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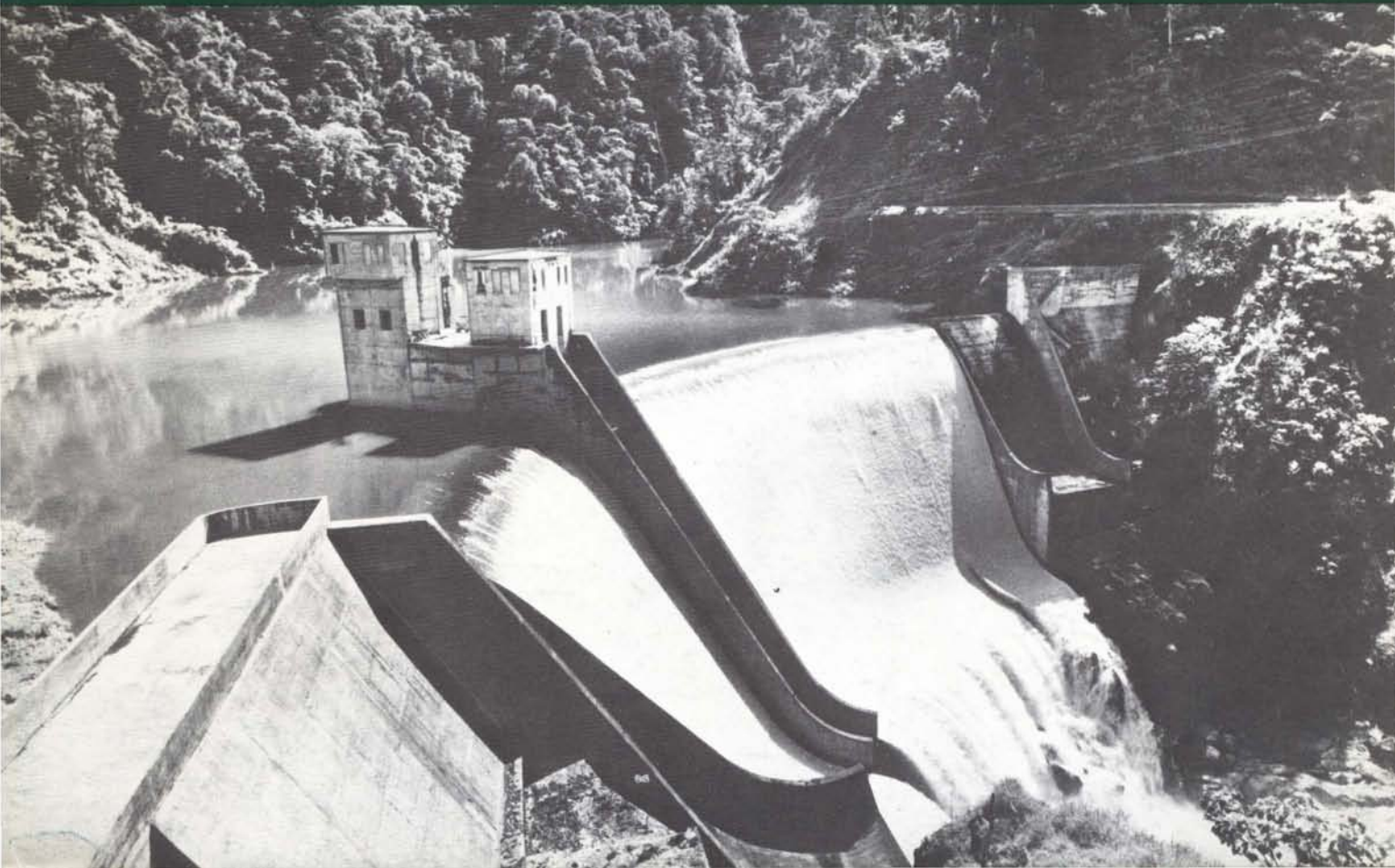
Executive Intelligence Review

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Lamm speech is 'pre-Nazi'—Nuremberg Trial adviser
Soviets move to conquer Europe, economically
LaRouche: 'What is a left-wing liberal fascist?'

**Ibero-American Common Market:
debtors turn economic superpower**



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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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From the Managing Editor

The approach being taken by Mexican President de la Madrid and the five other Ibero-American presidents, whose joint efforts are described in our cover story, is a classic model of American System economics—creating the conditions for building up nations through great infrastructural projects, like the “internal improvements” that marked every period of growth of the United States industrial economy in the 19th century.

The irony is that current U.S. policy is not backing them. Leading Mexicans point out that the latest rise in U.S. interest rates, dictated by the Federal Reserve on orders from the London-Swiss banks, has *stolen* in advance the entirety of the meager investment package the government had planned for the coming year.

The same Fed policies, dictated by Swiss and London bankers, have pricked the bubble of the U.S. “recovery” (see *Domestic Credit* this week).

Therefore, the grassroots political movement to “federalize the Federal Reserve” being led by *EIR* founder Lyndon LaRouche in the United States is the natural ally of the emerging Ibero-American “debtors’ cartel.”

That chemistry may explain why Paul Volcker made the gaffe all Washington is talking about, on April 19. While attending a reception at the Mexican Embassy in Washington for three visiting Mexican ministers, *EIR* correspondent Philip Golub attempted to ask the Federal Reserve chairman a question. After learning that his questioner was from *EIR*, Volcker walked away, saying only, “What are you doing here? I thought the IMF refused you credentials.”

As we reported last week, the International Monetary Fund suddenly threw a fit on the eve of their April 9 Washington meeting and withdrew the press credentials *EIR*’s reporters have had for a decade to cover IMF meetings. They cited “misuse of privilege.” We presume this refers to our practice of publishing verbatim reports of IMF plans to tear up the sovereignty of all nations, including the United States, and their use of the debt weapon to commit genocide.

Perhaps Mr. Volcker thinks the IMF’s authority in Washington includes reviewing the guest lists of foreign embassies? Or is breaking with *EIR* the primary IMF conditionality these days?

We must be doing something right!

Susan Johnson

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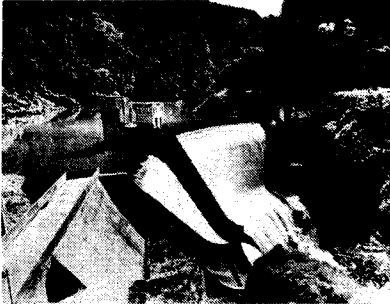
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Will Europe decouple from the U.S. dollar?

by Laurent Murawiec

A privately-owned monetary system is already at work in Europe around the European Currency Unit (ECU), the European Community's accounting unit, created in 1978 in the framework of the European Monetary System. At a recent, week-long meeting of German and Soviet bankers held in Tashkent, Uzbekistan, the latter emphatically requested an acceleration of the commercialization and acceptability of the ECU in order "to find an international currency to replace the dollar."

The ECU as an accounting unit has but a bookkeeping existence, on the central accounts of the EEC, the finance ministries and the central banks involved. It has, however, grown beyond this quiet regulated existence to become a commercial entity of its own, as Euro-bond issues as well as bank certificates of deposit have been issued with ECU denomination. From a negligible \$200-300 million worth of issues in 1982, the ECU grew to a volume of \$2.34 billion last year, in 34 distinct Euro-bond issues. This represents a small, but fast-growing 4% share of the international bond market.

The three leading Belgian commercial banks, Brussels-Lambert, Kredietbank and Soci t  G n rale de Banque, have for some time operated on a private basis an ECU clearing system which partly remedies the glaring lack of an "ECU lender of last resort." Since the ECU does not exist from a *sovereign* standpoint—it has no nation-state's wealth or taxing power behind it—the existence of a clearing system gives it a more reliable existence. Many Belgian banks, foreign banks, and their subsidiaries have joined the clearing system, which a technical working group at the Bank for International Settlements in Basel, Switzerland, is now working at bring-

ing under official, central-banking supervision and operation.

In short, as a London merchant banker said, "the market likes the ECU and that's what matters." In the City, Lloyds Bank is the chief ECU operator. But a German think-tanker put this development into perspective when he said that "the European elites have suddenly made up their minds for European unity. U.S. interest rates are tugging the EMS apart. There is an ongoing discussion in Europe concerning the disintegration of the world [financial and monetary] system. Regional autonomy is the logical course of events. Since the United States has increasingly decoupled from its world economic responsibility, the dollar must suffer the consequences."

A London banker commented that "the ECU development has massive political overtones. The United States has lost every war fought outside the Western Hemisphere since World War II, except Korea. It is beating the military retreat world-wide. Financial decoupling will just go along fine with the kind of decoupling discussed by Kissinger, Schlesinger, et al."

Enter Moscow and friends

Were it not for these political-strategic "overtones," the ECU would be dead in the water. It is not a real currency and there is no lender of last resort. Germany's Currency Law prohibits use of any composite currency or indexed basket; Italy has not used ECUs commercially. Yet, the seminar held in Tashkent in the middle of April between high-ranking German bankers and their Soviet counterparts shows what political stakes are being played.

The Banking and Financial Sub-committee of the Joint

German-Soviet Economic Commission brought together Dr. Hans Friderichs, head of the Dresdner Bank, Commerzbank head Walter Seipp, Deutsche Bank rising star Hilmar Kopper, standing in for his chairman F.-W. Christians (who speaks fluent Russian but could not attend), and six other top leaders of German banking. From the Russian side, Foreign Trade Bank head Yuri Ivanov, State Bank deputy chairman Valerii Pekshev, and senior ministerial officials attended. The Russians had specifically requested that a presentation be given by the Germans on the "perspectives for commercial use of the ECU as an international reserve currency to replace the dollar." As the Dresdner Bank commented, "the Russians are highly interested in the use of the ECU, and there are political overtones." So interested is Moscow that the specific request that their German friends speed up the development of a European clearing system was emphatically repeated.

Why should this be so? "The Soviets have displayed a great deal of interest in ECU trading, and their Foreign Trade Bank has been actively involved in market trading in ECUs," said an official at a Soviet-owned bank in Western Europe. "The Russians think like the Europeans on the dollar. The dollar is bouncing up and down, there is political tension between the United States and Europe. You cannot rely on Washington." One participant in the Tashkent meeting commented: "The Russians are interested in helping find a currency to replace the dollar as an international currency. To them, the dollar's role is a problem. They want something to counterbalance the American currency."

Speaking from the University of Louvain, that Belgian-American monetary theorist and undefatigable designer of one-world monetary schemes, Robert Triffin, the man who invented the International Monetary Fund's Special Drawing Right (SDR), explained: "I have been writing this for years: The problems of the relations between the U.S.S.R. and the rest of the world would be altered much for the better if we had an international monetary standard that were independent from the dollar, gold or ECU, but something not steered by the United States. This would facilitate relations with the U.S.S.R. Europe has a privileged role to play in this." Asked whether the common gold basis of the Comecon's transferable ruble and the ECU would make it possible to set up an "interface" between the two, Triffin answered: "but of course!"

Triffin is a chief influence on the supranational European Commission, an adviser to the banks operating the ECU-based private monetary system, and a long-time senior staffer at the IMF. His world-outlook, by his own admission, was shaped by Jesuits and Dominicans, and predominantly by Jesuit philosopher Teilhard de Chardin; he has been tirelessly working for the abolition of the nation-states' sovereign right to issue and master their own credit, and for their replacement by some supranational bureaucratic agency like the Bank for International Settlements. The three Belgian banks involved in clearing ECU transactions are but financial fig leaves for the *Mitteuropa* faction of Central European oligarchs, such

as the Habsburg family, to this day a major influence at the largest of the three, the Société Générale.

The German bankers recently entertained in Tashkent, starting with former liberal Free Democratic Party leader Hans Friderichs, are acting in strict parallel with the politicians currently involved in intensive talks with and trips to Eastern Europe, where the decoupling of Western Europe from the Atlantic world and its *Anschluss* (annexation) to Moscow's Comecon are being discussed.

Documentation

Swiss National Bank officials insisted to EIR in October 1983 (reported in our Oct. 25 issue) that the current strength of the dollar was illusory, and the mass of outstanding dollar debt claims would soon begin to bring the dollar down to the point at which European plans to eliminate the dollar as a reserve currency could be activated, perhaps as early as the beginning of 1984. The daily Neue Zürcher Zeitung, mouthpiece of the Swiss bankers, had discussed this in its Oct. 9-10 issue, in an article entitled "A Parallel European Currency in Sight: Rising Private-Market Interest in the ECU," which we excerpt here.

The expansion of the European Monetary System (EMS) will have to wait for a while, but private use of the European Currency Unit (ECU) in the past three years has shown an almost frantic development. Not only does the basket currency enjoy an increasing status in the currency and capital markets, in certain European Community countries an ever-larger portion of foreign trade is factored in ECUs. In Italy the share is already reported 10-15%.

Although their definition and composition are identical, there is a clear difference between the "private" and "official" ECU. The latter constitutes the basis of the EMS and serves, first, as the numeraire for targeting currency parities; second, to determine the so-called deviation indicator; third, as the accounting unit for payments among the EC central banks; and fourth, as the "payments medium" for the central banks in settling balances arising from currency market intervention.

Alongside this system, and totally outside the central banks' control, there has sprung up a private ECU circuit. Today there already exists a well-developed ECU currency market and an ECU capital market, where bond issues have occurred almost weekly for quite a while. In 1981, ECU issues were \$236.1 million, a year later \$823.4 million, and in the first five months of 1983 already \$823 million. According to John van Schil, treasurer of the EC's European Investment Bank (EIB) in Luxembourg, there are no limits to the use of the basket currency in the private markets. The principality already offers savings accounts in ECU, and ECU travelers' checks are only a matter of time. . . .

NATO analyzes Soviet economy, but 'overlooks' arms buildup

by Laurent Murawiec and Edith Vitali

It was hard to believe that you were in the NATO headquarters in Brussels, attending the annual conference of the NATO Economics Directorate. During the discussion period, a participant stood up and timidly asked: "Should we not, perhaps, consider the possibility that, by its very nature, the Soviet system might have a built-in imperialistic tendency?" The question raised a few eyebrows by its audacity, since the conference, after outgoing NATO Secretary-General Josef Luns' nondescript introductory remarks, had concerned itself with the question: Why is it that the Soviet economy's growth has slowed down so much since the high-growth period typified by the 1950s? Most speeches ignored the extraordinary Soviet defense build-up of the last 25 years, or only gave lip-service to its existence, the better to revert to the academic game of systems analysis.

The single most important issue that ought to have been discussed by the NATO conference—*has the Soviet economy entered a pre-battle "surge production" mode*—was not touched upon, except through the intervention of *EIR*'s correspondents. While many speakers dwelt upon the current crisis of the Soviet economy, no conclusions were drawn and no policy recommendations made. In fact, as *EIR* documented in a recent cover story ("The Soviet economy: Everything goes for war," April 10, 1984), the Soviet economy is cannibalizing both consumer and industrial sectors to sustain a military production burden of at least 30-35% of GNP. The economy has operated on this Spartan basis since the death of Lenin, but the current fever pitch of the military buildup, discussed openly by Chief of Staff Marshal Nikolai Ogarkov and others, signals that the U.S.S.R. is now actively preparing for war.

Yet the NATO conference heard such hyper-liberal academics as Brandeis University Prof. Joseph Berliner argue that "the Soviet economy could muddle through forever. Socialism has not been disproven as a way of managing a country's affairs," handing out reams of statistics to make his point.

British Sovietologist Philip Hanson of the University of Birmingham started out with a discussion of "Brezhnev's

economic legacy." "The Western world economy has been in a mess for almost a decade, yet the Soviets, far from seizing this opportunity to forge ahead with the program of 'catching up and overtaking,' contrived to stumble into a growth slowdown of their own." As he reported, the CIA has calculated that the per capita output differential between the U.S.A. and the U.S.S.R. has, if anything, widened since the mid-'70s. There is local food rationing in a number of provincial cities; domestic food output per capita has *fallen* between 1978 and 1982; real income has dropped, as well as retail sales per capita; and investment growth has fallen too.

Then Hanson began to flounder: "Exactly what has been done to 'real' investment in the U.S.S.R. is a difficult and in my view unresolved question." Hanson advanced the absurd, politically motivated contention attributed to the CIA, that Soviet military hardware procurement rates *slowed down* after 1976.

Investment slack, slowdown in the labor input into the economy, slow or negative growth of "total factor productivity," massive bottlenecks—all "present Brezhnev's successors with a tricky dilemma," Hanson continued. "Should they continue to hold down investment in favor of consumption in the hope of improving morale and thus incentives and output? Or should they shift priorities marginally the other way in the hope that this will widen bottlenecks sufficiently to allow a faster flow of output in total, including consumer-goods output?" Hanson concluded that with continued slow growth, "the contest between defense, investment and consumption would be fiercer than ever before in the postwar period." Although the "Hungarian model" of "market socialism remain[s] taboo . . . nonetheless Brezhnev's legacy was almost enough to drive the Politburo to economic reform."

Reform? As if the "contest" between the defense economy and all the rest of the economy had not been decided more than 25 years ago when Russia started the great military drive that gave it its present strategic superiority!

When in the discussion period *EIR* raised the issue of the Soviet war economy, presenting the evidence of the gearup of the Soviet society to serve the requirements of defense,

Hanson archly replied: "I could not buy your idea that the Soviets are in the middle of a 'surge military production' phase . . . even though I cannot rule it out." He "did not know" of the writings and thinking of Soviet military leaders concerning the economy! "If you are right, then we are lost anyway—and we won't survive to know that you were right," he added.

The senior economist of the U.S. Arms Control and Disarmament Agency (ACDA), Dr. Byron Doenges, upheld Hanson's point of view and claimed that "Soviet military spending between 1976 and 1982 decreased from a 4.5% annual growth rate to . . . around 2%. The military burden was estimated to a range between 13-15%." He proceeded to quote Defense Minister Marshal Dmitrii Ustinov's Nov. 19, 1983 *Pravda* article announcing "sizable resource allocations . . . because of the gravity of the threat caused by the military build-up undertaken by the United States and some of its NATO allies." The ACDA representative stated that "a short-run surge in military spending would impact severely on consumption and investment. It would cause a diversion of resources at a time when those resources are needed for capital improvements which, if effective, would result in a later more balanced growth for both consumption and military. A surge in defense output is *probably possible* [?!] in view of that sophisticated and efficient military-industrial complex; such an objective, however, would have serious implications for an economy already in great difficulty."

Doenges proceeded to advise the Soviet leaders on how best to improve their economy, how to curb the "appetite of the military," implement "a wise investment program," and "decentralize most of the major decisions on resource allocation, rebuild the management systems through the removal of inefficient managers and their replacement by competent people, and judiciously select the most promising reform measures." Doenges concluded that "the system will continue to muddle through," if only the West behaves nicely: "While basic insecurity is endemic to the Soviets, there remains a fascination with the possibility of competing with the West in economic development. The economic rivalry cannot proceed in tandem with military rivalry. The choice is not the Soviets' alone to make."

The figures are a fraud!

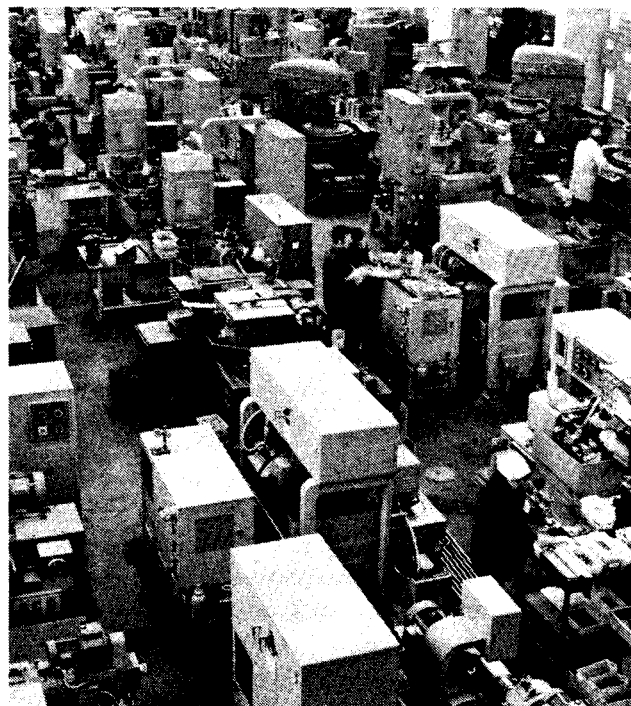
It took a Czech refugee working with a Western economic organization to set a few basic facts straight: have you not realized, gentlemen, he said in essence, that *all* the official Soviet figures are cooked, and that the "cost of empire," defense and the military bureaucratic burden of the worldwide looting and imperialist machinery, is what fundamentally accounts for the sinking growth rate. But then again, neither the senior French civil servant chairing the proceedings with studied, stylish indifference, nor any of the panelists, responded.

Keith Severin, an official from the U.S. Dept. of Agriculture, also exposed the uselessness of "ordinary" statistical

FIGURE 1
Collapse of per capita consumption of food products in U.S.S.R.

	1965-69	1970-74	1975-79	1980-84*
Meat	14.6%	14.6%	1.7%	-2.9%
Milk	21.1	0.2	0.9	-10.1
Eggs	19.3	28.9	8.8	6.9
Fruits	7.1	5.7	-2.6	17.5
Vegetables	1.4	6.1	6.3	6.8
Grain products	-4.5	4.7	-0.7	-1.2
Sugar	10.5	5.7	2.7	0.4

*extrapolation
Source: U.S. Department of Agriculture



A Soviet factory produces bearings. NATO's "experts" claim the U.S.S.R.'s military production is down.

FIGURE 2
Collapse of Soviet industrial indicators

	1970-74	1975-79	1981-83
Number of wage-earners	1.9%	1.4%	0.9%
Industrial employees	1.5	1.6	0.7
Industrial production	4.6	3.4	1.0
Rolled steel products	4.1	0.8	1.1
Fuel output	5.2	3.8	2.4
Electricity output	7.0	4.5	3.0

Source: Eastern European Institute.

analysis for the subject at hand: "We should know what we mean behind the formal definitions. When the Soviets talk about meat, they include things in their diet that you and I would not give to our cat," he said, adding that there are "Russian kilos and Western kilos," to the great dismay of the number-fetishists who seem to compose most of the Soviet-watching profession. Assessing the Soviet food program, he presented the facts and figures of the dismal collapse of the successive reforms, the eternal sinking of investment funds into agriculture, and buttressed the demonstration with figures, from which we have abstracted ratios indicative of trend functions in the Soviet agriculture (see fig. 1).

The period since 1975 has seen a precipitous *collapse* of the improvement in the diet of the Soviet population at large. But the same collapse occurred in *industrial* growth rates, as shown in evidence presented by Jiri Slama, of the Eastern European Institute of Munich (see fig. 2).

Slama demonstrated that most crucial sectors of Soviet industry will end the current Five Year Plan with a huge gap, as much as 10% for steel, 50% for nuclear energy, and 7% for coal extraction. "The gradual exhaustion of available resources reduces the magnitude of industrial startups while increasing the cost." Little new land, less growth in labor input and labor productivity, "the 11th plan is a failure and in 1985, the whole of industrial production will be inferior to the planned targets." Mechanical engineering and construction are particularly defective, energy bottlenecks multiply, and the process sheet in the economy as a whole is brutally disrupted. Slama concluded: "The problems that will be posed are known, but will not be able to be resolved by being compensated [by added other inputs or methods] neither today nor tomorrow, and *threaten at present to destroy the economic basis of the Soviet regime.*"

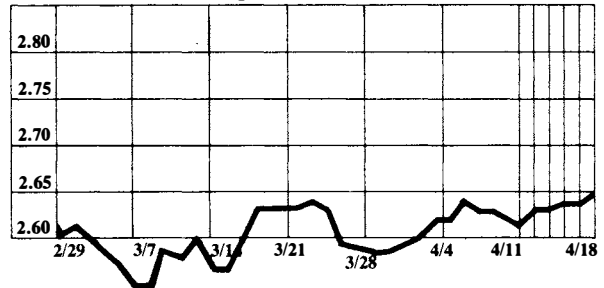
With such hard facts and figures in hand, one might have believed that the conference would have been able to get down to brass tacks and outline a research program aimed at determining the timing factor. How fast does the ongoing "collapse" trend impel the Soviet leadership toward compensating for its political-economic failure by other means, by war? What are the shifts in the internal composition of the Soviet economy that indicate the acceleration of the military production tempo, and thus indicate the strategic design of the Soviet military junta?

But no such program was forthcoming, and that is really no surprise. A few years ago, *EIR* published an exposé of the NATO civilian bureaucracy, demonstrating that it was organically part of the "One World" federalist apparatus—the Club of Rome, the Pugwash movement and the political faction generally identified with appeasement of the Soviet Empire. The insanities proffered at this conference did nothing to disprove our earlier conclusions on the necessity of eliminating this civilian bureaucracy, one of the major hindrances—intellectually, bureaucratically, and politically—to an effective defense of the West against the Soviet strategic threat.

Currency Rates

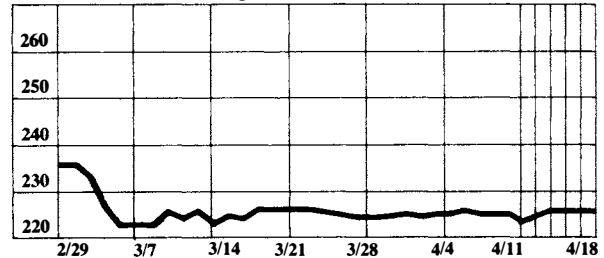
The dollar in deutschemarks

New York late afternoon fixing



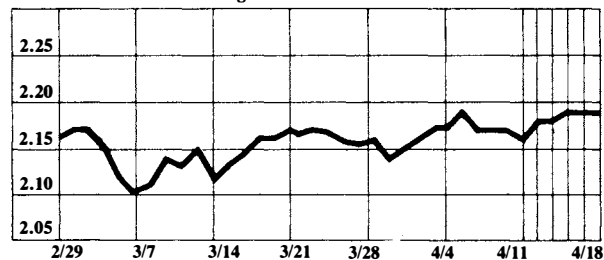
The dollar in yen

New York late afternoon fixing



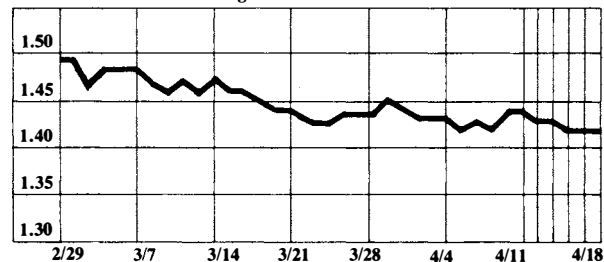
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Moscow strategy for Ibero-America: IMF colonialism with red banners

by Gretchen Small

Moscow has decided to take up the cause of the "debt crisis" as a new flank in its ongoing efforts to seize control of the growing popular unrest in Ibero-America. Viktor Volskii, director of the Latin American Institute of the U.S.S.R.'s Academy of Sciences, went to Argentina, Mexico, and Peru at the end of March for a first-hand assessment of the opportunities in this fight.

Volskii arrived in Buenos Aires for the final days of the dramatic end-of-the-quarter debt crisis between Argentina and the international bankers. In a speech March 28 before the Argentine Center for International Relations (Buenos Aires' would-be Council on Foreign Relations), Volskii denounced international creditor countries for carrying out "bare-faced robbery" with their high interest rates, and exhorted countries of the continent to confront "the problem of the foreign debt in a joint form," and form a "common debtors' front."

Volskii's "anti-banker" campaign began in the February 1984 issue of *America Latina*, the Spanish-language monthly published by Volskii's Latin American Institute. There, for the first time since the Ibero-American debt crisis exploded in August 1982, *America Latina* addressed the "Financial and Monetary Problems of the Continent" as "the epicenter of the serious unrest in the Latin American countries."

These days, with Henry Kissinger running operations against every Ibero-American nation and with the continent's interest-rate bill increasing by \$2.5 billion last month alone, Soviet "anti-imperialism" comes cheap. Read Volskii's *America Latina*, however, and you will see how hypocritical is Soviet "anti-imperialism"—whether of the "anti-IMF" variety or the outpouring of pious propaganda against U.S. "interventionism" in Central America.

The creation of 'new Irans'

Outlined in the pages of that magazine are marching orders for how to ensure the *disintegration* of the existing Ibero-American nation-states, nations Soviet rulers charac-

terize as "sub-imperialist" and whose existence as "autonomous centers of power" the Soviets call a "new and substantial destabilizing factor in the international political situation."

Soviet policy is to create "new Irans" in the Western hemisphere—turning the massive unrest there, not against the International Monetary Fund and its oligarchic promoters, but against the Ibero-American nation-states themselves. *EIR* has previously documented the active Soviet collaboration with old Nazi networks in South America in promoting separatist uprisings, under the cover of "indigenous" movements in the Andean and Central American regions (*EIR* March 6, 1984). In our last issue, we documented the Soviets' use of their Jesuit allies in Central America to ensure "the United States fights the war the Soviets want it to fight."

Here, taken from Soviet writings, we provide the documentation of the fundamental premise upon which those policies are based: the fanatical opposition by Soviet policymakers to the development of strong, sovereign nation-states, capable of determining their own history.

Too rapid growth?

Henry Kissinger's arguments on Third World indebtedness bear a striking similarity to February's reporting in *America Latina* on the financial crisis of the region. Like Kissinger, the Soviet publication argues that Ibero-America's political and economic problems stem from the effort to "grow too fast." Wrote Svetlana Kosobchuk and Nikolai Jolodkov, Soviet experts on Latin American monetary systems:

The policy of pursuing economic progress, practiced by many Latin American countries, accentuated the imbalance in foreign exchange. . . . This orientation . . . was demonstrated most notoriously in the case of Brazil. Not only the internal financial credit system, but also, to a considerable degree, interna-

tional credit, were put at the service of modernization and rapid economic growth. In this way, the interests of the imperialist creditors in broadening their positions in Brazil were taken into account.

Rather than modernization, the two experts advocated that Ibero-America should rely solely on internal resources, raised "at the expense of private capital."

In another article, Vyacheslav Kuznetsov offered proposals on how to abolish the "serfdom" represented by the International Monetary Fund. Asserting that the "pro-imperialist character" of the IMF stems from its "unjust distribution of votes," Kuznetsov called for the "democratization of the decision-making powers" of the IMF, giving the developing sector a "larger voice" and more Special Drawing Rights.

Kuznetsov then suggested that Ibero-American nations put up their raw materials as collateral for a new financial system—the very proposal championed by Henry Kissinger, from his 1975 call for the creation of an International Resources Bank, to his advocacy today of "debt for equity" schemes which turn strategic areas of the economy over to private foreign interests. "Some of [these nations], above all the members of OPEC, have raw materials vitally important for the world economy at their disposal: oil, gas, metallic minerals, which could serve as the firm commercial guarantee for the creation of a regional reserve medium," echoed the Soviet expert.

