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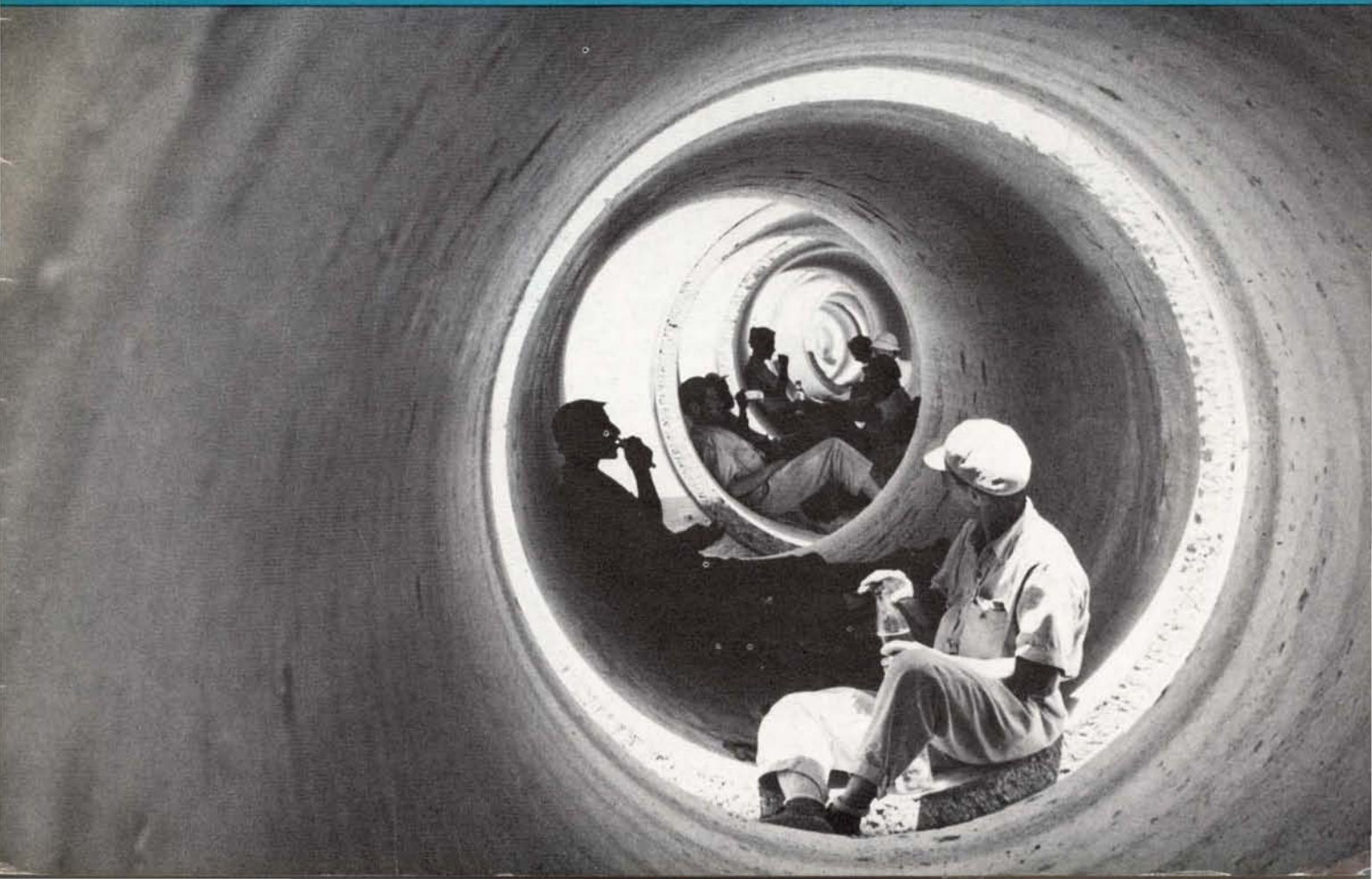
Executive Intelligence Review

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EIR

From the Managing Editor

The stakes in the upcoming July 23rd elections in Israel are pinpointed in our cover story, reported by correspondents Paolo Raimondi and Muriel Mirak, who have just returned to *EIR*'s Wiesbaden bureau after their second visit to Israel in six months.

Otherwise, the looming question as we go to press this week is, after the London Summit, what next? Certainly the London debacle challenges every patriot to be counted on behalf of national sovereignty—from the members of the newly formed Ibero-American debtors' cartel, to supporters of President Reagan's Strategic Defense Initiative, both of which were assaulted and insulted by the final declaration of that meeting.

EIR is pulling together the international forces to make that fight. Besides Israel, the following are highlights:

- Contributing editor Uwe Parpart-Henke is in Japan to present the newly issued Japanese edition of the *Beam Defense* book, which is receiving high-level and enthusiastic public attention (*International Report*).

- From Western Europe, we have a five-page overview of the impact of the hundreds-strong LaRouche candidates movement in France and West Germany (*International Report*).

- Ibero-American editor Dennis Small will be reporting back next week from Argentina, where the hottest immediate fight of the debtors' cartel is now going on. Our bureaus in Lima, Mexico City, Monterrey, Bogota, and Caracas are engaged in the continent-wide fight to put Lyndon LaRouche's "Operation Juárez" on the agenda at the upcoming summit in Cartagena, where the debtor nations will have to frame their response to London.

The other side of the message from London, of course, is the step-up in the assassination threat against any leader who stands in the way of the supranational gangsters of the IMF. We draw your attention to the *National Report* for the background on the security-stripping against President Reagan, and a similar operation threatening the life of Lyndon LaRouche, reported briefly in *National News*.

Susan Johnson

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London summit an affront to debtors—and to U.S.

by Kathy Burdman

Led by British Prime Minister Margaret Thatcher, the final communiqué of the June 7-9 London Economic Summit rebuffed an urgent message by seven Ibero-American heads of state asking for a comprehensive solution to the world debt crisis, and denounced President Reagan's defense budget as the root of the debt problem. The London Declaration thus in effect washed its hands of the Third World's bankruptcy, advising the debtors to turn against the United States.

Seven Ibero-American heads of state in an urgent message June 7 delivered to British Prime Minister Margaret Thatcher for the industrial leaders stated "the urgent necessity to adopt concerted actions in matters of indebtedness . . . [to] lighten the burden of the foreign indebtedness."

But the London Declaration—in the midst of a world banking crisis touched off by the collapse of Chicago's Continental Illinois Bank May 11—insisted there is no debt problem. Under the influence of International Monetary Fund Director Jacques de Larosière and Federal Reserve Chairman Paul Volcker, the seven industrial leaders in their June 9 Declaration instead hailed the "key role" of the IMF, which imposes "painful and courageous efforts" by debtors to pay their debts.

The London Declaration, representing the meeting among heads of government and finance ministers for the United States, United Kingdom, France, West Germany, Canada, Italy and Japan, instead issued a four-point debt program which would re-assert IMF control:

First, the London Declaration totally refused to cooperate with any debtors' bloc. Instead it insisted that the debtors continue with the IMF strategy of dealing with debtors "flexibly, case by case. . . . A climate of world recovery and growing world trade," the communiqué lied, "should enable the international financial system to manage the problems" without reducing the debt burden.

Second, debtor countries must open their economies up to looting in the form of "greater private investment flows," endorsing a plan presented by British Prime Minister Margaret Thatcher. In order to pay debts, banks should be allowed to exchange debt for equity ownership in state and private industry, Thatcher said.

Third, the summit endorsed attempts by de Larosière and Volcker to pick apart the debtors' bloc, by bribing countries which have so far adhered to the IMF, such as Mexico, with the most flimsy of debt reduction in the form of extending payments on principle. The Declaration signers will "in cases where debtor countries are themselves making successful efforts to improve their situation, encourage more extended multi-year rescheduling of commercial debts and stand ready to negotiate similarly in respect of direct debts to governments."

Fourth, the Declaration called for more medium- and long-term loans to debtors by the World Bank, which lends

paltry sums. It also set up a committee to study "new debt management techniques" at some time in the distant future.

Seize the assets

In a speech welcoming the leaders to the summit, Prime Minister Thatcher issued the greatest affront to the debtors, when she presented a scheme for "equity investment," code words for stealing the assets of debtor nations. The seven-nation communiqué endorsed her plan.

Thatcher first made clear that she, too rejected the debtors' call for new policies. "It is essential that the debtor countries themselves take measures of adjustment as promptly as possible," she said. "There are no easy or painless solutions."

However, she said, "We can set out ways in which commercial banks can help and in which debtors can ease their own problems. . . . In many debtor countries, there are substantial natural and industrial resources. Many potential foreign investors would be *interested in taking an equity stake* [emphasis]."

The London Declaration stated that the signators seek "encouraging the flow of long-term direct investments" and "encouraging the substitution of more stable long-term finance, both direct and portfolio, for short-term bank lending."

Thatcher went on to call for an international treaty to be written to *guarantee* such foreign bankers' and others' equity investments in Third World nations—presumably by not only expropriation, but by forcing industrial nations' taxpayers to provide an insurance fund to bail out the banks when investments go bad. "It would be particularly helpful if there were international agreement on the investment protection," she said. "Such investment if allowed could help ease the burdens of debt."

Thatcher said direct equity investment is "healthier than bank finance."

Her speech was endorsed by U.S. presidential advisor James Baker III, who called it the only proper form of joint action on debt. "We're not opposed to joint action, *in the form* of some form of investment agreement, as Mrs. Thatcher has suggested," he told ABC TV on June 8.

Throwing down the gauntlet

With major U.S. banks about to go under in the wake of the Continental Illinois and Manufacturers Hanover crises, and the debtors just having formed a \$340 billion cartel to demand restructuring of the world's debt, the fools at the Summit gambled they can face down the debtors without a major international crash.

As one U.S. official pointed out, the only economics offered by the participants was "'Snimog:' sustained, non-inflationary market oriented growth," a fancy term for the Reagan administration's non-existent recovery.

The London Summit in effect issued a frontal challenge to the debtors' cartel now in formation, which the IMF crowd appears ready to push to the wall. The London Declaration in effect tells Ibero-American nations, "either you are willing to overtly threaten mass default, or you will have to play by our rules and knuckle under to the IMF system."

One Washington source shook his head at the stupidity in the nation's capital and said the strategy is to "patch things through . . . until the election. . . . I don't know how much they'll pay," he said of the debtors, but the official calculation in the administration is that "it will not get to a point this year that they will say, 'we pay no more.'"

Asked how bad the crisis would have to be for the United States and others to take the debtors' cartel seriously, he said, "I think it will take them sitting down and saying, 'Okay, you are now dealing with ODEC, just like OPEC,' i.e., an Organization of Debt Exporting Countries which has taken unilateral action as did OPEC."

The only calls for a global approach at the London Summit came from the French and Italian governments, who did so from the standpoint not of aiding the debtors, but of attempting to egg them on in anger against the United States. France and Italy urged adopting "overall criteria" for dealing with the \$800 billion Third World debt, but were overruled by the other countries in favor of the case-by-case approach. French President Mitterrand called for a "global approach," French spokesmen said. But Mitterrand and Italian representatives were also most verbal in their denunciations of the United States as the problem.

Meanwhile observers were shocked when in the midst of the summit, Swiss National Bank President Fritz Leutwiler announced that he was resigning as head of that institution and, consequently, as head of the Bank for International Settlements. The London *Financial Times* of June 9 speculated that Leutwiler may disagree with Volcker's contention that the debt crisis can be "patched over." Leutwiler "annoyed Mr. Paul Volcker," the paper commented, "with a speech in Washington last autumn in which he said that some developing country debt was irrecoverable."

