plotted at San Francisco's Bohemian Grove how to further the decline of the United States as a superpower.

In response to this crisis, the National Democratic Policy Committee issued a widely circulated Call to Draft LaRouche for the Democratic presidential nomination. Conferences were held in 50 cities under the title "Kissinger is a butcher . . . LaRouche is a Democrat; Draft LaRouche for President." The full membership of the NDPC was mobilized to kick the KGB assets out of the Democratic Party leadership. Then in

September, in the first U.S. elections held after the KAL-007 shootdown, LaRouche Democrats won 23 elections in the span of one week.

### **The last quarter**

On Sept. 20 at the Jesuits' Georgetown University, Democratic National Committee chairman Charles Manatt, flanked by nonagenarian Averell Harriman and Father Timothy Healy, delivered an overtly pro-Moscow policy address entitled "Reflections on the Bishops' Letter: The Democratic View of the Challenge of Ending the Arms Race and Insuring National Security." In response to Manatt's defiant assertion that all the candidates for the Democratic Party's presidential nomination favored a nuclear freeze, Lyndon H. LaRouche, Jr. declared his candidacy for the Democratic presidential nomination on Sept. 26. Announcing that he was a patriot first and Democrat second, he called for his campaign to be a rallying point for all American patriots to run for political office on a common slate for a crash beam-weapons program and American System economics. The next day the NDPC staged a public funeral for the International Monetary Fund at the IMF's Washington conference.

The Moscow-approved Democratic Party presidential puppet show, featuring Walter Mondale and seven others, was put on tour by stage-manager Manatt, totally out of step with the patriotic shift in the mood of the American population. While every other political machine was crumbling, the LaRouche forces demonstrated increasing strength on election day in every part of the country.

**The South:** In Houston, a 10-person LaRouche Democratic slate gained a vote of over 71,000 or 30.29 percent for Bruce Director as city comptroller. Others on the slate polled 19 percent, 12 percent, 14 percent, 13 percent, and 11 percent. In Alabama, State Senator candidate John Peel received 29 percent of the vote (8,400). In Virginia, State Senate candidate Chester Carter received over 4,000 votes or 18 percent.

**The West:** The LaRouche Democrat slate consisted of 100 candidates in California and 10 in Washington state. Results included 19 percent of the vote for Seattle City Council, 35 percent for Seattle School Board, 36 percent for Tacoma City Council, 35 percent for Richland City Council and 39 percent for Almira school board. In California the NDPC elected three officials in 1983. One member of the school board in San Diego County and one in the city of Santa Clara plus a seat on the Costa Mesa Sanitary District. In addition to these victories LaRouche Democrats also polled percentages of 25-48 percent in many races.

**The Northeast:** In New Hampshire George Pellerin and Rosaire Pepin won selectmen posts in their respective districts in the state's largest city, Manchester. In New Jersey two LaRouche Democrats won their primaries. In New York 11 members of the LaRouche slate were elected to Democratic Party posts and others were elected to the Community Action Board. In Boston the NDPC has an already announced

slate of 100 candidates for the 1984 elections.

**The Midwest:** Over 80 school board candidates ran as a LaRouche Democrat/Club of Life slate in Illinois. NDPC candidates polled votes of 26.3 percent, 49.8 percent, 23.7 percent, 28 percent and many results between 15-35 percent. The overall story in the Chicago campaigns, as elsewhere, was the hysteria against the LaRouche slate by the media. The "LaRouche Laser Beam Slate" won over 30,000 votes despite more than 125 slander articles and massive negative coverage on the television and radio.

### **100 candidates in 100 cities**

After the November 1983 elections, the LaRouche wing of the Democratic Party emerged with a rapidly unfolding organizing plan to sign up a citizens candidate movement of 10,000 to run with the LaRouche presidential campaign. On Oct. 1 the National Democratic Policy Committee (NDPC) issued a call for citizen-candidates to run with the LaRouche campaign: "Thousands upon thousands of Americans who have no ambition for political office, and who would consider themselves a moral failure as a parent were their son to become a 'politician,' must now follow the example of LaRouche and become a candidate as part of LaRouche's patriotic militia. The concept of a mass slate of citizen candidates requires a fundamental change in the way the American political process works. People normally just sit passively around, griping, moaning, and carping at how bad the 'politicians' are, and then on election day choose one of the differently marketed brands of candidates who are 'sold' by special promotion men, consultants, and bozos as if they were various brands of detergent or toothpaste. . . ." Before year's end, 100-candidate zones of the LaRouche patriotic candidate-militia had been committed in the cities of Boston, New York, Chicago, San Francisco, Los Angeles, and Philadelphia, the states of Maryland, Texas, New Jersey, Washington, and elsewhere.