Destroy the nation-state

Soviet opposition to strong nation-states formed the central subject of a roundtable discussion sponsored by Volskii's Latin American Institute in November 1982. Soviet experts from eight institutions dealing with Ibero-America participated. In a three-part series beginning in November 1983,

America Latina introduced its transcript of the discussions with a note explaining that Ibero-America's relationship to "international capitalism" had been chosen as a case study of how the "scientific and technical revolution" had given the developing sector "a new role in the international division of labor." The transfer of "many types of industrial production" to the Third World has served as the "advance force of contemporary imperialism . . . attenuating the sharpness of political, social, and economic antagonisms" of capitalism.

Ibero-America, as the most developed part of the "developing sector," said the Soviet theoreticians, is the most "penetrated" by imperialist institutions. But as one Victor Sheinis argued, from the Soviet standpoint, while many of these countries can be characterized as "sub-imperialist . . . in reality, the 'sub-imperialist' tendencies are not originated . . . by multinational corporations, but by *national state monopolies* [emphasis added]."

Brazil and Mexico must be considered "second echelon capitalist states," with "probably Argentina and Venezuela" also in that category, expert Irina Zorina continued, noting that their development to that status "coincided with the acceptance of the idea of 'nationalism of the state.'" Zorina centered her discussion on the implications for international policy of the development of "autonomous 'centers of power'" in the Third World, citing the example of the Malvinas War. While it is true that the war activated anti-imperialism in Latin America, she said, the war also "accentuated the aspirations of the governing cliques of the 'ascending powers'" in Ibero-America, in particular the desire of Ibero-American nations to "modernize their military potential . . . acquire modern weapons, diversifying their sources and developing their own war industry [emphasis added]."

Zorina concluded: "The activation of new regional 'centers of power' could be a new and substantial destabilizing factor in the international political situation."



The Soviet Union's Latin America experts are trying to spark "indigenous" uprisings in Ibero-America against the "capitalist" nation-states.



Latin America's experience has shown that the "yoke of imperialism" cannot be thrown off without "liquidating the power of great local capital," according to Konstantin Obiden, in a discourse on the dangers of "state nationalism."

Nationalizations did nothing but further the process of enrichment of the national bourgeoisie . . . furthering the fusion of local monopolistic capital with that of foreign capital. . . . It is necessary to organically combine the struggle against imperialism and the struggle for socialism. . . . The direct support by the progressive forces for nationalization of foreign businesses led in great measure to the strengthening of the economic and political positions of the national bourgeoisie, and in many cases, put a brake on revolutionary processes.

Obiden cited as examples of "the strengthening of monopolistic control" the critical historical events in Ibero-America's battle to gain sovereign control over its economy: the 1930s nationalization of Mexico's oil industry and railroads by President Cardenas, Bolivia's taking the tin industry out of private foreign interests in the 1950s, and the state takeover of oil and mining concessions in Venezuela in the 1970s.

Obiden's words translate into mass uprisings, new "struggles for independence" from the advances achieved at great costs by Latin American nations. Soviet instructions to Moscow's "official" assets in the region, its communist parties, are blunt: Drop any local activities for national interests, the time for "social revolution" has arrived. An article by Narcisso Isa Conde, Secretary General of the Communist Party of the Dominican Republic, published in *America Latina's* March edition, calls for dropping any alliance with local "reformist" parties, including the ruling Socialist International-linked Revolutionary Dominican Party. Communists must understand that the current economic crisis is a "structural crisis of the dependent capitalist system," Conde wrote. Communists therefore must "promote social revolution and the establishment of revolutionary power in the country."

But not only those waving bright red flags are to be activated in this battle. "To understand more deeply the history of a people, their traditions, and in particular their struggle for independence, we must return to the origins of the national culture, to popular art," *America Latina* explained in an introduction to a new series on "popular culture" and "independence struggles" begun in January. Examples of "popular culture" to be mobilized? In February, the Huichole Indians of Mexico were singled out because "their attachment to independence is traditional." Amongst the customs the Indians have been able to "protect," writes *America Latina*, is that of ingesting peyote, the powerful hallucinogenic cactus that allows the Indians to "communicate with their gods and nature."

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Take Kra Canal off 'dust-ridden shelf'

by Susan Maitra in New Delhi

The present resurgence of enthusiasm within Thailand for building a canal through the Kra Isthmus in southern Thailand, rekindled through a joint campaign of the *EIR* and the Fusion Energy Foundation led by Lyndon LaRouche, is beginning to catch on in the rest of the region. Speaking at a seminar on "Southeast Asia in the 1980s" at the National University of Malaysia on March 16, Malaysian Foreign Minister Tan Sri Ghazali Shafie asked regional leaders "to give serious consideration to the idea of constructing a canal across the Isthmus of Kra."

Foreign Minister Shafie pointed out that the vitally important and strategic Straits of Malacca are becoming a potential hazard due to increasing traffic. In Shafie's words:

"As is well known, the narrow Malacca Straits are getting shallower with the years brought on by sand shift and increased silting due to development in the littoral states. Added to that is the rapid increase in the international traffic of ships through the Straits. The shallowing and the congestion of the Straits has naturally increased our concern in the safety of navigation in the Straits. There have already been a number of collisions of ships, and the resultant pollution of the Straits affects the ecology along our coasts and consequently the livelihood of our fishermen."

The Foreign Minister went on to explain that there is already in existence a tripartite committee on the safety of navigation in the Malacca Straits, comprised of Malaysia, Indonesia and Singapore. While the committee can oversee safety of navigation, prevention of pollution, and conservation of the marine ecology, it is evident to Shafie that many ships, especially those with deeper draughts, such as giant oil tankers and other "naval juggernauts," should be using other routes.

An idea 'come of age'

"Of course such routes cost more in terms of time and expense to the international shippers and navies, and there may be, therefore, natural resistance to the idea," the Foreign

Minister continued, developing the logic for the Kra Canal. "Perhaps a logical progression of such thoughts on the matter is to give serious consideration to the idea of construction of a canal across the Isthmus of Kra, an idea which perhaps has come of age and should be resuscitated out of some dust-ridden shelves or safe. While the actualization of this project, if at all feasible, will be in the context of the decade of the 1990s and beyond, it is perhaps timely in the decade of the 1980s for us, and particularly our Thai neighbors, to give yet one more consideration to it.

"In my view the Kra Canal project will not only answer the problem of congestion in the Malacca Straits but it will also serve the economic and security interests of Thailand, while also serving the developmental and economic interests of Langkawi[Island], as a result of the spinoffs from such a project. Indeed, it would provide yet another framework of economic cooperation between the two neighboring countries with, of course, the participation of other interested parties, notably Japan, whose vital national interests are involved."

Giant workplace

In the LaRouche concept of the canal, which puts the project in the context of five Great Projects for infrastructure construction in the Pacific basin, the canal would become a radiating center for the industrialization of all Southeast Asia. It is projected that not only would goods go through the canal, but that the canal region would be a point at which unfinished goods could be worked up into finished products. The idea is to take advantage of the flow of goods through the canal and turn the Kra Isthmus, which is currently totally underdeveloped industrially, into a giant workplace. This, of course, would not only benefit the Thai-Malay peninsula, but would have a nonlinear impact on the industrial capacity of all Southeast Asia.

From this standpoint, officials of the Malaysian Industrial Development Authority can see only benefits to be derived from the canal's construction. The government has made a strenuous effort to provide the facilities conducive to foreign interests for joint venture industry. And for Malaysia in particular, the canal would alleviate an absurd transportation problem. Under British colonialism, Malaysian roads and transport systems were all pointed toward the west—and Europe—from the interior. Without a cross-country water and road system, Malaysian companies in the north often send their goods, unfinished and finished, from the west through the Malacca Straits and back around toward the north.

Simultaneously, industrialization in the eastern, jungle-terrain region has lagged significantly behind that in the west. By providing a cheap means of linking the eastern and western sections of Malaysia, the canal opens up 1) opportunities for industrialization on both sides of the country; and 2) a cheap means of transport both internally and eastward toward the rest of Asia.

Making out like bandits

Hot tips and low blows rock Wall Street Journal; is it really just a "queering house"?

Each morning, one of the flashiest stars in the *Wall Street Journal's* stable of young reporters would freshen up: hair just right, stockings on straight, make-up smooth. The only catch is that this was the men's room. R. Foster Winans was set for a day's work.

For a number of years, R. Foster Winans was one of two principal writers for one of the most widely read—and reputedly penetrating—columns in the businessman's "newspaper of record," the "Heard on the Street Column" of the *Wall Street Journal*. The column offered hot tips on which stocks would peak and which would go limp.

But like much else in the cosmetic *Journal*, the articles were cleverly constructed con jobs. You see, as a Securities and Exchange Commission investigation is now uncovering, Mr. Foster Winans was part of a homosexual ring, operating out of the editorial office of the *Journal*, who was writing columns to make money for his lovers. Winans's friends were making out like bandits.

In light of the recent disclosures, the name of the column might be changed to "Felt on the Street." Winans was hired despite a tarnished past at the *Trentonian*, a New Jersey daily tabloid, where, the *Trentonian* city editor has charged, Winans stole and sold the research of his colleagues to other rival newspapers, unbeknownst to them.

In the go-go world of the *Journal* no questions were asked. The editors of the *Journal* were certainly aware that Winans's columns at the *Journal*

were anything but impeccable. On April 14, 1983, the then New York bureau editor of the *Journal*, Stewart Pinkerton wrote a letter reprimanding Winans for no less than four factual errors that Winans had written, three of which required printed retractions.

But within six months, all that was forgotten and Winans got a \$35 per week raise to raise his salary to the lofty heights of more than \$600 per week.

Winans's real money, at least for his lovers, came from his passing advance notice of columns he would write the next day to his homosexual network so that they could take positions on the stocks Winans would write about in his column, and make a good deal of money.

The Securities and Exchange Commission, in its current investigations, happens to think this is illegal.

Prime beneficiary of Winans' *Journal* practice was David Carpenter, Winans's lover. Winans flaunts on his finger a gold ring given to him out of Carpenter's earnings. Winans got the *Journal* to hire Carpenter in February 1982.

Carpenter owned substantial stock in a Scottsdale, Arizona company called American Surgery Centers. On Jan. 13, the *Journal's* "Heard on the Street" column, written by Winans, ran a highly favorable promotional review of American Surgery Centers.

Carpenter told a *Wall Street Journal* editor that he had stock in American Surgery Centers. But twice more, on March 23, 1983 and Aug. 26, 1983, the *Journal* allowed Winans to write "puff pieces" on American Surgery

Centers refuting reports that had adversely affected the stock's price. NBC news has reported that Carpenter may have made a substantial sum from these and subsequent columns.

Meanwhile, a group of New York stockbrokers were being stroked by an invisible hand.

There was a sort of rear guard whom Winans helped get over the financial hump. First, there was Peter Brant, a hot-shot, high-living stockbroker for Kidder Peabody, who owns a home in a swank suburb of New York, as well as land in Florida. Brant was the source of information for some of Winans's *Journal* columns, on which he then made money on the stocks mentioned. David C. Clark, a New York lawyer, made money shorting stock mentioned in Winans's columns. Scott Muller, a broker at Bear Stearns, also seems to have made out well from different *Journal* columns.

Winans's behavior may not be exceptional at the *Journal*; the only disgrace he is bringing on that paper's reputation is that he got caught. Who doesn't read the *Journal* to find out which stocks it is pumping today, or which hatchet job it is running against a politician, or which of Kissinger's favorite ideas it is shamelessly peddling.

Clarifying his personal relationship to the former Secretary of State, *Journal* editor Robert Bartley once told a reporter: "I don't p-ss on Henry, and he doesn't p-ss on me."

A stonewalling managing editor of the *Journal*, Norman Pearlstine, at the fag-end of his patience snapped at the press, "We have no reason to believe that any other staff member is involved. We will continue to co-operate fully with the SEC."

But the astute reader must ask himself, "is this activity really exceptional?" Not at all. The *Journal* is used to going down the line for the East Coast liberal establishment.

The 'budget cutting' farm bill

The loss will ultimately be in greatly reduced food supplies and bankrupt family-owned farms.

On May 4 the extension period ends for farmers to sign up for the 1984 wheat PIK (payment in kind) program, and the U.S. Department of Agriculture hopes that up to 60% of the nation's wheat farmers will be roped into the scheme to take 20 million acres of wheat lands out of production and pull down wheat stocks.

In the 1983 PIK program (the first such massive food reduction plan since the Wharton School's 1933 AAA disaster), 30 million wheat acres were idled as part of taking fully one third (82 million acres) of all U.S. grain and cotton acreage out of production under all the PIK crop programs combined. Wheat output was cut in 1983 by 15% despite good per acre yields. In the face of crying world food needs, two successive years of U.S. acreage and output cuts are a crime; and in the process, the entire U.S. farm sector—farm families, local suppliers and farm supply industries—are literally going out of existence.

The 1984 wheat PIK was slicked up with some new inducements (partial cash payments up front) as part of a package of 1984-85 farm measures signed into law April 10 by President Reagan, who was programmed to predict they would lead to "a more stable and secure recovery in the farm sector." However, speaking at the Rose Garden signing ceremony, the President sounded unconvincing, and even managed to mispronounce the name of his own Secretary of Agriculture, calling him John Black.

Contrary to the recovery fantasy, the new measures, cynically passed through the House of Representatives by a voice vote of 379 to 11, are a disastrous continuation of policies to reduce acreage, reduce food output and block emergency measures needed to save farms. In addition, they contain routine, incremental increases in food export financing at a time when a wartime style food mobilization is necessary to revitalize farming and reverse genocidal starvation in Africa and other points of collapse.

The new law 1) offers loan and crop price supports for those farmers who agree to take specified amounts of land out of production in grains and cotton; 2) freezes crop target price support levels way below farm costs of production; 3) authorizes limited export credits; and 4) mandates token farm loan assistance through the Farm Home Administration (FmHA).

The new law was promoted for passage in the name of reducing crop "surpluses"—which is a vicious propaganda operation conducted by the State Department, Agriculture Department, and world food trade cartels to justify the depressed prices now prevailing for U.S. farm products, while the food cartels starve millions in the Third World and prepare the way for food shortages in the United States and Western Europe.

There is no world grain surplus. Only about 16 bushels or less are produced worldwide per person each year, when there should be at least 24 bush-

els per person to provide both cereals for direct consumption and feedgrains for meat and milk protein supplies. These figures show that grain output should be doubled worldwide, not cut back, especially in order to meet the emergency requirements in Africa and other points of need.

In the past three years U.S. agriculture export volume has been falling as world trade has collapsed and food-short nations have been unable to finance food purchases because of IMF conditionalities. There is therefore an apparent inventory of unsold grain in storage in the United States, although the USDA has become as notorious for giving unreliable statistics as the grain trade companies have always been. The Office of Management and Budget, the USDA and the State Department maintain that the budget deficit will be reduced if these stocks are reduced and the government does not have to make support price payments to farmers for "unwanted" crops. Under the new bill, wheat farmers will get both cash premiums and wheat stocks in kind for the wheat they do not grow; and under the acreage diversion plans for other grains and cotton, these farmers too will receive financial benefits only for reducing production.

Meanwhile, under the credit collapse in the farm sector, thousands of acres of farmland will go unworked this spring because the farm family has been forced off the land. The rural suicide rate is soaring. President Reagan defensively told a meeting of Newspaper Farm Editors of America this week that 4% of farmers may go out of business this year, but, "I think we can weather this storm."

An estimated 20 million wheat acres, 4-5 million corn acres, 810,000 rice acres, 0.5 million barley acres and 2 million grain sorghum acres are to be idled this coming summer.

European strikes sustain dollar

But BIS data show enormous potential weakness if other currencies or interest rates rise.

Despite Bundesbank intervention in the spot and (reportedly) the forward foreign exchange markets, the dollar rose strongly April 19 just before markets closed for the Easter holiday, to DM 2.6750, from DM 2.6420 the previous day.

Considering the sharp rise of dollar interest rates during the past month, the dollar's rise—which retraces about one-third of its decline against the West German mark—is less than spectacular. Some published reports attribute the Thursday rise to the Commerce Department's allegation that Gross National Product rose at an 8.2% annual rate during the first quarter. That is nonsense. The big drop in March housing starts, auto sales, retail purchases and other indicators make clear that the recovery mirage is fading away.

Conventional explanations no longer work. Interest rates, particularly on the long-term side, should have fallen in response to the "bad economic news" earlier in the week, instead of rising, as they did. The dollar should have fallen, according to conventional wisdom.

Our basic analysis as of January stands: with 40% of the U.S. budget deficit financed by foreign capital inflows, the dictates of America's creditors in Europe and elsewhere will force up interest rates on the government bonds sold to them, or lower their price in terms of foreign currency (i.e., the dollar will fall).

However, Western Europe is in the middle of an enormous strike wave

which has hardly begun to peak. Soviet involvement is obvious rather than covert. The British Tavistock Institute, the British intelligence psychological warfare command center for social control techniques, predicted earlier this year that Europe is moving into a period similar to 1974. During that year every European government was brought down by the strike activity.

In France, unemployment has grown by 10.4% in the past five months alone, and the government has just announced a series of industrial "restructurings" that is already threatening the shutdown of the Lorraine steel belt.

France's economic climate has worsened with the publication of the first quarter external payment figures, which are 15 billion French francs in the red, compared to a 5 billion franc plus in the last quarter of 1983. A 19 billion franc trade deficit and the quarterly payments on debt service account—widely expected to hit 60 billion francs this year, \$7.5 billion—caused the swelling of the deficit.

In Germany, the situation is set to explode, following the failure of the metalworkers' contract negotiations.

In Italy, the Communist Party's ongoing nation-wide strike and demonstration activity continues unabated, making the country nearly ungovernable.

None of these developments aided the European currencies.

Nonetheless, the latest data made available by the Bank for International Settlements (BIS) on international

bank lending show how vulnerable the dollar is to a decline against other currencies, or a sharp rise in interest rates, or both.

American banks borrowed from the Eurodollar market at a \$53 billion annual rate during the third quarter of 1983; during the fourth quarter, the BIS data show, this rose to an \$80 billion annual rate. Indeed, the United States borrowed half of the total \$40 billion increase in Eurodollar loans during the quarter.

Previously, the U.S. was living off flight capital from Latin America and portfolio investment from Europe to finance its budget deficit; for the past 10 months, it has been living off credit from the Eurodollar market!

This explains why a "scissors" opened up in January on the financial markets, between rising interest rates and a weak dollar, i.e., higher interest rates no longer automatically attracted capital flows. The plain fact is that the capital flight into the United States bankrupted Latin America and threw Europe into depression, provoking the present strike wave, among other evil consequences.

The scissors will widen during the second quarter, although it is difficult to tell how much of the gap will be registered respectively in the interest rate and the exchange rate.

So far, the slaughter in the fixed-income securities markets has taken the pressure off the exchange rate. If the Soviets continue to press their destabilization of Western Europe, it is not possible to predict currency movements at all; Europeans will move funds into dollars regardless of the dollar's price.

However, the form of the Soviet destabilization is important; Soviet-backed European moves to dump the dollar as a trading unit for Western Europe could push the dollar over the edge.

Notes on gold and the black economy

The price is rising as gold replaces the dollar as the instrument of Latin America's underground economy.

It may or may not be significant that the gold price jumped up (to \$387) April 19 at the same time that other hedges against the U.S. dollar, i.e., other major currencies, declined. Given the Russian penchant for earning foreign exchange by playing physical metal against options and futures, \$10 movements in the gold price are practically meaningless.

It has nonetheless appeared to be true for more than a year that there exist gold purchasers who will buy whenever the price reaches the \$360-\$380 range, regardless of what else has happened. I have attributed this support to European financial interests who believe that this price is a good one at which to accumulate physical metal.

Now, the \$300 billion of underground world trade has become a major factor.

Last week I cited the case of Colombian government gold purchases at the Colombian peso equivalent of \$494 per ounce, as an indication that the underground economy had moved strongly into gold.

In the meantime, the government's program has become a source of merry contention inside Colombia. The Ministry of Mines and Energy reported that, during the month of March, the production of Colombian mines rose by 30%, a physical improbability. It is generally assumed that the increment of gold represents proceeds of the *narcotraficantes* brought in from adjacent Panama, one center for untraceable funds.

The Colombian Association of Jewelers, alarmed at the rise in gold prices, i.e., their own production costs, has denounced the gold-smugglers for driving up the local (Colombian peso) gold price.

This pattern is recognizable from the old gold-narcotics-armaments triad in Western and Eastern Asia; the news is that it has spread into Latin America.

The standard work on the subject, *Dope, Inc.*, cites a consultant to Consolidated Gold Fields of South Africa as follows:

"It may indeed sound romantic, but it is a fact that both in 1970 and in 1971 at least 500 tons of gold—that is to say half of all South Africa's production, or 40% of total gold production in the non-communist world—passed through unofficial channels on its way to its ultimate destination.

... these unofficial channels usually start in gold markets such as Beirut, Dubai, Vientiane, Hong Kong, and Singapore, which I am discussing today. Their chief role—their *raison d'être*—is as distribution centers for smuggling; they are entrepôts convenient to nations, which . . . forbid the official import of gold for commercial or hoarding uses."

With the legalization of the Hong Kong gold traffic and the end of the Vietnam war, much of the Asian underground traffic surfaced.

The eruption of gold as an underground economy instrument in Latin America reflects a variety of circumstances. Not least of these is the present banking danger to the Caribbean.

Another is the Treasury's slow-moving intention to replace certain currency denominations with new, hard-to-counterfeit varieties; since a great deal of "savings" in the underground economy, especially in highly inflationary Latin American economies, are held in the form of American \$100 bills, it is not surprising that the operators would move out of physical dollars into physical gold. Certain newsletter writers have asked why the Treasury announced this change in advance (in *Barron's* magazine Feb. 4) rather than springing the operation on the public, in order to trap narcotics traffickers.

The reasonable nature of this question is underscored by the fact that the self-professed adviser to the underground economy, Dr. Franz Pick of New York, made the strongest efforts over the past two years to issue warnings of such a change in currency—spuriously claiming that the American currency would be devalued by the change in the appearance of bills. Dr. Pick associates not merely with the former "Black Pope," Father Arrupe of the Jesuit order, itself a major source of underground funds in Latin America, but also with some of the world's biggest gold smugglers, e.g., Edmund Safra of Switzerland and Henry Jarecki of New York. According to *Institutional Investor* magazine, "Part of the stigma attached to Safra's Trade Development Bank stemmed from the bank's gold-dealing activities . . . the ways that TDB allegedly got hold of the metal were regarded as somewhat suspect. Large amounts of it were said to have been spirited out of Africa, particularly Nigeria; one former Republic National Bank [another Safra institution] executive remarks that 'The first time I ever saw a gold vest was in TDB in Geneva' [the vest, worn around the body, can be used to transport gold ingots surreptitiously]."

Aloha, recovery, aloha

The consumer bubble goes pop, while government economists still think there's a recovery.

While a deluded President Reagan may bask in the glow of the announced 8.3% growth in the Gross National Product for the first quarter of this year, he has merely chosen to ignore the monster storm that has come over the horizon.

The so-called recovery is gone, disintegrating in the 27% drop in housing starts recorded in March. Those who explain away the drop by reporting that cold weather dropped housing starts from 2.23 million in February to 1.64 million in March miss the point: rising interest rates. The increase in home mortgage rates was already perceptible in January of this year. Home-buyers went on one last fling in January-February to tie down homes before mortgage rates moved out of their reach. This led to inflated January-February housing sales. March represented reality, as the conventional home mortgage for 30 years reached 13.75% and is still rising.

It must be recalled that the U.S. government bought the housing "recovery" over the last two years, purchasing more than 60% of all housing paper, largely through the secondary market and the Government National Mortgage Association and the Federal National Mortgage Association. Forget the government's protestations about "free enterprise"; it bought itself a housing uptick, "Keynesian style." In most normal years, the government never picks up more than 20 to 25% of the government housing market's paper.

Housing was one of the two "drivers" of the consumer bubble, mislabeled a "recovery." In its train, there

were increases in housing-related items: furniture, paper board, gypsum—although not as much as the federal government claimed.

The other "driver" of the consumer uptick was auto. But auto loans are up to 14% and climbing. Even the recent advent of five-year auto loans by some banks, adding one year onto the auto loan maturity and reducing the monthly installment charge to the customer, won't prove attractive enough to bring back auto purchasers at the levels hoped for. Domestic auto sales fell from an 8.5 million annual rate in February to 7.9 million in March.

A secret General Motors memorandum, leaked to the press, states that GM will lay off 80,000 workers. The memo claims that their work will be made up through introduced automation, but that may be a cover story and not compensate for the loss in production.

The fakers in charge of what goes for "economic policy" in the Reagan administration may point with pride to the fact that the operating rate for the nation's mines and factories is up to 80%. But let's be serious. The steel industry has shut down more than 25 million tons of capacity over the last several years. By shutting down capacity, one raises the "operating rate."

There are those who will maintain that an economy can still be "recovering" when interest rates are double-digit. These people are more in need of psychiatric help than economic advice: Most of Wall Street and the Reagan economic staff would be good candidates.

With the U.S. government pump-

ing money into the housing market like there was no tomorrow, it managed to get a short rise in a few consumer-led sectors. It faked the data for the basic industrial sectors it couldn't get to rise any other way.

But never in the history of 20th-century America could a real recovery ever take place with rates above five percent. The fact that in the midst of this so-called marvelous recovery the Public Service Company of New Hampshire, which is constructing the Seabrook II nuclear plant, had to cancel the completion of the plant and may file for bankruptcy is a dead-give-away. The nuclear industry is going down the tubes. A modern nation cannot function without nuclear power. That no one lifted a finger to preserve the basis of any future prosperity—nuclear plants like Seabrook II—in the midst of an alleged recovery, shows that short-term gains in a few selected industries were all the purported recovery could claim to be.

Now the near-sightedness of those who whooped when a few economic numbers moved upward will haunt them. Interest rates are rising and will continue to rise. Look for a 12.5% prime by mid-May. Most of the increase in the prime has nothing to do with domestic U.S. economic matters. The skittishness of the markets over the non-settlement of the Argentina loan package on April 1, has led to higher interbank rates on the Euro-dollar market, pushing rates upward. So has the unwillingness of the Europeans and Latin Americans to finance America's Treasury and budget deficits, as well as America's stock market.

There may be one or two good economic numbers trickling in over the next few months, but say goodbye to the "recovery," and wait for the higher interest rates to re-submerge the economy for the fourth time in four years.

Business Briefs

Ibero-America

Debt 'murders,' says Mexican official

The Mexican finance ministry's chief of public credit Angel Gurria called the current 8% real interest rate "murder" for Latin American countries, in an interview with the *Journal of Commerce* published April 17. Continuing to meet debt payments when the cost of money is rising and export earnings drop in the recessed world market is a "mathematical impossibility," he added.

The effect of rising interest rates has brought several Ibero-American countries to the "breaking point," Peru among them, the *Washington Post* acknowledged in an article April 16. "Observers" foresee a possible military coup in that country as a consequence, the paper added. Rumors were picked up in Washington, D.C. the same day that the Peruvian government, which just dropped the two leading monetarists from the cabinet, gave the IMF an ultimatum over the weekend to accept the government's proposed budget by April 18—or Peru will cut off negotiations with the Fund.

Brazilians were told the bankers' conditions for debt "relief" the second week of April by Lazard Frères banker Felix Rohatyn, the man who claims New York City as his leading economic success story. In a long interview to Brazilian magazine *Istoe*, Rohatyn said that state enterprises must be denationalized, the countries opened to the whims of foreign capital, and IMF "adjustment" programs adhered to over the long term, if countries expect to get their debts rescheduled on a long-term basis.

Industry

U.S. Steel heralds ban on subsidized steel

Pennsylvania Commonwealth Court President Judge James Crumlish issued a ruling April 18 banning the use of most metals produced in nations subsidizing exports for publicly funded projects in the state. Na-

tions whose exports were banned in Pennsylvania include Mexico, Spain, Brazil, Argentina, and South Korea.

The judge also invoked the state's 1968 Trade Practices Act to bar contractors using the products from involvement in public projects for three years.

Crumlish based his decision on findings by the International Trade Commission in a suit filed by Allegheny County Controller Frank Lucchino. The judge claimed that the banned countries' discriminated against Pennsylvania producers by "adoption and or condoning of unfair methods of competition in international trade." Crumlish denied Mexico's petition for dismissal of the complaint on grounds that the court did not have jurisdiction.

A U.S. Steel Corporation spokesman issued a statement from Pittsburgh claiming the ruling creates "greater potential" for Pennsylvania companies to sell steel. "Any action to more vigorously and promptly enforce trade laws . . . [and] that will stem the flow of unfairly traded steel into the United States is a good move," he said.

Pennsylvania, however, already has laws forbidding the use of foreign steel in American products.

A spokesman for the Pittsburgh-based Aluminum Company of America said the ruling would be too hard to enforce.

U.S. Labor

Government dismantled strike-monitoring capabilities

Over the last two years, the Reagan administration has deliberately dismantled the previous barely adequate operations that monitored strikes and labor contract negotiations, *EIR* has learned.

Bureau of Labor Statistics (BLS) directors admit that they could not detect the existence of a strike wave unless it emerged from "major" national contract negotiations. The BLS staff monitoring labor contracts has been reduced by more than 90%, while the office in the Department of Labor

(DOL) examining strikes is manned by one person—its director.

Previously, the DOL monitored contracts—both private and public sector—in bargaining units of six workers or more. Now, it only monitors units of 1,000 or more workers! According to Evelyn Traylor, the DOL official monitoring strikes, these changes mean that the department now follows less than 5% of the contracts previously monitored and misses 40% of all strike activity (when measured in man-days lost).

These same officials indicate that all previous strike waves "broke from the back"—there were signs of activity in smaller negotiations that were eventually reflected by the larger national unions, whose leaderships generally resisted strike actions. "We don't have any idea of what is going on out there, really," John Rubin of BLS told *EIR*. "If you find out, please tell us."

European Labor

West Germany faces nationwide strikes

Contract talks between the metal industries and the metalworkers reached an impasse April 17, when both sides refused finally to accept the other's proposals. The union was demanding a 35-hour work week as the only measure that could reduce Germany's unemployment levels by "promising a real increase in newly created jobs." The metal industries insisted on lowering the retirement age to 58.

The metalworkers union has the backing of the DGB, the SPD, the public workers union (OETV) and the printers union. Warning strikes have already involved about 250,000 metal workers throughout Germany, and a vote for a national strike is now on the agenda. If the union got the 75% of its 2.5 million members behind the strike, the 1.2 million-member OETV would follow.