IMF at the helm

The entire London Summit appears to have been orchestrated by lunatic IMF Managing Director Jacques de Larosière, who believes he can face down the debtors. The tone of the Summit was set by de Larosière in a secret memo issued June 1 to IMF member governments, denouncing the debtors' bloc: "There are no realistic options that can replace the ongoing strategy, which consists in confronting the debt problems case by case through coordinated and sensible financial accords based in the adjustment programs of the Fund."

Leaked to the press by an outraged Mexican Finance

Ministry, the secret memo caused an uproar. The Mexican daily *Uno Mas Uno* on June 2 denounced the de Larosière memo, noting that “his unpalatable insistence that each country make separate financial arrangements coordinated by the IMF is basically a flat refusal to allow each nation to have its own development.”

Under the headline “IMF Won’t Negotiate With Debtors Bloc,” *O Globo* of Brazil reported from Mexico City June 2 that de Larosière’s secret memo had rejected the overtures of the seven Ibero-American nations, to call only for “rigid adjustment programs.”

In a June 4 speech at the Philadelphia International Monetary Conference sponsored annually by the American Bankers Association, the IMF’s de Larosière reaffirmed the hard line against any negotiations with a debtors’ group. “There are no magical solutions,” he stated. “the most productive strategy . . . lies in the present country-by-country approach of the Fund . . . directed toward putting together realistic financial packages linked to adjustment programs that are forceful. . . .”

In a press conference at the Philadelphia Conference June 7, U.S. Federal Reserve Chairman Paul Volcker also affirmed that he would have no truck with a debtors’ bloc. Volcker dismissed any “sweeping across-the-board solution” to debt problems, and called upon banks to “examine debtor nations on a case by case basis.”

It was also at the Philadelphia Conference that de Larosière, Volcker, and major U.S. bankers held a private meeting and patched together the plan to try to split Mexico from the rest of the debtors’ cartel, which was included in the London Declaration. Following that meeting, Citibank Senior Vice President William Rhodes, head of the Mexico bank consortium, announced that the banks had decided to “reward Mexico because of the country’s excellent performance under its IMF program” and to “show that the sacrifice” Mexico made under IMF austerity had “paid off.”

Mexico was thrown a bone. The IMF and banks offered to stretch out \$40 billion worth of Mexico’s principal payments, all due between 1985 and 1988, over ten years, a five year “grace period” of no payments so that most of the money would come due within the last five years. Rhodes said Mexico’s interest rates “might be lowered,” but there was no concrete commitment to do so or to cap rates in any way.

‘Beating up on the President’

Meanwhile, the attack on President Reagan in the international financial press and at the summit was so vicious that White House chief of staff James Baker III was forced to protest to reporters on June 8, “There’s really been very little beating up on the President, if you will, with respect to U.S. interest rates.”

To the contrary, the London Declaration denounces U.S. deficits as the central problem. While it “welcomed the im-

portant down payment measures of the United States government” to cut the budget, “continuously high interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain” the world banking system. “This underlines the importance of policies conducive to lower interest rates and which take account of the impact of policies upon other countries.

“We have therefore agreed to strengthen policies to reduce inflation and interest rates, to control monetary growth, and where necessary reduce budgetary deficits.”

A Reagan statement inviting all participant nations to collaborate with the U.S. in building a permanent manned space station in the 1990s “as a symbol of mutual commitment into the 21st century” did little to mitigate the anti-U.S. attacks.

Prime Minister Margaret Thatcher pretended to back Reagan at the summit, declaring “the recovery of the world economy has made welcome progress.”

But in several pre-summit speeches and interviews, British officials made it clear that being tough on the United States and the debtors was an idea made in London. Solving the debt crisis “is certainly not going to be easy so long as the U.S. federal deficit is at the present magnitude,” British Treasury Chancellor Nigel Lawson told the London *Financial Times* June 5. “The Prime Minister made this very clear to President Reagan: we want them to take resolute action to cut their budget deficit substantially. Can the U.S. deficit continue to be financed by sucking in finance from overseas at intolerable interest rates?”

In a pre-summit meeting June 7, French President Francois Mitterrand and West German Chancellor Helmut Kohl also denounced “the regrettable effects of high interest rates on the Third World, and declared that this should remain a central point of discussions with the Americans at the Summit,” a West German spokesman said.

Mitterrand reportedly argued at the summit that there is a chain from Washington to the undeveloped nations, in which high U.S. spending results in high interest rates and that increases the debt burdens of the Third World.

Canadian Prime Minister Pierre Trudeau and Canadian Finance Minister Marc LaLonde harshly attacked the U.S. budget. “The U.S. attitude seems to be ‘All right Jack, if you have a problem, fix it yourself,’” LaLonde complained to reporters on June 8.

Treasury Secretary Donald Regan was said to have lashed out in frustration, “Please show me your evidence!”

“After three years, the United States still refuses to even acknowledge the link between a large budget deficit and high interest rates. I don’t know who could possibly accept that reasoning,” French Finance Minister Jacques Delors said of Regan’s argument. “The United States is the dominant economy and we conclude that its economic policy creates more problems than advantages to the world.”

Bankers' phony concessions won't defuse Ibero-American debt bomb

by Robyn Quijano

On June 3, U.S. Federal Reserve chairman Paul Volcker, the man who put loan sharks out of business by legalizing usury in the United States, claimed that "the world debt problem has been blown out of proportion . . . the overall situation is manageable." The next day, Willard C. Butcher, chairman of Chase Manhattan, said, "The Third World debt problem is becoming less and less a crisis."

"Panic is not necessary," the London *Economist* editorialized in its June 2 issue.

But the newly formed debtors' cartel is not likely to buy the bankers' confidence game. The real story is that the Ibero-American nations that will meet on June 21 and 22 in Cartagena, Colombia to forge a joint solution to the debt have agreed that, faced with the choice of feeding their people or paying their debts to foreign bankers, the survival of their populations will come first. That is the real content of the debtors' cartel call which shook the world on May 19.

Latin America's leading debtors, Mexico, Brazil, Argentina, Colombia, Venezuela, Peru, and Ecuador, sent a formal letter to the leaders of the seven industrialized nations that met in London on June 7; the letter reiterates the criticisms of recent interest rate hikes that have cost the continent over \$5 billion, and calls for an "integrated and coherent" response to the problems of the world economy. The Presidents not only demanded a unified approach by both debtor and creditor nations, but also insisted upon government-to-government negotiations instead of negotiations with the banks and the international financial institutions like the International Monetary Fund (IMF).

"The urgent necessity to adopt concerted actions is evident, above all, in matters of indebtedness," the Presidents declared. "It is not possible to think that the problems can only be solved through contact with the banks or the isolated participation of international financial institutions. It is essential to undertake a constructive dialogue between creditor and debtor nations, for the identification of concrete measures that will lighten the burden of foreign indebtedness, taking into account the interests of all the parties involved.

"With criteria of justice and equity, it is necessary to define a set of policies and actions in the fields of financing,

debt, and commerce." They called for a shared responsibility that "reflects the interests of the international community as a whole."

The London *Daily Telegraph* warned June 4 that the Presidents' statement "represents a new shift towards a 'political' analysis of the continent's debt problem instead of the purely 'technical' treatment. . . . There are already signs that the debtors are planning a new harder line."

The IMF's 'rewards'

"Banks plan concessions to Mexico," blared the headlines reporting on the June 3-6 meeting in Philadelphia of the world's leading international banks, under the auspices of the American Bankers' Association. The bankers allegedly agreed to certain concessions as they huddled with IMF managing director Jacques de Larosière and Paul Volcker: Slightly lower interest rates and longer term rescheduling for Mexico and Brazil, the two largest debtors on the continent that have already imposed severe IMF-designed austerity programs. The bankers emphasized that each country will be dealt with on an individual basis and that debtors such as Mexico and Brazil will be rewarded for past sacrifice.

Citibank chairman Walter Wriston praised Mexico's "adjustments [as] a pattern that can be repeated in many other countries."

But the bankers' confidence game won't sell, not in Ibero-America, and not even within their own ranks. On June 7, Sebastian Alegrètt, permanent secretary of the Latin American Economic System (SELA), blasted the idea of "rewards or punishments" for performance on the debt. He stressed that the nations of the continent want to pay, but, as in the case of Bolivia, it is simply a physical impossibility.

The West German business daily *Handelsblatt* reported on June 4 that one top European banker said that "the confidence crisis we have today threatens to bring down the post-war interbank credit system." The same daily reported that the number-three man at the Swiss National Bank, Markus Lusser, stated that "a catastrophe scenario of all shades is possible, from grey to black, if an orderly consolidation of Third World debt does not succeed."

The bankers' praise of Mexico for its past performance comes at a moment when they are plotting to bury that country under political and economic destabilization. The guns are aimed at Mexico for its role in forming the debtors' cartel, and for its recently released "National Program of Financing and Development," which states that "the Mexican economy must grow at least at the same rate as the population," to assure that the per capita income does not continue to decline.

While Mexico suffered zero economic growth in 1982, and minus 5% in 1983, the new document asserts that economic growth is a categorical necessity, "so that the Mexicans now being born will have access to well paid and productive employment. . . . The rapid growth of the products that are required to satisfy the need of a growing population, and to generate more employment, demands an accelerated expansion of internal markets, which at a certain moment will limit the capacity to export."

A world ordered by such a plan is a world in total contradiction to the continuation of IMF "adjustments" which enforce the export of everything for which a market can be found—particularly drugs—and enforced slashing of living standards.

The *Wall Street Journal* criticized the new development plan for charting goals that "economists don't think can be reached soon," like reaching growth rates of 5-6% in 1985, a figure not conceivable under the IMF's world order.

Why the banks fear Argentina

When Bolivia announced on May 29 that it would cease payment on its debt to the commercial banks and use only 25% of its export earnings to pay its debt service, Argentina swiftly backed the action. The Argentine parliament passed a unanimous resolution of support for the democratic government, and the Colombian and Mexican trade unions called for continental support for Bolivia, which is now threatened by the same cocaine colonels that have kept it—a nation the size of Texas and California together, with enormous natural wealth—one massive drug plantation for years.

Bolivia holds just over 1% of the continent's \$360 billion debt, but it has now been picked by the bankers and their enforcer Henry Kissinger to be made a horrible example of what is in store for an Ibero-American country that gets out of line. The head of the Bolivian Air Force announced two days ago, "Bolivians are not prepared for democracy . . . many of them need a hard hand in order to walk in the path of law and fulfill their obligations."

Will Argentina sign an agreement with the IMF that will virtually dismantle its nuclear program and military industries and will slash the living standards of Argentine labor? By June 8, Argentine officials acknowledged the fact that Argentina will sign a letter of intent with the IMF, but the real intent of the letter was debated by all. Sources report that the contents of the letter have not been approved by IMF

Western Hemisphere Director Weisner Duran, and that it will likely be rejected by the IMF for its refusal to destroy the national economy.

The strength of Argentina's refusal to submit to an IMF dictatorship can be traced directly to a national accord signed on June 7 between President Raul Alfonsín, Isabel Perón, and all but 3 of the 20 national parties. Some of the key points of the "national solidarity" declaration are: support for "The sustained elevation of wages, the strengthening of union institutions, . . . support to large families, the permanent extension of the possibilities of education and improvement to all social strata and all provinces, . . . the integral and harmonic development of all the potential that the country possesses and the diffusion of industrialization to all the regions, . . . the encouragement of demographic growth until achieving the optimal population for all Argentine territory . . . our own research and development of the most advanced technologies, starting from what has been already achieved in the nuclear area . . . a foreign policy of self-determination and non-intervention, unity and integration of Latin America, with special dedication to the Southern Cone. . . ."