"Fronrunner" Walter Mondale began to feel the heat from this movement in November, when the NDPC forced into the national media the scandal that one of Mondale's top policy advisers, Robert Pastor, was advising the Hudson Austin military hoodlum gang that pulled the bloody Soviet-backed coup in Grenada. By early December the NDPC was spreading word of another Mondale scandal that ripped the facade off his "labor support," despite the Kirkland endorsement: Winston & Strawn, the law firm Mondale admits he is "of counsel to," represents the Greyhound Company, perpetrators of the year's nastiest strikebreaking operation against organized labor.

Mondale's woes have strategic importance. As LaRouche put it in his Nov. 27 statement on the Soviet war threat, if enough Americans openly defy the Soviet-directed Nuclear Freeze movement led by Manatt and Mondale, and support LaRouche's candidacy, "such actions by a large minority of citizens would tip the balance in Washington in the direction needed."

# Year of 'narco-terrorism' sets stage for kamikaze attacks within the United States

by Jeffrey Steinberg

As *EIR*'s Year End Review goes to press, the entire U.S. national security establishment enters its third week of high-level alert for an assassination attempt against President Reagan and several of his leading advisers. One critical lead on the threat to the President is the reported Dec. 21 arrival in New York City of a member of the original 1972 Black September team that carried out the Munich Olympics massacre. Every important federal government building in Washington, D.C. is being fortified against potential truck bomb and other "blind terrorist" attacks, in the aftermath of a terrorist bomb going off at the Capitol only hours after the Senate voted up the appropriation for the MX missile.

The New Year's period is straddled by a countdown by Islamic integrist terrorists of the Jihad Islami group who have given the United States 10 days to withdraw all Marines from Lebanon or face a worldwide attack by suicide commandos. The group, backed up by Soviet KGB and GRU technical specialists, has already killed hundreds of American and French diplomats and soldiers in a string of suicide attacks in Lebanon and Kuwait.

## Arming the terrorists

Late in the summer, the Defense Intelligence Agency (DIA) issued a limited-circulation report detailing the theft of millions of dollars worth of sophisticated weaponry from U.S. military depots in the United States, Western Europe, and the Far East. The report implicated Black Muslim networks linked to Libyan dictator Muammar Qaddafi and to international narcotics mafias in the thefts. According to the DIA, some of those arms, including surface-to-surface hand held rockets and state-of-the-art laser-guided weapons, are being stockpiled by terrorist groups in the southeast United States and in the northwest frontier region of Mexico in preparation for the 1984 Los Angeles Olympic Games.

According to one high-ranking Mexican Interior Ministry official, East bloc AK-47 rifles are available for "cash and carry" delivery within 24 hours in the state of Sinaloa, the

center of the Mexican "opium and marijuana triangle." Both Mexican and U.S. intelligence sources have confirmed the presence of Soviet instructors at terrorist training camps in the northwest region of Mexico, which were recently set up under the direction of the Popular Front for the Liberation of Palestine (PFLP) of Dr. George Habbash. Similar reports describe North Korean agents stockpiling weapons and explosives in old abandoned mines in the Mexican states of Baja California and Sinaloa.

Yet another U.S. intelligence report, provided to *EIR* in excerpt form in late November, describes "Plan Bravo," a program of the Cuban intelligence agency, the DGI, to promote terrorist violence in regions of the United States using the revenues of cocaine trafficked into New York, Washington, and Miami from Colombia. "Plan Bravo" will support the operations of such groups as the Puerto Rican FALN, the predominantly Palestinian TEAM International (a U.S. offshoot of the Black September group of Abu Nidal) and the Weatherunderground successor group, the May 19th Communist Movement.

By the end of the year, the perspective on which *EIR* has insisted over the past decade, that international terrorism and international drug trafficking are one and the same, was being institutionally accepted. At a year-end conference of the International Association of Chiefs of Police in Detroit, a leading Drug Enforcement Administration intelligence officer pronounced 1983 the year of "narco-terrorism."