The 150,000-member radical printers union, which struck 30 newspapers on April 13, went out on a limited strike at 20 newspapers April 19 and will vote on striking the 70 most important companies in the printing industry.

Half of West Germany's organized labor force could go on strike simultaneously.

Official figures put unemployment in West Germany at about 2 million, although real unemployment is at least 3 million or more. The 35-hour week is being demanded by the unions in the hopes that the five hours saved will, under a new "flexible working schedule," create some 200,000 new jobs per year.

Austerity in Europe

PCI: austerity not strong enough

The law cutting Italy's Cost of Living Escalator put into effect by the Italian Government on Feb. 14, was allowed to expire by the Italian Parliament April 14, mostly due to the intense filibuster run by Italian Communist Party and the pro-terrorist parties, the Democrazia Proletaria and PDUP.

Ironically, the PCI was not veering from its decade-long commitment to support the austerity policy demanded by the Swiss-based Bank for International Settlements (BIS) and the International Monetary Fund. Indeed, PCI members based their arguments against the decree on the line put forward by Paolo Baffi, the former governor of Bank of Italy and a high-level officer of the BIS. Baffi, along with IMF spokesmen, claims that the measures taken by the Feb. 14 decree will not solve anything: The only solution is to drastically cut the public sector deficit. Such measures would destroy what remains of social services in Italy.

Unemployment in Italy is officially 10% and inflation officially 12%. The rate of economic growth is less than 2%.

U.S. 'Recovery'

U.S. uses more imported oil as demand falls

U.S. imports of crude oil and petroleum products increased 45.7% over year-ago levels, the American Petroleum Institute

(API) reported April 18. First quarter U.S. oil imports were 41.4% above the rate for the same period last year. Imports were up to 4.99 million barrels per day of crude oil in March, while imports last year were 3.42 million barrels per day.

While API attributed the increased imports to "economic recovery" and colder weather this winter, oil demand in the United States actually dropped 0.6% during March from a year ago. Demand was 15.39 million barrels a day as compared with 15.48 million barrels a day in March 1983.

Agriculture

Soviets offer Argentina wheat deal

The Soviet Union has reportedly offered Argentina a 10-year low-cost loan to upgrade grain-loading facilities at the port of Bahia Blanca, according to *Feedstuffs* newspaper.

The improvements would upgrade the port capacity from 6 million to 17 million metric tons.

Some trade sources claim, however, that Argentina would have to invest some of its own capital to dredge the waterway, which poses a severe problem in the current debt crisis.

Tim Oviatt of the U.S. Wheat Association called the Soviet loan offer important. The Soviets have to date only imported grain from the East bloc or Asia. The agreement with Argentina, which would increase that nation's exports, shows the Soviets are not planning to stop grain imports for at least a decade.

For Argentina to significantly increase grain exports, however, it will have to increase its fertilizer imports significantly. Argentine farmers apply fertilizer to only 20% of their land, keeping yields low—only 20 bushels per acre. The government only recently removed the tariff on fertilizer imports, stating it hoped to increase imports by 100%.

Argentina's grain harvest is forecast at 39.5 million tons, the second highest on record. The wheat crop, however, at 11.6 million tons, would be sharply lower than last year's 15.1 million tons.

Briefly

● **PROMINENT** gold adviser John McFalls supports "the groundswell for Lyndon LaRouche" in his telephone advisory service, Value Action. The service can be accessed at 206-365-3800.

● **BOB BERGLAND**, Jimmy Carter's Secretary of Agriculture, was appointed executive vice-president and general manager of the National Rural Electric Cooperative Association on April 1. Bergland told the National Farmers Union New Orleans convention that it would be difficult to pass legislation to assure continued financing of rural power and telephone cooperatives. A bill passed by the House that would allow repayment of \$79 billion in outstanding loans into a revolving fund rather than to the Treasury faces strong opposition in the Senate and a promised veto by the President.

● **NEW CLAIMS** for state unemployment benefits rose during the first month of April to 338,000, the highest in nearly three months. The Labor Department claimed that the "unexpected jump" was probably due to a "heavy seasonal factor," such as weather.

● **SANDRO PERTINI**, President of Italy, Senate president Francesco Cossiga, Gambian President Dawada Jawara, Italian Foreign Minister Giulio Andreotti, economist Wassily Leontieff, and others participated in a conference on the African food crisis in Rome the second week of April. While one participant claimed that the term "holocaust" for the African famine was inappropriate because this implies "racism," French agricultural expert René Dumont declared that the famine was the result of the usury policy of the World Bank. Dumont also warned of the unpayable debts of the Latin American nations, which threaten the international banking structure.

Ibero-America: Debtors becoming a superpower?

by Robyn Quijano

Mexican President Miguel de la Madrid returned from a five-nation Ibero-American tour on April 7 having consolidated the political will of five presidents representing 78% of the territory, 75% of the population, and 77% of the economic activity of the region. For the first time since the debt crisis exploded in July 1982, the continent's two giants in territory, population, industrial capacity, and political weight—Mexico and Brazil—pledged jointly to confront the advanced sector with demands for lower interest rates and the end of the recessive policies demanded by the International Monetary Fund. And for the first time since his inauguration 16 months ago, the Mexican president mobilized his population behind solutions, instead of further sacrifice, to participate in the great economic projects and accords that will draw the continent's economies together "to reduce our external vulnerabilities."

In his televised address to the Mexican population on April 9, de la Madrid announced billions of dollars worth of trade deals and joint projects based on barter, reciprocal credits, and use of local currencies instead of dollars which Mexico and "our brother nations" will clinch in the coming period. There exists "the political will for cooperation," and, most importantly, "We agreed on the concrete formulas, the mechanisms that we must use to give real and concrete content to this attitude," he said.

"With Colombia we elaborated more flexible mechanisms for financing and paying for exports in both directions, more dynamic links between businessmen of both countries, mixed investment projects, supplies of Colombian coal to Mexico, including the project for a company with participation of both Mexican and Brazilian capital, a great project . . . of electrical grids between Colombia, Central America, and Mexico," reported de la Madrid. He reviewed plans for scientific and technological cooperation with all of the nations of the emerging pact, underlining the importance of the industrial complementarity of the various economies. Mexican engineering and Mexican fertilizers will be exchanged for Argentine wheat, lessening the amount of grain Mexico will have to purchase with dollars from the United States. On Brazil, he underlined the fact that the two



Mexican President Miguel de la Madrid (left) meets with Argentine President Raul Alfonsín in Buenos Aires April 4. Shaded areas on the map show the stops on de la Madrid's Ibero-American tour.

UPI

countries' relatively more developed economies are not merely competitive, but that "there are also differences and there are certain areas where we could reciprocally benefit, principally in capital goods and technology exchange." Joint investments are being planned with Venezuela in iron alloys and nonferrous minerals, and special deals for the creation and expansion of capital goods production for the petroleum and petrochemical industries are under study.

In short, the presidents cut through bureaucratic red tape and set up the beginnings of a customs union, chiefly through preferential tariffs aimed at recovering the intra-regional trade that has collapsed in the last three years, and opening up new areas which have historically been the "weak flank" of the Ibero-American nations, such as capital goods and large-scale infrastructure.

The six presidents made it clear that they do not want to "go it alone." They have each stated clearly (see documentation, page 26) that the advanced sector will not be able to recover without solving the debt problems of the south, ending the IMF's recessive policies, and creating major markets within growing economies. But ending their own "vulnerabilities" and putting together a mutual defense pact, as they negotiate to impose some rationality on the world monetary system, is the most crucial success of the new accords. What is emerging, according to de la Madrid, is "the project of one united fatherland, free, productive and proud."

This project is being further elaborated by the Latin American Economic System (SELA), whose headquarters in Caracas was the center of presidential activity during the Mexican leader's visit in that city.

SELA's Permanent Secretary Sebastián Alegré evaluated the tour as having "left the message of unity, and revived the political will of the region to assure that isolation doesn't weaken us. . . . We must establish longer [payment] terms with ample grace periods, and substantial reduction of interest rates, as the best guarantee of payment the creditors can get." Alegré added that in order to be able to pay the debt, "we must reconstruct our economies and halt the destruction of the productive base."

This message, agreed to by the six presidents, will be the negotiating package Miguel de la Madrid will bring to Washington May 14-16.

Conflict with Washington

De la Madrid underlined the "chronic inflation, persistent recession, asphyxiating indebtedness, and unemployment that destroy the social framework," and warned that the current adjustments "cannot impose costs above the limits of social tolerance. . . . The defense of the productive plant and of the social welfare of the people is an inviolable duty."

With these ground rules, and the safety net of the kind of Common Market deals that could allow the continent to survive, de la Madrid will confront a White House dominated by Henry Kissinger's policy, and a debtors' deal authored by the Trilateral Commission.

On April 18, the Mexican foreign, economic, and planning ministers were in Washington to prepare de la Madrid's trip, and met with President Reagan. This planning session turned into a brawl when Reagan presented the Trilateral Commission's plan that de la Madrid meet with both U.S.

and Canadian heads of state together in Washington. On the agenda would be the proposed North American Common Market, a plan which would capture Mexico as the "strategic reserve" of the United States and Canada, seizing Mexico's oil in return for some sort of "favored colony status."

Mexican Foreign Minister Bernardo Sepulveda emerged the same day from a long meeting with Secretary of State George Shultz to declare that Mexico would not accept such a meeting. According to Mexican reports, Shultz used the private meeting to warn that the United States will not tolerate Mexico serving as a spokesman for the continent's debtors.

Top administration sources told the press that Shultz asked Sepulveda to postpone the meeting of the Contadora Group set for April 30. Aside from putting together the Ibero-American Common Market, the most urgent task of de la Madrid's Ibero-American trip was to firm up the continent's backing for the Contadora Group's role in cooling out the Central-American conflict and preventing it from being used as a pretext for superpower annihilation of what de la Madrid calls "the very notion of Latin America."

This confrontation in Washington revived the scandal that had hit the Mexican press just days before de la Madrid left on his tour of Ibero-America. *Newsweek* had published a story on a National Security Presidential Directive which outlined economic-warfare measures against Mexico to force a change of its Central American policy.

While a crucial theme of the talks among the six presidents was the necessity for dialogue with the North, and the determination to convince the advanced sector that Latin American growth and recovery are in the interest of the industrialized nations, Kissinger's domination of White House policy is designed to prove that there will be no such thing as "rational" negotiations with the United States.

The Trilateral's economic warfare

A plan for dismembering the newly-emerging Ibero-American Common Market was laid out by the Trilateral Commission at its meeting in Washington during de la Madrid's tour.

In the discussion document for the meeting, "Democracy must work, a Trilateral agenda for the Decade," by David Owen, Saburo Okita, Zbigniew Brzezinski, and other Trilateraloids, the following debt strategy was laid out: "The possibility of moratoria or defaults by one or two major countries which might then be copied by many others, cannot be ruled out. . . . Debtor countries must expect to suffer some hardship. . . . Banks must reconcile themselves to many delays in payments, and perhaps some defaults . . . and the taxpayers of the developed countries must expect to pick up some of the bill. . . ."

Then the document spelled out a long-term strategy of divide and conquer: "The IMF itself will need to interpret its terms of reference more flexibly than at present to deal with cases in which the conventional criteria would deny adequate assistance to key countries whose political or strategic im-

portance to the West means that they cannot be allowed to go into default on their debt or to slide into internal anarchy and chaos."

While the rational approach would be that no Ibero-American nation be allowed to slide into such chaos, the Trilateral Commission and the Kissinger Commission on Central America have already set forth policies of continuous population warfare for most of the continent.

They have defined Mexico and Brazil as the "strategically important" nations, countries which will not escape chaos, but will be offered, in the midst of civil-war-like eruptions, "special relationships" to the "Trilateral" countries. For Mexico it is the North American Common Market. For Brazil it is a "special relationship" that defines Brazil as the Trilateral's police force for the continent.

Both Mexico and Brazil defied these special roles as they joined the rest of the continent's battle for a "more just economic order." Brazilian President Figueiredo stated that "Latin-American unity is now irreversible" when he greeted the Mexican president in Brasilia.

Social convulsions

The question is now—as economic warfare escalates, as interest rates hikes cost these nations billions of dollars, as their populations rebel under the weight of IMF austerity—will the new Ibero-American pact prevail?

During the first weeks of April, 2 to 3 million Brazilians demonstrated for direct elections in Rio and São Paulo. Since January, 7 million Brazilians have taken to the streets, demanding direct elections, which they see as their only chance to overthrow the current IMF policies. Starvation in the northeast of Brazil is already reaching African levels.

In Mexico, price hikes on basic consumer items of 30 to 40% the week after de la Madrid's return, have put Mexican workers "up against the wall," according to labor chief Fidel Velázquez.

In Argentina, the General Federation of Labor (CGT) issued a statement on April 9 attacking the IMF for imposing "its policy of recession and dependency" on the country. The union is planning a demonstration on Labor Day, and joint action with the nation's farmers against IMF austerity.

Argentine President Raul Alfonsín has warned that his nation will face "Lebanization," a fratricidal civil war, if there is no national unity. Meanwhile, Alfonsín's special debt negotiator, Raul Prebisch, has pledged to slash wages and state-sector spending for IMF approval, and is working on a plan to hand over the nation's industrial and natural wealth to pay the debt.

The debt crisis, by Trilateral design, will leave many "Lebanons" throughout Ibero-America.

What is on the agenda for the month of May is either the consolidation of the Ibero-American Common Market, the building of a real defense by a new kind of "superpower" which, united, can face Trilateral warfare, or the victory of the Kissinger plan for the continent.

Projects, trade deals build common market

by Valerie Rush

In January 1984, the heads of state of Latin America gathered in Quito, Ecuador to discuss joint action to deal with the economic crisis ravaging the continent. In their concluding "Action Plan," the presidents declared: "To the extent that the perspectives for North-South cooperation are discouraging . . . it is that much more urgent that we turn our eyes again to the region and make integration and regional cooperation an essential factor in the dynamization of the Latin American economies."

On March 27, Mexican President Miguel de la Madrid took off on a tour of Ibero-America's major political and economic powers—Colombia, Brazil, Argentina, and Venezuela—with one primary task: the integration of the Ibero-American economies behind the development needs of the continent. In his two-week tour, de la Madrid launched the implementation phase of the Quito "Action Plan" and brought a Latin American Common Market one large step closer to reality.

'A single great nation'

What goes largely unrecognized by most North Americans is that Ibero-America, if viewed as "one single great nation" as Colombian President Belisario Betancur recently described it, is almost entirely self-sufficient in food, energy, capital-goods production, and most raw materials. The complementarity of its industrial and agricultural capacities has given the continent a potential for self-sufficiency which would not only enable it to survive—if necessary—a credit/trade cut-off on the part of the "North," but which also lays the basis for transforming Ibero-America into an economic superpower through a program of regionwide development projects.

A second Panama Canal, joint hydroelectric/nuclear energy grids, the agroindustrial development of the Amazon River region, and a continental transportation network would not only bring about the physical integration of a continent too long divided by geographic hindrances, but would also pose the kind of challenges that could boost the skill levels, the industrial output, the science and technology capabilities necessary to bring Ibero-America into the 21st century.

On de la Madrid's first stop, he and Colombian President Belisario Betancur elaborated the kind of "great project" which set the tone for the rest of the trip. Drawing on the

potential of Mexican engineering know-how, Brazilian capital, and Colombia's vast hydroelectric resources, the presidents proposed a collaborative plan for constructing and powering an electrical energy grid across Central America and up into Mexico.

De la Madrid described the plan in his report to the Mexican nation at the conclusion of his trip: "Colombia has enormous hydroelectric potential, which it cannot absorb in the foreseeable period, and could thereby generate electric energy and transfer it throughout the Central American isthmus, beginning with Panama, and could, through a series of projects that would be generated on the Central American isthmus, increase the energy supply in our own country."

As both de la Madrid and Betancur—co-founders of the Contadora Group—emphasized, such a development initiative would also directly challenge the Kissingerian cycle of violence in the war-torn region the two powers encompass between them.

A customs union

During the two-day visit to Colombia, de la Madrid and Betancur elaborated a number of bilateral projects, ranging from technology transfer and training programs to the creation of joint enterprises and co-investment funds. In a press conference given by Mexican Commerce Secretary Héctor Hernández, Mexico announced the first implementation of its proposal made at the January Quito Conference for a Unilateral Preferential Tariff, by which a "more advantaged" nation would extend preferential treatment to a trading partner, without necessarily requesting reciprocal treatment. In this case, the Mexicans offered to eliminate customs tariffs on some 400 products that make up Colombian-Mexican trade, in hope of balancing commercial relations between the two countries.

Hernández also revealed that Mexico and Colombia will be using their own currencies in bilateral trade instead of dollars or pounds sterling. And, according to unofficial reports, Mexico will be paying for one million tons of Colombia's high-grade coking coal per year with a variety of Mexican manufactured goods, a barter arrangement of significant proportions.

Private urging on the part of the Colombians that Mexico exchange its oil for their coal was rejected by Hernández, who emphasized that Mexico's "exchange problems" made such an arrangement impossible. Mexico remains fearful that only regular inflows of dollars from its oil exports will keep its creditors at bay.

During de la Madrid's three days in Brazil, three documents were signed covering bilateral economic cooperation, reciprocal financial support for expanding trade, and agreements on industrial complementarity. Gradual elimination of tariff barriers and commercial diversification were discussed as the means for bringing Brazilian-Mexican trade levels to the \$2 billion level. Last year, trade between the two countries was down to \$850 million from nearly \$1.5 billion in

1981. Six hundred million dollars of Brazil's 1983 import bill went for Mexican oil.

As de la Madrid stressed during his visit: "Our economies are not merely competitive. Although our industrial development has parallels, it also has differences and there are certain areas where we could reciprocally benefit, primarily in capital goods and technology transfer."

De la Madrid's visit to Argentina was unique for a number of reasons. First, it immediately followed on the heels of the March 31 \$500 million-bailout package for Argentina which established the precedent of coordination by the debtor nations to forestall a default crisis, a package which Mexico had taken the lead in putting together.

Second, it consolidated the supply of a whopping 1 million tons of Argentine grain to Mexico in 1984, to increase to as much as 1.5 million tons over the next several years. Unofficial reports are that the purchase will be covered in part by Mexico's surplus of nitrogenous fertilizer. Agreements were also reached for the extension of reciprocal credit lines at a preliminary level of \$50 million apiece to finance exports without the use of foreign exchange.

In Venezuela, the two chiefs of state discussed how to complement their petroleum and auxiliary industries for mutual benefit. Venezuela, with no refining capacity of its own, has much to learn from Mexico, whose refineries are 100% state-owned. Continued discussions were held on the prospective formation of an independent Latin American oil company, Petrolatin, but de la Madrid postponed the actual incorporation of the company, citing unfavorable oil market conditions.

Among potential barter arrangements discussed were the exchange of Venezuelan laminated steel for Mexican zinc and barium oxide. Mexico presently imports some 600,000 tons of steel, mostly from Japan. Importing steel from Venezuela would considerably reduce shipping costs.

Turning the tide

What makes the accomplishments of the de la Madrid trip so outstanding is that they represent a reversal of the trend toward intraregional trade collapse that has accompanied the aggravation of the foreign debt crisis in recent years. Brazil alone has lost at least \$3.1 billion in foreign exchange transactions with other members of the ALADI (Latin American Integration Association), from \$7.3 billion in 1981 down to \$4.2 billion in December of last year. Similarly, the Andean Pact nations have suffered a series of competitive currency devaluations which have nearly wiped out all intra-Pact trade, and are presently threatening the very existence of the Pact itself.

As de la Madrid emphasized on each stop of his tour: "There is much in which we can collaborate through increasing commercial relations, the complementarity of our economies, advancing the process of economic integration, and reciprocal technical assistance. . . . By helping each other, we are helping ourselves."

How Latin nations moved toward unity

by Valerie Rush

One decade ago, in June 1974, Mexican President Luis Echeverría toured several countries in Ibero-America to launch a long-overdue initiative: the creation of a permanent and aggressive Ibero-American organization for policy coordination and economic cooperation. The continent was beginning to acquire a foreign debt burden of some \$45 billion—a mere 10% of the 1984 debt and yet already unpayable—while Henry Kissinger, in his heyday at the head of U.S. foreign policy, was destabilizing one Ibero-American nation after another, and while the threat of a new "War of the Pacific" hovered over them all.

The stagnation of the Ibero-American economies since the frustrating days of the Alliance for Progress, worsened by drastic shortages of lending capital, made it imperative that the continent develop a strategy of integration in defense of its common interests. Out of Echeverría's initiative, and with the key backing of Venezuelan President Carlos Andrés Pérez, the Latin American Economic System (SELA) was born.

SELA's 1975 founding document, the Panama Accord, stated: "It is imperative to encourage a greater unity among the countries of Latin America, to guarantee acts of solidarity in the area of intraregional economic and social cooperation, to increase the negotiating power of the region and to assure that Latin America occupies the place that rightfully belongs to it in the heart of the international community."

A new world economic order

The SELA initiative coincided with a growing clamor on the part of the so-called developing sector worldwide for the right to enter the 20th century on a par with its more advantaged neighbors in the "North." The Non-Aligned movement had begun to organize for a new world economic order. This drive was to culminate in the August 1976 conference in Colombo, Sri Lanka, where 85 nations demanded global debt relief and a new monetary system to facilitate their pressing development needs.

Lyndon LaRouche's 1975 proposal to create an International Development Bank (IDB) to replace the IMF, facilitate a global debt reorganization, and finance high-technology development projects was circulating widely and gaining growing support within the Non-Aligned.

Leaders from Ibero-America played a key role in the

organizing for a new world economic order. Peruvian Foreign Minister Miguel Angel de la Flor, for example, issued a call for a global Third World debt moratorium in February 1976 at the pre-Colombo conference of the Non-Aligned in the Philippines. Guyana's Foreign Minister Frederick Wills went before the United Nations General Assembly in September 1976 to demand an end to the bankrupt Bretton Woods monetary system, to propose a new international development bank and to insist: "We cannot afford to mortgage the future of unborn generations to the obligations of burdensome capital repayments and crushing debt servicing. The time has come for a debt moratorium."

But the developing-sector countries that fought for a new economic order were picked off one by one, as the financial oligarchs of Geneva, London, and New York dispatched their hatchetmen like Henry Kissinger and Raul Prebisch of the Economic Commission for Latin America (ECLA). Ibero-America lacked the kind of economic security pact which could have defended those nations' economies from attack.

Just days after de la Flor's call for Third World unity and a debt moratorium, Henry Kissinger arrived in Lima to threaten the Morales Bermúdez government with U.S. support for a Chilean invasion of Peru if Lima did not abandon its orientation. One month later, Morales Bermúdez announced an abandonment of the country's pro-development foreign policy in a major address to the nation. Guyanese Prime Minister Forbes Burnham similarly yielded to Kissingerian blackmail and dumped Foreign Minister Wills within months of the latter's United Nations speech.

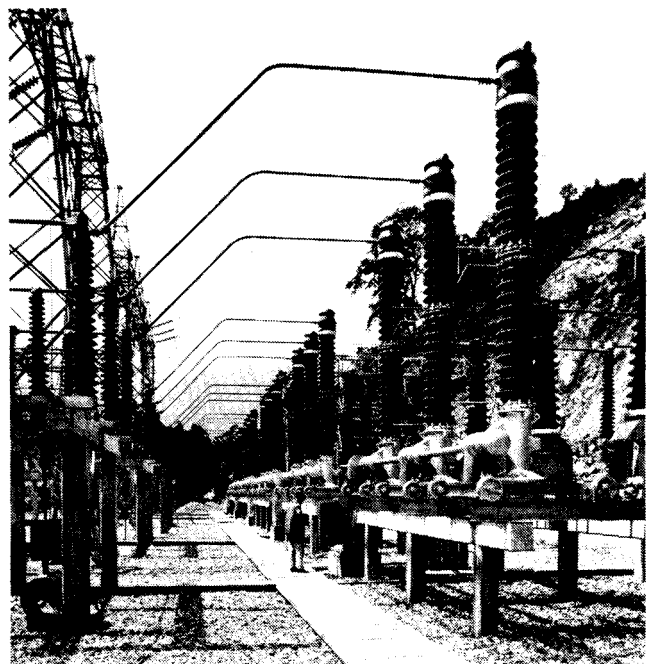
To counter LaRouche's IDB proposal, Kissinger launched his scheme for an International Resources Bank that would put up the Third World's natural resources as collateral for loans.

Argentine monetarist Prebisch simultaneously maneuvered from within, using his influence in the United Nations to contain the continent's pro-development initiatives. When banker Felix Rohatyn later answered LaRouche's July 1982 "Operation Juárez" initiative for global debt renegotiation with his own proposal for a debt "stretch-out" based on attaching the debtor nations' assets, Prebisch leapt to embrace the "Rohatyn Plan" by name.

Quito: a turning point

Today's aggravated state of collapse of the economies of Ibero-America under the burden of their unpayable foreign debt, plus the growing enthusiasm for LaRouche's proposals, led to the January 1984 Latin American Economic Conference in Quito, Ecuador, sponsored jointly by SELA and ECLA. Expectations that a "debtors' cartel" would come out of the heads-of-state summit were dashed, largely due to the efforts of Prebisch and his buddy ECLA president Enrique Iglesias, both on the scene.

However, the Quito conference did succeed in establishing a common consensus regarding debt repayment terms, as well as a series of "common market" agreements which ranged



Colombian Information Service

The integration of Ibero-America will create the basis for economic expansion. Shown is a hydroelectric works in Colombia.

from guaranteeing the continent's food security to promoting multilateral energy projects and intra-regional financing mechanisms for expanded trade.

- **On the debt:** "In renegotiating foreign debt, income from exports should not be committed beyond reasonable levels that are compatible with the maintenance of adequate levels of domestic productive activity. . . . Formulas should be adopted to reduce debt service payments, through a drastic reduction of interest rates, commissions and service costs. . . . It is necessary to agree on payment schedules and due dates that are substantially longer than at present. . . ."

- **On intra-regional trade:** "We agree that it is indispensable to perfect and expand the coverage of the existing systems of reciprocal payments and credits in the region, [including] . . . a significant reduction in the use of convertible currencies for intra-regional transactions of goods and services, to design and implement financial mechanisms to facilitate trade within the region, to develop new intra-regional instruments to facilitate exports within the region and to third countries. . . ."

- **On subregional financial institutions:** "Provision in common of Latin American resources for projects of shared interest should be permitted by appropriate legal instruments to flow in the form of capital and technology through co-investment mechanisms with the participation of national and subregional financial institutions and regional and extra-regional businessmen or investments."

- **On energy:** "Promote new energy cooperation agreements and identify multinational energy projects which would give impetus to integration among the region's countries."

Documents of the de la Madrid trip: Five presidents look to integration

Excerpts from the joint communiqués, presidential toasts, and press conferences offered throughout Mexican President Miguel de la Madrid's Ibero-American tour:

March 27



Joint Communiqué of Colombia and Mexico: The presidents noted the open rapport which exists between the two governments and in order to strengthen and expand this they decided to establish a permanent mechanism of consultation for topics of mutual concern . . . in order to approach regional problems and promote a more effective

definition of positions in the face of the great challenges of our time. They indicated that this prospect makes it necessary to find a new approach to the relations between Latin America and the industrialized nations in this hemisphere. . . .

They renewed their appeal to the [Central American] area countries to fulfill the political commitments made within the framework of Contadora and adopt the juridical agreements and positions that will develop these commitments and guarantee their suitable fulfillment and enforcement. They also exhorted the states that exert political influence and provide military supplies to the area to abstain from carrying out actions that intensify the existing antagonisms, and instead lend their effective cooperation to the peace process. . . . They also agreed that appeals should be made to obtain international solidarity on behalf of Central America through economic and technical cooperation, in order to alleviate the social situation in the area.

In reviewing the regional economic situation, the heads of state acknowledged that the developed countries' insufficient efforts at cooperation with the regional countries limit the scope of Latin America's actions in response to the crisis. They thus agreed on the need to favor closer ties among the Latin American countries and to endorse the efforts made to

achieve coordination, economic cooperation, and integration, as these are the essential objectives of the various integration groups and attempts in Latin America. They reiterated their political support for the Latin American Economic System (SELA), the principal organization for regional coordination and cooperation, and agreed to collaborate actively to strengthen the system and its various action committees. Special mention was made of the support that the two presidents have given to the activities carried out by the Aid Committee for the Economic and Social Development of Central America (Cadesca). . . . The two presidents referred with satisfaction to the results achieved at the Latin American Economic Conference held in Quito. They agreed that this event had implemented the Ecuadoran president's initiative to draft proposals aimed at reducing Latin America's external vulnerability. They also feel that the declaration of the Quito Action Plan represents a new starting point for Latin American cooperation.

The two presidents acknowledged the need to increase bilateral cooperation in the industrial sector given the complementary nature of their economies. For this reason, they advocated the creation of joint enterprises, the establishment of co-investment funds, and greater contact and cooperation between the two countries' public enterprises. They also expressed their satisfaction over the agreements reached recently for the supply of coal to the steel industry. . . . They also said that they are interested in establishing a working group that would include the participation of Brazil to conduct feasibility studies for a trilateral project for the exploitation of coal for heating in Colombia. They emphasized the importance of the project to link the electrical systems of Mexico, Central America, and Colombia, agreeing to create a working group to review the project in conjunction with the IDB [Inter-American Development Bank] and ALADI [Latin American Integration Association].

In acknowledging the importance of developing scientific and technological fields on an autonomous basis for the overall expansion of their economies, the presidents reaffirmed their desire to give priority treatment to bilateral cooperation

in these areas. In this context, they agreed to promote the realization of joint programs and projects in the field of engineering, agriculture, forestry, management of natural resources, and hydroelectric energy. Regarding hydroelectric power, they concluded that it would be suitable to promote concrete projects between the corresponding government entities.

The two presidents emphasized their belief that culture, defined as the origin and reflection of the national self, is a dimension inseparable from the process of development, in that it strengthens the independence, sovereignty, and identity of nations. They agreed that the similarities of the two peoples are based on the concept of Latin American unity and that the paths toward bilateral understanding and cooperation arise from the understanding of this concept.

March 29



Speech of Brazilian President João Figueiredo at Itamaraty Palace honoring de la Madrid: Thanks to Mexico's initiative, along with Colombia, Panama, and Venezuela, the Contadora Group's negotiations were set in motion. In view of the human and social scope of the regional antagonisms, Contadora opens the path for

balanced and stable solutions based on the continent's best diplomatic traditions. . . . The Contadora Group's spirit is also reflected in the creation, within the SELA, of the Cadesca, a happy Mexican initiative that appears to be the indispensable economic complement to the regional diplomatic and political action.