The parties agreed that "the renegotiation of the foreign debt must be done on the basis of an economic program which permits the use of all of Argentina's potential. It will obtain conditions and resources to handle our commitments without injuring the welfare of the workers or blocking the revival and development of the country. To this end, the unity of efforts with other debtor countries of Latin America, which has already begun and which should intensify in the future, is of the greatest importance. In that way, every type of pressure will be repelled, and it will be demonstrated that the commitment to pay is dependent on the legitimacy of the debt."

If President Alfonsín refuses to accept IMF conditions, he has broad national support, but if he does not, he could face a situation of ungovernability.

Alfonsín's instinct for survival was demonstrated in an interview to Rio de Janeiro's *O Globo* May 27, in which he gave some hints of which way he will go: "We oppose economic liberalism, Friedman's policies, any form of imperialism, and all neo-colonialism. We believe in a different world. We are going to fight for it, to gain the participation that we do not now have because our future is discussed at international forums where we are not present."

On the subject of Latin-American integration, he said: "I think that it is necessary to begin by economic complementarity and try to advance along the path of a Common Market. . . . It is indispensable for Latin America that Brazil and Argentina define an authentic position of liberation."

Ratifying his recent violation of IMF guidelines by granting 14% wage increases, Alfonsín asserted: "We want to grow and increase our real wages, without stopping the fight against inflation."

The creditors: 'We're standing pat'

IMF managing director Jacques de Larosière told the International Monetary Conference in Philadelphia on June 4:

There are no magical solutions. . . . Proposals have been made for panaceas such as writing off part of the debts or transferring them wholly or in part to official institutions, for official guarantees, or for techniques for linking debt servicing to one economic variable or another. But these proposals have attracted little support. . . . Each country's debt situation has its own specific features that cannot adequately be taken into account in generalized approaches. . . .

I am confident that the most productive strategy . . . lies in the present country-by-country approach of the Fund . . . directed toward putting together realistic financial packages linked to adjustment programs that are both forceful and adapted to each country's situation. . . .

There is considerable scope for developing countries to do more in the way of tackling rigidities in their economies. . . . Though progress has been made, much more flexibility is needed in prices, particularly interest rates and exchange rates, and wages. . . .

It is also very much in the interest of debtor countries to do more to attract foreign capital, especially in the form of direct investment. . . . Many countries also need to dismantle or relax administrative controls on such flows.

In her speech to the London summit, British Prime Minister Margaret Thatcher stated:

The recovery of the world economy has made welcome progress since our meeting last year. . . . It is essential that the debtor countries themselves take measures of adjustment as promptly as possible.

There are no easy or painless solutions, but we can set out ways both in which the commercial banks and the international financial institutions can help and in which debtor countries can ease their own problems.

In many debtor countries there are substantial natural and industrial resources. . . . Many potential foreign investors would be interested in taking an equity stake and it would be particularly helpful if there were international agreement on investment protection. Such investment if allowed could help

ease the burdens of debt. Some commercial banks are willing to consider longer-term rescheduling of debt in cases where debtors are beginning to restore confidence, adding, "I suggest we encourage them in this."

A well-placed Washington source gave this interview:

Q: What at this point do you think is going to be done by the U.S. government about the debt crisis?

A: For the rest of the year I think they are just going to patch things through. I think they will handle it on a case by case basis, because Congress is in no mood to deal with this situation again. As you well know, the administration certainly doesn't want to take on any major overhaul of the international financial system. And I think that is exactly what the politics of this are for everybody. Let's let it ride. Let's turn the corner in 1985.

As far as I'm concerned, when you're turning the corner in 1985 you're turning about three corners at once. There is the deficit corner, the dollar corner, and this international debt corner. All the bills come due sometime in 1985. If you want to talk about what will happen by the end of 1985, then I have a different scenario than what will happen by the end of 1984 for almost all these problems.

There may well be a case-by-case reduction in interest rates, but I'm saying that it will be case-by-case, a specific cap for Mexico, for Brazil, for Argentina, each individually, but there will be no sweeping restructuring of the whole debt situation this year.

Q: What if that is what the debtors decide they want to do?

A: There is nothing we can do about that. I think that they very well may say there's nothing in it anymore for us to pay you guys. We are in a net capital situation that's ridiculous. Then the Fed goes and makes sure that Manny Hanny and Bank of America and everybody doesn't go under—that's about it. What do we do, launch an invasion?

Q: Volcker and the administration are going to offer them nothing and let them say, no, we won't pay?

A: I don't think all that's going to happen as quickly as you do. I don't think it is going to come to that kind of head before the end of this year. I think that's what happens in 1985, and that's when I think we will get the big facedown. I don't know. I think they are going to keep trying to reschedule and stretch it out. I think everyone understands the necessity to get our election behind us. You may end up with a hit later this month against Bank of America and some others from Argentina, you never know about those kind of small-scale hits. But the situation won't get drastic.

It's a real problem which should have been addressed last year, should be addressed this year, but won't be addressed

until next year. I don't know how much they'll pay, but it will not get to a point this year that they will say, we pay no more. Bank of America may have to take that hit they were expecting to take in April. That would not surprise me.

I do not have any problem with the debtors getting together, because I think the sooner this thing is forced and we have to address it, the better it is for everybody, including ourselves.

Q: How much of a crisis will it take?

A: I think it will take them sitting down and saying, okay, you are now dealing with ODEC, just like OPEC.

Documentation

The press: 'Panic is not necessary'

On June 4, London's Times reported the following:

The United States Treasury and the Federal Reserve are planning a big rescue operation to bail out the American banks. . . .

The U.S. Treasury will then issue a special 50-year security which the banks will be allowed to count as part of their capital. This will build up their capital and they will pay off the securities over 50 years.

Banks would be restrained from paying dividends as part of the terms of the deal. There would probably be other conditions which would have the effect of putting them under government control.

No figures are available on the amount of money involved in the rescue operation, but it would have to be tens of billions of dollars in order to make an impression on the Latin American debt problem.

Taxpayers would effectively be subsidizing the loans, as the doubtful debts concerned would be transferred from the banks to the U.S. Government. . . .

On June 7, the Wall Street Journal published an article by Harold Lever, "The Road to Solvency." It stated in part:

The banking system of the West has become hostage to its overseas debtors. . . . That is why the present case-by-case response, necessary as it is, is not by itself enough. . . .

The banks face far more than a liquidity problem. The pretense that hundreds of billions of their assets are "performing" is being only precariously maintained. . . . The mini-

mum required for safety is that the leading governments create the machinery and provide the funds whereby current interest on the debts can be paid by the debtors to the banks in the years ahead. Given a guaranteed flow of interest, the banks would be expected to make a realistic write-down of the questionable debts over, say a 10-to-15-year period. This is not "bailing out" the banks—the write-down would impose heavy, but manageable losses upon them. . . .

On June 3, the Los Angeles Times reported: "Banks Split on How to Handle Foreign Debt."

Citicorp, Chase Manhattan and Manufacturers Hanover . . . all contend that an improving world economy will lift debtor nations out of their recessions and allow them to make regular interest payments. . . .

Leading the search for newer solutions, bankers say, are Morgan Guaranty, Bank of America, Security Pacific and Bankers Trust.

Privately, senior officers of some top U.S. banks are telling their colleagues in Europe and Asia that a mammoth restructuring of Latin debt must be accomplished. Such an effort, they say, would include four parts:

- Any payments by debtor nations would be recorded as payments of principal, not interest, thus reducing the total amount owed.

- Loans, most of which now extend for 10 years, must be stretched out to 20 or 30 years.

- Argentina, Brazil and Mexico—the big three Latin American debtors—must be given a five-year respite from any interest or principal payments.

- New money must be injected into those countries so that they can manufacture, export and import.

On June 7, the Journal of Commerce reported: "Warning Issued on Debt Service."

"The way things are going, there could be a massive debt servicing problem in 1985."

. . . The Royal Bank study says "simple reheduling alone will not provide permanent financial relief. Such relief must involve the transformation of debt instruments into equity type instruments, and/or permanent reduction in the debt servicing burden of existing obligations through easier terms and/or write-offs by creditors. . . .

The bank asks such questions as these: "How much relief could the banks give? Should the cost be the transfer of a share of existing assets to a new syndicate of banks that then markets discounted bonds to private investors? Is there a market for such bonds? How much should the discount be? Would a zero-coupon bond be the most marketable? Should another instrument be devised?"

Will Brazil ditch the IMF's austerity?

by Mark Sonnenblick

The corridors of Brasilia were alive with rumors on May 29 that President João Figueiredo was preparing an about-face on Brazil's subordination to its creditors and the International Monetary Fund (IMF). What made the rumors credible was Figueiredo's uniting with the presidents of Argentina, Mexico, and Colombia in their May 19 call for a Latin American meeting to seek common grounds against intolerably high interest rates on their international debt.

Then, visiting Tokyo May 25, Figueiredo stressed to ambassadors of all the Latin American nations they must "seek a common posture in the face of the foreign debt problem." He was also reported to have persuaded Japanese Prime Minister Nakasone to present the arguments of the incipient "debtors' club" to the London economic summit.

A country which had been radically polarized against Figueiredo for his hated IMF policies and his refusal to tolerate direct elections to the presidency suddenly rallied behind his hard line against the creditors. Planning Minister Delfim Netto, who has orchestrated what Figueiredo himself terms "the worst crisis in our history," could only gripe about the foreign ministry robbing him of control over debt policy and the widespread rumors Figueiredo had fired him.

Suddenly, Brazilian nation-builders perked up from the despair of watching the country they hoped would become a Japan go down the road towards becoming an Iran. The new mood was captured by Senator Severo Gomes, who had served as Industry Minister under President General Ernesto Geisel, Figueiredo's still-powerful predecessor, but since joined the opposition Brazilian Democratic Movement Party (PMDB).

Delfim Netto rumored dismissed

São Paulo industrialist Gomes explained to the daily *Folha de São Paulo* that Figueiredo might have dismissed Delfim Netto and Finance Minister Ernane Galvêas as the first step by Figueiredo leading to a break with the IMF before June 30. "Then, the chief of government could announce to the nation that he had broken with the Fund, proposing a supra-party alliance to face the challenge."

Gomes said the opposition would provide Figueiredo with

the required "political cover" for such a daring turn by allowing him to extend his presidency by two years in order to concretize it. He suggested that by reallocating the \$10 billion now drained in interest payments from Brazil annually to the task of rebuilding the domestic economy, Figueiredo could finish his term loved by Brazilians, instead of hated.

But the key point brought up by Gomes was that by revoking Brazil's surrender to its creditors, "the government would reunite its base of military support by incorporating the nationalist line of General Andrada Serpa into its platform." General Serpa had won for his "National Sovereignty" slate a third of the vote in the May 16 elections in the Clube Militar. The Clube Militar is the association of military officers which hatched many a coup before the one in 1964.

Military support for debt moratorium

For the first time since 1964 such significant opposition to the military regime's policies has emerged from inside the military. General Serpa's "National Sovereignty" program centered on immediate unilateral debt moratorium and immediate direct elections. His strong vote suggests majority support in the military for debt moratorium, since much of the military has joined with Figueiredo against holding direct elections now.

Although Figueiredo announced he did not want his presidency extended beyond 1985 and that he had not fired Delfim, the tide has turned. The powerful São Paulo State Industrialist Federation (FIESP) called for the immediate global renegotiation of the foreign debt and a five-year moratorium on it. Even conservative Governor Tancredo Neves, the presently leading "consensus candidate" for president, who had been soft on Delfim, jumped on the nationalist bandwagon.