## The FBI runs cover for terrorism

This year marked the reemergence of international terrorism on a scale surpassing even the early 1970s heyday of the Weathermen, Black Liberation Army, Baader-Meinhof Red Army Faction, Italian Red Brigades, Black September, and Japanese Red Army. Yet, on Dec. 18, Federal Bureau of Investigation Director William Webster appeared on national television to declare that the terrorist threat to the United



States was overstated, that reports early in the year of Libyan hit teams stalking the President were "disinformation" passed through foreign intelligence agencies, and that all fears of violence at the 1984 summer Olympics or at the Democratic or Republican presidential nominating conventions should be dispelled. Webster's comments, echoing his October 1983 testimony before closed Senate hearings sponsored by Jeremiah Denton (R-Ala.), caused such a stir even within his own FBI ranks that the director had to call a meeting of Bureau upper echelons within 12 hours to "explain away" the remarks. Webster's nationally televised lies prompted Democratic Party presidential contender Lyndon H. LaRouche, Jr. to call for Webster's immediate resignation in the first instance that the United States is hit with a terrorist attack.

The flap over Webster's remarks betrays a deeper reality that will be the basis of one of the most important political battles of 1984. At present, the Federal Bureau of Investigation is the single greatest impediment to the United States' launching an effective international war against terrorism—at precisely the moment that the Soviet high command has consolidated virtual top down command-control over the direction and targeting of international terrorist and integrist movements, including the Lausanne, Switzerland headquartered Nazi International and the Islamic integrist movements associated with Iran's Ayatollah Khomeini, Libya's Muammar Qaddafi, and the KGB's own Geidar Aliyev (see article, page 15).

Since March 23, 1983, when President Reagan announced that the United States would develop anti-ballistic missile defense systems employing "new physical principles" and offered Moscow joint development of those systems, the Soviet leadership has been bent on removing Reagan from office by no later than January 1985—and preferably sooner. Such "friends of Moscow" as former New York Gov. Averell Harriman, oil magnate Armand Hammer, and the crowd grouped around the New York Council on Foreign Relations, the Bohemian Grove, and the Aspen Institute were quick to assure the Soviets that Reagan and his program were as good as defeated. Harriman traveled to Moscow in June to deliver reassurances to his old friend Soviet Premier Yuri Andropov, and, simultaneously, 28 top-ranking Soviet officials conducted a nationwide tour of the United States, delivering marching orders to the U.S. disarmament movement to block Reagan's "Star Wars" beam weapons program at all costs. That tour, beginning in the hometown of Moscow's favorite son presidential candidate Walter Mondale, was carried out with the aid of a round-the-clock FBI protective screen, ordered by FBI Director Webster, who is a steering committee member of the Bohemian Grove lodge.

The U.S. peace movement emerged during the course of 1983 as a front for the efforts of the Boston traitors grouped around the "chairman of the establishment," Kennedy administration National Security adviser McGeorge Bundy and Defense Secretary Robert Strange McNamara to make a deal

with the Soviet leadership.

The protection of the KGB tour was exemplary of an FBI-KGB deal to use any means necessary, including a terrorist explosion at the 1984 Olympics or even assassination, to dump Reagan. It should be recalled that Webster, a Carter-Mondale appointee, can be held personally accountable for creating the conditions that led to the July 1980 assassination of anti-Khomeini Iranian exile leader Ali Tabatabai by agents of the Iranian secret service, Savama. The FBI, on political orders from the Carter White House and from the Civiletti Justice Department, gave the Iranians and the Libyans carte blanche to conduct terrorist operations on U.S. soil in the hope that this would prompt a release of the U.S. hostages, which would allow a Carter-Mondale reelection. With the Civiletti-Webster green light, thousands of Islamic terrorists entered the United States under student cover, only to disappear into deeply entrenched underground railroads spanning the United States from coast to coast and extending into Mexico and Canada. Every current serious terrorist threat to the territorial United States can be traced to that Carter-Civiletti-Webster policy of betraying U.S. national security.

Within months of the April 1983 bombing of the Beirut U.S. embassy, which took scores of lives and virtually wiped out the Central Intelligence Agency station for the Middle East, Judge Webster was presented with a chilling bit of news: The Iranian-deployed terrorist who killed Ali Tabatabai, an American black named David Belfield, was one of the terrorists who set the bomb. Belfield, whom the FBI had allowed to escape the United States, was identified as part of the Syrian-Iranian intelligence reconnaissance team that penetrated the U.S. embassy compound using stolen Marine uniforms and forged identification papers, and pinpointed the placement of the explosives.