I hereby want to mention the remarkable task that Your Excellency, at the head of the Mexican government, is carrying out to recover your country's economy. Despite the sacrifices it entails, we Brazilians have made a similar effort. However, this effort—the price of which is well known by our peoples—will only yield the desired results if the developed countries show a more constructive attitude. So far we have seen very little in this regard; therefore, we must strengthen our efforts to establish an international economic order that will be more just, balanced, and in keeping with the legitimate and inalienable aspirations of developing countries. . . .

The Latin American Economic Conference held in Quito in January was an event of great significance. By adopting measures for coordinated action, the countries represented at the Quito conference revealed their awareness that, in view of the challenges which the world economy imposes on us, only cooperation and the rationalization of efforts will allow the current crisis to be tackled effectively. Today I reiterate Brazil's determination to support the initiatives that may stem from the Quito conference either on the relationship with the developed world or on the impetus to intraregional cooperation and commerce.

April 4



Joint Communiqué of Argentina and Mexico: The presidents of Argentina and Mexico, Raul Alfonsín and Miguel de la Madrid, today ratified their commitment to promote effective measures with an eye to finally achieving complete nuclear disarmament on a nondiscriminatory basis and reaffirmed the need for Latin American integration. . . .

On asserting the independent nature of the foreign policies of their countries, the two presidents warned that the confrontational policy of the blocs is a threat to humanity and that it is an attack against the aspirations of the self-determination and democracy of nations. . . .

[Support for principles of nonalignment and the role of the Contadora Group]

[Concern for state of the world economy]

In regard to bilateral relations, the chiefs of state mentioned efforts made to stabilize and reinvigorate their respective economies and expressed their political will to significantly expand bilateral economic cooperation between Argentina and Mexico. . . .

The two presidents were gratified by the agreement on counterbalanced trade programs and considered their rapid implementation as fundamental for the attainment of common commercial objectives. They also expressed their satisfaction over the signing of an agreement for supplying grains and other agricultural products, and agreed to support efforts toward the substitution of extraregional imports. As for economic and technological cooperation, areas of common interest will be pinpointed so that agreements can be signed and a bilateral information system can be established.

The two presidents talked about mutual cooperation projects to undertake studies in the area of oil, ports, food, telecommunications, electronics, computer science, and others. . . . It was agreed that the Argentine Central Bank and the Mexican National Foreign Trade Bank should, as soon as possible, establish reciprocal credit lines for as much as \$50 million for export financing. . . .

April 5



De la Madrid to Venezuelan Congress: Peace is the patrimony of mankind. Let us not leave it in the hands of those who endanger it to justify their strategic defense. . . . In the basin surrounded by Venezuela and Mexico we have the political fragility and economic and social backwardness of our Central American brothers as an urgent call to our Bolivarian conscience. . . .

We are actually between the end of one war and the beginning of another [and this] is the essential content of the global crisis that afflicts us.

April 6

De la Madrid speech to SELA in Caracas: In the past few days, through direct contact with diverse sectors of Latin America, I have fully confirmed that our countries must consolidate their common actions, extending the borders of political cooperation and accelerating the path of integration above all differences. . . . Despite the destructive effects of the crisis which in disproportionate form affects the developing countries, the resistance to change continues, the unilateral measures of adjustments in important industrialized economies continue, international economic cooperation remains stagnant and the traditional mechanisms of negotiation continue prisoners of inadequacy. . . .

[We must] insist on the negative effects of spiraling interest rates, in the retraction of net financial flows to the region, the broadening of the protectionist sea that prevents the access of our products to the industrialized countries, of the high costs of the technologies which obstructs the diversification of the Latin American economies. Not to overcome these phenomena means to condemn Latin America to stagnation, if not regression. . . . We cannot, and now less than ever, underestimate the organisms and forums for Latin American cooperation that have forged long and fruitful periods of fraternity and integration. . . . The good or bad functioning of these regional institutions is but the reflection of our desires or limitations.

April 7

Joint Communiqué of Venezuela and Mexico: [The presidents] resolved to establish an institutional and permanent framework of consultation that would allow them to systematically and regularly evaluate bilateral relations and jointly examine the main aspects of the regional and world situation. . . . They declared that the conflicts and growing tensions and the serious economic difficulties that dominate the world scene make even more necessary that their countries, with the other Latin American countries, promote initiatives and actions that favor political understanding and global economic negotiations. . . .

[Need for permanent mechanisms of consultation between the two nations and regionally; support for Quito initiatives]

The presidents attributed special significance to the financial cooperation that their countries, together with Brazil and Colombia, recently provided to Argentina. Such an exceptional initiative reflects the solidaristic capacity of the Latin American countries and should bring the international community to take urgent and realistic measures, in accordance with the essential development requirements of the debtor nations.

On the one hand, they reiterated the necessity of restoring net [capital] flows for the financing of development under adequate conditions. On the other, they reaffirmed, as noted in the Quito Action Plan, that flexible and realistic criteria for the renegotiation of the debt are required, including terms,

grace periods, and interest rates compatible with the recovery of economic growth. Only in this way can the continued payment of debt service be guaranteed.

The presidents noted with concern that bilateral trade has fallen in recent years, despite the opportunities for trade and possibilities for complementarity that exist. Desiring not only to correct this situation, but to assure the growth, diversification, and dynamic equilibrium of interchange, they agreed to adopt, in the framework of economic cooperation between both countries, a commitment to give reciprocal facilities and avoid restrictive measures that affect trade flows. . . .

At the same time, they agreed to encourage a growing trade, establish programs of compensated trade, defined by the commercial authorities of each country, based on lists of suggested products by the respective business sectors. These programs, with adequate financial support, would permit the more rational use of available foreign exchange. They agreed that it was indispensable to perfect and broaden the coverage of the Contract of Payments and Reciprocal Credits among the Central Banks, as a function of the needs of trade of goods and services between both countries. After noting the areas of complementarity that exist, they stressed the possibility of carrying out joint investment efforts in areas of common interest—among others, iron alloys, and non-iron minerals.

In the face of the contraction of intra-Latin-American trade in recent years, the presidents viewed as positive the initiative to establish Unilateral Regional Preferential Tariffs for the countries of ALADI and others of Latin America, given without demand of reciprocity. The degree of preferential treatment, determined as a function of the level of development and of participation in subregional integration schemes, should be such as to effectively encourage the channeling of trade flows toward the region and to facilitate the common objective of broadening and diversifying trade in the area.

The presidents noted that their governments, aware of the reality of the problem of drug trafficking and of its international ramifications, will adopt joint measures to coordinate the war against drugs and to promote a concerted international effort in this regard. They will establish acts of technical cooperation in this regard. . . .

April 7



Joint Communiqué of Mexico and Panama: President Illueca thanked the Mexican president for his report and stated that the trip he is concluding in Panama is a valuable contribution to Latin American efforts in the search for formulas with which to solve their problems. The two presidents carefully examined the situation in Latin

America and reached the conclusion that under the current circumstances, characterized by the economic crisis and the process of change, favorable conditions have been created to

promote Latin American cooperation toward areas of open understanding and political unity. These conditions, aside from being answers to the mutual aspirations for unity, allow for the consideration of joint positions and the adoption of coordinated actions toward the problems faced by the region in its international relations, insofar as its most pressing political challenges and matters that decisively influence economic and social development are concerned.

In view of this the presidents stated that they have a duty to continue strengthening political and economic cooperation through the appropriate Latin American organizations. They reiterated their full support for the SELA and the OLADE [Latin American Energy Organization], organizations they believe are essential for this cooperation. The presidents also reiterated their resolute support for the objectives of economic integration as the main instrument to achieve regional unity. . . . They stressed their belief that strengthening regional solidarity is a very important factor in the efforts to consolidate the Latin American capacity for joint negotiation. The two presidents renewed their support for the results of the Latin America Economic Conference.

April 10



Speech of de la Madrid to the Mexican people: This visit is an indication of the high priority that we give to our relations with Latin America. . . . We recognize that our brother countries and the countries I have now visited have a specific and very important weight in the region as a whole. Together with Mexico, these countries—

Colombia, Brazil, Argentina, Venezuela, and Panama, represent 78% of the territory of the area and 75% of the population. Their economies represent 77% of the total of the region.

The foreign policy of the countries visited, I am happy to confirm for you, coincides with the principal objectives of our foreign policy: We pursue the same objectives; we see problems with an analogous view; we have the political will for reciprocal cooperation, and we also agree on concrete formulas, in the mechanisms we must use to give real and concrete content to our attitude. . . .

[Review of Central American crisis, generalized support for Contadora, importance of Cadesca in solving Central American crisis]

[Review of economic crisis in Latin America shared by all]

We governments of Latin America recognize that the primary task [to solve economic crisis] belongs to our nations. We don't presume that all the blames lies abroad, nor do we believe that the solution to the crisis must come from abroad. . . . Mexico agreed with the countries it visited that there is much on which we can collaborate among ourselves, through increase in our trade relations, the complementarity

of our economies, advances in the economic integration process, and reciprocal technical assistance.

Therefore, with all the countries [visited], we approved or reinforced agreements toward these ends, designating specific areas of collaboration with each one. . . . I want to simply mention as an example, and at the risk of forgetting some projects or some ideas that were included in the joint communiqués or in the agreements that we signed, that with Colombia we elaborated more flexible mechanisms for financing and paying for exports in both directions, more dynamic links between the businessmen of both countries, mixed investment projects, supplies of Colombian coal to Mexico, including the project for a company with participation of both Brazilian and Mexican capital, a great project . . . of electrical grids between Colombia, Central America, and Mexico. Colombia has enormous hydroelectric potential which it cannot absorb in the foreseeable period, and it could therefore generate electrical energy and transfer it throughout the Central American isthmus, beginning with Panama, and could, through another series of projects that could be generated on the Central American isthmus, increase the electrical supply for our country. In Colombia we also discussed mixed fishing programs, and programs of technical cooperation and of engineering services. . . .

In Brazil we formulated a working program of economic cooperation for the years 1984 and 1985, emphasizing the need for greater interchange to achieve a better trade balance. The balance is now to Mexico's favor. The Brazilians asked us to buy more. . . . But we also realized that there are broad areas to complement industrial sectors. Our economies are not merely competitive. Although our industrial development has parallels, there are also differences and there are certain areas where we could reciprocally benefit, principally in capital goods and in technology interchange.

With Argentina a general agreement of economic cooperation was approved; a working program for 1984 and 1985 was also formulated; including tasks in the areas of trade, financial cooperation, economic complementarity, transport, tourism, planning, and scientific-technical cooperation. An agreement for the supply of grains and other agricultural products was produced; also negotiations were begun for the purchase of Mexican fertilizer on Argentina's part. . . . We also discussed various areas of industrial complementarity.

In Argentina there was an express and special recognition of the support that Mexico lent, along with Brazil, Colombia, Venezuela, and the United States, to overcoming the emergency situation of interest payments due on its foreign debt. . . . Of course, we have in this another example in which we help other countries but also help ourselves. It is an operation of solidarity, but not of charity. It is an operation of common and reciprocal convenience. . . .

The Latin American countries agreed on the necessity of coordinating our viewpoints toward the industrialized countries, and of negotiating with them the solutions that our peoples need. . . .

Soviets assert 'land power' over Asia, Africa, Mideast

by Mark Burdman

In the spring of 1983, Soviet Union chief of state Yuri Andropov declared in an interview with the West German *Der Spiegel* magazine that the Soviet Union was a "land power," while the United States was a "sea power." By this logic, the Soviets were to be granted the Eurasian land mass, while the United States would nominally revert to sovereignty in the Americas and to "over-the-horizon" sea-power doctrine.

One year later, a look at the map shows that the Soviet Union, along with its Nazi International allies, is exerting extreme pressure, both external and internal, on all the countries along the rim of the Euroasian land mass, from South Korea to Tunisia. This coincided with global naval maneuvers carried out by the Soviets which were not only the largest naval deployment in history, but also a testing of Soviet command and control, simulating conditions of strategic nuclear conflict with the United States.

Although the Soviets are able to rely upon their own assets within the countries targeted for destabilization—like the Islamic fundamentalist movement of Muammar Qaddafi and Ayatollah Khomeini—their most important ally in this global powerplay is Henry Kissinger, the point man for the decoupling of the United States from its allies in Western Europe and the underdeveloped sector. For the United States, it has now become a game of "heads you win, tails I lose."

Soviet military on the move

On the highest strategic plane, Soviet strategy has one aim: to reinforce the "crisis-management" of the Pugwash Conference/Trilateral Commission world federalists whom

Kissinger works for, so that the atmosphere of global confrontation will force the United States to back down from the commitment to develop antiballistic-missile systems.

The Soviets have escalated their attacks on the U.S. beam weapons policy to a fever pitch. Typical is the mid-April edition of the U.S.S.R.'s *New Times* magazine, which likens U.S. ABM development policy to the "Third Reich model," comparing the policy to Adolf Hitler's attempts to "solve the unemployment problem by intensive preparations for a big war." On several occasions since March 12, Soviet publications have blasted *EIR* founder Lyndon LaRouche for "Hitler-like" policies because of LaRouche's outspoken advocacy of crash development of beam weapons.

Putting the issue on a strict military footing, Soviet Foreign Minister Andrei Gromyko told the Warsaw Pact foreign ministers gathering April 18 that U.S. beam-weapon policy is "an adventure which borders on madness." Given the Soviets' own well-known development of such weapons systems, Gromyko's words can only underscore the arrogance typical of an imperial leadership confident that its pretensions to become the "Third and Final Roman Empire" are meeting with success.

Hence the period of mid-April witnessed an astounding array of provocations.

On April 17, in a manner echoing the Soviets' cold-blooded shooting down of the KAL airliner over the Sea of Japan last Sept. 1, Soviet-Nazi asset Muammar Qaddafi ordered armed underlings in his embassy in London to shoot at a crowd of anti-Qaddafi protesters, killing one policewoman

and wounding eleven people. Qaddafi simultaneously deployed upwards of 500 students to surround and threaten the British embassy in Tripoli, unleashing a crisis similar to the Ayatollah Khomeini's organized takeover of the U.S. embassy in Teheran in 1979.

Qaddafi's act of murder occurred only days after the April 7 "day of liquidation" he had proclaimed for assassination of his political enemies around the world. The episodes in London and Tripoli are seen by security experts as the beginning of a new wave of international terrorism by Soviet assets against targets in Europe, the Middle East, and the United States.

During the same week, Karen Brutents, the Soviet Central Committee member responsible for the Middle East in the Communist Party's International Department, arrived in Damascus on the heels of a series of spectacular terrorist incidents in Israel claimed by Syrian-supplied Soviet assets in the Popular Democratic Front for the Liberation of Palestine. Coinciding with Brutents's visit, Syrian Defense Minister Mustafa Tlas praised the acts of terrorism, saying these would create "more and more volunteers in Damascus for suicide operations against the enemy."

Through these actions, the Soviets are rapidly pushing toward a strategic humiliation of Israel and a resultant further smashing of American influence in the Middle East.

Pressure on Asia

In the Asian theater, the Soviets for the first time ever during the week of April 16 landed 500 naval infantrymen on the shores of Vietnam, as one feature of large-scale naval maneuvers in the South China Sea. Simultaneously, the Vietnamese have mounted their most aggressive dry-season offensive against the Khmer rebels, with incursions into Thailand, which have received nary a whimper of protest from the Reagan administration in response.

The attacks on the Khmer Rouge rebels has the aim of pressuring Thailand and forcing a fissure among the ASEAN nations, especially between Thailand and Indonesia. With its noticeable lack of policy toward the ASEAN nations, the Reagan administration is making the Vietnamese task easy.

New eruptions of border conflicts between Vietnam and China have also broken out, at a particularly embarrassing time for the disoriented Ronald Reagan. Under Kissinger's Rasputin-like influence, Reagan is on the eve of a propaganda extravaganza trip to Peking, which is being orchestrated not as a trip to forward American-Chinese economic relations, but as a "card" against Moscow. The policy itself was contrived by Kissinger to cover for the imminent drastic loss of American influence and prestige among the ASEAN nations.

Aside from a potential strategic humiliation in the Thai-Vietnamese theater, the U.S.-allied regime of Ferdinand Marcos in the Philippines is coming under intensified pressure from internal assets of the Soviet KGB and the Society

of Jesus. The situation is beginning to take on the complexion of an Asian "El Salvador," as government troops are dispatched to the countryside to mow down guerrillas of the Soviet-backed New People's Army, whose political arm, the National Democratic Front is backed by the World Council of Churches, Moscow's "Third Rome" lobby organization.

In South Korea, joint KGB-Jesuit-British assets in the main university in Seoul launched, beginning April 12, student riots against the government, using the hoked-up issue of the military draft to weaken the government of strong U.S. ally President Chun Doo Hwan.

Further west, India is being hit by a series of ethnic-separatist destabilizations in the northwest Punjab region, by members of the Sikh faith controlled by the Nazi International and the Kissinger-Dulles wing of the Anglo-American intelligence services. Sources close to Indian Prime Minister Indira Gandhi are warning that "foreign intelligence services" are behind an assassination plot against the prime minister.

Under such conditions of crisis, the chances increase day by day for an otherwise-unlikely conflict between India and Pakistan to break out. The Soviets are positioning themselves for a major move in that theater, with the dispatching of 136 bombers to the border with Afghanistan. Thirty-six of these are of the TU-16 "Badger" type, with a 1,950-kilometer range. Others are of a medium range capable of hitting the Persian Gulf.

Soviet strategic pressure and U.S. perceived weakness in the Gulf theater are such that at least two Gulf sources, one a Kuwaiti paper and the other the Saudi ambassador to Washington, have indicated that the Saudis are now prepared to establish diplomatic relations with the U.S.S.R. and to buy Soviet arms.

The special case of Egypt

Perhaps no case is more graphic of the Kissinger-International Monetary Fund sabotage of American influence than that of Egypt, a country that has been seeking a strong strategic and economic relationship with the United States.

Echoing the developments in the 1950s when U.S. Secretary of State John Foster Dulles drove Egyptian leader Gamel Abdel Nasser into the Soviets' arms by refusing Egyptian aid requests to build the Aswan Dam, today the Egyptians are again sending out feelers to the Soviet Union for economic assistance, in response to Reagan administration and International Monetary Fund austerity pressure on the country, including reported threats to cut down badly needed food aid to the Egyptian population.

"The love affair between the United States and Egypt is over," said the director of a recent Council on Foreign Relations study on the Egypt. There is no reciprocity from Egypt's side on that evaluation; it is the Kissinger circles that have decided to hand the entire eastern hemisphere over to the Soviet Union.

German Trilateral toes Moscow line for 'independent' European defense

Since the Trilateral Commission met in Washington April 1-3 and received the blessing of the Reagan White House, the drive to decouple Western Europe from the United States has accelerated sharply. Decoupling is no longer merely a subject of debate in the foreign ministries of the continent; it is actually under way. Economic decoupling from the dollar is under current negotiation between some of the most powerful European bankers and Moscow. President Reagan's directed-energy defensive beam-weapons proposal has become the focus for demands for military decoupling from leading European politicians.

West Germany's Horst Ehmke, a Trilateral Commission member, recently issued a call for such decoupling, titled "A Policy for the Self-Defense of Europe." The essay, with its lying attacks on the United States and its alleged "sudden announcement of an armaments program for space," reads like a page out of the Soviet press. Hardly a surprise, given Ehmke's backing from the Trilateral Commission, a principal advocate of a "New Yalta" deal that would give Western Europe over to the Soviet Union. Ehmke's article is a policy paper prepared for the German Social Democratic Party (SPD), and was published in Europa-Archiv, the bi-weekly publication of the German Foreign Policy Association—the German counterpart of New York's Council on Foreign Relations. The publisher of Europa-Archiv is Trilateral Commission member Wolfgang Wagner, editor of the Hannoversche Allgemeine Zeitung.

Ehmke, a lawyer educated at Princeton University, today heads the Social Democratic Party's parliamentary caucus. A protégé of SPD chairman Willy Brandt, he ran the chancellery from 1969 to 1971 during Brandt's regime, and was responsible for appointing East German agent Günter Guillaume to a top staff position. When Guillaume's espionage role was exposed in 1974, the Brandt government fell. Could it bear that Ehmke's role in that affair bears some connection to his current role as a propagandist for the Soviet takeover of Europe?

Ehmke plays a chameleon-like role in German politics, cultivating his "Atlanticist" ties through constant visits to the United States, at the same time that he "builds bridges" to the radical SPD left and the Green party. Since the fall of

the Helmut Schmidt government in 1982, Ehmke has emerged increasingly as a spokesman for the decoupling policy—just as his erstwhile "Atlanticist" masters like Henry Kissinger and U.S. Ambassador to Bonn Arthur Burns have begun publicly to proclaim the need for European "independence" from Washington.

1) With the Ronald Reagan presidency, the United States has returned to a "policy of strength" which is expressed in armaments programs of unprecedented scope and in new military deliberations and doctrines which posit the—theoretical—viability and winnability of a military conflict between the superpowers. Correspondingly, arms control is subordinated to the effort to regain military superiority. Whether stated or not, it is the goal of this policy to make the United States, in the military sphere as in others, once more the number-one power in the world.

2) The Western Europeans welcome an America that represents an effective political and military counterweight against the growing military potential of the Soviet Union, with which the Europeans are compelled to live together on the Eurasian continent. The Europeans, however, do not want to be made into an instrument of American superpower policy.

3) The United States is combining its military efforts with a policy based on the belief that they can also, if necessary, pressure the Soviet Union with economic sanctions and psychological warfare aimed at the destabilization of Eastern Europe. . . . The forces in America advocating this policy see Europe's maintenance of détente as an expression of ideological cowardice which has brought the West nothing globally, but has only been exploited by the Soviet Union.

Washington's 'verbal excesses'

4) Powerful Western European forces, on the contrary, see in the American policy, above all in the verbal excesses of members of the Reagan administration, an expression of their insufficient ability to deal with the Soviet Union effectively and to put themselves in Europe's shoes. . . . They see in long-term cooperation with Eastern Europe, a cooperation which preserves Western Europe's own interests, the

only realistic possibility for overcoming, step by step, the division of Europe created by World War II and the Yalta agreement, and the tensions and dangers stemming from it. . . .

6) . . . The Western Europeans at the same time see themselves as the victims of a reckless American financial and economic policy, which is not only holding back the economic upswing so urgently longed for in view of the 12 million unemployed in Western Europe, but also indirectly involves the Western Europeans in financing the giant American armaments program. . . . Given the state of the discussion within the Alliance, it is not surprising that Europe's importance is sinking in the American view. This tendency is strengthened by certain factors in domestic American politics. The generation of European immigrants is dying off, along with the generation of Americans that came to know Europe first-hand during the post-war period. Still more important is the fact that the Europe-oriented East Coast is losing influence to regions of America oriented toward the South or the West. (Asia)

America's own security would be decisively weakened if it turned over to Soviet influence the European coast of the Atlantic and the second greatest industrial potential in the world. Her superpower status would be decisively reduced. Should the Americans decide this question otherwise some day, they would make a mistake of historic dimensions, without the Europeans being able to deter them. . . .

Europeans dare not allow themselves any illusions. On the basis of their geographic situation as the westernmost point of the Eurasian continent, they are further urged into the alliance with the United States as a counterweight to Soviet power. Whatever security efforts the Western Europeans may make, their geopolitical and geo-strategic position makes it as good as impossible for them to present a sufficient counterweight on their own. They lack the territorial depth for deterrence against the Soviet strength on the continent, and they lack the wherewithal to globally secure the life-or-death lines of communication. To mount an adequate nuclear deterrence capacity, or to mount sufficient armed forces to protect the sea and air lanes, would financially overstretch them.

The Western Europeans in addition must never forget that the security project of a "European Defense Community," which arose at the beginning of the European unification effort, collapsed, and that the "Political Union" of Europe is still a long way away. . . .

NATO was founded as a defensive alliance. The goal of its policy is to avert war and to make peace. To that end, the policy resolved upon by the Alliance and laid down in the 1967 Harmel Report combines efforts for an adequate defense with efforts toward détente and cooperation. This policy serves the vital interests of Europe, which would be obliterated by a military conflict between the superpowers.

Today there exists the danger that the United States will

unilaterally break with this policy and seek to subordinate the Alliance to its superpower interests—as defined by the present American administration. That would contradict, to use President Kennedy's phrase once more, a "partnership of equals." Such a partnership presupposes not only constant, comprehensive consultations, but also an effective participation on the part of the Europeans in the policy, strategy, and planning of the Alliance. If an American administration disseminates military doctrines which are incompatible with the jointly determined policy, or unilaterally announces a policy of economic sanctions against the Soviet Union and then attempts to impose them against its own allies, it is violating this basic principle. Unilateral actions by a superpower which only indirectly affect the Western European alliance partner, such as the sudden announcement of an armaments program for space or the military intervention in Grenada, also weaken the solidarity of the alliance.

A special problem for the Western European alliance partner consists of its extensive dependence on American "intelligence," especially to the extent that this stems from the most modern American technology. The Western Europeans must strive for more thorough, regular participation in the American intelligence process than is the case today. . . .

The militarization of security problems, moreover, has led to colossal budget deficits in the United States, whose effects have a negative influence on the economic security of both Europe and the Third World.

Former American President Richard Nixon has referred to the fact that the cruise missiles and Pershing II missiles stationed in the Federal Republic and Italy also cover part of the Middle East. The Western Europeans must insist on an American assurance that these weapons, so long as they are stationed on Western European soil, will only be used in the event of an attack on Western Europe and then only with the agreement of the countries in which they are stationed.

Such a clarification is all the more necessary as leading spokesmen for the Reagan administration have repeatedly considered a "horizontal escalation," the extension of a war in one region of the world to another—for example, the extension of a Mideast conflict to Europe. Such a thesis is irreconcilable with the security interests of the Western Europeans. . . .

Do nothing to annoy the East

Far-ranging conclusions follow: The Europeans, for this reason among others, must reject any military doctrine, armed forces structure, and weaponry which the East bloc countries would be compelled to view as an offensive potential.

Already the "mere" verbal aggression of the Reagan administration against the East bloc has been a major cause of the rapid growth of the peace movement in Western Europe. The contribution of the American administration to the collapse of the Geneva negotiations on Euro-strategic weapons has further intensified mistrust. . . .

Behind Ariel Sharon's meteoric rise, a tale of dirty money and the ADL

by Allen Douglas

Contrary to all expectations both in Israel and abroad, madman Ariel Sharon scored a sweeping victory in the Herut Party elections for prime minister candidate April 13th, an ominous portent for the Herut Knesset slate elections to take place in May. Running against Herut leader and current prime minister Yitzhak Shamir, Sharon, who was expected to get somewhere around 10% of the vote, scored 42%—effectively guaranteeing him whatever post he wants short of prime minister, if the Herut-led Likud bloc wins the national elections scheduled for July 23.

Oligarchical circles in the West typified by Henry Kissinger are ensuring the domination of the next Israeli government by Sharon. This is guaranteed to drive moderate Arab states and former U.S. allies such as Jordan and Egypt further into the arms of the Soviets, consolidating Soviet influence in the area in the wake of President Reagan's abandonment of Lebanon.

The Soviets contributed their bit with a pre-election surge of terrorist incidents launched into Israel out of Damascus, and most Israelis attribute Sharon's near-capture of the prime minister spot to a lackluster effort by Shamir and his ally, Housing Minister David Levy. But there is more to it than that. Reached for comment on the Sharon upset, a Jewish source in New York with ties to Israel opined: "The Sharon vote was rigged. Did you ever notice that before major events in Israel, Sharon comes over here on these low-profile tours? He meets with the big money-bags and goes back loaded. Didn't you wonder why so many of those Herut voters stayed home and the vote otherwise was very high for Sharon? I'll give you a hint: Sharon was here right before the prime minister elections, and will be on a very quiet tour again before the Herut Knesset slate vote in May. Watch for some surprises there also."

Who owns Sharon?

The popular image in certain circles of the Israeli electorate of Sharon as a misunderstood patriot, fighting off the back-stabbers and traitors who want to pillory him for trying his best, is a calculated fraud. Sharon is no lone voice in the

wilderness crying out against the liberal establishment. Virtually all his moves are guided from behind the scenes by a cabal in the United States centered around Henry Kissinger and acting *against* any notion of Israeli national self-interest.

A source in Tel Aviv identified the personnel at the "quiet meetings" Sharon attends in the United States (organized by the Harry Walker Associates public relations firm, which also handles Henry Kissinger's tours): "Sharon's tours to the United States are usually sponsored by a group of Syrian Jews, like the Nakach brothers of the jeans company [Jordache], Edmund Safra of American Express, and Meshulam Riklis [Turkish-born, but part of the same crowd]."

Edmund Safra, the most important of Sharon's backers and sometimes called the "new Meyer Lansky," by sources who believe he is a front man for dirty-money flows which reach into the hundreds of billions of dollars. Safra's career began as an adolescent in wartime Marseille, in the gold-smuggling black market. "With his heavy involvement in the gold market and his Middle Eastern origins, some outsiders surmised that he was a heavy speculator whose banks stock-piled smuggled gold," according to a May 1979 profile in *Institutional Investor*. Safra's financial interests include American Express, the Trade Development Bank of Geneva, the Republic National Bank in New York, and holdings in Brazil. Safra's banking empire is tightly interlocked with East bloc institutions. In March Safra added **Henry Kissinger** to his Amex board.

The Nakach brothers of Jordache, Inc. are notorious for using their jeans commercials to break pornography into prime-time television, with pictures of half-naked boys and girls playing leapfrog.

Meshulam Riklis of the organized-crime-connected Rapid-American Corporation is Sharon's principal backer, and reportedly picked him up cheap during the mid-1970s, buying Sharon his farm in the Negev desert. For film director Riklis, the pornography is all in the family: He is notorious for having his child-wife Pia Zadora make love to other men in movies which he himself directs. Riklis in turn is a stooge for **Burton Joseph**, former national chairman of the Anti-

Defamation League of B'Nai B'Rith. Since he quit his job teaching Hebrew school in the 1950s, Riklis's career has been bankrolled by Joseph.

Another of Sharon's boosters is Manhattan district attorney and former national ADL executive member **Robert Morgenthau**, the man who has given instructions to New York City police not to arrest marijuana offenders and has allowed prostitution to flourish throughout the city.