He described the declaration of the four presidents as "the most important economic-financial event of these last ten years. It is the first energetic manifestation of resistance of the peoples in development to the pressures and oppressions of the capitalist creditor nations. It is an exceptional development, a position which we have been demanding, not just me, but all the opposition in Brazil. The coming meeting of planning [sic] and foreign ministers must have concrete results. This is the first posing in objective terms of a non-unilateral, negotiated, moratorium by the Third World nations."

If Delfim does not depart to get "paid his weight in gold" at the IMF, he will have to start playing for Brazil. His foreign trade director Carlos Viacava is promoting trade agreements just signed with Argentina and others still being negotiated with Mexico and Uruguay as "the embryo of a Latin American Common Market."

As Argentine President Raul Alfonsín stated in an interview published in Brazil, "I think it is indispensable for Latin America that Brazil and Argentina define an authentic position of liberation."

At the forefront of laser technology

Part I. Optical phase conjugation

by Robert Gallagher

On Dec. 14, 1983, presidential science advisor George Keyworth told the New York Wings Club that recent developments in laser technology confirm the feasibility of the Strategic Defense Initiative or beam-weapons program, "very recent advances that permit us to compensate for atmospheric break-up of laser beams." Keyworth is right. Kosta Tsipis, Richard Garwin, and Hans Bethe are wrong. These recent developments prove that their "proofs," such as Tsipis's December 1981 *Scientific American* article, "Laser Weapons," that lasers will not be able to propagate through the atmosphere to militarily useful distances, are incompetent.

Dr. Keyworth's office has not provided background information on his remarks. This service, however, has recently concluded from unclassified literature the nature of the developments he alluded to. This report—focusing on optical phase conjugation—is the first in a series on these developments.

Keyworth's optimism is apparently informed by progress announced at the May 1983 Conference on Lasers and Electro-Optics (CLEO). R. C. Lind and G. J. Dunning of Hughes Research Laboratories (HRL) reported the first demonstration of the dynamic correction capability of optical phase conjugation in the face of severe distortions produced by atmospheric turbulence. More recently, *Science Digest* magazine reported in its June 1984 issue that scientists at HRL had told them that conjugated laser beams can propagate 60 miles through the atmosphere—in other words, a distance sufficient to reach space-based orbiting mirrors that can redirect such a beam onto a ballistic missile target. Of particular concern, however, is the fact that the field of optical phase conjugation was founded by Soviet, not Western, scientists, and that the field of investigation continues to be dominated by Soviet investigators. In a recent review paper, approximately one-half of the 183 references were to Soviet journals (see reference 2).

Lind and Dunning double-passed a beam produced by a 20 milliwatt dye laser through a 100-meter range of turbulent

atmosphere. After the first pass through the range, the probe beam displayed high frequency phase errors, severe wander, and intensity nulls on its axis. The beam was then directed into the conjugator and conjugated. The conjugated beam returned over the range and the corrected beam was picked off at the transmitter. The corrected beam was nearly identical to the 1×2 centimeter elliptical profile of the original probe beam.

This report will discuss possible use of optical phase conjugation in a directed-energy weapons system.

What is optical phase conjugation?

Optical phase conjugation involves the use of non-linear optical effects to precisely reverse the direction of propagation of each plane wave in an arbitrary beam of light, thereby

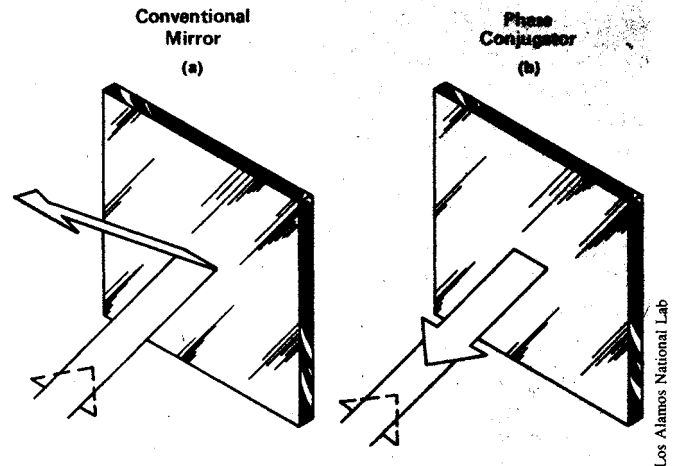


FIGURE 1. When a conventional mirror (illustrated on the left) reflects a beam, the angle of reflection is the complement of the angle of incidence; a diverging beam continues to diverge after reflection. When a phase conjugate mirror (PCM, shown on right) reflects a beam, it sends it back in the same direction it came from, and makes a divergent beam convergent, or focusing.

Los Alamos National Lab

causing the return beam to exactly retrace the path of the incident beam. The process is also known as wavefront reversal or time-reversal reflection. Phase conjugators, also called phase conjugate "mirrors," do not reflect a beam the same way as a conventional mirror (Figure 1). When a beam is reflected from a conventional mirror, its angle of reflection is the complement of its angle of incidence, and if the beam is at all divergent, it continues to diverge following reflection. Since a conjugator sends the beam right back where it came from, the angle of reflection equals the angle of incidence and a divergent beam becomes convergent upon reflection.

This effect occurs despite the beam interference from an aberrator (such as a broken piece of glass, or turbulent atmosphere). In other words, conjugation can enable a designer to get around imperfections in an optical system, or turbulence in the atmosphere. For beam conjugation to be helpful in producing a focused beam on target, it is necessary for the response time of the conjugator to be faster than that of the aberrator. In other words, if the atmosphere has time to change during conjugation, the conjugated beam may not emerge from it focused. Lind and Dunning found atomic sodium to be a successful conjugator because of its rapid 10 nanosecond response time.

Generically, there are two forms of optical phase conjugation investigated today: backward stimulated Brillouin (or Raman) scattering (BSBS or BSRS) and degenerate four-wave mixing (DFWM). In 1972 B. Ya. Zel'dovich with a team of the Soviet Academy of Sciences demonstrated phase conjugation with Brillouin scattering. In backward stimulated Brillouin scattering, an intense laser beam in a fluid pro-

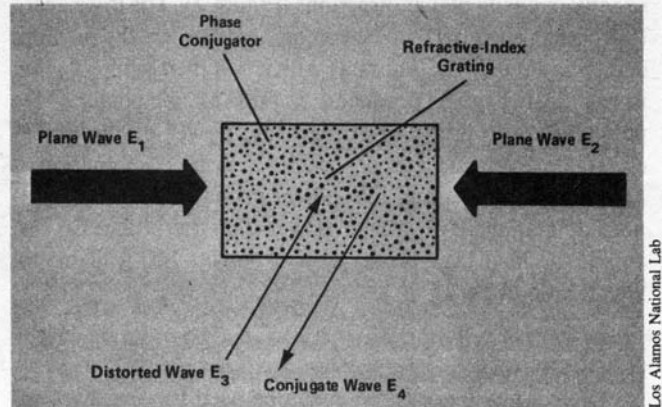


FIGURE 2. In degenerate four-wave mixing, two pump beams ($E(1)$ and $E(2)$) interact with a distorted probe beam ($E(3)$) in a nonlinear material or conjugator to produce, for example, the convergent conjugate of an originally divergent probe beam ($E(4)$).

duces a sound wave. The shock front of this wave backscatters the incoming beam as its conjugate. This outgoing laser beam has a frequency downshifted from the incoming laser beam by an amount equal to the frequency of the sound wave created—an approximately 0.01% change in frequency.

B. I. Stepanov with other Soviet scientists first demonstrated distortion correction by degenerate four-wave mixing in 1970. Lind and Dunning's experiment used a DFWM conjugator. In degenerate four-wave mixing, three beams of the same frequency interact in a nonlinear medium to produce a fourth beam, also of the same frequency, the conjugate of

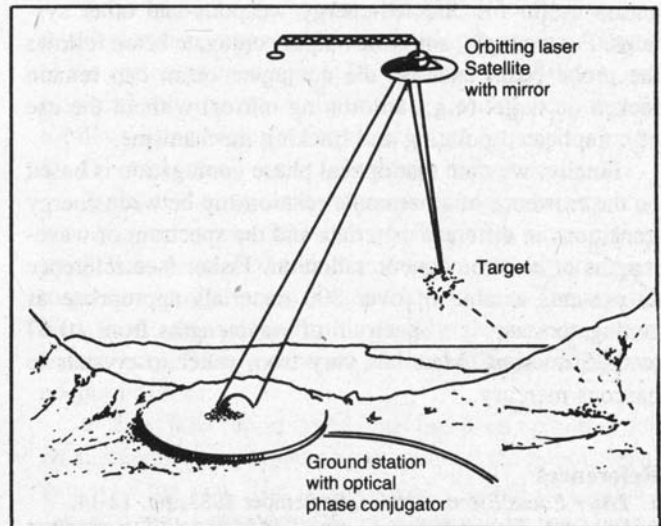
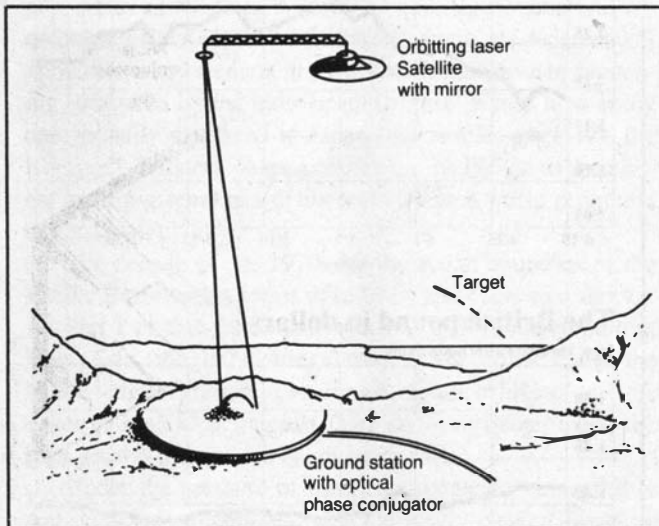


FIGURE 3. The Fusion Energy Foundation proposes an application of phase conjugators (shown above) that eliminates any need to orbit large laser amplifiers in a space-based laser defense system. Upon deployment to destroy a ballistic missile target, a satellite equipped with a mirror and a small laser directs its beam towards the laser amplifier/phase conjugator facility on earth. The ground-based facility conjugates the beam and amplifies it to the power required to destroy the target. The amplified beam is then reflected off the orbiting mirror to the target.

one of the others. Two beams "pump" the medium from exactly opposite planar directions (Figure 2). The third beam (the probe) is the beam to be conjugated; it enters the medium at the required angle, interacts with it and then pumps so that its conjugate beam is produced. In DFWM, the power of the pumps and the probe determines the power of the output conjugate beam so that it is possible with the combination of high-power pumps and low-power probe to achieve a "reflected" conjugate of greater power than the probe. So far, conjugates have been produced with powers 100-fold greater than their probes.

Applications

Optical phase conjugation can be used for any laser application that requires long-distance transmission through inhomogeneous media, e.g., laser communications with submarines, or directed energy weapons. In an application designed by the Fusion Energy Foundation (Figure 3), the attack sequence against a ballistic missile in its boost phase is initiated by a small laser aboard an orbiting mirror spacecraft:

- 1) The spacecraft directs its beam downward through the atmosphere to the earth-bound conjugator and amplifier.
- 2) On the ground, the arriving pulse passes through a laser amplifier enroute to the conjugator. The pulse is conjugated and amplified on its second pass to missile-kill intensities.
- 3) The pulse travels upwards to deflect off the orbiting mirror at the appropriate angle to intercept the target.