It is known to sections of the U.S. intelligence establishment that since "Billygate," the Carter-Mondale administration's deal with Qaddafi and Khomeini, American Black Muslims and white radicals have been receiving extensive terrorist training and military field experience from the Libyans and Iranians—a more dangerous replay of the 1960s Venceremos Brigades training expeditions to Cuba. These trained terrorist fanatics, in some cases with combat experience, are slated to be smuggled back into the United States for the spring-summer 1984 conjuncture spanning the Olympics and the presidential elections.

Judge Webster's FBI is at this point firmly ensconced with responsibility for anti-terrorist plans for the Olympics. The only possibility of effectively countering the amassed forces of the terrorist international lies in whether the fact that the FBI is currently a de facto fifth column for the enemies of the President is exposed, and whether there will be a no-holds-barred cleaning out of the Webster inner circle. If no such house cleaning occurs, then it is almost a foregone conclusion that in 1984 the United States will be drowned in the wave of global terrorism.

# Shuttle lays basis for colonizing space

by Marsha Freeman

Extraordinary advances were made during 1983 in the world's most versatile space transportation system, the Space Shuttle, and in the sciences that depend on space for new breakthroughs. These successes have laid the basis for more long-range planning, and for the first real effort to colonize our nearest cosmic neighbor, the Moon.

Two Shuttle orbiters made a record total of four flights, during which they launched communications satellites for the United States, Canada, India and Indonesia. Astronauts carried out extra-vehicular activity in the payload bay of the orbiter, and did tests with the Remote Manipulator arm which will be used later for satellite repair.

The first American woman (Sally Ride) ventured into space. The most advanced communications satellite, the Tracking and Data Relay Satellite (TDRS) opened new capabilities for future Shuttle missions. In the future, mission control will be able to communicate with the crew nearly 85 percent of the time, rather than the 15 percent possible until now. This increased communication is vital for doing scientific research in space.

The most exciting capability demonstrated this year by the Shuttle system was on the recent ninth mission, which took the European-built Spacelab on its first flight. At the same time, the unmanned IRAS (Infrared Astronomical Satellite) made startling discoveries in far-away galaxies during its short stay in Earth orbit.

## Peering into new galaxies

On Jan. 24 NASA launched IRAS, with the capability to look at distant cosmic objects which may not be visible through light, but can be seen by the heat, or infrared radiation, that they emit. Only built to last nine months, IRAS was able to find a dozen new comets orbiting the Sun, the possibility that the star Vega may have planets orbiting around it, and belts of cosmic dust whizzing around the solar system that no one had "seen" before.

IRAS identified thousands of previously-unknown sources of infrared radiation and laid the basis for putting even more sensitive telescopes into orbit in the next few years.

The first flight of the Shuttle-compatible Spacelab demonstrated a concept scientists had been anxiously awaiting for two decades—the ability to send their scientific peers into

space and talk with them, to evaluate and alter experiments while they were still in space.

Biologists and medical experts began to solve some of the mysteries of sickness in space, or "space adaptation syndrome." If hundreds and then thousands of people are to populate space in the next decades, scientists must find preventive measures for them while they adapt to the micro-gravity of space.

Astronomers shared the real-time excitement of the crew in pointing their telescopes toward the cosmos to test out the latest technologies in astrophysics. Plasma physicists shot beams of electrons into the Earth's ionosphere to better map the magnetic and electrical environment that surrounds our planet.

## Stepping stones for the future

New commercial space activities are being opened up from the basic research being performed on short Shuttle missions. Electrophoresis experiments run this year have shown that crucial pharmaceuticals for curing diseases can be made economically and with high purity in space.

The materials processing experiments performed have led to optimism that more perfect crystals, new metal alloys, and uncontaminated new materials will be profitably made in space over the next decade.

In the last six months of 1983, NASA announced that new planetary missions, including the Mars Geoscience Orbiter and a Lunar Polar Orbiter, will be requested in future budgets. The planetary program, which also disappeared over the past decade, has been brought back to life with missions to the planets, comets, and asteroids.

The space agency has also come closer to formal plans for the first U.S. permanent space station. NASA has rejected the idea of extending the mission time for the Shuttle fleet in orbit as an alternative to building a station, and has ruled out the deployment of an unmanned space platform as a half-way measure that would supposedly "save money."

It is expected that President Reagan will announce his support for the NASA space station in his January State of the Union address. There have also been indications that he might announce that the United States will return to the Moon, perhaps by the end of this century.

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