The ADL and the *New York Times*

Wherever one follows the footsteps of Sharon, one comes upon the Anti-Defamation League of B'Nai B'Rith (the organization which mobilized to prevent American Jews from boycotting Hitler's Germany in the 1930s) and the *New York Times* (which urged appeasement of Hitler during the same period). Sharon's recent lawsuit against *Time* magazine "in defense of the national honor of Israel," for *Time's* coverage of Sharon's role as defense minister in perpetrating the massacres of Palestinians in the Sabra and Chatila refugee camps in Lebanon, is handled by **Arnold Forster**, a leading light of the ADL. **Burton Joseph**, former ADL national director, is Sharon's chief controller. **Robert Morgenthau** has been an ADL bigwig for years. **Edmund Safra** is a financial angel for the ADL, through his dealings with those circles in the New York garment district. And finally it is the ADL which is fostering a Christian fundamentalist-Jewish fundamentalist alliance so that American Jews, most of whom cannot stomach Sharon's vision of Israel, will be replaced as a lobby by the pro-terrorist fundamentalists.

At crucial turning points in both Israeli politics and Sharon's career, heavy-handed intervention has been exerted by this ADL crowd, together with their friends at the *New York Times*. Many Israelis, particularly those sympathetic to the Labor Party, remember with bitterness the fall of 1982, when after the release of the Kahan Commission report demonstrating Sharon's and other government officials' culpability in the Sabra-Chatila massacre, Sharon and the Likud seemed to be on the way out, until *New York Times* editor Max Frankel came to the rescue. By leaking a story, later shown to be a wholesale concoction, that the Labor Party was asking the Reagan administration to cut back funds to Israel, particularly for West Bank development, the political scene was shifted as cries of "traitor!" went up against the Labor Party, and the Likud and Sharon were bolstered. More recently the same modus operandi was used by the Robert Morgenthau and his wife, *New York Times* stringer Lucinda Franks. After setting up a tour of Israel with Defense Minister Moshe Arens, Franks released a story claiming that Arens had said U.S. Secretary of Defense Caspar Weinberger "should see a psychoanalyst"—a story Arens vehemently denied. This occurred shortly before the recent Herut elections.

One of Sharon's key activities for the past several years on behalf of his New York backers, beginning with his tenure as agriculture minister, has been overseeing a massive spec-

ulation operation on the occupied West Bank. Sharon's militance for retaining the West Bank and backing the large-scale settlement plan there has nothing to do with the security of Israel! In fact, he stunned many observers in the early 1970s by talking about how he would deal with the Palestine Liberation Organization, and be "unbelievably sympathetic" in giving back the West Bank. But this was before his intensified association with the Riklis group.

Dovetailing with the West Bank takeover operation is a fundamentalist plot to blow up the Muslim holy shrine of the Dome of the Rock and rebuild Solomon's Temple on the spot. The controllers of this Temple Mount conspiracy aim to transform Israel from a technology-proud bastion of Judeo-Christian culture in the Middle East, with the potential to develop the Arab world and Africa, to an organized-crime paradise with an "oriental" cultural milieu. Under the rubric of "Jewish fundamentalism," animal sacrifices are being reinstated by the Torat Cohanim yeshiva, and training programs are under way to produce the high priests for the new Babylonian cults to be organized around the Temple.

Elements of the real estate speculation and Temple Mount terrorist crowd converged at a Nov. 1, 1980 meeting in New York City, chaired by Ariel Sharon and Manhattan DA Robert Morgenthau. At the meeting, Sharon and Israeli Science and Technology Minister Yuval Neeman launched a new organization to propagandize for West Bank expansion, The International Conference for P.E.A.C.E. (an acronym for the 'Prevention of the Emergence of another Arab Country in Eretz Yisrael'). Board members include **Meir Jolawitz**, national director of the Jewish Defense League, **Joseph Churba**, former business partner of the JDL's Meir Kahane and a leading U.S. propagandist for rebuilding Solomon's Temple, **Geula Cohen**, a member of the Jerusalem Temple Mount Foundation, and **Roni Milo**, Menachem Begin's son-in-law, chief partner of one of the seven major real estate combines operating on the West Bank, and suspected insider in coordinating the recent Herut vote for Sharon.

According to Israeli sources, money is now pouring in from the same U.S.-based Syrian Jews who support Sharon to the Torat Cohanim and Birkat Avraham yeshivas and other operatives of the Temple Mount conspiracy. Sharon-backer Safra's personal hobby is "funding synagogues"—in this case the ultimate synagogue, a rebuilt Solomon's Temple. Many of the "recently become religious" members of the Torat Cohanim and Birkat Avraham yeshivas are ex-convicts and, as the Israeli police have noted, many members of the Jewish terrorist gangs have criminal records.

These punks are simply the tools of the international organized-crime mafia, and where the local criminals won't do, new elements are sent in from mafia networks in Los Angeles or from Jewish Defense League strongholds in New York which function under DA Morgenthau's protection. Four of the fundamentalists arrested in Jerusalem recently for a bus-bombing were Americans.

N. Africa next for anti-U.S. outrages?

by Thierry Lalevée

From Mauritania to Egypt, all of northern Africa is set to explode. *EIR* warned in our Feb. 7 issue that continued U.S. support for the policies of the International Monetary Fund (IMF) would “hand the entire region over to the Soviets and their satraps.” Now, after a brief respite following the food riots in Tunisia and Morocco in January, our prediction is coming true.

A confidential report circulating in the U.S. National Security Council sounds the alarm about the situation of the Maghreb countries: “At a time when the United States has not yet recovered from its failure in Lebanon, it may be soon faced with another major crisis on the other side of the Mediterranean, affecting America’s old and new friends, Morocco, Algeria, and Tunisia.” The report details the foreign and domestic pressures on each of these countries, but stops short of proposing any way to prevent the crisis from happening. Most important, the report ignores the fact that it was Washington’s backing for the genocidal policies of the IMF which led to the January riots in the first place.

Under direction from Libyan dictator Muammar Qaddafi, a regrouping is now underway of the numerous Islamic fundamentalist sects which seized the leadership of the January unrest. With a few of their leaders arrested, others have disappeared underground either in the Maghreb directly or in more hospitable countries like Spain, France, and Italy. Observers watching the situation carefully have warned that a new explosion may be in the making for mid-May or early June, affecting all three countries.

Tunisian authorities recently discovered that their own Interior Minister Driss Guiga had been a prime mover in a Libyan-inspired plot aimed at overthrowing the governments of all three countries in the wake of the Tunisian riots. Guiga had found a luxurious exile in the Florida home of Saudi prince Sheikh Fassi before his arrest. Revelations have started to come out on the endless list of his acquaintances and accomplices, including such personalities as former Austrian chancellor Bruno Kreisky (a personal friend of Qaddafi and a leader of the Socialist International) and Robert McNamara

the former U.S. defense secretary and World Bank head! The ideological link between McNamara, Kreisky, and Qaddafi can be found in their shared commitments to prevent the emergence of independent and developed countries in the Third World, a process which would jeopardize their “New Yalta” deals with Moscow.

Qaddafi is reported to be singling out Algeria, the only country not directly affected by January’s destabilization. He has arranged over the past weeks for military training of French-based Algerian fundamentalists at the Libyan bases of Zuwarah and Zawiyah. As the government of Algerian President Chadli, a staunch enemy of Islamic fundamentalism, cannot be overthrown in the coming period, Tripoli plans to launch guerrilla-style military actions in the south of the country, using its trainees as well as the Touareg nomad tribe which travels along the so-called Qaddafi Path from Libya up to the Western Sahara, across Algeria and Mali. In March, a Libyan plane flying toward southern Algeria was diverted to the Algiers airport where it was found filled with weapons—not for the Libyan-backed Polisario group but for Algerian rebels.

From Europe, former Algerian president Ahmed Ben Bella, the joint asset of Qaddafi and the Nazi International, is coordinating the campaign together with the Trotskyist Fourth International of Michel Raptis aka Pablo, an intelligence adviser to Greek Prime Minister Andreas Papandreu. Raptis was Ben Bella’s minister of planning and was recently in Geneva and Paris to sponsor the creation of “Support Committees for the Liberation of Political Prisoners in Algeria,” which have held meetings and demonstrations in Paris, Madrid, Lisbon, Rome, Geneva, and Athens. This operation feeds into similar actions against Morocco by Islamic fundamentalist groups based in the Spanish cities of Cordoba, Grenada, and Malaga, as we shall detail in future articles.

Pressures from the IMF

What gives Qaddafi’s destabilization plans the chance to succeed are the foreign economic pressures upon these countries, generally considered the strongest of the under-developed African continent. Only the last-minute decision of the governments of Tunisia and Morocco in January to cancel the austerity measures which the IMF had demanded prevented the nationwide food riots from exploding into full-fledged “Islamic” revolutions of the Iranian kind.

These countries, as well as more prosperous Algeria, have since been walking a tight-rope between satisfying the needs of their populations and giving in to Washington-inspired international pressures. Morocco, for example, is no longer able to pay its civil servants, and Tunisia is in no better position. Mauritania has a per capita debt ratio higher than Brazil, and Algeria has recently experienced a series of economic setbacks as countries that import its natural gas have suddenly pulled out of scheduled deals.

Thanks to Kissinger, Soviet threat mounts against ASEAN countries

by Sophie Tanapura

“Although great power and superpower competition for influence in Southeast Asia is nothing new, activities in the Indian Ocean have heightened the already strategic importance of the area as a transit point into the Pacific, and, as a result, will raise the stakes for a confrontation of powers in the future.

“Because of shared goals, at least for the time being, Vietnam has become in effect the instrument of Soviet power and influence in the area. Occupation of Kampuchea and continued Vietnamese military presence in Laos have permitted the establishment of increased Soviet presence in those countries and in Vietnam itself, where it had previously been limited,” said secretary general of the Thai National Security Council, squadron leader Prasong Soonsiri, speaking before a banquet in Bangkok for the World Media Conference Asian Fact-Finding Tour April 2.

The Thai secretary general characterized the increase in the number of Soviet aircraft and naval ships in the area as “startling”: 1) at least 117 SS20 nuclear launchers are positioned east of the Urals, targeting China and other Asian countries and capable of reaching all of Japan and about one-half of Alaska; 2) 50 Soviet divisions are emplaced along the Sino-Soviet border; 3) the Soviet Pacific Fleet contains roughly one-third of all Soviet submarines (120), one-fourth of all principal surface combatants (80), and one-third of all naval aircraft; and 4) Backfire bombers now routinely operate over the Sea of Japan and, in the fall of 1982, Soviet Backfires conducted their first simulated strike operation against a U.S. aircraft carrier group.

Squadron Leader Prasong Soonsiri presented additional documentation of the Soviet buildup. The U.S.S.R. has transferred some \$2.8 billion worth of arms to East Asia between 1976 and 1980, and \$2.8 billion more to nations in South Asia. This includes approximately 500 tanks, 635 artillery pieces, 50 combat ships, and 250 supersonic combat aircraft. During the 1979-82 period, Soviet arms transfers to East Asia and the Pacific rose to 1,050 tanks, 790 artillery pieces, and 265 supersonic combat aircraft—ten times more tanks and supersonic combat aircraft between 1979 and 1982 than between 1975 and 1978.

Perhaps the most important Soviet strategic gain since their “acquisition” of Cuba is Vietnam’s Cam Ranh Bay. The last time the Russians had a warm-water port of call for the

Pacific region was at the end of the 19th century in Cochin, China. The Japanese newspaper *Sankei Shimbun* recently reported that the Soviet Union has stationed 400 marines, fully equipped with 50 armored vehicles, amphibious personnel carriers, mortars, and 82-mm antitank guns, at Cam Ranh Bay. If these forces were to remain more permanently stationed, the bay could rapidly become a Soviet strategic forward base capable of rapid deployments in Southeast Asia as well as into the Persian Gulf, Tokyo military sources said.

The Soviet buildup in the Pacific-Indian Ocean area was made possible by the debacle in U.S. foreign and military policies overseen by Henry Kissinger, Zbigniew Brzezinski, and associates. In 1970, Kissinger orchestrated the overthrow of the neutral Sihanouk regime of Cambodia and installed the Lon Nol government. Then in 1975, Kissinger, Alexander Haig, and Thomas Enders, in a deal with Peking, allowed the Lon Nol regime to be overrun by the Chinese-backed Khmer Rouge led by the genocidalist Pol Pot, who then carried out Maoist back-to-the-land policies, killing 40% of the Khmer population.

U.S. policy took a more disastrous turn when the Kissinger-Nixon China policy became better known as Brzezinski’s magical “China Card” policy in 1978 under the Carter administration. This policy was responsible for the second major reduction of U.S. presence in the area following the U.S. pullout from Vietnam. The belief was that Chinese imperial designs could fill the gap left by the United States and check Soviet expansion. The China Card also provided the rubric under which the United States withdrew its moral and economic support from the ASEAN nations.

The China Card was only a further elaboration of the Guam Declaration (or the Nixon Doctrine), worked out by Kissinger, then national security adviser. The doctrine proposed that there be virtually no U.S. ground-troop involvement in East and Southeast Asia and that U.S. allies, if hit by conventional aggression, should assume the primary responsibility of providing the manpower for their defense. The United States would furnish economic assistance when requested and deemed appropriate.

This yielded three main results: 1) it created a long-hoped-for opening for the Soviet Union to move into the area; 2) it led the Asian countries to conclude that the United States was not a dependable ally; 3) it showed that the United States has

no ASEAN policy, as everything was subsumed under the China Card policy orientation.

In the face of this Soviet buildup in the Pacific-Indian Ocean basin, especially around Cam Ranh Bay, ASEAN countries today are increasingly aware that they are easy prey, and are being forced to make corresponding defense budget decisions.

Singapore has ordered 4E-2C AWACS and ground-support units, estimated at nearly \$1 billion, to monitor the Malacca Straits. The Singaporean Air Force, which already has over 30 F-5s and 120 Skyhawks, is buying about one dozen F16-J79 fighters. Indonesia is also interested in F16s, but has had to shelve the idea for the moment due to budgetary problems. Defense sources in Malaysia also indicate interest in sophisticated fighters such as the F16, F20 Tigershark, or the European-built Tornado.

Thailand, which feels more immediately threatened by the Soviet-Vietnamese cooperation than any other ASEAN country, has made it a point to request the F16 A100 model, used by the U.S. Air Force and already sold to Egypt, Israel, Pakistan, South Korea, and Venezuela. The Thais consider that the short-term danger is definitely a land threat from the Soviet-backed Vietnamese troops running Kampuchea, a country which the Thais had relied upon as a buffer state between them and Vietnam. The medium-term threat would be a naval one, they believe.

With Soviet-backed Vietnamese troops at their border, the Thais also feel that they are as much a front-line state as Pakistan. The F-16/A-100, which has doubled the action radius of the F-16/J-79, the U.S. export model, gives the Thais the necessary added capability to cover Vietnam as well as prepare for an eventual naval threat.

Should Thai Prime Minister Prem Tinsulanonda get a green light for the requested F-16/A-100s during his visit to the United States later in April, the Soviets may step up their carrot-and-stick approach toward Thailand. In March, the Soviet Union invited Thai Princesses Maha Chakri Sirindhorn and Chulabon, as well as to Supreme Commander and Commander in Chief of the Armed Forces Gen. Arthit Kamlang-ek, to visit Moscow. The number of Soviet scholarships for Thai students has increased sixfold from 10 to 60 for the coming year. However, should F-16/A-100s get U.S. approval—further cementing a long Thai-U.S. relationship—the Soviets could very well wage a smear campaign, accusing the Thais and the Americans of being responsible for the arms race in the region, a campaign which could shake up ASEAN internally.

The trap Thailand faces is felt equally by all ASEAN nations. Without a U.S. policy of economic development for the ASEAN nations and a strong U.S. defense policy, the ASEAN countries are trapped in a purely defensive posture which will not be able to withstand Soviet expansionism in the long or even medium term.

INTERVIEW: Prasong Soonsiri

'Kampuchea is not

Interview with Squadron Leader Prasong Soonsiri, Secretary-General of the National Security Council of Thailand, conducted by Sophie and Pakdee Tanapura on March 16.

EIR: Do you think a political solution to the problem of Kampuchea can be found in the regional context?

Prasong: The problem of Kampuchea is complicated, has many other implications in other areas, and cannot be solved in a simple way, by merely having the interested parties sit down together for a talk. By interested parties, I mean, Vietnam and the Democratic Kampuchea coalition government. Not even Vietnam and Thailand could bring about a solution, because the problem of Kampuchea is not a problem between Vietnam and Thailand. The problem is also not one between Vietnam and ASEAN, as Jusuf Wanandi of the Indonesian Center for Strategic and International Studies had suggested, and cannot be solved by the five [ASEAN] plus two [Vietnam and Laos] discussions, or the five plus anything else.

EIR: How then should people view this regional conflict?

Prasong: The most important question to ask oneself is how did the problem of Kampuchea start in the first place. I am a firm believer in the Buddhist religion. If we know the real cause of the problem, we could begin to tackle it and subdue it. The Vietnamese say that the Khmer Rouge were the first to attack Vietnam and, therefore, they had to pursue them into Kampuchea, taking over the whole country. The Vietnamese say that they had to defend themselves because the Khmer Rouge, supported by the Chinese, violated their borders, burned down their houses, and killed the Vietnamese people.

However, if we review the historical events, we can easily see that these Vietnamese excuses are only part of the global problem of Kampuchea. In fact, the Khmer Rouge first wanted to push back the Vietnamese that were settling down on Kampuchean territory along the Vietnamese-Kampuchean border. This was when the Vietnamese supported the Vietcong against American soldiers fighting in the Vietnam war. While the Vietcong waged guerrilla warfare in the southern part of Vietnam, North Vietnam, at the time, sent logistical and troop support to the Vietcong in the south along Ho Chi Minh trail and stationed three battalions on Kampuchean territory. After the liberation of South Vietnam by the

a Vietnam-Thailand problem'

North in April 1975, the Khmer Rouge were able to overthrow the Lon Nol government and establish themselves as the new legitimate government. The problem began when the three battalions that were sent to support the Vietcong in the South remained in Kampuchea, even though the North had already conquered the South. At that moment, the Khmer Rouge asked the Vietnamese to withdraw from Kampuchean territory. Now why did they have to make such a request? They were allies, weren't they? The answer to this can be found by studying the relations between China and Vietnam, and China and the Soviet Union.

Since 1965, relations between China and the Soviet Union have been continuously deteriorating, until its worst point after 1978. At the same time, relations between China and Vietnam were also at their low. This is why I said the problem of Kampuchea is very complicated. It goes way beyond the simple problem of Vietnamese soldiers coming into Kampuchea and occupying the country.

EIR: Who then will be able to solve the problem of Kampuchea?

Prasong: The problem goes beyond the capacity of the small people in Kampuchea, beyond the capacity of the ASEAN countries. The United Nations proposal to organize an International Conference on Kampuchea has tried to take into account the full scope of the problem. This should help create the framework for a solution. . . .

The essence of the problem has never fully been taken into consideration. The deterioration of Vietnamese-Chinese relations was in effect ignored, though the two countries were at one time in history closely tied to each other. After all, they drink the same water from the Red River which comes from China, from the same mountain source. They are like brothers and sisters. History at different moments may have created deep bitter feelings between them, but they cannot escape the fact that they are neighbors and will have to live next to one another.

Now the present deterioration of the Vietnamese-Chinese relations began, in fact, at the point that relations between the Soviet Union and China were deteriorating, that is, from 1965 to 1978. It is precisely during this period that the Soviet Union saw the opportunity offered to her, especially after the

1975 withdrawal of American forces from Vietnam. This resulted in a power vacuum which created an opening for the Soviets to move in.

The Soviet system spreads by imposition of power. You can see that in Africa, the Middle East, or Latin America. The Soviets cannot sell their political and socio-economic systems to any of the small countries of this area. Nobody wants to hear of it. Therefore, for the Soviet Union, there is only one way: to impose military might to serve their political purpose.

And what are the Vietnamese interested in? The Vietnamese took advantage of the situation when Soviet-Chinese relations were at an abysmally low level. At that point, Vietnam was having problems with certain Khmers on its border that the Chinese were supporting. They had to draw in the Soviets because the Chinese stopped all aid—several billion U.S. dollars intended for some hundred projects. What could replace this aid? The Soviets were one such big source. The problem in Indochina is that relations between Vietnam and the Soviet Union are such that each side is taking advantage of one another. Their relations are not based on any historical principles or thought-out policies. Therefore, when we analyze closely this particular relationship, we can safely say that it is not based on mutual trust. The Soviets would like to dominate this area of the world, but at the same time, the Vietnamese have no trust in them in the long-term. However, at present both sides need and depend on each other. Without the Soviets, the Vietnamese would not be able to remain and fight in Kampuchea. Without the Soviets, the present Vietnamese government might not even be able to survive in Vietnam itself. Military aid was needed to build up the Vietnamese forces after the first Chinese "lesson." In 1979, Vietnam had only 33 divisions. Only two years later, by 1981, Vietnam was able to increase its forces to 58 divisions equipped with some of the most modern weapons. Economic aid was also given, in the way of sufficient food supplies and several projects intended to help in the reconstruction of the country. But as far as I can see, the Soviets give aid only to the extent that it keeps Vietnam feeding out of their hands, giving the Soviets themselves time to increase their presence in Indochina and especially in Vietnam.

Now why did I say that such a relationship is based on

mutually taking advantage of each other? This is because the Soviet Union looks upon this region not only in terms of Soviet interest, but rather in terms of Soviet world strategic interest. Should the Soviet Union control this area, it would give them better control over the juncture point between the Pacific and the Indian Oceans which then leads to their interests in the Middle East. This is why the Kampuchea problem is a very complicated one and involves the interests of the superpowers. Therefore, the problem cannot be solved easily with some kind of formula.

EIR: Do you think that a strategic shift in the balance of power between the United States and the Soviet Union in favor of the United States could favorably influence the situation in Kampuchea?

Prasong: From the recent events, Soviet expansionism is checked only when it stumbles on an obstacle. I will always remember Lenin's teachings to his followers. Carrying out a policy, he said, is like plunging a bayonet into the enemy's flesh. If the blade encounters a bone and you cannot push it through, then pull it out. If the bayonet does not encounter any bone, then keep plunging it into the enemy until he is dead.

Here is another example—when the Soviets decided to set up a strategic base in Cuba. At the time, I was still a student in the United States, in Colorado to be exact. That was when John F. Kennedy was President of the United States. Why did the Soviet Union halt in its tracks following the quarantine announced by JFK? We should learn how to deal with the Soviet Union from such relevant historical examples. We should not think like some politicians who entertain the illusion that some compromise could be reached. It is not easy to do so with the Soviet Union. The Soviet Union is willing to sit down at the table only if the negotiating partner is firm. If the negotiating partner is not firm, the Soviets will exploit that weakness immediately. This is so in every case and, therefore, also in the case of Vietnam. Now when I say firm and strong I don't mean being stubborn. I mean firm in principles. Many events in the world violate these principles. U.N. principles still protect small countries like ours. We have to stick to principles of international law, of majority rule, because we live in a world community. If we don't stick at least to these principles, we small countries will run into trouble. If we keep to these principles, there will be increased security.

I myself, when working on security questions, keep three things in mind. One, I will defend principles and measures taken to safeguard those principles of international law, international relations or U.N. resolutions. Two, I must look for friends and allies, which is a way of reducing conflicts. The third point is non-intervention into another country's business.

EIR: How do you estimate the Vietnamese threat for Thailand?

Prasong: More than 20 Vietnamese divisions are fighting in Kampuchea and this poses a threat for us, because while fighting in Kampuchea, they sometimes violate our borders. Other times, they threaten to violate our territory. There are some countries in ASEAN that think that the Vietnamese are not a threat to regional security. Now if Vietnam were to keep their troops within their borders, I would say Vietnam poses no threat at all. However, I say that with 20 divisions in Kampuchea and with six divisions in Laos on our borders, the Vietnamese are definitely a threat to the security of Thailand. Vietnamese territory never before touched our borders, but now their soldiers are along our borders. . . .

Vietnam did not come into Kampuchea alone, but brought along with her Soviet influence into Indochina. The Vietnamese threat has the support of the Soviets. Were we able to move Vietnam out of Kampuchea, the Soviets would still be quite entrenched in Indochina and this can pull other superpowers into the regional conflict. It will be difficult for countries in this region to maintain peace and security.

The Soviets started to come into the region since 1979 and their military power increased with the years that followed. They first used the harbors, built improved piers at Cam Ranh Bay, then used the airfields as well as building up additional military installations, including an electronic intelligence center capable of gathering all relevant strategic information in the region. This station is located in the southern part of Vietnam, near Danang. The Soviets have also improved the harbor site of Kom Pong Som which allows for Soviet or East European freighters and warships to dock. A third deep sea port has already been completed at Riem, conceived as a temporary port second to Kom Pong Som. So we can see that the Soviets have expanded their presence from Cam Ranh Bay right into the Gulf of Thailand at Kom Pong Som and Riem in Kampuchea. Therefore, Soviet military power, whether it be warships or submarines, is right at our doorstep.

Cam Ranh Bay has become the Soviets' big military command-control center for Southeast Asia. It also has enlarged airfields which can accommodate medium-size bombers of the Tupolev 16 type, otherwise known as "Badgers." We now have ten Tupolev 16s stationed at Cam Ranh Bay, as well as several Tupolev 95s, also known as "Bears." The medium-size Badger bombers have an action radius of 2,000 miles, therefore, with the capability of reaching Indonesia. As for the Bears, there are two categories: Bear D and Bear F to hunt submarines, as well as to gather intelligence or to deploy on reconnaissance.

Why do the Soviets have to increase their military strength in this region in this way? The other powers are staying within their own borders. China has never stationed her forces outside the country. The United States has withdrawn its forces to Subic Bay (Philippines).

Not only have the Soviets built up their air force presence in the region but they have also done as much for their naval power. The Soviet navy stationed at Vladivostok over the

past two to three years is the fastest growing naval power in the Far East. Before 1979, Soviet Naval forces stationed at Cam Ranh Bay at first numbered only four to five surface warships moving in and out of the harbor per year. In 1979, this figure increased to 10-15 ships per year. In the following year, this increased to 15-20 ships. And finally in 1983, it reached 20-25 ships altogether, as dense as the Soviet naval presence in the Indian Ocean. At present, there is a continuous two-way flow of Soviet ships on the order of 24 every day from Vladivostock or those Soviet ships coming back from their deployments in the Middle East through the Indian Ocean making their way back for repairs or reconnaissance. As for surface warships stationed in Cam Ranh Bay, there are no fewer than five, not to speak of the constant presence of two submarines that surface once in a while. These nuclear submarines are capable of attacking anywhere but you must understand the following. There is a constant presence of some 24 warships in the Bay—what with those permanently stationed there and those docking in for repairs. Because of this, the Soviets have built up repair docks and piers, permanently anchored as well as floating dry docks, for that precise servicing purpose. There are at present altogether five piers capable of servicing surface warships as well as nuclear submarines.

In addition to this imposing presence, Soviet advisers have also been sent into Kampuchea and Laos. The Soviets are at this point helping Laos improve the quality of its armed forces. They are also planning to build up their military installations in Kampuchea. Given these facts, we can see that there is both the intermediate as well as long-term threat. The intermediate threat emanates from Vietnam in Kampuchea because it is on our borders. If the long-term Soviet threat is not resolved, this region will be the site of many power conflicts. China herself cannot allow the Soviets to block her in the South. I still believe that, even though China just opened in Moscow her fourth dialogue with the Soviet Union, China will never be as close as she was to the Soviet Union in 1965 because their national interests are now so divergent. The dialogue is merely a channel of discussion and nothing more. I think that this state of affairs does not make Vietnam very happy. We must keep in mind that the Soviets consider everything from the standpoint of their world strategic interest. If the Soviets were to reach some kind of agreement with China, Vietnam would be in real trouble.

EIR: What are the Vietnamese doing in Kampuchea?

Prasong: Vietnam justifies its action as humanitarian but, on the other hand, she has not contributed in any way to the reconstruction of the Kampuchean economy. All to the contrary the country is being colonized and will be transformed into another Vietnam in the long term within the creation of the Indochinese Federation. Each time Vietnam makes a declaration concerning Laos or Kampuchea, she usually refers to the "special relations" between Vietnam and the other Indochina states. By "special relations," they actually mean

relations among the three Indochina states similar to those during the French colonial period when there was a colonial master. You can check the terms of the treaties signed between Vietnam and Kampuchea or Laos and you will see that the 25-year treaties with either Laos or Kampuchea limit the sovereignty of those countries.

EIR: You have often mentioned that Kampuchea is undergoing the process of Vietnamization. How is this taking place?

Prasong: In Kampuchea, Vietnam has intervened deeply into the socio-educational process to transform the Khmer sense of national identity, to reshape Khmer children's outlook toward Vietnam. They have reformed the school curriculum and introduced Vietnamese as an obligatory language in Khmer schools. This is the truth. Vietnamese citizens have been placed in administrative posts at the municipal, district, and provincial levels. Khmers holding these posts who are not willing to buckle under Vietnamese rule, are systematically purged.

EIR: What kind of policy would you like to see from the U.S. government?

Prasong: As far as I can see, U.S. policy in Southeast Asia usually consists of mere declarations that it supports ASEAN policy. This indicates that the United States does not really have a policy for Southeast Asia. Because if she had her own policy, she would not have to say that whatever ASEAN wants, the U.S. will support. I want to call the attention of the United States to the fact that the Soviets are building up their forces in this region tremendously. Some people in the U.S. are saying that the U.S. should better move to some rim area. I don't think small countries in this area would want to become communist. However, we must not forget that the Soviet Union has already swallowed other smaller countries by using its military strength. What would stop them from repeating it, if a superpower like the United States were to overlook this kind of problem and agree to move out of the area, as the withdrawal of U.S. forces from South Korea was once discussed. I don't agree with that kind of policy at all. I think that, on the contrary, the United States should increase its role and presence in this region. In such a crisis situation, smaller countries like ours wouldn't mind it at all. But if the United States thinks that it should move away in order to defend itself, it would increase its own isolation. It is perhaps more comfortable now but it is in for deeper trouble in the future. The United States may think that its weapons are of better quality, better efficiency, even though in certain categories of strategic weapons, the U.S. may be inferior. But don't underestimate the other side whose guidelines are simply "whatever I can take by force, I take." Don't forget Lenin's teachings: "Probe with your bayonet; if you encounter steel, withdraw; if you meet flesh, continue." I will never forget this since my studies. And this has proven to be Soviet behavior. Therefore, you must be firm.

Mrs. Gandhi goes to Libya

There is every indication that the Libyan dictator delivered an ultimatum to the Non-Aligned Movement chairman.

It appears that the "secret mission" of Colonel Qaddafi's wife, Sophia, to New Delhi in February may have been decisive in the Indian prime minister's 27-hour visit to Tripoli, the first ever by any Indian head of state or prime minister. While Mrs. Gandhi's April 7-10 visit to Libya and Tunisia was preceded by press discussion of a "new Indian move" to resolve the Iran-Iraq war, Iran's deputy foreign minister Shaik ul Islam had told Mrs. Gandhi just days before she left Delhi that Iran would accept no mediation of any kind in the 42-month-old war.