There are other characteristics of optical phase conjugation useful for directed-energy weapons and other systems. For example, since the output conjugate beam follows the probe beam exactly, the conjugate beam can remain locked on target (e.g., an orbiting mirror) without the use of complicated pointing and tracking mechanisms.

Finally, we note that optical phase conjugation is based on the existence of a harmonic relationship between energy transitions in different materials and the spectrum of wavelengths of electromagnetic radiation. Fisher (see reference 2) presents a table of over 300 materials appropriate as conjugators across a spectrum of wavelengths from 10.67 to 0.25 microns. Materials vary from water to crystals to gaseous mercury.

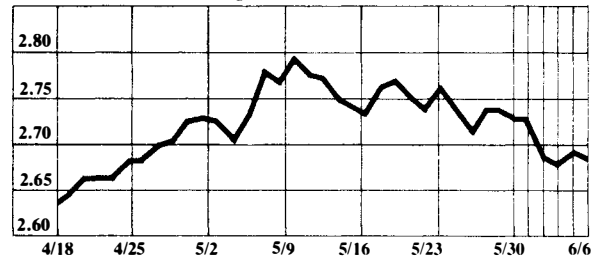
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Currency Rates

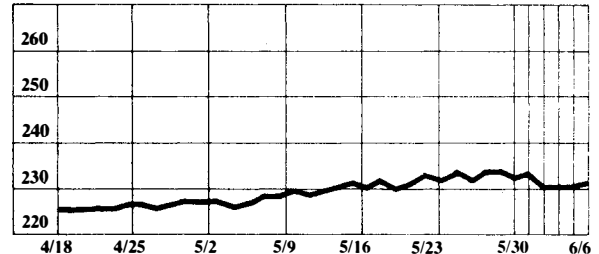
The dollar in deutschemarks

New York late afternoon fixing



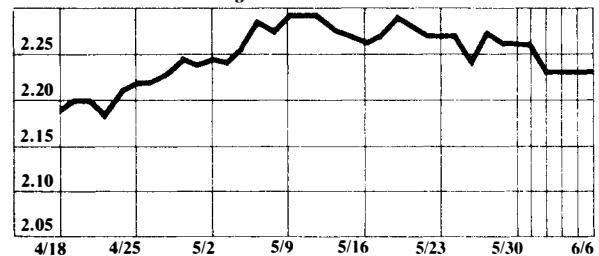
The dollar in yen

New York late afternoon fixing



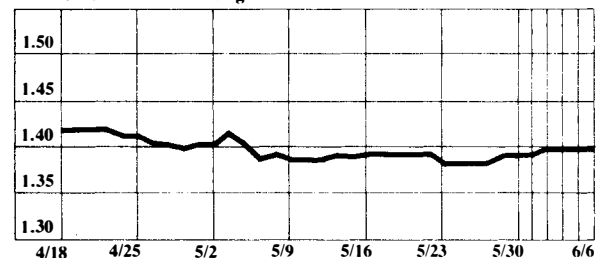
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



A neocolonial scheme to destroy Asia

The conclusion of Richard Cohen's two-part series shows how Henry Kissinger and Associates grabbed control over U.S. Asia policy.

Since late 1983, senior spokesmen for the U.S. Department of State, notably Lawrence Eagleburger, the recently retired undersecretary for political affairs, have heralded the dawn of the Pacific era. It is no accident that Eagleburger (now president of Kissinger Associates, Inc.) was also the first U.S. government official to openly call for a reduction in U.S. military commitment to Western Europe—marking the acceleration of the State Department drive to use the Pacific Basin Community (PBC) to “decouple” Western Europe from the United States.

The PBC proposal is but an arm of a broader operation identified by Kissinger's mentor Lord Peter Carrington as a “New Yalta” negotiation with the Soviet Union. Under the Carrington plan, while Western Europe emerges as a neutralist, independent factor tilting toward Moscow, Anglo-Swiss operations, hiding behind U.S. and, secondarily, Japanese interests, would manage the rich Pacific Basin, which would include the Pacific Rim countries, Canada, and most of Ibero-America.

This is quite the opposite of *EIR*'s proposals for a “Pacific and Indian Ocean Basin Development Program,” launched in a series of visits to Asia by Lyndon LaRouche and his colleagues since 1982. While the *EIR* envisions Asian development as a key element in a worldwide industrial re-launching, triggered by the laser-beam defense gearup now being energetically discussed in Japan (see article, page 37), the Kissinger-Trilateral-Aspen circles see the Pacific as their latest looting-ground in a deliberately created world economic depression.

The decade of the 1970s hit the Asian countries of the Pacific Basin with a series of military and economic shocks. As Part I of this series outlined, the U.S. military pullout from Asia, the 1971 deregulation of the dollar under the Nixon administration, two major oil-price hikes, and the onset of high U.S. interest rates seriously jeopardized the high growth rates of the Pacific economies.

Under the pressure of increasing strategic vulnerability and cumulative economic attacks, newly elected Japanese Prime Minister Masayoshi Ohira found enough domestic political leverage in early 1978 to launch a major study of Pacific Basin cooperation. Within a year, Ohira's efforts were endorsed by then-Australian Prime Minister Malcolm Fraser. The Japanese moves opened the door for the kind of

Pacific Basin Community scheme which Anglo-Swiss bankers and the U.S. Council on Foreign Relations were promoting, a plan that would give these financial interests fingertip control over the expected economic disintegration of the Pacific Basin, opening up the economies of Southeast Asia and Japan for colonialist looting.

The Ohira study

Early in 1978, Ohira appointed Trilateral Commission member and Henry Kissinger associate Saburo Okita to head a Pacific Basin Cooperation Study Group, which included leading Japanese figures from business, government, and academia. After overseeing the study for a year, in August 1979, Okita was graduated to the position of foreign minister. Then in November the study group handed over to Ohira a voluminous study on the PBC, which made the following radical recommendations:

- The PBC would operate through supranational institutions and efforts, such as the adoption of a “Pacific Basin Declaration on Trade and International Investment.”

- The program's objective, according to the authors of this declaration, was to offer the developing sector countries of the region a broad opening to the markets of the region's advanced-sector countries. In exchange, the declaration called for developing-sector countries to create “a proper climate” for direct advanced-sector investment in their economies.

In short, the Japanese proposal offered an easing of advanced-sector protectionism in exchange for a commitment by the less developed countries to open up their economies to greater foreign private capital investment. The supranational institutions effecting this would undermine the national sovereignty of these countries, under conditions of deepening economic crisis.

- The Okita report urged what had been up to this point an anathema to the Japanese government: the internationalization of the yen. The report stated: “Given this status of Japan, it may be expected that the yen will be used increasingly as an instrument of settlement in the region's economic transactions, and also as a reserve currency supplementing the role of the U.S. dollar. . . . Instead of trying to inhibit this trend, Japan should take a comprehensive policy initiative in support of increased international use of the yen.”

Comparing the potential function of the yen in the Pacific to the role of the West German mark, the Swiss franc, and the European Currency Unit as a supplement to the dollar in the Atlantic region, the report said: "Even though new developments may occur in the international monetary system, however, it cannot be imagined that they can damage the relative position of the U.S. in the world economy to the extent that the U.S. dollar ceased to function as the world's most important key currency."

These proposals, when added to the report's recommendations on joint stockpiling of petroleum, reflect the pressure that Japan's elite felt in the wake of Kissinger's military and economic decoupling measures. They also reflect a new Japanese search for "comprehensive security" in access to raw materials and markets. Even before this Ohira effort, Prime Minister Kakui Tanaka had engineered his so-called resource diplomacy, primarily with Australia and Canada, but also with the ASEAN countries and the Soviet Union, in order to guarantee threatened Japanese raw materials supplies.

Japan's financial adjustments

The Japanese economy had successfully absorbed the effects of the oil shocks and the floating currency-rate system through a drastic increase in the absolute size and the deficit of the Japanese federal budget. It was through the pressure of this mounting budget deficit and its requirements for financing that Kissinger and his fellow Trilaterals identified the domestic lever to push yen internationalization. The external lever would be American and European trade antagonism. And the outcome would be the end of the Japanese "economic miracle," which was based on high-technology-vectored investment, fostered and protected by the state.

This was the context in which the Ohira-Okita group, the closest Japanese grouping to the Anglo-American financial interests, consolidated its Pacific Basin Community plan.

Accepting the maxim of the Council on Foreign Relations and the OECD that longterm economic forecasts were poor, the Okita-Ohira group could endorse what the Japanese finance ministry had stubbornly resisted: the internationalization of the yen, a program that would pressure domestic interest rates upward and slow the real growth of the Japanese economy.

When in early 1980 Ohira announced, during a visit to Australia, a joint Japanese-Australian high-risk initiative for setting up a PBC, it was clear that the Ohira-Okita initiative had won a tentative consensus among the Japanese elite.

The Ohira-Okita plan identified with one major thrust in Japanese foreign policy since the turn of the century: that Japan must operate as an Asian power in alliance with a broader Anglo-American hegemony. But clearly the tentative consensus in the Japanese elite that developed behind the plan represented a Japanese hedge on the durability of the dollar-based global system, providing Japan with an escape hatch into a ready-made yen bloc.

The Australian gravitation toward the Japanese PBC proposal cannot be separated from the overall interests of the British Commonwealth faction in East Asia. While Australia itself has long sought to penetrate the ASEAN market, has established critical trade links to Japan, and desires to become an established political factor in East Asia, there is also a strong Commonwealth imprint on former Australian Prime Minister Fraser's leading role in the PBC process. London-linked banking interests based in Hong Kong and Singapore are vocal supporters of the Pacific Basin Community concept. Both banking centers are interested in spreading their equity position throughout the region and in penetrating Tokyo capital markets.

Ohira and Fraser inaugurated their plan at a September 1980 meeting in Canberra, Australia, the first gathering of the Pacific Economic Cooperation Conference (PECC). The conference was attended by representatives from regional governments, the private sector, and academia. The United States was represented by Assistant Secretary of State for Asian Affairs Richard Holbrooke. A PECC standing committee was established, along with a series of task forces dealing with trade-related areas.

Resistance from ASEAN

The PBC plan was blocked, however, by opposition from among the ASEAN nations. Publicly ASEAN raised three objections to the PBC plan: that it would undercut ASEAN's nonaligned status; that it would supersede ASEAN itself; and that it might be used by the advanced sector to override sovereign investment decisions of the underdeveloped countries in the region.

Malaysia, Indonesia, and Thailand particularly opposed the Japanese initiative, informed sources report, seeing the PBC as a scheme that would guarantee major power economic interests at the expense of the countries of the region. Second, these forces considered that the prominent Japanese role in promoting the PBC would mean growing U.S. military interference in Asia.

Harsher criticism alleged a Japanese effort to deter undesirable behavior by smaller ASEAN nations in the context of North-South and natural resource issues.

Finally, some suspected Japan of seeking to create a yen bloc, as insurance against a situation in which the world would become divided into competing financial blocs.

A South Korean counter-initiative

These objections from ASEAN virtually derailed the Anglo-Swiss-launched PBC process, and the 1982 Bangkok conference of the PECC was less than successful. This was one reason why the supporters of the Okita-Fraser effort acceded in June 1982 to a new Pacific Basin initiative launched by President Chun Do Hwan of South Korea.

The PBC's backers apparently reasoned that since Chun was not a representative of the advanced industrial sector, he

might be a more acceptable promoter of the plan than the Japanese, and although Chun's proposal would have side-stepped control of a PBC institution by OECD-modeled technocrats in favor of a Pacific heads of state summit, it was believed that his proposal might nevertheless speed up the process.

But after Chun surfaced his concept in a private meeting with President-elect Ronald Reagan during the 1980 transition period before Reagan's inauguration—the first meeting of the President-elect with a foreign head of state—White House sources report that Chun, in consultation with the President, was prepared to take the PBC concept down a far different road than its Anglo-Swiss originators intended.

Then disaster struck. In the fall of 1983, on the initial step of a multi-nation tour of Asia, Chun witnessed the brutal slaughter of most of his cabinet at the hands of North Korean terrorists in Rangoon, Burma. The Chun trip, which was to prepare the ground for a new Pacific Basin Community effort, was coordinated with President Reagan's scheduled trip in the fall of 1983 to Indonesia, Thailand, and the Philippines. That trip was canceled when the Philippines began to blow up with the assassination of opposition leader Benigno Aquino.

Enter Shultz and Kissinger

The massacre in Burma and the Philippines unrest shattered the possibilities for the new Reagan-Chun approach. How convenient for the State Department, which renewed its own efforts for a Pacific Basin scheme!

Shortly after becoming Secretary of State in July 1982, George Shultz launched a major reorganization of the Department's Policy Planning division. He created a new long-range-oriented "Policy Planning Council," and hired a stream of former understudies of Henry Kissinger, including Peter Rodman, the reputed author of Kissinger's "autobiography," and Kissinger's former Latin American hand Stephen Bosworth. In addition to drawing up plans for the integration of the Israeli economy into the dollar system, the Shultz-Kissinger team took up as a priority the Pacific Basin Community program. Their progress in making this into official U.S. policy is one of the most stunning examples of the Kissinger circles' takeover of the Reagan administration.

Immediately following the fall 1983 destabilization of the Chun-Reagan approach, Shultz created a new position, a special ambassador for Pacific Basin affairs. Underlining the importance of the position, Shultz appointed former Middle East Special Ambassador Richard Fairbanks, who has, since that time, engaged in two tours of the region to promote the plan.

Then in November 1983 Richard Armacost, U.S. ambassador to the Philippines (now Lawrence Eagleburger's replacement as Undersecretary of State for Political Affairs) attended the third annual meeting of the PECC in Bali, Indonesia. Armacost, an old Council on Foreign Relations

"Asia hand," has since come under attack from members of the Senate Foreign Relations Committee (including Sen. Jesse Helms) because of charges that he was a leading advocate of U.S. troop withdrawal from South Korea during the Carter administration. In addition, as ambassador to the Philippines, Armacost is known to have sought an end to the rule of President Ferdinand Marcos—privately identifying Marcos as "another Shah."

Finally, the Shultz State Department, in concert with many other administration officials, participated on March 28, 1984 in a meeting on the Pacific Basin sponsored by the Woodrow Wilson Center in Washington, D.C. Informed sources report, "The U.S. position toward the PBC is increasingly positive. We held a meeting at the Wilson Center where the government expressed support for our conferences—mainly the State Department." Indeed, that conference went one step toward forming a U.S. committee to participate officially in the PECC.

Shultz's economic mentor and current Undersecretary of State for Economic Affairs W. Allen Wallis has praised the results of the November 1983 Bali conference, where a call was issued for an urgent meeting of the Multinational Trade Negotiation (MTN). Australian Prime Minister Robert Hawke has taken up the concept from that meeting and is currently playing the leading role in organizing a Pacific-wide effort to establish new Multinational Trade Negotiations to induce the Asian economies to extend the GATT "free trade" system to Asia.

In fact the principal non-government agency pressuring the United States into an official relationship with the PECC is the Pan-Pacific Community Association (PPCA), whose chairman of the executive board is former U.S. ambassador to South Korea and former Kissinger staffer Richard L. Sneider. Sneider and most of the operatives at PPCA represent the true hard core of the faction that was instrumental in launching the PBC operation in 1978—under Jimmy Carter.

Also on the Board of the PPCA is East Asian expert Yale Professor Hugh Patrick. It was Patrick, along with Australian Peter Drysdale, who launched the first major U.S.-sponsored investigation into the possibility of a PBC in 1978. That study was conducted under the auspices of the Congressional Research Service and was later endorsed by House Asia Subcommittee chairman Lester Wolfe, who is now also on the PPCA Board.

The Patrick-Drysdale plan proposed an organization dubbed the Organization for Pacific Trade and Development (OPTAD), an inter-governmental organization involving the market economies.

Following these initial actions, a series of studies was conducted by the East-West Center in Hawaii and a two-year joint operation with the Aspen Institute and the Hubert Humphrey Institute of Public Affairs. Not surprisingly, both of these institutions are totally identified with Henry Kissinger personally, and the Soviet-run Nuclear Freeze movement.

Conti Illinois under receivership

The nation's number-eight bank is the first to go; more major U.S. bank losses to come.

The Federal Deposit Insurance Corp. (FDIC) has for all practical purposes taken Continental Illinois Bank, the nation's eighth-largest bank holding company, into federal receivership. Continental Illinois Corporation disclosed June 4 in a filing with the Securities and Exchange commission that the FDIC has placed sharp limits on Conti's management and ordered the bank to suspend all dividend payments to shareholders.

The FDIC takeover was in fact completed in return for the FDIC's bailout of Conti with \$2 billion in FDIC subordinated notes last month, which bolstered the bank's capital and which, together with a huge Federal Reserve and private bank bailout fund, kept the bank from openly folding.

But even the FDIC's takeover has been used by the same Anglo-Swiss financial circles who created the run on Continental as a chance to complain that U.S. banks should simply be made to take their losses. Large U.S. banks should not be "bailed out" by the government, but either made to take huge write-off losses or sold off to investment banks such as American Express, AMEX spokesmen said.

The FDIC has taken hands-on management of the bank. The Conti filing revealed that Continental's directors were forced to sign an agreement with the FDIC giving it the right to request any director's resignation at any time. The FDIC also has discretion to fire any Continental officer or director at the Senior Vice President level or above, the filing states.

The same accord also prohibits the company's Chicago headquarters from any new hiring, appointments, or reappointments of any personnel at the Senior Vice President level or above.

The FDIC has furthermore taken total control over whether Conti will be merged with another institution or acquired, and has suspended the bank's independent right to negotiate such matters.

The bank has also agreed that it will not sell, transfer, or otherwise dispose of all or a significant amount of its assets in any way, "without prior written consent of the FDIC."

Continental, however, will merely be the first in a long line of banks to go into such virtual receivership. The real losses from bad loans to Latin America have yet to be taken by the banks. Up through the first quarter of this year, most losses by Conti, Manufacturers Hanover, and others were from bad domestic real estate and agriculture loans. With Argentina and other debtors ready to reduce or halt interest payments at the end of June, bank runs are just starting.

Meanwhile, the same Anglo-Swiss investment bankers who first pulled their deposits out of Conti are now insisting that large U.S. banks must be forced to take their losses. As Goldman, Sachs senior partner Henry Fowler, former U.S. treasury secretary, put it to a journalist recently when asked about the run on Continental, "It doesn't concern me. I'm an investment banker and I don't take deposits."

It should be remembered that it was American Express, via its Swiss controller Edmond Safra, who first began pulling deposits out of Conti on May 11, precipitating the current banking crisis. American Express, Lehman, Goldman Sachs, and other "financial supermarkets" run out of London and Switzerland want a crisis of the commercial banks to drive President Reagan from office.

They also are not above using the opportunity of weakness to insist on buying up commercial banks to expand their own vast empires. American Express chairman James D. Robinson III, who is aware that his institution helped pull the plug on Conti, was nominated for the *EIR* Chutzpah of the Year Award June 6 when he denounced the FDIC bailout:

"The political pendulum seems to have swung from de-regulation back to re-regulation," Robinson said, insisting that banks must be policed harder by the regulators. "A number of events have proven frustrating to the public and Congress. . . . The loudest single event, of course, has been the Continental Illinois crisis, with its accompanying need for total FDIC support. . . . How can we justify letting them [small banks] fail when the big guys are not allowed to. . . . The chips the FDIC is having to play will certainly raise the specter that our federal insurance agencies may have to knock at the taxpayers' door. . . . Federal deposit insurance was intended as a safety net for banks and thrift institutions, not as a trampoline that would allow them to bound into new areas of business."

House Banking Committee Chairman Fernand St Germain (D-R.I.), liberal scion of Swiss banking circles, plans to demand harsh Congressional oversight of the banks after the Conti debacle to "prevent further illegal bailouts of big banks."

Bank crisis creates dollar scarcity

But Fed chairman Volcker's commitment to "print, print, print" means it can't last much longer.

Despite the international banking crisis, the U.S. dollar recovered from a 10 pfenning drop against the West German mark at the end of May, and rose to the DM 2.69 level June 8. Gold, which had put on \$19 at the end of May to rise to \$394 an ounce, fell back to the \$383 level.

Is the dollar a supernatural currency no longer subject to any laws of the economic universe? Not quite. The dollar is in big trouble—so big that the forces propping it up now will only make it fall harder.

Right now the only thing holding up the dollar is the run on American banks, which are still having tremendous difficulty attracting deposits, especially jumbo Certificates of Deposit in London. Despite the press ballyhoo that the banking crisis is over, foreign banks continue to quietly remove deposits from U.S. banks in Europe in advance of the end-of-June debt crisis looming for Argentina—and thus for Manufacturers Hanover, Citibank, Bank of America, and all the largest U.S. banks.

As they lose deposits, U.S. banks are forced to pay higher and higher interbank rates to attract what money they can. One-year Eurodollar rates rose to an incredible 13⁷/₁₆% the first week of June, as banks scrambled to bid for funds. This in turn pulled the Fed Funds rate in New York up from the 8% level the Fed created at the height of the Continental Illinois crisis in May, to 11%.

For a while, this massive banking

demand for dollars will keep up the dollar's currency trading rate, and make the costs of carrying gold a bit high for investors.

But behind this facade, the dollar is being hyperinflated by the Fed, which is printing money in an attempt to liquify the banks.

In one end, and out the other. The Fed simply cannot print money fast enough to counteract the rate at which depositors are withdrawing it from the banking system.

"The fact that interest rates look reasonably normal, rather than shooting through the ceiling, reflects major injection of funds by the Fed," one top British banking source said May 31. "Also the fact that the monetary aggregates have not collapsed, due to flight to quality [as depositors move out of M-1 bank deposits] demonstrates merely the same thing," he added.

However, since the Fed is continuing to print dollars, at a certain point this will become obvious to investors. Then, no matter how high the rates go, no investor will be caught dead holding a dollar as a currency investment.

As Jimmy Carter's Assistant Treasury Secretary C. Fred Bergsten pointed out June 6, the United States in fact could be "challenging Brazil and Mexico for the rank of the world's top debtor nation by 1986."

In testimony before a Senate banking subcommittee Bergsten said that his projection of the cumulative current account deficits for the 1983-85

period exceeds \$250 billion.

"At the end of 1982, the net U.S. creditor position was only \$168 billion," he said. "Hence that position could be virtually wiped out by the end of this year and seems certain to disappear during 1985. We would thereby return to our 19th-century status as a debtor nation."

"One implication of this is increased vulnerability for the dollar," Bergsten pointed out. "Urgent action is required," he said, "to begin the adjustment process soon enough, primarily through action on the budget deficit, to foster the needed currency correction in a relatively smooth manner without a 'free fall' à la 1978 and the enhanced risk of overshooting to an excessively weak dollar."

He warned that a sharp decline in the dollar would add significantly to the inflationary pressures in the economy, and collapse the dollar further. "A fall of 25% in the exchange rate would add 3 to 4 percentage points to the price level."

Meanwhile West German Central Bank chief Karl-Otto Pöhl at a Philadelphia press conference June 6 reiterated his contention that unless the United States gets interest rates down, the dollar will soon collapse of its own accord.