Then, too, the trip was cut in half—Egypt and Algeria were on the original agenda—due to the crisis in Punjab, where separatist terrorism has sharply escalated. The Tunisian stopover was clearly kept for the sake of "balance"—but the question remained, why should the prime minister of India visit Libya at all at this time?

India and Libya are on opposite sides of many crucial issues, as is reflected in India's good relations with Egypt and Iraq, and its staunch support for Yassir Arafat's leadership of the PLO.

Mrs. Gandhi answered this question on her return: The purpose had been to strengthen bilateral ties and honor longstanding invitations, she told the press. "Not going would have caused misunderstandings," the prime minister added with characteristic bluntness. Otherwise Mrs. Gandhi's comments were limited to acknowledging that "Nobody has a way out at the moment," on the Gulf war and the Palestinian-Lebanon crises.

The Non-Aligned Movement (NAM) chairman was not inclined to discuss Qaddafi's views, diplomatically parrying questions on this line. The fact that there was no joint communiqué or statement issued following two rounds of talks, one with aides and one for an hour and a half alone, speaks for itself.

Apart from the official low key, there are indications that the Libyan dictator issued an ultimatum to the Indian prime minister and NAM chairman: Drop your support of Egypt, Iraq and Arafat and back the Syria-Libya-Iran axis, or else!

This is one interpretation given to the pointed remarks of Qaddafi at the banquet in Mrs. Gandhi's honor on April 7. "The extensive economic cooperation between India and Libya is not matched by cooperation in the political field," Qaddafi said. Newsmen accompanying the prime minister described this as the sounding of an "ominous note" and reported that Mrs. Gandhi and her entourage were "puzzled" by it.

There is no question that India's economic stake in Libya—the sum and substance of the two countries' "bilateral relations"—is a sensitive leverage point. Already the screws have been turned, ostensibly on the ground of Libya's weakened balance of payments position. For months many of the 50,000 Indians working in Libya, a large portion of them professionals, have not been paid at all. In addition, the earnings they are allowed to repatriate have been reduced from 90% to 50%.

The economic ties were on shaky ground to begin with. In 1978, when Libyan relations with Pakistan soured, allegedly over Pakistan's refusal to assist with "the Islamic bomb," staff major Mohammed Jalloud, Qaddafi's younger brother, made a visit to India and indicated that Libya was willing to forget about India's "crimes" in connection with the liberation of Bangladesh. A Joint Commission was set up which has since overseen nearly \$3 billion worth of project contracts completed or in hand, including power stations and other construction.

Although the current economic irritants were reportedly not brought up in the official talks, a meeting of the Indo-Libyan Joint Commission will be convened in Tripoli in May. This may give some further clue to the meaning of Qaddafi's banquet table remarks.

Otherwise Qaddafi gave Mrs. Gandhi an earful in public, including informing her that his Libya was "the driving force in the throbbing spirit of the Arab world." It is not known whether in private he reiterated his assertion of a year ago (in an interview with a West German anarchist publication) that Indira was a "Hitler in disguise." Nor is it known just what Mrs. Gandhi told Qaddafi.

But since actions speak louder than words, it is significant that just hours after leaving the colonel's company, Mrs. Gandhi had an unscheduled meeting with Yassir Arafat in Tunis. It is also significant that Egyptian President Mubarak's personal envoy has just returned to New Delhi—he visited in March when the prime minister's trip was being planned—for further talks.

As for Qaddafi's peace-making potential, the recent reminder in London of his government's commitment to terrorism should remove any illusions that Mr. Bhandari's Indian External Affairs Ministry staff may have had.

Kissinger Watch

by M. T. Upharsin

Dr. K drives Egypt into Moscow's orbit

According to a source with the Council on Foreign Relations engaged in a study on Egypt-U.S. relations, "the love affair" between the two countries is just about over. The foreign policy establishment associated with Henry Kissinger, including the International Monetary Fund, is now alienating the United States' closest Arab ally as part of their "New Yalta" agreement to place the Middle East in the Soviet orbit.

That is why the Kissinger mafia intervened last month to prevent Democratic presidential candidate Lyndon H. LaRouche from visiting Cairo in late April to address a Club of Life conference on Egypt's role in the development of Africa. LaRouche was prepared to present a bold development perspective for Egypt, also aimed at revitalizing U.S.-Egyptian relations.

EIR has learned that a team from the IMF in Egypt in March threatened the government, which was co-sponsoring the planned conference, with dire consequences if Cairo hosted Mr. LaRouche.

Over the same period, Chase Manhattan's David Rockefeller and Jerry Ford, another Kissinger disciple, both visited Cairo. It was Kissinger's State Department during the Ford administration that established the U.S.-Egyptian "special economic relationship." Egyptian sources at the highest ministerial level have complained that this relationship, overseen by the IMF and the AID division of the State Department, has systematically undermined Egypt's ability to put the billions in U.S. aid to effective development use.

During his visit to the United States in January, Egyptian President Hosni Mubarak was refused any cooperation in removing the IMF and AID constraints on the use of U.S. aid. These State Department moves are driving Egypt to re-establish ties with the Soviet Union.

NSIPS returns to Peru: Kissinger beware!

New Solidarity International Press Service (NSIPS), whose correspondents were ousted from Peru in 1976 on orders from then-Secretary of State Henry Kissinger, has returned to Lima and published the first Peruvian edition of its newspaper in eight years on April 18.

The NSIPS correspondents were expelled during a year-long intensive drive by Kissinger and the International Monetary Fund to smash all opposition in Peru and throughout the developing sector to the IMF's austerity policies. The news agency had circulated widely the call of Lyndon H. LaRouche, Jr. for a moratorium on Third World debt and the formation of an International Development Bank to replace the bankrupt Bretton Woods monetary system.

When Peruvian Foreign Minister Miguel Angel de la Flor, at a meeting of the Non-Aligned movement in Manila in February 1976, demanded a debt moratorium, this was widely perceived as a victory of the LaRouche-allied forces against Kissinger.

Not a man to take such a setback lightly, Henry fired off telegrams to U.S. embassies worldwide, warning all to stay away from LaRouche and his collaborators. In October, the Peruvian government deported the NSIPS staff.

Inquiries later filed under the Freedom of Information Act (FOIA) revealed that Kissinger's State Department "knew in advance" that the raid against the NSIPS office was going to

occur, and that correspondents, including U.S. citizens, would be expelled.

NSIPS and the Andean Labor Party (PLAN) held a demonstration April 19 in front of the offices of former Peruvian president Francisco Morales Bermudez, charging him with having sold out the country to the International Monetary Fund, and exposing Kissinger's control over Washington's foreign policy today.

Problems for Henry at Texas A&M

A scheduled April 19 appearance by Dr. Kissinger at Texas A&M University in Bryan was spoiled by two LaRouche Democrats who showed up at the site with a literature table and a bullhorn. As many as 200 people gathered to listen and laugh at the briefings on Henry's political treachery and bizarre personal habits. A dozen photographers, two TV stations, three radio stations, and a reporter from the *Houston Chronicle* also covered the scene created by Mike Maddi and Bob Trout.

Maddi had already received coverage from A&M's television station and the *Bryan Eagle* newspaper, when he appeared the day before with nose and eye-glasses uncannily resembling those of Kissinger, giving interviews to the press. The *Eagle* ran a picture of the Kissinger look-alike with the caption: "Mike Maddi wearing fake nose and glasses protests Kissinger visit."

The TV station reporter played the "straight man" for an interview with the bespeckled diplomat, and reported his comments favoring genocide and the little boys at New York's Carlyle Hotel on the news that night.

In its news story accompanying the photo, the *Eagle* commented: "A man imitating Kissinger promised to cancel the appearance if students demonstrated."

Decoupling drive gains momentum

"Brutal Soviet pressure" has led the Christian Democrats to lobby against the U.S. beam-weapon policy.

Our Feb. 28 report, "The Odd Decouplers," which warned that a cross-party alliance in Bonn was demanding a strategic decoupling from the United States, was met with skepticism by some of our readers. Could the conservative government of Christian Democrat Helmut Kohl really join forces with the left-wing Social Democrats and the radical-fascist Greens to demand a break with the United States?

Developments of the first two weeks of April prove that our warning was more than justified: The "grand coalition" for decoupling has gained full momentum in West Germany. It gained particular impetus from Henry Kissinger's March 5 call in *Time* magazine for a U.S. troop withdrawal from Europe, and from the April 1 meeting of the Trilateral Commission in Washington.

The decouplers are focusing their fire against President Reagan's beam-weapon anti-ballistic missile defense policy, the Strategic Defense Initiative (SDI). Despite repeated efforts by U.S. Defense Secretary Caspar Weinberger to assure the allies that the SDI is intended to provide security for the Western alliance as a whole, the line is now circulating in Bonn that the beam-weapon program would signify a U.S. abandonment of Europe—and therefore that Europe must look to its own defense, and its own "arrangements" with Moscow.

Chancellor Kohl himself briefed the British press April 10 on his intention to launch what *The Guardian* called "a European campaign to dis-

suaude Washington" from going ahead with its space-based ABM program. Kohl's rejection of the U.S. program was applauded by Christian Social Union leader Franz-Josef Strauss and numerous Social Democrats.

The government's policy shift was spelled out by Christian Democratic parliamentarian Jürgen Todenhöfer, known as one of Chancellor Kohl's "mine dogs," who sniffs out the public's reaction to controversial issues. Todenhöfer wrote an essay in the leading German conservative daily *Die Welt* on April 17, criticizing the U.S. beam defense program and calling for the creation of an "alternative," a European Nuclear Strike Force.

Todenhöfer wrote that while the United States might draw some advantage from a beam defense system, "for the West Europeans, the situation looks quite different. We live on the same continent as the Warsaw Pact countries. . . . Even if the U.S.A. offered participation to the Europeans in their defense system, it would—given our geo-strategic conditions—increase our security only marginally."

Todenhöfer went on to demand what Kissinger had demanded the month before—the creation of a European-controlled NATO executive which would "merge American, British, and French nuclear systems under a European prefix." The Americans would have only one seat and one vote.

What could have persuaded Todenhöfer—one of the best-reputed right-wing Christian Democrats in Bonn, who had led public campaigns against Soviet brutalities in Afghani-

stan and warned of Soviet aggression in Europe as well as in the Third World—to make himself mouthpiece for Kissinger's decoupling game?

The chief reason is raw Soviet blackmail. A researcher at the Friedrich Ebert Foundation, a Social Democratic think tank, explained: "The Christian Democrats have begun to recognize the threat behind the U.S. beams program—it would make the United States safe against missile attacks and leave us Europeans defenseless. The Soviets have told us that if the U.S.A. developed the new defense system, it would mean a return to the 1950s, when they held Europe hostage with their own nuclear strike force."

This Soviet posture, which the researcher described as "quite brutal," forced the Bonn government "to voice its protest against Washington's plans for its own sake."

The Soviet pressure, however, intersects a strong latent anti-Americanism among German conservatives, which has been nourished by the Soviets in recent months. Moscow is encouraging a European break from the dollar, and has allowed certain minor improvements in relations between East and West Germany.

The oligarchical Paneuropa Union, has been lured by Moscow into the delusion that Europe were better off if less closely linked to the United States.

Finally, the whole crowd of "arms control specialists" who made their careers in Bonn during the "Kissinger Years" opposes the U.S. beam-defense initiative, just as their American counterparts do. These are the people who have defined the brand of "détente" which dominates the foreign ministry apparatus of Hans-Dietrich Genscher, a friend of Kissinger's and the mastermind behind Chancellor Kohl's policy.

Mass unemployment heralds storm

The government's shutdown of the steel industry is just the beginning of the austerity drive.

Five days after several tens of thousands of steelworkers from the eastern region of France, Lorraine, poured into Paris to protest the 25,000 layoffs resulting from the Socialist government's new steel rationalization plan, the announcement of the latest unemployment figures has dealt a new blow to the credibility of François Mitterrand's economic policy.

The Socialists had bragged about their ability to "purge" the economy without creating greater unemployment. Now unemployment has increased by 10.4% in the last five months, and more unemployed have joined the lines in the first quarter of 1984 than during the whole of 1983. There are now, according to official figures, 2.24 million jobless in the country, and it is widely expected that another half million will be added before the end of the year. At current rates, 42,000 workers lose their jobs without finding new ones every month.

As many workers have lost their jobs since October as had in the 22 months before that. In the spring of 1982, a senior economic adviser on the presidential staff, François-Xavier Stasse, had told this reporter that "we are going to solve the problem of the current account and the trade balance by creating a recession: less imports, less deficit, less inflation." It would seem that the recession part, at least, has succeeded beyond expectations.

The International Monetary Fund's "Outlook Report" on France has provoked something of a storm in Paris. In the report, the IMF announced that it expects unemployment to hit 9.9% by year-end.

Gross corporate investment fell by 2.4% last year, according to the national statistical agency, and fixed industrial investment by 4%. It is mainly exports that went up (2.3% in real terms) while imports dropped 3.1%. The trade balance "recovered," and so has the current account.

The result is that the Socialist government is presently busy liquidating basic industries, starting with steel. Under the "reform" of the steel industry introduced last month, several million tons of steel-making capacity will be shut down, including some of the country's most modern specialty-steel facilities.

French capacity to produce heavy steel for capital goods and construction—products like beams, bars, pilings, and rods—is being decimated. Consumption goods will be hit less hard, as the idea is to orient production more toward new and lighter types of steel for automobile bodies, home appliances, etc.

The new measures will emphasize small steel furnaces, using scrap iron as a raw material instead of pig iron—recycling of old resources instead of production of new. High-technology

capital in the steel industry will be dismantled, as researchers, engineers, and skilled workers are laid off.

Among those plants that will be closed is the Ugine-Acier works at Fos-sûr-mer, which produces one-third of France's specialty steel. Ugine-Acier is the only French firm specializing in steel for roller bearings, and employs 1,250 skilled workers. Its closing will accelerate the industrial decline of the port of Fos, and 2,000 jobs will disappear as an indirect result of the plant closing.

In the shipbuilding industry, a similar situation prevails. The government has announced that capacity will be cut by one-third by 1986.

Meanwhile the external debt has now grown to close to 500 billion francs, and France will have to raise \$20 billion next year to settle interest, amortization, and current account liabilities. The foreign debt jumped by 52% last year.

Banking sources report that France has been cautiously investigating, with a few Persian Gulf central banks and treasuries, the possibilities of raising Euro-credits aimed at consolidating its present high-cost debt.

The Socialists' problem is that they have created debt, both on account of a soaring budget deficit now at 3.35% of GDP and of the trade and payments deficit, without putting the debt to good use in expanding real production. Instead the money was wasted on nationalizations, the hiring of more civil servants, the funding of moonbeam "post-industrial" projects—and now the debt is crushing industry.

Mitterrand is left with virtually no leeway, between social destabilization led by the Communists, and the punishing watchdogs of the international creditors of France. The number one victim is the country's industrial potential.

PAN leader jailed for vote fraud

Rosas Moreno, the first choice of the U.S. State Department and FBI, will campaign for governor of Sonora from his cell.

After several months of deliberations, the state supreme court of the state of Sonora in northern Mexico sentenced Adalberto Rosas Moreno, National Action Party (PAN) leader and former mayor of Ciudad Obregón, to two years and nine months of jail for "abuse of authority and withholding of official evidence."

Rosas Moreno better known as the "Pelón Rosas" ("Baldy"), is one of the most public enemies of the Mexican Labor Party (PLM), which is led by collaborators of Lyndon LaRouche in Mexico. Rosas' candidacy for governor of Sonora in 1985 was intended by the insurrectionary PAN as the spearhead of a national power grab. Rosas Moreno was at a secret 1982 meeting at the U.S. consulate in Hermosillo, Sonora, where U.S. State Department and FBI officials conspired to aid the PAN. He has been active in leading destabilization operations against federal and state governments, even threatening to "generate violence if the PAN is not recognized as a political victor."

With the supreme court's political decision, Rosas is constitutionally barred from going on with his destabilization campaign. Rosas, a scion of powerful oligarchical families and instigator of the Nazi-communist alliance against the government, had been on a "populist-jogging" campaign running (literally) around the state seeking political support.

The present case stems from the 1982 mayoral elections. Then-mayor Rosas Moreno deliberately withheld the ballots and evidence and awarded

the victory to a fellow PAN member. The state supreme court declared the vote illegal and brought charges against Rosas Moreno.

The Mexican Labor Party has been the only party denouncing Rosas' campaign and the PAN's links to dope-running and terrorism in Sonora. The PLM national leadership gave state officials a complete dossier on PAN illegal activities two years ago.

But Rosas Moreno thinks that he can turn the decision into a political victory. Sentenced either to pay a ludicrous fine of 1,500 pesos (around \$10) or spend almost three years in jail, he opted not to pay, boasting, "Being in jail is no problem for me; from there I will still fight to win the PAN candidacy for state governor in the next elections."

The idea of playing Rosas Moreno as a political martyr, blackmailing political officials and even the president, was made clear in statements by PAN's general secretary just a few hours after the news got out. Bernardo Batiz said: "If we don't win the protection of federal justice, definitively, Rosas will lose his right to officially file as a candidate. But with or without the registration he will be the PAN's Sonora candidate."

On April 13, Mexican President Miguel de la Madrid got a taste of the Hitlerian tactics by which the PAN intends to implement that law-defying threat. In Sonora for a political meeting, the president was greeted by a hysterical mob of a thousand pots-and-pans-wielding men and housewives, crying for "justice, justice." Rosas'

wife, owner of the biggest supermarket in the state, published an open letter to Mrs. de la Madrid pleading for clemency.

Helping their publicity, the biggest Mexican daily *Excelsior* reported April 18 on its front page that PAN leaders and their women's auxiliary, the Feminine Association of National Action, sent two letters to President Miguel de la Madrid denouncing the "political repression that exists in Sonora." They tried to blackmail the Mexican president saying that "Your words, Mr. President, haven't found an echo here."

The letter goes on to viciously attack the governor of Sonora, Samuel Ocana, for "stamping on citizens' democracy," in prosecuting Rosas Moreno for his crimes, and that he "moves against every group that puts forward ideas different from his own."

Following up Rosas' promise to "campaign" from jail, the PAN made clear in the letters, that they are collecting citizens' signatures on a letter that reads: "I disagree with Governor Ocana's policies against Adalberto Rosas Moreno."

In reality what the PAN is trying to do is organize a fascist movement from the Sonorans who are suffering from the economic crisis, mainly the middle and upper classes accustomed to the "American standard of living," and wreck governor Ocana's ideas to beat the depression by building great projects like the PHLINO project (Hydraulic Plan).

But Pelón Rosas is so discredited even within this layer that most of his one-time followers are saying that Pelón has gone too far, and he is just heading for an open confrontation. Sources in the state assure me that this time Pelón Rosas is going to lose because of lack of support, even from the PAN membership.

Venezuela and the anti-drug fight

Accords with Colombia and Mexico are a step in the right direction, but Venezuela must realize it is in a new Opium War.

Since Dr. Jaime Lusinchi assumed the presidency of Venezuela, the Venezuelan government and congress have been taking a series of important measures against illegal drug trafficking, one of which was the decision to establish a convention with Mexico to jointly combat drug trafficking.

In the last week of April, the Venezuelan congress will introduce a bill against narcotics trafficking, to facilitate and make more successful the action of the police and security forces, whose labors up to now have been limited due to the legal cunning of the dope smugglers and their accomplices.

At the same time, Venezuela has continued to put into effect the anti-drug trafficking convention signed with its neighbor Colombia, one of the countries hardest hit by "Dope, Incorporated."

The importance of the convention with Mexico consists, principally, in the fact that up to now Mexico is the only country which has carried out an in-depth and sustained campaign against dope production and smuggling. Mexico has used law enforcement, the herbicide paraquat (which kills opium and marijuana plants), and the most advanced technologies to detect and destroy drug crops; hence, the experience and resources Mexico can bring to Venezuela are highly valuable.

Venezuela can also benefit greatly from Colombia's experience, especially in combating the "laundering" of dirty money through banking and financial institutions, something which

has started happening in Venezuela, and to which it is vulnerable.

However, the only way that Venezuela, Colombia, and Mexico can succeed in their war on international drug trafficking and "narco-terrorism" is by putting it into its actual perspective: a modern Opium War against Ibero-America. If this is not understood, the struggle against dope trafficking and narco-terrorism will fail, just as China failed in the past century in the face of the Opium War declared against it by the British Empire.

This is demonstrated, among other things, by some of the proposals of the Report of the President's Bipartisan Commission on Central America ("Kissinger Report"), as well as the recent announcement that the British trading company Jardine, Matheson & Co. is considering moving its headquarters from Hong Kong to Bermuda, according to an article titled, "A Flight from Hong Kong?" The article, published in *Newsweek* April 9, says also that Jardine, Matheson & Co., was "founded by two Scottish opium runners 152 years ago" and that it is "... the oldest, largest—and infinitely most prestigious—multinational firm of the [British] colony of Hong Kong."

What the writer of the article does not say is that Jardine, Matheson & Co. directly participated, as the interested party it was, in the Opium War the British declared on China when the Chinese emperor started a campaign against opium smuggling and consumption. On the eve of that war, one

of the Mathesons blithely wrote to his superior, Jardine, who was in London at the time discussing the matter with British Prime Minister Lord Palmerston, such things as the following: "... The Chinese have fallen into the snare of rendering themselves directly liable to the Crown. . . . I suppose war with China will be the next step."

And so it was. The Chinese lost the Opium War because when they realized that the British Crown was behind the dope trade it was already too late. For its part, the Kissinger Report on Central America says that the region's economies must "be restructured" along the model of the British colonies of "Hong Kong, Singapore, and others." The Kissinger Report also proposes as a model for foreign investment United Brands (the former United Fruit Company), an enterprise whose owners are described in the Kissinger Report as "model employers and model citizens"—even though it is on the public record that much of the illegal drugs coming into the United States arrive aboard that company's vessels!

If this reality is not taken into account, and if one does not consider the colonialist policy which is behind them, drug trafficking will never be rooted out. The problem of drug trafficking is not a problem of gangsters, but of the gangster's owners, for whom drugs have always been a tool in the sacking, degradation, and manipulation of whole peoples. Only if this is understood can the proposals undersigned in the joint Mexican-Venezuelan communiqué be realized: "... Their governments, conscious of the reality of the problem of drug trafficking and of its international ramifications, will adopt joint measures to coordinate the fight against drug trafficking and to promote a concerted international effort on this matter. . . ."

International Intelligence

India probes foreign hand in Sikh turmoil

Officials of the Indian Home Ministry emerged from an emergency cabinet meeting April 17 to announce that the Indian government is investigating the role of foreign agencies in the destabilization in the Punjab region led by Sikh separatists. The Indian government is also said to have received reports of an assassination plot against Prime Minister Indira Gandhi, coming from the same unnamed foreign agencies.

A Home Ministry official said that the simultaneous raids by Sikh extremists on 37 railway stations in the Punjab April 15 suggested that the separatists "have an internal communication network, possibly obtained from abroad or supplied by a foreign agency."

It is likely that the Indian probe will turn towards Pakistan as a prime suspect. But money and arms for both the Sikh extremists and for Sind separatists in Pakistan are coming from Nazi International sources in Europe and their ally Muammar Qaddafi—who want both nation-states destroyed.

Soviet Pugwash leader Pyotr Kapitsa dies

Dr. Pyotr Kapitsa, Soviet Nobel physicist, died on April 10. Kapitsa was a leading participant in the Pugwash conferences through which the Anglo-American elites made their "back-channel" deals for disarming the West with the Soviet Union. This was facilitated by Kapitsa's reputation as a "semi-dissident" scientist, who, the Soviet news agency Tass noted, "refused to work on atomic and nuclear weapons from 1946."

Kapitsa developed an extensive scientific following in the West. Both he and his son Sergei, who collaborated with Carl Sagan in promoting the "nuclear winter" scare, played a leading role in the international peace movement.

In 1956, when he was reportedly head of the Sputnik program and founder of the Akademgorodok science city near Novosibirsk, Kapitsa wrote the following letter to

Bertrand Russell: "History shows that any new weapon of attack always produces a corresponding new defense weapon. It is hard to presume that the nuclear weapon is an exception to this rule. . . ."

"Can one assert that it is impossible to find a means of completely obstructing the access to a given territory of any type of missiles carrying nuclear bombs? I think, on the basis of the state of science today, that it is impossible to deny the possibility of finding such a method, although it is a very difficult scientific and engineering problem which still has no obvious and generally acknowledged solution. If the problem does become solved, then in all probability it will be based on natural phenomena which either have still hardly been studied, or are as yet still unknown."

Kapitsa proposed to Russell that he include in his arms control proposals that such defensive measures against missiles should be banned. ICBMs were then in early stages of development, and the laser was invented five years later.

Izvestia hails German defense minister

West Germany Defense Minister Manfred Wörner's recent public attacks against the U.S. beam-weapons defense program drew high praise from the Soviet government newspaper *Izvestia* April 16. This may be a historic first, for a press that specializes in attacks on the alleged "revanchism" of the German defense department.

Izvestia's Bonn correspondent Pyotr Grigoryants wrote in his article, headlined "Well-Founded Anxiety," that more and more West Germans realize that their agreement to station U.S. intermediate-range missiles "meant the end of their own country" and made them "the pawns of U.S. strategy." The new U.S. plans for developing space-based weapons are understood by West Germans as "plans so adventurist and unprecedentedly dangerous that even the former exemplary little boy of the Atlantic Alliance, Bonn, is beginning to have doubts. Even in the words of the West German defense minister, the former Washington loy-

alist, the creation of space-based systems carries with it the danger of destabilization of the East-West balance, of decoupling Western Europe from the U.S.A., and even of a collapse of the Western Alliance."

Izvestia concluded with the claim that West Germans feel that "these space ambitions of the U.S. once again confirmed that rearmament has reduced West Germany to the role of a nuclear hostage."

Egypt talking to Israeli opposition

Egypt has resumed contact with Israelis who are critical of present Israeli West Bank settlement policies and who wish to see more flexibility in relations with the Arab nations. Three figures invited by Butros Ghali, Egypt's minister of state for foreign affairs, visited between March and mid-April: Gideon Rafael, a former director general of the foreign ministry and former Israeli delegate to the United Nations; Aryeh Eliav, a former member of parliament with the Sheli Pary, and Abba Eban, former foreign minister and a leading member of the Labour Party.

In his talks with President Mubarak, Eban said he wished to break the deadlock that exists between the two countries, proposing talks on the issue of Palestinian self-rule in the West Bank and the Gaza Strip with Jordan and moderate Palestinians.

A Soviet-approved government for Lebanon?

Leaks from the mid-April Damascus summit between Lebanese President Amin Gemayel and his Syrian counterpart Hafez al Assad indicate that they agreed on a new Lebanese cabinet comprised of Syrian-approved personalities. Rashid Karami, a member of the Syrian-backed National Salvation Party, will be named prime minister, and Druze warlord Walid Jumblatt and Shi'ite leader Nabi Berri are expected to be given greater power. Muslims are also expected to get a greater say in the religion-based power-sharing arrangement in Lebanon.

The two leaders conducted their discussions in the shadow of talks between Assad and Soviet Communist Party Mideast handler Karen Brutents, currently assigned to help "reconcile" Arab differences in the interest of the Soviet Union.

It also appears that the Syrians are ready to move into Beirut as Soviet-approved "peacekeepers." Syrian troops are reported to be painting tanks and trucks the white color of the peacekeeping force which the French initiated.

East Germany threatens Berlin air corridors

Amid increasing provocations by Soviet and East German airforces against Western civilian airliners in the corridor over Berlin, an East German military magazine has declared that "the agreements among the four allied powers on the usage of air corridors have only temporary and limited validity. . . . They do not touch the principle of recognition of air sovereignty of the German Democratic Republic."

The magazine, *Militärwissenschaft*, carried an article pointing to a 1957 declaration of East Germany and the U.S.S.R. which preceded the 1958 Berlin Crisis. The author of the article, Lieutenant-Colonel Hoekendorf, interpreted this 1957 declaration as stating that "there is no legal basis for civilian airlift in the air corridors over Berlin."

If the Russians are planning a new Berlin crisis, there may be a repetition of the Sept. 1, 1984 shooting down of the KAL-007 airliner in the Berlin air corridors. Previously, the Soviets have forced Western airliners to land in 1948, 1952, 1953, and 1961.

Soviets are sponsoring PLO reconciliation

Yasser Arafat's Fatah wing of the Palestine Liberation Organization began meeting in Algiers April 20 with two opposing factions, the PFLP and the DFLP, with the aim of reconciling differences which have nearly split the PLO. The meeting, which did

not include either Arafat or radical factional leaders George Habash and Nayef Hawatmeh, is seen as a step forward in a Soviet mediation effort to reconcile these PLO factions. If these talks go well, the three Palestinian leaders are expected to meet in Algiers.

Over the past six months the Soviets have set up no fewer than four different channels of mediation aimed at putting the PLO back together again under Soviet control. One barometer of the success of the Soviet effort is the report from sources close to Arafat that the PLO leader will soon make a visit to Moscow, after several postponements.

One of the major differences between Arafat and his Palestinian opponents has been Arafat's relationship with the pro-U.S. Egypt. But Egypt is now itself preparing to resume relations with the U.S.S.R. Egyptian Foreign Minister Hassan Ali announced April 19 that very soon Cairo and Moscow will exchange ambassadors. Moscow is now reportedly attempting to bring Egypt and Syria, Moscow's closest Arab military ally, together.

Kampuchean butchers say they've changed

Khieu Samphan, the vice-president of "Democratic Kampuchea," the government of Pol Pot which murdered 3 million Kampuchians when they were in power from 1975-79, says the Khmer Rouge have changed. When they are back in power, said Khieu Samphan, Kampuchea will become a "free, capitalist nation and will have close relations with the Western bloc after its liberation."

Khieu, the Maoist who calmly informed diplomats in 1978 that the Pol Pot regime was carrying out genocide against its own population, was in good company when he announced the Khmer Rouge's alleged conversion at a session of the U.N. Social and Economic Commission for Asia and the Pacific. The conference featured Saburo Okita, member of the Club of Rome and Kissinger Associates. It was convened to map out Malthusian depopulation policies for the region.

Briefly

● **A TUPOLEV TU-124**, purportedly on a civilian passenger flight from Moscow to Marseille, diverged from its regular route April 13 to fly over the French military port of Toulon, which is a secret, sealed-off installation. Despite several warnings, the Tupolev flew over Toulon at very low altitude, and most likely filmed the MIRV-ed nuclear submarine Rubis and the modern aircraft-carrier Foché. The French government, hoping to avoid any "embarrassment" for French-Soviet relations, let the plane leave for Moscow, after a short investigation at Marseille airport.