Pöhl said that he and others at the London economic summit would demand that the United States lower its rates or face real problems for the dollar. "I don't think it will come to a big clash, but I consider it very likely that the subject of dollar interest rates will be a central point of discussion," he said.

Swiss National Bank chairman Fritz Leutwiler pointed out at the same gathering that a plan to have big debtors diversify their debt out of the "strong dollar" could backfire because the dollar is getting ready to swing the other way.

Business Briefs

Finance

Bank of England becomes a regulator

The Bank of England has announced that it will ask foreign banks to disclose more information about the operations of their British branches, including "some information on branch profits and some details of large deposits and exposures." Britain, the premier "off-shore" banking haven, currently has no standard disclosure rules for overseas banks, although London has one of the world's largest concentrations of foreign bank branches, some 240.

UPI quotes a financial source saying that the Bank of England, which is privately controlled, wants the disclosure standards because "the banking world is a riskier place than it was a few years ago."

"The concern is extreme here ever since it has been revealed that Midland and Lloyds are even more exposed than Manny Hanny was to Latin America," a source contacted by *EIR* said. The Bank of England thus took the highly unusual step of "telling the British banks what to do," in words and in print. "It says that it will be looking at the adequacy of the bank provisions in the context of their capital resources. . . ."

British banks are owed \$21 billion by eight main debtor nations, or 75% of their shareholders' capital.

The Big Four clearing banks already have to pay a 0.25% interest surcharge to place their certificates of deposit. "This realization has come as a shock to British investors and resulted in a sharp deterioration in bank shares relative to the rest of the stock market," which itself was dropping like a stone, the *Daily Telegraph* writes.

Energy

Reagan unveils energy-sharing plan

During talks in London preparatory to the Jun. 7-9 seven-nation economic summit, President Reagan revealed his administration's plan for global energy sharing should

the escalating Gulf war cut off oil. Predictably, the plan relies on the big oil companies and the "free market" to regulate oil sharing should a cut-off occur.

The U.S. is reported to have offered to sell off its 400-million-barrel stockpile on the open market to undercut panic and an uncontrolled oil-price rise.

Nuclear Power

Alfonsín pledges atomic energy

Argentine President Raul Alfonsín assured an audience gathered on "Nuclear Energy Day" that his government will continue to support the development of Argentina's nuclear potential. Previously, his government has ordered cuts of \$400 million in the program—but that was before his current accord with the pro-nuclear Peronists and other opposition parties to strengthen his government for a confrontation with creditor banks.

"The development of atomic energy is one of the accomplishments that we must continue fighting for," Alfonsín said. He added that his government "intends to secure the basis for an authentic national sovereignty through the promotion of science and technology, fundamental pillars of decision-making power and the realization of a nation."

International Credit

'IMF go home,' say Dominicans

As the government of the Dominican Republic deliberated over whether to sign with the International Monetary Fund, slogans went up on walls all over the country at the end of May: "IMF Go Home." President Jorge Blanco subsequently refused to sign with the Fund, expressing his solidarity with the debtors' cartel now in formation by Mexico, Brazil, Colombia, and Argentina.

Between April 21 and April 24, a previous Blanco agreement with the IMF which

tripled prices of food and medicine led to riots in which more than 60 people died.

"Social decomposition" is the "next step" for the country, according to Georgie Anne Geyer, a "journalist" associated with Henry Kissinger who participated in the Aspen Institute's Western Hemisphere Governance Project last year. In a syndicated column mid-May, he forecast civil war matching that of Central America. Right and left agitators set into motion last month's riots, he said, arguing that the IMF measures are not to be blamed, but "the high standard of living to which the population aspires."

Arms Trade

Kissinger, Haig, to get rich on arms sales

Israeli sources have reported that a company just formed by Henry Kissinger, Alexander Haig, and Israeli hotel owner Yekutiel Federmann is involved in trying to expedite arms sales to Ibero-America.

According to an Israeli investigator, "The company, which is not registered here in Israel, is getting agreements to sell tanks and airplanes to countries in South America. Kissinger is considered useful for this because he knows most of the governments there and their chiefs of staff. Also, because of their connections in the Pentagon, he and Haig can get licenses for selling arms that Israel is usually forbidden to sell because the arms involved use of American technology."

Another figure involved in the company, an investigator for the Israeli daily *Hadashot* (*The News*) reported to *EIR*, is former Israeli ambassador to the United Nations Ephraim Evron. Evron has served in the past months as the personal representative of Edgar Bronfman in Israel. He is now the President of the Haifa Technion Institute, a technology-engineering institute run by individuals on the payroll of the Venetian Recanati family.

Federmann built his financial fortune during the 1960s, partly through association with close friends of Meyer Lansky, including an individual who was the lawyer for Lansky's casino interests in the Bahamas.

Aside from selling arms to Ibero-America, the company is involved in "risk-assessment and non-weapon sales to Hungary," a *Hadashot* investigator stated.

Industrial Policy

Trilats ask for a 35-hour week

On the eve of the industrialized countries' London summit, Henry Kissinger's Trilateral Commission issued a document published in *Lettera Diplomatica*, an Italian magazine, proposing a 35-hour work week and cuts in state subsidies to industrial sectors. The document was signed by Robert Owen, Zbigniew Brzezinski, and Saburo Okita, and suggested that the discussion at the London summit turn toward such measures. Under them, Europe's steel industry, in particular, would not survive.

The Commission has thus taken the same position as the West German SPD, the Soviet-controlled German Communist Party or KPD, and the radical "Greenie" movement; under their combined influence, German trade unions are currently striking around the 35-hour demand.

Environmentalism

World Bank issues 'environmental guidelines'

The World Bank has issued a series of environmental guidelines governing future loan policy. The guidelines, released Tuesday, state bluntly that the economic development of poor nations must be sacrificed to environmental concerns, and are expected to shut off all World Bank financing for large-scale or capital-intensive infrastructure projects.

According to World Bank Vice-President Sahid Husain, the new guidelines mean that, "When investments are undertaken by the bank, measures should be taken to ensure they will not lead to irreversible deterioration of the environment." The guide-

lines pledge the bank to give "early attention to the environmental dimensions" of its projects, and not to finance "projects that cause severe or irreversible environmental deterioration." They also commit the bank to not finance projects "that could significantly harm the environment of a neighboring country"; ensure that projects involving renewable resources, such as water and wildlife, "do not exceed the regenerative capacities of the environment"; and to not finance projects "which would significantly modify natural areas designated by international conventions."

Banking

Bankers conference blanketed in Philly

Bankers convening in Philadelphia for a meeting on the international monetary system amid the worst financial crisis since the 1930s, were greeted by an unexpected and, for many, discomfiting sight. Three persons standing in front of the conference hotel displayed for sale two issues of the newspaper *New Solidarity* with headlines: "The Banking Crisis is Here!" and "Four Nations Form Debtors' Club."

They also displayed the appropriate "safety devices" for such an assemblage: a large blanket to catch anyone who might jump, a good supply of diapers for those bankers with a large debt overload, and numerous signs warning passers-by to "beware of falling bankers" in the vicinity. Pedestrians were seen grabbing up the newspapers gleefully; a cab-driver was overheard: "I wish my banker would jump." Portions of the affair were filmed by El Globo Brazilian TV.

By contrast with the general merriment, the few bankers who ventured out of the hotel were grim-faced and uncommunicative. A laughing Danish financier, however, told the three individuals they were right. Two Japanese businessmen purchased "a souvenir" called a "Volcker safety net"—one of the diapers.

The responsible persons were representatives of the Lyndon LaRouche presidential campaign.

Briefly

● **THE IMF** has "recommended that Uganda Airlines shut down because it is proving a tremendous drain on the national treasury," a UPI wire reported on June 8. The Uganda government, which has already been forced to devalue its currency up to 90% in the last few years, is reported unwilling to scrap the airline "because of the loss of national prestige and the fear of laying off several thousand airline workers."

● **LIDIA GEYLER**, former Bolivian president and current ambassador to Colombia, expressed concern over whether her country would receive the support it needs to confront the International Monetary Fund. Bolivia declared a debt moratorium on May 29. "We don't like Volcker," she told *EIR*. The Andean Labor Party based in Colombia has now organized a support declaration for Bolivia by four union leaders there that will appear in *El Tiempo*, a Colombian daily.

● **MANUEL** Azpurua, Venezuelan finance minister, told a recent press conference that Bolivia's May 29 suspension of foreign debt payment is another example of why bankers need to give Latin American countries "special conditions" to meet their obligations. Argentine Finance Minister Bernardo Grinspun similarly supported Bolivia, saying "Other Latin American nations could follow Bolivia's example." He called the debt moratorium "an act of national sovereignty."

● **'BLESSED** is he who expecteth nothing," intoned Margaret Thatcher of Britain when questioned on what she expects from the June 7-9 London summit. She was quoted in the June 4 *Times* of London, which reported that "the most vigorous preparation for this year's summit has been the effort to depress expectations." The summit is to be an "informal chat, getting-to-know-you session."

EIR in Israel: Can the 'great projects' vision return?

by Muriel Mirak

"If God exists (and I believe He does), and if He loves Israel (which I also believe He does), then He will let the current government maintain power by winning the upcoming elections." The person speaking these words is not a fanatical spokesman for Israel's fringe religious parties, nor a staunch supporter of Ariel Sharon, as one might be led to presume. Rather, he is a former Knesset member whose deep-rooted dislike of the ruling Likud coalition is no secret in Tel Aviv or Jerusalem.

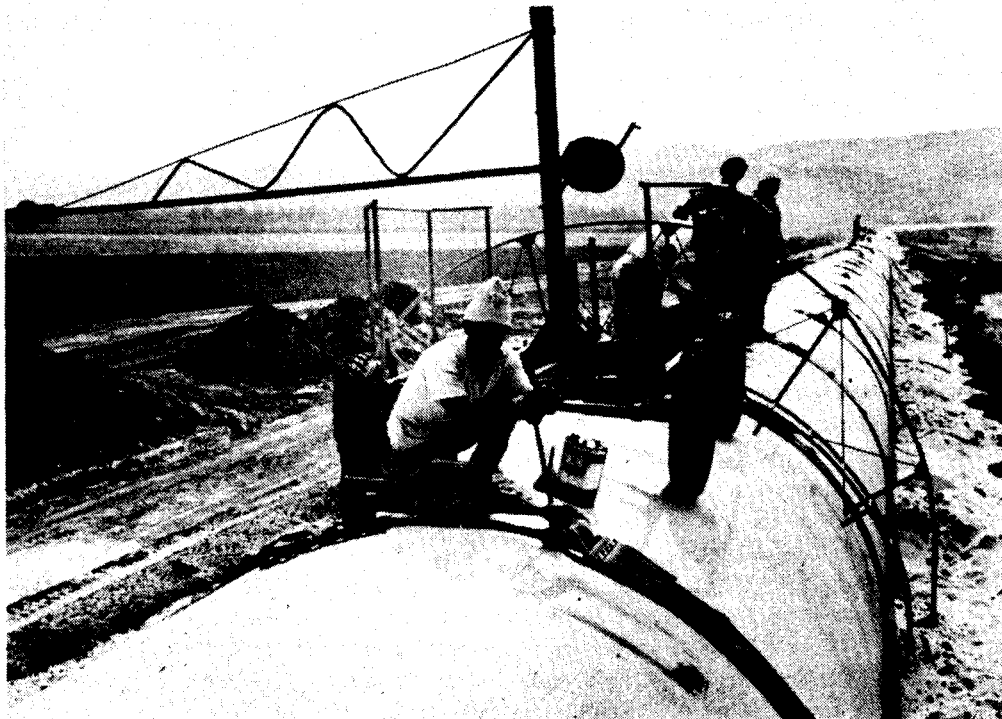
Why, then, does he appear to be supporting them?