● **ROBERTO DUCCI** of the Trilateral Commission told an April 17 conference on "How Can Europe Defend Itself?" that there were alternatives to American responsibility for nuclear defense of Europe. At the same conference Achille Albinetti, former director of Italy's Atomic Energy Agency, declared that the U.S. defense guarantee became less and less credible with Soviet military supremacy. He proposed an Anglo-French nuclear force as an preliminary step, which "will give to us a less powerful, but more credible defense."

● **THE COMMUNIST PARTY** of France grudgingly decided to remain in the French government April 19 by joining the Socialists in a vote of confidence in support of the controversial economic program of Prime Minister Pierre Mauroy. The vote puts the PCF behind the IMF's plan to decimate French heavy industry.

● **FIVE THOUSAND** senior French military personnel and high-level civil servants took part in March in a top-secret staff exercise, "Gymont '84," whose scenario is based on massive unrest, street riots, strikes, sabotage and terrorist actions. The scenario was written by the powerful SGDN, the Prime Minister's Office of Mobilization, Preparedness and Military Intelligence Studies. The KGB-linked *Le Canard Enchaîné* weekly leaked the wargame's existence, causing Prime Minister Mauroy to call the exercise "unreal."

Kissinger traps Reagan in Central America

by Vin Berg

Over a seven-day period beginning April 9, leading members of the U.S. Congress exposed themselves as outright liars or merely hypocrites on the subject of U.S. covert operations in Central America. By April 16, it was clear that Averell Harriman's Senator D.P. Moynihan was an outright liar on the issue. Others in both houses were opportunists on the issue. Members of relevant committees had been duly informed of the Nicaraguan port-mining operations, including Moynihan. As usual, the liberals had leaped up to denounce the CIA operations after the Soviet news agency Tass had issued such a denunciation. They were acting in collusion with Soviet agencies, which have laid a trap for President Reagan in Central America, a trap he is now blithely walking into.

Admittedly, Reagan is tragically doing so at the urging of a Soviet agent-of-influence, Henry A. Kissinger. In an interview on ABC-TV April 15, and then again in a speech at the Commonwealth Club of San Francisco, Kissinger supported the mining of Nicaragua's ports; condemned the current level of spending on covert operations in Central America as too low and "a recipe for failure"; and argued that there is a "very real danger" that U.S. troops would eventually be needed. It is now no doubt our foolish President's perception that Henry Kissinger is his only real friend!

What the administration has overlooked, along with the congressional opportunists—but not Kissinger or the liars—is that the Soviets have *repeatedly endorsed* U.S. intervention into Central America and Ibero-America at large, dating from an April 1983 interview granted to *Der Spiegel* of Germany by Yuri Andropov, who referred to the region as a U.S. "sphere of influence" recognized as such by the Kremlin. Since then, the point has been repeatedly reaffirmed in the Soviet press, and endorsed by leading members of the current Russian military junta.

Accordingly, Henry Kissinger's policies, even before he was selected to head a revival of the Carter administration's "Linowitz Commission" on Central America, have entailed U.S. redeployment of troops into Central America, and eventually Ibero-America at large, leaving Asia, the Middle East, and Western Europe Soviet "spheres of influence."

The very liberals who leaped up on the floors of Congress to denounce Reagan administration militarization operations in Central America were equally loud in supporting the humiliating U.S. withdrawal from Lebanon, and so forth. Moreover, these liberals are the loudest advocates of the genocide in the southern hemisphere ("population control") which is the objective of Kissinger's policies. Since the congressional liberals and opportunists have not demanded that Kissinger's policies be rejected, their complaining about the U.S. implementing Kissinger's policies is hypocrisy.

The trap

How could the Reagan administration permit itself to be lured into what was so plainly a Soviet trap laid in Central America? There is no doubt whatsoever of a significant and growing Soviet hand in the trouble-ridden region. But, as *EIR* founder and current Democratic presidential contender Lyndon LaRouche wrote recently:

"It works like this. Take an area of the world in which the U.S.A. has or formerly had political influence. Stir up trouble in that region, and make Soviet or Soviet-asset presence among the troublemakers conspicuous enough to provoke a knee-jerk 'anti-communist' covert-operation or outright military action. Whether the U.S.A. wins or loses the insurgency-battle in that part of the world, the U.S. has totally or partially destroyed its influence in that part of the world, and has helped to ruin the very areas which U.S. forces were

assigned to 'rescue from a communist-insurgency threat'. . . . The Reagan administration has responded to the combined effects of Soviet surrogate-warfare insurgency and the pressures of the Moscow-directed Nuclear Freeze movement by limiting its concrete objective to 'giving Moscow a bloody nose' in some 'handy area' such as Central America. The massive deployment of Soviet strategic capabilities, including escalating naval capabilities, thus proceeds without significant countermeasures by the U.S.A., while a Reagan administration encircled by the Nuclear Freeze liberals inside and outside both political parties, attempts to earn 'counter-insurgency brownie-points' in places such as Central America."

In short, by stirring up insurgency in Ibero-America, and promoting growing hatred of the U.S.A. throughout the continent, as Reagan administration adoption of Henry Kissinger's policies is doing most successfully, Soviet agents of influence such as Kissinger are pinning down the United States in this hemisphere. By this means, the "New Yalta" agreements negotiated between the Soviets and Kissinger's sponsors among the Anglo-America "liberal" establishment are being implemented, handing the Middle East, Scandinavia, increased portions of the Balkans, and West Germany over to the Soviet Union as "spheres of influence," and virtually assuring the establishment of Soviet strategic military superiority in the world as a whole.

Reagan's ignorant blindness

Certainly, no President of the United States would succumb to the advice of a Henry A. Kissinger—especially not a President who won the nomination by promising to keep Kissinger out of government—unless he were ignorant to the point of hysterical blindness on the leading issues confronting his administration's foreign policy. The ignorant blindness of the Reagan administration is most astonishing when it comes to the subject of economics. Because of this, the President would be doing quite nicely in wrecking our allies in Ibero-America and elsewhere even were Henry Kissinger not now his foreign-policy Svengali. The President's own monetary and foreign policies, as these affect all of Ibero-America in particular, are the principal factors virtually assuring Soviet strategic success.

EIR wrote as far back as January 1981 that the President had to dump Paul A. Volcker as Federal Reserve chairman, or his administration's policies would be tragic failures in all fields. The administration's backing of the policies of Volcker, which were dubbed "controlled disintegration of the world economy" by Volcker himself in an April 1979 London speech, meant turning his administration into what the Carter administration always was, a mere errand-boy for David Rockefeller, Walter Wriston, and the banking clients of Kissinger Associates, Inc. Reagan's support for IMF "conditionalities" has driven every Ibero-American nation into a state of desperation at the lunacy they experience from Washing-

ton, while the social effects of those "conditionalities" plunge most countries of Ibero-America into insurgencies and potential states of major civil warfare.

LaRouche provided the alternative in a 1982 publication, *Operation Juarez*, which has gained widespread support among both official and private layers below the Rio Grande. Urging formation of a "debtors cartel" if necessary to compel rescheduling of debts at reasonable terms with the usurers of New York, London, and Zürich, LaRouche proposed both an Ibero-American Common Market to integrate the continent's productive capacities through regional trade, and a set of credit and trade agreements with the United States (for example) focusing on gear-up of U.S. capital-goods producing capacities for export to supply great Ibero-American development projects. Essentially, the unused capacities of the depression-ridden North would be matched to the crying needs of the impoverished South.

"These policies are in the mutual interest of the economies of the United States, and each and all Ibero-American states," LaRouche wrote, "through promoting increased levels of trade, and thus promoting the political and social stability required throughout the Americas. Through related features these policies define the Americas as a more or less solid bastion of strategic security and strength, within which context, the majority of these nations are motivated and enabled to take effective, concerted action against trouble-spots such as those of Central America. Although these policies address directly the specific circumstances of the Western hemisphere, they are a model of reference for defining analogous policies for many among other parts of the world."

The tragedy into which Ronald Reagan is about to plunge stems from his ignorant rejection of such a policy, muttering to himself "free enterprise" while he extends support to the International Monetary Fund. Here we have an administration which professes all regulation of interstate commerce to be virtually immoral, and yet that same administration supports energetically the brutish dictatorship of "IMF conditionalities" upon entire continents! It supports the privilege of corporations to abrogate outstanding union contracts by the ruse of voluntary bankruptcy, and yet insists on reducing entire nations to misery and insurgency as a matter of enforcing payment of interest at higher rates than those nations contracted in incurring the original debt!

The President of the United States is not a traitor as some among those who advise him. He has not comprehended that strategy is essentially political-economic. If the nation's political-economic strategy is a disaster, as Reagan has merely continued Carter's policies on this account, then strategic military options for controlling the results of political-economic failures are at best limited and temporary alternatives. As LaRouche summarizes the matter: "Reagan's anti-insurgency policies in Ibero-America remind us of a man setting forest fires with a flame-thrower, while trying to put out those fires with a garden watering-can."

President faces defense budget rout as KGB congressmen smell blood

by Susan Kokinda and Vin Berg

President Ronald Reagan is currently staring in the face of a defense-budget rout. Because he had neither the perception of reality nor the courage in an election year to appeal directly to the American people for support of a crash beam-weapons defense program, his administration is now backed so deeply into a corner by the congressional friends of Henry Kissinger that he is about to take the teeth out of not only the Strategic Defense Initiative, but virtually the entirety of the strategic modernization program in the course of the current wrangling over the defense budget.

The administration presently confronts in Congress a well-organized coalition of Democrats and Republicans who are demanding “substantive arms control concessions” in exchange for continued support of the MX missile program—and a significantly scaled-back program at that.

The coalition is the same as that which confronted the President in late 1982, when he also found himself unable to obtain the necessary support for the MX; so, he appointed the “bipartisan” Scowcroft Commission to resolve the impasse, narrowly winning the MX votes in April and May of 1983 in exchange for adopting Henry Kissinger’s (Scowcroft’s) recommended posture on arms-control. The Kissinger proposals involved elimination of MIRV’ed missiles in favor of single-warhead “midgetman” systems, and MX and ABM programs sufficient only to be credible cards in Geneva negotiations (and then bargained away). They would have disallowed a U.S. defense revitalization adequate to re-establish parity with superior Soviet forces. They would have done so, that is, had the Soviets been disposed to accept these or any proposals for negotiation from the administration.

Back to MAD

The “substantive concessions” involved this time would amount to a retraction of the President’s March 23, 1983 commitment to a doctrine of “Mutually Assured Survival” based on defensive-systems development, misnamed “Star Wars” by a hostile press. They would require the President to return to a hard commitment to the past decades’ “Mutually Assured Destruction” doctrine and associated weapons-deployment policies, the means by which Kissinger has contrived to maintain the “assured vulnerability” of the United States.

On April 18, Democrats led by Dale Bumpers (Ark.) launched a bipartisan initiative in the Senate to have the administration reassert its standing policy of adhering to the numerical limits of the unratified SALT II treaty—although it has never been clearer than at present that for the Soviet Union, this and other arms-control pacts have served only to prevent the United States from answering in kind the largest military buildup in the history of the world. This is well known to a minority of relevant Pentagon officials, who want the President to break from the “arms-control” framework altogether, placing U.S. national security on the firm basis of U.S. strength as such, in conjunction with a crash development of relativistic-beam technologies of defense. According to congressional sources, the Bumpers resolution, which has the support of Republicans John Heinz (Pa.) and John Chafee (R.I.), is targeted at this Pentagon faction, a message to the President that approval of MX monies depends on sweeping their recommendations aside.

Bumpers’ initiative is only a milder version, tailored to the Republican-dominated Senate, of the third in a package of sweeping amendments introduced in the House by Democrats Les Aspin (Wisc.), Norman Dicks (Wash.), and Albert Gore (Tenn.). These call for:

- No U.S. deployment of anti-satellite weapons (which the Soviets have already deployed);
- Limiting the funding and character of the Strategic Defense Initiative (beam-weapons development) to a “research effort only”;
- Maintenance of the numerical limits on offensive systems established by the unratified SALT II treaty;
- Assuring the invulnerability of the U.S. submarine-launched ballistic missile (SLBM) capability;
- Downgrading of the U.S. forward-based nuclear deterrent (e.g., Euromissiles), in favor of upgrading NATO’s conventional forces.

Traitors and fools

Representative Aspin has denounced the President’s March 23 defensive-systems commitment as a “break with the policy that reasoned that the world was a safer place [when] we avoided an arms race in defensive systems”; he

calls U.S. SLBM capability “the epitome of a stabilizing system. . . . It must have been dreamed up by an arms controller.”

The congressman is at best uninformed. U.S. SLBMs are a minimal deterrent, by themselves no deterrent at all. They cannot reach most targets in the Soviet Union, and then only with relatively small warheads. The give-away in Aspin’s remarks is the “stabilizing” reference. His proposals are not off-the-shelf recommendations, but issue directly from Henry Kissinger’s “back-channel” agreements with the Soviet government dating from the 1950s and ’60s Pugwash conference agreements. What Aspin basically demands is maintenance of Mutually Assured Destruction, the imaginary “nuclear standoff” between the superpowers. This requires “assured vulnerability” of the United States. Anything else, like strategic superiority or effective defensive systems, is “destabilizing”—as Brent Scowcroft stated in April 1983 when unveiling his commission’s initial report.

“What if [the U.S. and U.S.S.R.] gave up the capability to destroy each other seven times over and cut our stockpiles back to the point where neither can destroy more than one-fourth of the other’s population and industry?” Aspen asks. “Would we be better off, or would leaders in a crisis be willing to resort to nuclear arms because now they would know that civilization could not be wiped off the map? Some facile solutions can make the nuclear world a less stable one in which to live.” He applies the same reasoning to a defense system that would protect the country from nuclear destruction: “destabilizing.”

What the President faces is a coalition of both traitors and fools, loyal to the Pugwash agreements, not to the United States, who are determined to use the blackmail tool of the MX missile to keep the MAD world of Pugwash in place. Aspin’s supporters include Rep. George Brown of California, founder of the Coalition for the Peaceful Uses of Space. That institution was founded after KGB official Fyodor Burlatskii told a May 1983 Minneapolis conference to direct all efforts of the peace movement toward killing Reagan’s Strategic Defense Initiative. Senator Dale Bumpers was among that congressional delegation which was the last to see Yuri Andropov alive in Moscow in August 1983, and returned to report the Soviets’ “eagerness” to engage in meaningful arms control negotiations. Then, the Russians shot KAL-07 out of the sky, sent a half-dozen nuclear submarines into Swedish territorial waters, staged a Baltic break-out into the North Sea, deployed a GRU-trained North Korean commando unit into Burma to carry out the bombing-murders of 16 members of the South Korean cabinet, and walked out of all arms-control negotiations.

Budget cutters

The President faces these friends of Henry Kissinger in an environment extremely unfavorable to defense spending of any sort. Just before the Easter recess, the Republican-dominated Senate Budget Committee came very, very close

to reporting out an FY85 budget which would have frozen spending on all programs, including a zero increase in defense spending after inflation. Its sponsors were Nancy Kassebaum (R-Kan.), Charles Grassley (R-Iowa), and Joe Biden (D-Dela.). After their last initials, it was appropriately dubbed “the KGB budget.” The KGB budget came within a few votes of passage.

At the same time, the usually pro-defense House Armed Services Committee disemboweled the FY85 defense authorization during early April markup. The committee cut \$19.7 billion from the President’s request, “by far the largest cut in the committee’s history,” said an official press release. A particular target was the MX, which suffered a \$.5 million reduction, scaling FY85 procurement back from 40 to 30 missiles. The already-inadequate request for the Strategic Defense Initiative was cut by a stunning 23%, from \$1.8 billion to \$1.4 billion. Senate sources express only a limited hope that those cutbacks can even be held to House Armed Services Committee levels.

Reagan’s collapse

The problem is that the President of the United States still does not have the courage to present strategic reality to the American population in a direct appeal, and ride rough-shod over the congressional traitors and fools. President Reagan’s thinking is now conditioned by the “Kissinger submarines” who surround him, Michael Deaver and James Baker III, Senate Majority Leader Howard Baker, Defense Undersecretary Fred Iklé, and others, who merely echo a master-effort of the KGB and Eastern Establishment press to make development of defensive systems appear the height of militaristic war-mongering.

Personally, Reagan has already collapsed on the beam-weapons issue. At an April 9 press conference on release of the Scowcroft Commission’s final report, he assured General Scowcroft and the assembled press corps that the program would be kept at the research-and-development phase (no deployment) so as not to violate the 1972 ABM treaty—which beam weapons would not violate even when deployed!

Only from Defense Secretary Weinberger, and the mass organizing around dark-horse Democratic presidential candidate Lyndon LaRouche’s campaign—carefully overlooked by the news media—is a rear-guard battle being waged to save the program, and the nation from early strategic humiliation. Weinberger has firmly declared his dislike for the ABM treaty and the MAD doctrine which it upholds, most recently on an April 7 Sunday morning television network broadcast. LaRouche is also taking to the airwaves, purchasing television and radio time to denounce Kissinger as a Soviet agent-of-influence and to rally the population in support of a crash-program version of the Strategic Defense Initiative.

Otherwise, with a President under control of Kissinger and his supporters among the White House palace guard, a defense-budget debacle is in the making.

What is a left-wing liberal fascist?

by Lyndon H. LaRouche, Jr.

As in politics, so in childish play, many different kinds of objects may be constructed from the same set of bricks, or the same collection of Erector set parts. Sometimes, it is possible to construct an image of some particular kind of object from either bricks or Erector set parts.

In such a case, the two objects, one constructed of bricks, the other of Erector set parts, which resemble one another more closely than the first resembles any other object made of bricks, or the second resembles any other made of Erector set parts. Yet, these appearances are deceiving; a topologist could show readily, that all objects constructed from bricks belong to one species, a species entirely different from all objects constructed from Erector set parts. The same "principle of topology" applies to such political objects as those called "right," "liberal," and "left."

In this moment of global crisis, when few parties and policies are really what they might seem to be, it is important to provide decision-makers at all levels of responsibility with what might be described as a "political first-aid kit" for uncovering "consumer frauds" disguised as political parties, or as the candidates, issues, and policies of those parties. This week's report is a follow-up to our earlier report that the generally accepted way of analyzing the "political spectrum," "right, center, or left," is, although a popular delusion, very much a delusion [*EIR*, April 3, "Right to Left: A Guide to Perlexed Voters"].

Since few readers have mastered topology, we illustrate the principle of political-intelligence evaluations by a simpler analogy. Everyone who has studied geometry will recall that a two-dimensional person living on a flat surface will experience life differently than the same person living on the surface of a sphere. This person's experience would be slightly different living on the surface of an ellipsoid, or on a surface generated by either a parabola or hyperbola. In each case, a person setting out in what might appear to be the same direction, at the same pace, would arrive at a different ultimate destination, and would progress at a different rate, varying with the kind of surface on which he was moving.

It is a useful analogy to compare different philosophies with different kinds of geometrical surfaces. When two persons, of different philosophies, make what appear to be the

same decisions for action, the ultimate outcomes of what merely appear to be similar decisions will be quite different from one another. Thus, although fascism, British 19th-century liberalism, and communism appear to be mutually exclusive political forms of belief, they tend to arrive at the same ultimate destination, because they are secretions of the same underlying philosophy (geometry).

Thus, an American "conservatism," reflecting the philosophical standpoint from which the U.S. Constitution was composed, might be classed by a liberal as lying between "right" and "center," but leads in practice to a result entirely different than that of either fascism, liberalism, or communism. Similarly, because traditional U.S. republicanism is "dirigist" in economic policy, liberals often compare this "dirigism" to a "command economy" of the communist type, as they do in cases of anti-communist developing-nation states with relatively large sectors of industry as state enterprises, as in the case of Brazil, for example. In such cases, liberals generally classify such products of traditionalist republican philosophy as either "communistic" or "fascistic," both of which judgments are more or less equally absurd.

The hedonist dogma

Consider first, the philosophical equivalence of fascist, liberal, and communist philosophies of practice. For sake of relative simplification, let us consider this common philosophy in economic-policy terms of reference.

The paradigm of "liberal economics" is the "Invisible Hand" of Adam Smith's *Wealth of Nations*. As Smith himself showed, and as his successors, such as Jeremy Bentham and John Stuart Mill, concurred, this doctrine is derived directly from the moral philosophy of Smith's mentor and patron, David Hume. Smith himself identified the governing principle of all "liberal economics" in his 1859 parody of Hume, *The Theory of Moral Sentiments*:

The administration of the great system of the universe . . . the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department, but one much more suitable to the weakness of his powers, and to the narrowness of his comprehension; the care of his own hap-

piness, of that of his family, his friends, his country. . . . But though we are . . . endowed with a very strong desire of those ends, it has been intrusted to the slow and uncertain determinations of our reason to find out the proper means of bringing them about. Nature has directed us to the greater part of these by original and immediate instincts. Hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply these means for their own sakes, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce by them.

This dogma of irrationalistic hedonism, is the essence of Smith's "Invisible Hand," Jeremy Bentham's "hedonistic calculus," and the utilitarianism which John Stuart Mill, William Jevons, and Alfred Marshall constructed entirely, and explicitly on the basis of what Bentham called his "hedonistic calculus" or "felicific calculus." All modern monetarism, and mathematical econometrics, is based entirely on the same immoral dogma as Smith's "Invisible Hand."

In the case of fascism, such as Nazism, the same hedonistic doctrine takes the same racialist form prescribed by the nominalistic irrationalism of William of Ockham: the imposition of the irrational will of one race or class upon other races and classes. In traditional Marxism, liberalism's characteristic immorality appears as the doctrine of "class struggle" and "class dictatorial rule." In modern Soviet philosophy of practice, the two elements, racialism and class-dictatorship, are combined, placing the Soviet bureaucratic caste, as a variety of ruling oligarchy, as the ruler of a Russian race which is, in turn, conceived as becoming the ruling race throughout the world.

There are distinctions, of course. Karl Marx's variety of hedonism ("materialism") is rationalistic in form, like Bentham's "hedonistic calculus," and is morally superior to Smith's and Bentham's (or, Mill's) doctrine insofar as Marx demands that the actual material needs of the human population be the measurement of value in his version of Bentham's "hedonistic calculus." However, Marx's "rationalism" is essentially that of René Descartes and the followers of Descartes, Voltaire, and Rousseau among the 18th century's "French (materialist) Enlightenment." Mixed with traditionalist Russian racialism, such as that of Fyodor Dostoevsky, the rationalist element within Marx has become subordinated to a variety of "Bolshevism" which is in all essential features indistinguishable from the "national Bolshevik" faction of the Nazi party itself, except that "Russian" is substituted for "Nordic" ("Anglo-Saxon"). Hence, the present-day alliance between the Nazi International and the Soviet KGB expresses the underlying philosophical consistency of the two currents, just as Henry A. Kissinger's role as a Soviet agent of influence reflects the convergence between Kissinger's adopted philosophy of feudalistic irrationalism (e.g., of Prince Metternich's Holy Alliance) and Soviet imperialism.

The implications of this commonly underlying philosophical convergence of fascism, liberalism, and communism, are made clear from the standpoint of contrast to Western European Judeo-Christian philosophy.

Judeo-Christian culture

Whereas Smith insists on the "Invisible Hand," the Bible demands precisely the opposite policy, as the famous 28th verse of Chapter I of the Book of Genesis stipulates this most emphatically. Mankind is enjoined against being indifferent to the "beneficent ends . . . intended"; mankind is enjoined to "Be fruitful, and multiply, and replenish the earth, and subdue it. . . ." On this point, Smith and all liberalism reject fundamentally Judeo-Christian morality, as fascism and communism reject, and hate, Judeo-Christian culture in the same way as do Hume, Smith, Bentham, Malthus, Mill, Friedrich von Hayek, Milton Friedman, and Henry Kissinger.

Judeo-Christian culture is economically "dirigist." The

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individual, and state, are enjoined to delimit their policies of practice, to practices which precalculably serve prespecified ends.

It is fairly estimated, that in the most primitive condition of the human species—without technology, mankind living in a primitive sort of "hunting and gathering" culture, an average of 10 square kilometers of habitable territory is required to sustain an average individual: a global population level of an approximate maximum of 10 million persons. And a miserable collection of persons they would be. The life expectancy would be way below 20 years of age: a society of babbling, brutish, pre-adolescent children, in the main. It would be a society of small extended-family groupings, each grouping living more precariously than a troop of stronger, faster baboons.

Today, there exist an estimated 4.5 billion persons or more. If the Jane Fondas of the world would hie off to distant galaxies, as we would that all Barbarellas and kindred barbaric types should, the combination of existing and imminently developed technologies could sustain a global population of tens of billions of persons in greater comfort than would be imagined by the average American from the early 1970s.

Mankind has been able to satisfy the instruction of the 28th Verse of Genesis I by means of scientific and technological progress. There was, first, the ocean-fishing revolution, out of which emerged the maritime-urban cultures which produced the agricultural revolution, and the riparian form of agricultural society. Early, out of the development of maritime-urban culture, before riparian agricultural cultures, there was the development of solar astronomical calendars which were provably more sound scientifically, and more accurate than any produced prior to the 16th century in Europe. Indeed, it is provably the case, that the original conceptions of science were obtained by aid of simple, sextant-like comparisons of solar and sidereal observations, which, compared with the progress of the equinoxes (the original measure of the solar year), and progression of shifting discrepancies between solar and sidereal observations, enabled very ancient peoples (such as the pre-Vedic astronomers) to calculate with stunning accuracy very long astronomical calendar cycles, including cycles for progression of the geological and magnetic north poles. Then came the successions of advances in metallurgies, such as the Chalcolithic and iron revolutions, and mastery of animal musculature, of wind, and water, as a source of effort supplementary to the capacities of the human musculature. Beginning the work of Leonardo da Vinci, in founding several branches of modern science, including the principles of machine-design, there emerged modern science, and through the work of Christiaan Huyghens and Gottfried Leibniz, the mastery of the principles of the heat-powered machine. Out of this work of Leibniz and others came the chemistry revolution launched during the 18th century. Out of the work of Benjamin Franklin came the roots of the "electricity revolution," as well as Franklin's crucial contributions to directing the development of the chemistry revolution. Out of the advances in mastery of thermodynamics and electrodynamics by France's École Polytechnique, and the work of Gauss, Riemann, and others in electrodynamics and functions of a complex variable, there came the electricity revolution, and also the foundations for practical mastery of the "fourth state of matter," plasma physics.

A republican philosophy

Contrary to the heathens such as Hume, Smith, Bentham, Malthus, Mill, Bertrand Russell, and Milton Friedman, man is not merely an animal, not merely a creature of "immediate and original" hedonistic "instincts." Man has proven our species' ability to increase the potential level of human population, already, by approximately a factor of more than 1,000—"three orders of magnitude," whereas no creature governed by "immediate and original instincts" could willfully increase its population-potential by even a tiny fraction of one order of magnitude. This superiority of mankind flows from a "divine potentiality" of each otherwise bestially irrationalistic and hedonistic newborn infant, the power of creative discovery through which mankind is enabled to discov-

er with decreasing imperfection the lawful ordering of creation as a whole.

This unveils the deeper moral significance of technological progress, to the effect that a society which rejects governance by technological progress thereby loses its moral fitness to survive, and such a society must be destroyed by its own immoral folly unless it corrects this grave error.

A single individual who effects a significant scientific discovery, contributes to the advancement of all mankind, present and future generations, and is thus a person of universal value to all mankind. Similarly, those who develop the same kind of creative-mental powers, to the effect of assimilating, transmitting, and applying advances in scientific and related knowledge, or who merely nurture the development of such capacities in the child, are, similarly, individual persons who are of universal importance to all mankind.

By submitting to the instruction of the 28th verse of Genesis, we oblige ourselves to value and to develop the divine spark of human potentiality in each child and adult individual. Although the material benefits of such progress are obvious, and are indispensable, the essential purpose of this development is the production of a superior quality of individual personality throughout society as a whole.

Accordingly, every human life is sacred, and it is the obligation of the individual and society to foster the development of the creative-mental potentialities of every individual, to foster opportunities for fruitful employment of those potentialities, and to cherish and promote the good contributed by each and every individual. That is the Law of Equity under universal natural law, a law which may never be violated except to defend those institutions of society upon which the enforcement of the natural law depends. A society committed to scientific progress in a manner consistent with the Law of Equity, is a republic in the sense consistent with Solon of Athens, Plato, the Christian Apostles, St. Augustine, Nicolaus of Cusa, and the fellow-conspirators of our own Benjamin Franklin. That is the proper usage of the term, "republican philosophy."

A republic is obliged to direct its public policy, including the policies of practice of government, in a manner which serves and never violates intentionally such a "republican philosophy." Just as the creation of the United States was prompted by specific rejection of the immoral economic doctrine of Adam Smith and those policies of practice of the British East India Company which Smith defended in his *Wealth of Nations*, so the mere adoption of the policies of Adam Smith by a republic, such as the United States, is a moral abomination contrary to the most essential intent of our Constitution. No man or woman can honestly take an oath to uphold our Constitution without rejecting implicitly the economic doctrines of Adam Smith et al., and without rejecting implicitly every expression of 19th-century British liberalism in application to our domestic or foreign policies.

True, Presidents and others have baldly violated their

oath of office on this account. On that account, we are now being destroyed as a nation, and imminently faced with the prospect of either general thermonuclear warfare, or the prospect that the abundant "Prime Minister Neville Chamberlains" of our Congress and Executive will capitulate to Soviet confrontation as Chamberlain kissed the foot of Adolf Hitler at Munich in 1938. Our toleration of liberalism is rapidly destroying us, and bringing us to the point of weakness that the Soviet empire, the new barbarian rulers, exerts dominion over this planet for an undetermined span of time to come. It could mean the extinction of civilization itself on this planet for generations, or even centuries, to come.

This brings us to the practical kernel of the question posed in this report.

The transmission of culture

The ordinary person in society today, including leading figures of government, suffers the delusion that he or she

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lives in a kind of Cartesian universe, in which individual decisions, and isolated facts, are the most essential feature of reality. Our people, generally, have no historical sense. Anyone who has studied history from the starting-point of reference of classical Greek culture, approximately 2,500 years ago, knows that the rise and collapse of nations, peoples, and empires, are determined by processes which unfold over successive generations.

The classic illustration of this point is provided by comparing Tacitus's account of Rome under the immediate successors of Augustus Caesar with St. Augustine's commentaries on the immorality of Roman law and culture from the earliest known period of the Roman Republic. Rome was, from the earliest known period, an immoral society echoing the same characteristic features as the sodomy-ridden slave-society of Lycurgus's Sparta. At the height of Rome's power in the world, during the period of Tacitus, Rome was already doomed to self-destruction, and there was no force within the Empire, excepting the forces of Neoplatonic Judeo-Christian resistance, by which the suicidal immorality of Rome might be repaired.

The crucial point is this. All the individual decisions

made within a culture are, predominantly, individual decisions shaped by the culture which the individual has acquired through transmission from parents and society generally. In the very short period of time, such as even the span of a single generation, it may appear to be the case that it is the isolated individual decisions which are shaping the course of society, and little more than that. As we extend the span of our investigation over spans of a half century, a century, or longer, the power of the individual decisions made in any one generation appears to be tiny; it is the implicit philosophy permeating the culture shaping individual decisions which actually determines the rise and fall of nations, peoples and empires.

In the longer run, the decisive thing is not the differences in shapes constructed of either bricks or Erector set parts which determines the result; in the final analysis, it is the "topological" characteristics of either bricks or Erector set parts which determines whether a nation prospers or dies. It is the philosophy implicitly embedded in the culture shaping our decisions which finally determines whether our nation thrives or dies.

In other words, when we are confronted with such evidence as the accelerating collapse of the power of the United States today, we must understand that it is our culture, our philosophy, which is leading us to destruction. We must recognize also, that earlier we were the greatest nation on earth, a great and powerful republic, standing in rank above all other nations, and also formerly a beacon of hope and temple of liberty for mankind in general. What change in our culture, our philosophy, accounts for the transformation of the United States from a thriving to a dying nation? Essentially, the cause of our decay is the corrupting, corrosive influence of British liberalism, and more narrowly, the decisions made during the period 1955-1965, under considerable influence of Bertrand Russell and the Oppenheimer-Szilard faction of the *Bulletin of the Atomic Scientists*. As a concomitant of the Anglo-American "liberal Establishment's" acceptance of the "New Yalta" agreements negotiated between Bertrand Russell's circles and Soviet Premier Nikita Khrushchev, by about 1966-1967, the prevailing policy of the U.S. government and leading financier "families" had become the decision to transform the United States into a national junkheap with a computer on top of the pile of national refuse, a "post-industrial society." Pornography, "recreational drugs," obscene theosophical cults fostered by institutions such as the Lucis Trust and Palo Alto, and anti-technology ferment, are destroying us as a nation.

The only kinds of decisions which have any meaning today, are decisions to rid our policy-making and daily practice of all toleration of those evil cultural corrosions which have destroyed us: pornography, "recreational drugs," theosophical cults, and "environmentalism." Not only must we act to rid ourselves of the moral degradation such "beliefs" represent; we must rid our governing institutions of the persons and factions which are proponents of such degrading beliefs.

The folly of the pragmatists

To this, many will doubtless respond: "Look, buster, I'm a practical man. I can't be bothered with philosophy. These political factions exist; you've got to deal with them realistically. What you propose will never work."

If such a critic is right, that what I propose will never work, then pack your bags and start running; what I have proposed is the only action by which our doomed nation might be saved from the alternatives of either Soviet imperial subjugation or, simply, some other hideous destruction. Time is running out. If the time is past, that the people of the United States will not act to return to the scientific culture of Western European Judeo-Christian republican principles, then that itself merely demonstrates that we have already passed the proverbial point of no return.

In any case, the action I propose is the only kind of action which might save this nation, and civilization as a whole. Anyone who is acting differently is occupied with a pathetic waste of time and efforts. For myself and my colleagues, we shall act as I have proposed through the very end; while the so-called "practical" men and women are continuing to behave in the same foolish, tragic way they have helped to destroy our republic, year by year, over the past 15 years or longer. At worst, my colleagues and I will at least go down honorably—meanwhile, there is more than a mere chance, I believe, that there is still time enough to win. At the worst, it is the only thing worth doing; those who disagree with us are behaving uselessly.

In our nation's capital, the obsessive commitment to the path of national obliteration assumes chiefly a very distinct, commonplace form: adherence to preestablished "policies, methods, procedures" and "established channels" of influence, the same policies, methods, procedures, and "established channels" which have been successfully used in the past to lead our nation to where we are today: at the brink of destruction. Science, truth, and elemental personal morality, are still admired among some circles in Washington, but as one admires a great painting from the past; whenever the mere word "politics," is mentioned, science, truth, and elemental personal morality are locked away in another room or the duration of the decision-making. We are governed, you see, by "practical men." Like men dressed down to the waist, ignorant that they are naked from the waist down, such "practical men" pride themselves on asserting that "philosophy" has nothing to do with their day-to-day decisions. "These were steadfastly 'practical men,' " would be the appropriate words for our Soviet conquerors to engrave on the tombstone of our nation. We tolerated British liberalism because we were practical men, and therefore we lost the moral fitness to survive, and, in due course, were, of course, destroyed.

Such is the probably tragic fate of men and women who measure the spectrum of political life in terms of "right, center, and left."

Nuremberg Tribunal

by Kathleen Klenetsky

Just two weeks after Colorado Governor Richard Lamm publicly called for the elderly and terminally ill to "die and get out of the way," the most prestigious medical journal in the United States has published a package of proposals to implement Lamm's demand.

Appearing in the April 12 *New England Journal of Medicine* under the heading, "Special Article: The Physician's Responsibility Toward Hopelessly Ill Patients," the proposals range from withholding food and water from certain patients, to honoring a patient's desire to refuse medical treatment.

The article, which has received wide media attention, represents a significant step-up in the campaign already well under way to institutionalize euthanasia in the United States. Over the past year in particular, the "death lobby"—largely funded by the major insurance companies—has engineered a powerful and well-financed effort to convince the American population that with health care costs spiraling and the economic pie shrinking, it is now necessary to ration health care.

Their basic argument is that those whose so-called quality of life isn't up to snuff—for example, handicapped infants and children, the mentally retarded, people in the final phases of a fatal illness, and old people in general—should no longer be permitted to place an undue burden on society as a whole.

The fact that the renowned and respected *New England Journal* has now granted its imprimatur to this effort will significantly fuel the move for "living wills," "do not resuscitate" orders, radical cutbacks in health-care financing, quantum jumps in health insurance premiums, and related methods which have been devised to substantially increase the death rate of the American population.

Today's Nuremberg criminals

It is a particularly bitter indication of the shift in morality today that in July 1949, the same *New England Journal of Medicine* published a landmark article by Dr. Leo Alexander, a U.S. physician who served as an official adviser to the Nuremberg Tribunal of Nazi war criminals. The article traced Hitler's "final solution" to the adoption by the German medical profession "of the attitude, basic in the euthanasia move-

adviser: Lamm speech is 'pre-Nazi'

ment, that there is such a thing as a life not worthy to be lived." That article was directed to the U.S. medical profession, and in it, Dr. Alexander warned that the same utilitarian attitude toward human life which underlay the euthanasia drive in Nazi Germany was already making inroads in America, reflected particularly in the failure of American doctors to deal effectively with the needs of the chronically ill.

Today, just 25 years later, the *New England Journal of Medicine (NEJM)* article's authors use the same cost-benefit argument employed by the Nazis to justify their plan for murder: "As society tries to contain the soaring costs of health care," they write, "the physician is subject to insistent demands for restraint, *which cannot be ignored*. Financial ruin of the patient's family, as well as the drain on resources for treatment of other patients who are not hopelessly ill, should be weighed in the decision-making process. . . ." (emphasis added).

In an interview with *EIR* April 16, Dr. Alexander termed the *NEJM* piece "a terrible statement" and "a throwback to the pre-Nazi atmosphere in Germany." "I warned this would happen," he said, and placed the blame for the growing acceptance of euthanasia in the United States on the increasing tendency "to fixate on the economic cost of things." Alexander also slammed Governor Lamm's statements as typical of the thinking which prevailed in pre-Nazi Germany, and urged that a fight be waged to prevent the full horrors of Dachau and Auschwitz from being visited on the United States.

The *NEJM*'s program

Though the *New England Journal* article drips with liberal rhetoric about "patients' rights" and "death with dignity," what it proposes to do to millions of Americans differs not one whit from the Nazi's euthanasia program, under which Germany's *Ballastexistenz*—the elderly, mentally and physically handicapped, and terminally ill—were systematically carted off to killing centers where their "nonproductive lives" were "mercifully" ended.

Explicitly intended to assure doctors that it's legally and ethically correct to pull the plug, even though their training

and conscience may dictate otherwise, the article endorses:

- decreasing or halting treatment if it "would only prolong an uncomfortable process of dying";
- respecting a patient's right to refuse treatment;
- dividing patients into four levels. Those in the fourth, the terminally ill, can ethically be denied antibiotics for pneumonia or other infections, any mechanical or surgical intervention, and food and water;
- shunting these patients off to die in hospices and other "less structured environments" on the grounds that they aren't worth more expensive hospital care; and
- not using the case of a patient who survived a specific disease as the overriding reason to continue treatment of another patient with the same disease.

Further, say the article's authors, when a patient is in a "vegetative state," or is "severely, irreversibly demented"—a category which includes the senile elderly—it is "morally justifiable to withhold antibiotics and artificial nutrition and hydration [food and water], as well as other forms of life-sustaining treatment." This is tantamount to a death sentence for the countless numbers of elderly people who are afflicted with bouts of temporary senility during which they may unconsciously reject food.

How it was organized

The *New England Journal* article grew directly out of a meeting organized by the Society for the Right to Die, held in Boston in October 1982 for the express purpose of devising guidelines for implementing euthanasia. Formerly known as the Euthanasia Society, the New York-based group has spearheaded the drive for the enactment of "living wills" (explicitly endorsed by the *New England Journal* piece) and related measures.

The Society's president emeritus, Dr. Joseph Fletcher, a proponent of racist eugenics and murdering "defective infants" and the mentally retarded, wrote recently that "Good dying must at last find its place in our scheme of things, along with good birthing, good living, and good loving. After all, it makes perfectly sound sense to strive for quality across the board, as much in our dying as our living."

The meeting was chaired by Dr. Daniel Federman, professor of medicine at Harvard Medical School and past president of the American College of Physicians. Others who lent their efforts to this criminal enterprise include: S. James Adelstein, M.D., professor of radiology and dean for academic programs, Harvard Medical School; Ronald E. Cranford, M.D., of Hennepis County Medical Center, Minneapolis, and chairman, Ethics Committee, American Academy of Neurology; Edward Hook, M.D., Charles G. Moertel, M.D., chairman, Department of Oncology, Mayo Clinic and Medical School, Rochester, Minnesota; Peter Safar, M.D., director, Resuscitation Research Center, University of Pittsburgh Medical School; Alan Stone, M.D., professor of law and psychiatry, Harvard Law School; Helen B. Taussig, M.D., professor emeritus of pediatrics, Johns Hopkins University School of Medicine; Jan van Eys, M.D., University of Texas System Cancer Center and School of Medicine; Sidney H. Wanzer, M.D., Department of Medicine, Emerson Hospital, Concord, Massachusetts.

Not just words

The *NEJM*'s policy recommendations have been implemented step by step throughout the country. Even seemingly adverse publicity has been geared to move this process forward. On March 25, just two days before Lamm's infamous speech, the New York press corps launched a sensational exposé of widespread euthanasia being carried on in two of the city's hospitals. The scandal, which had been investigated by a grand jury run by State Prosecutor Edward Kuriansky, involved LaGuardia Hospital in Queens and the world-famous Memorial Sloan-Kettering medical center. At the former, Kuriansky revealed, purple dots, indicating a "do not resuscitate" order—the order which demands that patients receive no care should they suffer cardiac arrest—were being routinely placed on the charts of terminally ill patients, without the knowledge of either the patient or his family.

At Sloan-Kettering, the grand jury had investigated and confirmed the existence of a blackboard listing all cancer patients, each name marked with one of four letters—A, B, C, or D. The system was a means of telling hospital personnel what level of treatment to give the cancer patients. Those unfortunates who were designated either C or D were to receive no intensive care if they ran into problems.

It was not the practice of triage against the sick which Deputy Attorney General Kuriansky objected to, however. What irked him was the fact that the death lists were kept secret from the patients, and not set down in the permanent record. This was reflected in a March 20 press release issued by Kuriansky's office, which stated that "according to the Grand Jury, although DNR [do not resuscitate] procedures are in widespread use and virtually unavoidable under the current advanced state of scientific and medical technology—wherein the dying process can be artificially prolonged against a patient's wishes and beyond any medical or ethical justifi-

cation—uncertainty as to the legality of 'no code' orders still persists among highly responsible members of the medical profession."

Further, stated the release, the Grand Jury "strongly recommended that the State expressly acknowledge that DNR orders are regularly given by responsible physicians in certain limited circumstances regarded as medically and ethically appropriate, and, further, formally recognize the prevailing legal view that carrying out such an order does not, in and of itself, constitute a violation of the civil or criminal law." Finally, the Grand Jury urged New York State to "regulate 'do not resuscitate' procedures for the terminally ill."

Governor Mario Cuomo responded immediately, ordering his state health commissioner, David Axelrod, to pull together a commission for the purpose of establishing under what circumstances "DNRs" are permissible.

The model which Axelrod is bound to follow is that provided by the still-active President's Commission on Medical Ethics. Established during the Carter-Mondale administration through legislation sponsored by Sen. Ted Kennedy, and headed up by New York lawyer Morris Abram, the commission has developed a highly controversial "uniform determination of death" statute, and has gone so far as to advocate the withholding of food and water from patients if the community, relatives, or hospital should decide that it costs too much to keep them alive.

Cuomo's quick response came as no surprise to those familiar with his record. A leader in the fight against "high-cost" advanced medical technology, Cuomo had issued a moratorium on new hospital construction in New York shortly after taking office, on the specious grounds that there were too many hospital beds. The liberal Democrat, who claims to represent traditional family-oriented values, had also actively intervened to prevent federal action on behalf of a handicapped child on Long Island, known as Baby Jane Doe. And his health commissioner, Axelrod, recently ruled against Sloan-Kettering receiving an advanced diagnostic device because it would "increase costs."

In this area, Cuomo is in the same camp as both Gary Hart and Walter Mondale, who have made health-care "cost containment" a major plank in their presidential platforms. Under the banner of keeping costs down, both of the candidates advocate measures—such as substituting paramedics for trained physicians, extending health maintenance organizations and hospices, and cutting back on advanced medical technology—which would dramatically reduce the quality and availability of health care.

The only way to prevent the murder of America's elderly, terminally ill, and handicapped is for the country to adopt economic policies that will result in an expanding pie. Both Hart and Mondale openly stand for the Malthusian proposition that we have reached the "limits of growth," and that the main item on the agenda is to reallocate or redistribute the limited resources available.

Elephants and Donkeys

by Richard Cohen

The Jackson factor

Informed Democratic sources report that the braintrust behind Walter Mondale's presidential effort was ecstatic after a thorough reading of the results of the April Arizona caucuses.

While Sen. Gary Hart won the caucus vote 44% to Mondale's 41%, Mondale's advisers were pleasantly surprised at the unexpected 15% of caucus votes received by Jesse Jackson. Close scrutiny of that vote showed that Jackson had sharply cut into the Mexican-American vote, originally considered to be locked up by Hart. Most Democratic Party-watchers are expecting this Mexican-American vote pattern to hold in the important June 6 California primary. If it does, they say that Mondale will beat Hart in California.

California remains the last slim hope among both the Hart staff and those secretly pledged to preventing a Mondale first-ballot victory. It was assumed that a Hart victory in California just prior to the Democratic Party convention there could throw into doubt Mondale's credibility as a candidate who could beat President Ronald Reagan.

But while Jackson's showing in the Arizona caucuses may signal an easier road to the Democratic presidential nomination for Mondale, increasingly the Jackson factor is throwing extremely dark clouds over Mondale's road to the November presidential elections. On this point, according to well-placed sources, the Reagan reelection general staff is overjoyed.

Jackson and his inner staff find themselves—following the convincing shows of strength in Illinois and New York, and the winning of the city of Philadelphia in the Pennsylvania primary—in a position they had not dreamed of when Jackson decided to launch his campaign last year.

Jackson has, according to these sources, attained the rank of "Black Messiah" and unchallenged hege-



mony over the majority of the black vote. It is this card that many frightened Democratic Party officials—particularly elected officials—are terrified Jackson will play at the Democratic convention in San Francisco in July.

These Democratic officials are convinced that Jackson will bargain far higher than his announced "bottom line" demand that the Democratic Party eliminate second primaries now allowed in nine of eleven Southern states' Democratic primaries. If the second primaries are repudiated, a significant number of "white Southern Democratic candidates" would likely be replaced by blacks. Jackson already demonstrated that he plans to go far in challenging the Democratic establishment when he bluntly and repeatedly opened up on Mondale during the Pennsylvania primary, demanding that Mondale respond to his challenge that the Voting Rights Act be amended.

Countermove afoot

These early warnings of a major disruptive fight within the party at the convention and after have already galvanized Democratic elected officials into action. The Democratic Governors Association is mobilizing to limit

the damage, if not confront expected Jackson convention demands. On April 13, word leaked that staffers of Virginia Gov. Charles Robb were in negotiations with the Governors Association staff over countering Jackson.

A memorandum signed by Association Executive Director Charles Dolan, Jr., which has circulated widely, reportedly warns of a Jackson strategy to control the convention. The memo reports that Jackson will deliver a "firestorm speech," igniting liberal and radical sentiment among the delegates. The memo forecasts that a whipped-up convention will be forced to pass a "McGovernite" party platform.

Among the platform planks feared by the Governors Association are the Voting Rights Act change, the extension of the Civil Rights Act to homosexuals, radical arms control measures, and a Middle East plank said to antagonize an already whipped-up Jewish community.

This year is the first in over a decade that large numbers of Democratic elected officials have been mandated to be present at the convention. They fear that their electability will be devastated by association with such a party platform. Dolan has warned: "It's becoming clear that Jesse Jackson believes his candidacy goes beyond the nomination process. He sees it as his cause to bring the Democratic Party closer to his ideological creed."

Jackson, even if his plan does not pass, will be forced to press for maximum concessions from Mondale, our sources report. The overall vote in the Democratic primaries in key states such as Pennsylvania has been smaller than in 1980, even though the 1980 primary occurred after an assured Carter nomination. But more blacks voted than previously, as has been the case in almost all the primary states. In short, if Mondale has any hope of victory, he needs an extremely large black vote. To get it, he needs Jackson.

National News

Will FBI prevent Khomeini's terrorism?

Informed sources have reported that pro-Khomeini terror networks of American black nationalists and other U.S.-based agents of Iran's Savama intelligence agency are planning renewed assassination operations against anti-Khomeini leaders in the United States.

This should serve as a warning that if any anti-Khomeini leaders in the United States are assassinated, the Federal Bureau of Investigations is responsible.

High: 'No one calls you gringo-controlled'

The State Department's use of such assets as the neo-Nazi National Action Party (PAN) to attempt to undermine Lyndon LaRouche's *Operation Juárez* policy—a call for reversing the Ibero-American debt crisis by launching economic development programs among a community of Ibero-American nations and the United States—seems to be backfiring.

State Department Director of the Office of Mexican Affairs George B. High confessed his inability to understand why the Mexican population supports the policies of LaRouche's co-thinkers, the Mexican Labor Party (PLM), in a discussion with *EIR* correspondent Laura Chasen at a Washington, D.C., background briefing on Mexico April 17. High was a key participant in a clandestine planning session held in Sonora a year ago to map out insurgency by the PAN against Mexico's ruling PRI Party. The PAN has also attacked LaRouche for interfering in Mexican affairs—because LaRouche denounced U.S. State Department interventions in Mexico.

"I really don't understand," High complained. "I go to Sonora and have one dinner with members of the PAN and the local Sonora press screams that the PAN is gringo-controlled. Your people [in Mexico] are run from the United States but no one down there ever calls you gringo-controlled. How

do you manage that?"

Chasen told High that co-thinkers in Mexico support the economic development policies of Lyndon H. LaRouche, policies in the interests of both nations. The Mexican population, at least, realizes that such policies demand community of purpose, not "control" by one nation.

When Chasen asked him about United States orientation toward the possibility of Soviet destabilization of Mexico through their assets in the PAN and the PSUM (formerly the Communist Party of Mexico), High replied: "I disagree, I think it would be very interesting to see what might come after the PRI. . . . I'm for democracy, not for just one party, so I think it is important to have other parties. The PAN is another party; I even think it's fine to have the PSUM."

Reagan authorizes preemptive strikes against terrorism

President Ronald Reagan signed a national security policy document authorizing the United States to take preemptive measures or reprisals against terrorism, it was reported April 15. The document, National Security Decision Directive 138, was issued April 3 in response to the kamikaze-terrorist murder of 241 United States servicemen in Beirut last October.

NSDD 138 permits the use of force against terrorists and terrorist enclaves by CIA and FBI paramilitary teams and Pentagon military units. It authorizes rewards of up to \$500,000 for information on terrorist activities, and directs 26 federal agencies to provide the President with options for implementation of the new policy. State and Defense Department sources said that the directive will coordinate anti-terror efforts already undertaken in the following areas: intensified intelligence collection by the FBI, DIA and CIA, with a focus on the Middle East and the phenomenon of suicide terrorists; creation and training of CIA paramilitary squads and Pentagon units in each of the military service branches, to act under the direction of a newly created Joint Special Operations Agency to Act Overseas, under

the Joint Chiefs of Staff; and increasing security for potential U.S. targets.

Senator Jeremiah Denton (D-Ala.) is sponsoring legislation to oppose Reagan's preemptive anti-terrorist initiative. The Denton bill would give control over U.S. anti-terror intelligence and operations to the FBI. Supporters of the Denton bill, including the Heritage Foundation's Joel Lisker, were notorious for their tirades against "overreaction" to the very Beirut terror bombing which inspired the Reagan "get tough" policy.

Weinberger: U.S. cannot afford 'another Cuba'

Defense Secretary Caspar Weinberger warned an audience at Yale University April 18 that the strength of the Soviet Union has thrown the military balance out of U.S. favor.

Weinberger also said that while the Reagan administration has "no plans for direct armed intervention" in Central America, it is a critical part of the defense of the continental United States.

He said that administration-backed groups in the area "are by no means perfect," but what must be considered was the alternative, "another Cuba."

Press attacks Weinberger, nuclear power industry

U.S. Defense Secretary Caspar Weinberger, an outspoken supporter of U.S. beam weapon defense policy, and the pro-nuclear development lobby in U.S. industry have become the targets of a new dirty-tricks operation.

Front-page articles in the *Washington Post* and *San Francisco Chronicle* April 20 and 21 claim that the Justice Department and FBI have begun an investigation of the Bechtel Corporation's ostensible use of a consultant to "bribe South Korean officials" between 1978 and 1980 to obtain nuclear power plant contracts. Weinberger was during that period vice-president, general counsel, and director of Bechtel.

The *Post* notes that Bechtel had been in the forefront of nuclear power plant construction from the beginning. In addition, Bechtel's international capabilities have been critical in shaping U.S. industrial relations with South Korea. In the 1970s, South Korea had launched one of the most ambitious nuclear plant development programs in the world, with public plans to build 21 plants.

Hentoff hits hospital murder of infants

Village Voice reporter Nat Hentoff attacked a recent medical program in Oklahoma that condemned tens of handicapped infants to death, in an article that appeared in the *Washington Post* April 19 under the title "Life and Death Lottery in the Nursery."

The program, described in the October 1983 issue of *Pediatrics*, used the following formula for identifying which of those infants born with spina bifida should receive treatment at birth. The formula assessed QL (Quality of Life) in terms of NE (Natural Endowment) times (HS) (support from Home and Society). Any child considered lacking in the latter two factors would not be treated by the hospital.

In the study 69 infants were chosen and evaluated with these criteria. Those who were treated lived, and those who were not treated died. Hentoff professed shock that the "Civil Rights establishment" had nothing to say about the destruction of these infants.

Ol' Pete's strange critter

Ol' Pete down at the zoo was tellin' me 'bout this peculiar critter that arrived there the other day. Seems that nobody ever seen nothin' like it before, but one thing they all agreed on was it sure smelled like a pig, so they put the thing in with the pigs.

Next thing you know, the pigs was squealin' all about, complainin' about this thing. Pete went down to 'vestigate, and the head pig tole him whereas the critter did

smell like a pig, nevertheless it spoke with a forked tongue and was definitely *not* a pig. So they held a pow-wow and reconsidered, and decided to dump the thing in with the snakes.

Well, the snakes didn't take to this too kindly either, and allowed as the thing might talk like a snake, but that any side you looked at it, the thing *looked* like a horse's ass. Then the horses got all in a snit, sayin' that they wouldn't have any part of the critter, since it definitely smelled like a pig.

Finally, they decided to form sort of a trilateral commission, the pigs, the horses, and the snakes, although the horses would only attend the meetin' with their rear ends, sayin' that was the only part of their anatomy the critter resembled. When it was all over, they sent the head pig to talk to Pete, and he agreed.

So the next day, they built a new pen, with tall walls and just a few cracks to look through, way over in the south corner, sorta downwind of the other folk. You can see if you go there, with the sign they put up saying:

H. KISSINGERIS, var. SOVIETICUS
common name
Pot Bellied Fink

LaRouche will 'pack' Supreme Court to protect workers' rights

"We are going to campaign to stop the travesty against workers' rights where a union contract can be torn up and workers forced to be unemployed or to work without the wages and benefits that their union has negotiated for them," a spokesman for Democratic presidential candidate Lyndon H. LaRouche, Jr. announced April 17. Employers such as Continental Air Lines have used the recent Supreme Court decision in *NLRB vs. Bildisco and Bildisco*, which allows employers to abrogate negotiated labor contracts by filing for Chapter 11 bankruptcy.

"If the Supreme Court won't uphold the rights of labor, then LaRouche has vowed to 'pack' the Supreme Court with judges who will obey the U.S. Constitution and protect the rights of labor," he said.

Briefly

● **THE FBI** showed far greater zeal in pursuing several innocent youths in Manhasset, New York April 16 than it seems able to muster in tracking down Khomeini-supported terrorists operating in the United States. The Joint Terror Task Force ambushed a van driven by youths who had stopped near the Soviet compound in Manhasset. When an armed man in camouflage battle gear stepped out of the bushes, the terrified youths sped off, honking their horn to summon police protection. Four members of the task force, commanded by two FBI agents, apprehended the youths by shooting out the van's tires. They held the youths at gunpoint, arraigning the 17-year-old driver at the Manhasset police station on charges of assault, reckless endangerment, and resisting arrest.

● **GARY HART**, a candidate for the Democratic presidential nomination, was praised by Union of Concerned Scientists consultant Gordon Thompson April 19 in a *Baltimore Sun* op-ed. Thompson stated that Hart's call for a "plutonium freeze" was "a promising measure that deserves further attention."

● **SENATOR PAUL TRIBBLE** (R-Va.) called April 19 for Edwin Meese to withdraw his name from consideration for attorney general because his nomination is causing a distracting election-year controversy. Tribble is the first Republican in the GOP-controlled Senate to call publicly for Meese to drop out of contention for the top law enforcement post.

● **INVESTIGATIVE LEADS**, the biweekly newsletter published by *EIR*, has created a new Terrorist Alert Service available for \$2,500 per year. Introductory subscriptions are \$550 for 13 weeks. With the Terrorist Alert Service, subscribers will receive the \$250 "Olympic Terrorist Report," which gives a comprehensive map of terrorist networks in the United States.

Don't expect Soviets to stand still

The Soviet Union used the past year to accelerate the largest military build-up in history. They also used the year to build up a Western movement "to stop the placement of U.S. missiles in Europe." Over the same period, *EIR* founder Lyndon LaRouche has repeatedly asserted two sets of facts:

First, the Soviets never gave a damn about the Euro-missiles, but only about President Reagan's March 23, 1983 address on beam-weapon capability for destroying ICBMs in flight.

Second, under conditions in which Soviet foreign policy has undergone a "paradigm shift" into the old Russian imperial dream of Moscow as "the Third and Final Rome," Soviet cursing at Reagan's defense initiative never reflected fear of a U.S. first strike from behind a beam-weapon "shield," but fear that realization of the President's initiative would end Muscovite hopes of world domination; on this basis, Russia's policy, as of April 1983, was to achieve a strategic U.S. backdown in a near-term thermonuclear confrontation.

After Soviet downing of the Korean airliner, LaRouche updated the prognosis: The Soviet timetable for global confrontation was as early as spring 1984.

That time has arrived.

An analysis of the Soviet media shows that attacks on "Star Wars," the KGB code-word for space-based laser defense systems, have now nearly replaced the Pershing II and cruise missiles as the number-one propaganda item. Party leader Chernenko's by-line was placed on an April 9 *Pravda* demand that the world "not permit the spreading of the arms race into space." Central Committee member Zhukov attacked a March 23 Paris forum on beam-weapons, calling it a "Colloquium of Assassins." The forum was addressed by LaRouche, acknowledged "intellectual author" of the Reagan initiative who has been attacked five times in as many weeks in Soviet news media; and so forth.

Unless your foreign-policy intelligence is controlled by Henry Kissinger, the Soviet build-up to confrontation is as obvious as it is intended to be, from 16

dead South Korean cabinet members, to 241 dead U.S. Marines, to Soviet submarines in the Stockholm Archipelago, a Swedish power blackout, and a Baltic naval breakout into the North Sea and Atlantic. As we go to press, Soviet-built MiG fighters have fired on a U.S. army helicopter in the West German-Czech border area—the first such incident in 20 years. East Germany's military publication has announced that "there is no legal basis for civilian air traffic in the Berlin corridor," ripping up four-power agreements.

But Kissinger does control U.S. foreign policy. An at best pragmatic President, a former actor now cast as Hamlet in a real-life tragedy, does not have the guts in an election year to put strategic reality above "political considerations." On the day Chernenko demanded "ban the beam," Reagan assured Kissinger's General Scowcroft and the press that his program would be "research only," with no deployment phase. Facing a hostile press and traitors and fools in Congress, our President hasn't the guts to launch a crash program and appeal directly to the American people for support, even when national survival and civilization itself are at stake.

The Soviets have Reagan where they want him, but they will not stand still. They must accelerate, to the point they achieve a U.S. back-down and give a factor of irreversibility to that back-down. They must do it soon, to prevent effective internal opposition. They must choose a confrontation big enough to be decisive, not too big to get out of control. It is a business laden with potential for miscalculation and thermonuclear war.

Walter Mondale is Neville Chamberlain. Reagan is now in the hands of Kissinger, a Soviet agent-of-influence. LaRouche, after a powerful Pennsylvania showing despite fraud, is moving into other primaries, and organizing thousands into a mass, permanent organization. He wants Kissinger out. He wants beam-weapons and a defense mobilization fast. He must have enough support to have the policy-influence to get both. Americans have no other choice. Unless they back LaRouche, they won't even have a country.

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