His analysis proceeds from the standpoint of the relative imbalance of power that a Labor-led Alignment government would face if brought to power on election day July 23.

Since both leading Labor spokesmen, Shimon Peres and Yitzhak Rabin, are perceived as "cowards," the thinking goes, Labor would not be able to take the energetic steps necessary in key policy decisions to put the country back on the right track. Failing to provide adequate leadership, they would be overwhelmed by a boisterous and powerful opposition, led by strongman Ariel Sharon. And that would paralyze the political process. It would be better, this politician concludes, to let the Likud continue ruling, such that it, and not Labor, would bear the brunt of public displeasure triggered by the imminent economic and political crises.

Viewed in its own terms, our source's analysis may have a certain plausibility. But the real test Israel is facing is not who can win a game of parliamentary cretinism, but who can lead the nation successfully to overcome the challenge posed by economic collapse, Palestinian pressures for statehood, and relentless Soviet-backed fundamentalist irrationalism throughout the Mideast region.

Whether or not Labor has the proven quality of statecraft in its current leadership should not prejudice the solution. What is required is a clear understanding of policy options that are available, workable, and necessary; then, it will be the task of an incoming Labor coalition to grow into the shoes capable of taking those steps. Its leaders can become "bigger men" if they are willing to take responsibility for leadership, in more than petty squabbles erupting in the Knesset.



EIR's correspondents found openness to LaRouche's perspective of great development projects in the Labor Party and its prospective coalition partners. As the July 23 elections approach, can Israel's politicians look beyond short-term electoral calculations and put forward real solutions for the economic and strategic problems of the country? Shown are workers laying pipes for the national irrigation system, completed in 1961.

The legacy of Sharon

The Likud coalition has amply demonstrated that it lacks that quality of leadership or vision. The government of Prime Minister Yitzak Shamir, pulled down by a vote of no-confidence worked out jointly by the Tami and Labor parties, had made itself notorious for its intransigence and gross mismanagement of Israel's strategic and economic problems.

The legacy presented to the Shamir government was the 1982 Sharon-architected invasion of southern Lebanon, which led to a prolonged war, bleeding dry the financial resources of the depressed economy, and sacrificing youth in the Israeli Defense Force (IDF). Public outrage at a no-win war which had the aura of an Israeli Viet Nam about it culminated in the findings of the Kahane Commission, which blamed Sharon for unthinkable atrocities and which cost him his ministerial post. Although concern about Israel's defense against Palestinian terrorism was utilized to justify the continued war and *de facto* annexation of southern Lebanon, the Israeli population grew increasingly uncomfortable with a war which was turning the once-beautiful nation of Lebanon into an inferno of warring tribal units, while radicalizing the entire Middle East region to the advantage of the Soviet Union and its Nazi International allies.

The Shamir government continued pursuing the annexationist policy of former Prime Minister Menachem Begin, extending settlements throughout the West Bank. This thrust, led by Sharon's fanatical Gush Emunim allies, had the effect of further straining Israel's budget problems, while pouring oil on the flames of discord between the the Israeli occupying forces and the Palestinian people, who are often corralled

into refugee camps or subjected to local authorities' harassments in the occupied territories.

The Shamir government began to experience the bitter fruits of what increasingly resembled a colonial victory: It has consolidated militarily its control over those lands seized in the 1967 war, but has succeeded neither in quelling the colonial subject population's opposition, nor in finding political solutions to free that population. In the view of many of Israel's "founding fathers" who are agonizing over this situation, the Israeli government has been finding itself in the ironic position of aping that British colonial force which it overthrew in 1948.

The answer that Sharon is proposing is medicine far worse than the disease. Having jockeyed his way back into the fourth position on the Likud parliamentary slate and into the post of "special operations director" for the Likud's re-election campaign, thanks to public hysteria whipped up around partly manipulated terrorist incidents, Sharon is pushing for more settlements, even at the price of crushing austerity against the Israeli population to finance them.

Simultaneously, Sharon appears to be the man behind the less "respectable" part of the terrorist underground movement led by Rabbi Moshe Levinger, which has just been incriminated for plotting to blow up the Dome of the Rock on the Temple Mount in Jerusalem. With terrorist crazies running as his advance troops, and a well-heeled "political" formation supplying his flanks, Sharon is poised to exploit the turbulent election process on his road to power.

Were this new Goliath to succeed in his dream for a putsch, that would be the end of Israel. The economy of the

country, along with the Palestinian people, would be sacrificed wholesale to the fanatical pursuit of a "Greater Israel." In place of a nation famed for its advanced agricultural development and its educated workforce, the country would be a breeding ground for unemployment, alleviated only by "quick buck" enterprises in the service sector. As a Likud-sponsored economics conference in Jerusalem in late May showed, the economic policies of a Sharon ruling bloc would favor the same "post-industrial society" gimmicks, like computers, gambling casinos, and video games, that Wharton School economist Lawrence Klein (who keynoted the conference) has already used against American industrial centers such as Pittsburgh.

Sharon may have the muscle of Goliath, but he is no more intellectually equipped than the giant whom David felled. If the Labor Party leadership is smart, it will use the brains it has in its ranks to outwit the brawny opposition.

'Great Projects' for the Mideast

Although the opposition Alignment is a coalition with heterogeneous elements lobbying frantically for advantageous positions on the slate in the name of special interest group constituencies, it does have a number of principled differences with the Likud which could change the history of the nation and the entire conflict-ridden area.

First, some Labor spokesmen have taken a principled stand against maintaining occupying forces ad infinitum on the West Bank. Recognizing the striking historical parallels between the current Palestinian plight and the struggle of the Jews against British colonialism, many Labor Party spokesmen will readily concede that an arrangement to guarantee Palestinians full citizenship, either in a Jordanian federation or in an independent state as they so choose, must be negotiated with Jordan.

Discussion of such potentials was catalyzed when some Labor Members of the Knesset joined a delegation which went to Rabat in Morocco for a World Congress of Moroccan Jews; Labor MK Rafi Edri, who headed up the delegation, invited Moroccan King Hassan II to visit Israel, in a move perceived as an opening to Morocco to play a mediating role in the Israeli-Palestinian conflict.

Related to their relative political realism on this burning issue is the grasp that some Labor Party leaders have of the economics of a real peace policy. Unlike the technetronic ideologues of the Likud, Labor's leading economist Gad Ya'acobi, who is slated to be either economics or finance minister in a Labor government, knows that what counts in an economy is the production of real wealth, in terms of technologically-advanced agriculture and industry.

Adopting a perspective consistent with Israeli founding father David Ben-Gurion's passion for "making the deserts bloom" and for conquering the frontiers of science and technology, Ya'acobi's view is that Israel must embark on a series

of "Great Projects." These revolve around a national railway grid and an extensive canalization project, which would provide the country with the necessary infrastructure to vastly expand its role in international trade.

More important still is Ya'acobi's notion, shared by a number of enlightened Labor leaders, that such projects could form the blueprint for regional Middle East development projects, which, by involving neighboring Arab states in cooperation for financing and implementation, would sow the seeds of long-term collaborative efforts which uniquely can ensure a durable peace. In such an equation as that laid out by Ya'acobi; and further elaborated by former Knesset member Meir Pa'il of the Shelli Party, the highly qualified Palestinian labor force—which includes a high proportion of engineers, physicists, and other professionals—would find an organic, productive role.

This approach to solving the Palestinian problem, which is an approach outlined in the United States by Democratic presidential hopeful Lyndon H. LaRouche, represents the only viable concept for settling a dispute which is otherwise enmired in fanaticism, prejudice, and impotent position-mongering. The Labor Party is in a unique position to embark on such an historical undertaking, due to its good image in the eyes of Palestinian moderates and its apparent commitment to defending the standard of living of the Israeli population.

The powerful Histadut labor confederation, which was responsible for building up what is Israel today, is largely Labor-controlled, as are many of the agricultural kibbutzim or moshavim cooperatives. Were Labor to embrace a Great Projects policy, as part of its drive for peace with the Palestinians, and were the Arafat moderates to seize the opportunity, despite the violent protestations of the minority terrorist wing around George Habash and Naif Hawatme, it is certain that a near majority of the Israeli population, especially its productive workforce, would rally to support it. This would mean turning the internal economic crisis around rapidly, by expanding productive employment generated by the Great Projects, at the same time that costly defense expenditures related to the occupation policy would be whittled down to a manageable size.

The challenge posed to Labor leaders in this election therefore is not to wage a flamboyant campaign around slogans or personalities. The challenge, dictated by the necessity of defusing the Middle East as a potential strategic flash-point, is to become great statesmen, thrusting the essential policy issues before the public, and laying out the economic alternatives.

To head off the strongman Sharon, all that is required is an intelligent, tenacious David, who has the ability to outflank the threat of brute force by using his God-given brains. And by telling the truth about who that giant, like his Philistine forebear, really is.

'Great projects for world progress'

Gad Ya'acobi, the leading economist of the Labor Party, is a member of the Knesset running for re-election. He is slated to become the finance or economics minister in a Labor government.

EIR: In the election campaign, people are concerned about the economy, and are looking for solutions from the candidates. What is your view, as an economist, of the plans now under review for extending Israel's railway system? Do you think such a project could help the recovery?

Ya'acobi: The idea of extending the rail lines is certainly feasible, and not difficult from an engineering standpoint either, because 95% of the proposed extension between Eilat and the Dead Sea would be built along a level plateau. The railway could continue from a point north of the Wilderness of Zin; south to Eilat. The railway from Haifa to Ashdod, and from Ashdod to Beersheba, through the Zin Mountains, already has been carried out, and is already in operation. So we have to complete this set-up from the Zin Mountains to Eilat, and from the Zin Mountains to the Dead Sea, and then we would have a complete system, which would not only

serve Israel, but will serve Europe, East Africa, and be an alternative to the Suez Canal in many respects.

EIR: How would this hook up to the railroad grid that already exists?

Ya'acobi: What exists now goes from Haifa to the southern part of Israel, and of course to Jerusalem. From Ashdod it goes to Beersheba, from Beersheba it goes to the Zin Mountains. All this has been completed already. Now we have to complete it from the Zin Mountains to the Arava, and along the Arava to Eilat in the South and from this point to the Dead Sea in the northern part. Due to the favorable geological and physical conditions here, the cost of construction would be a lot less than it used to be when the railroad was constructed in the Negev itself.

EIR: Would this be built by Israel?

Ya'acobi: It can be done by Israel from the construction and engineering point of view, but Israel will try of course to have foreign expertise and foreign capital. I know that Canadian Pacific made a proposal some years ago, but we have other proposals, from Western countries, from other countries.

EIR: Is there anything written up on this project?

Ya'acobi: Yes. The director general of the Israeli Railways, Dr. Tzafreri, can give it to you.

EIR: Is this connected with any other projects, in agriculture or elsewhere?

Ya'acobi: It's linked to the Negev development plan which is mainly industrial, minerals, energy, and military devel-

What's at stake in Israel's coming election

EIR correspondents Muriel Mirak and Paolo Raimondi, during their May 12-24 visit to Israel, interviewed political leaders and candidates for office from the different parties to learn their views of the economic crisis in Israel and the possibilities for peace.

Representatives of the current government, in contrast especially to Meir Pa'il (of the Labor-allied Shelli Party) and Gad Ya'acobi (of the Labor Party), were pessimistic about the role that Great Projects for economic development of the Mideast could play in underwriting a peace settlement. Thus Minister of Energy Yitzhak Moda'i, a leader of the Liberal Party, did not perceive a difference between productive investment in infrastructure develop-

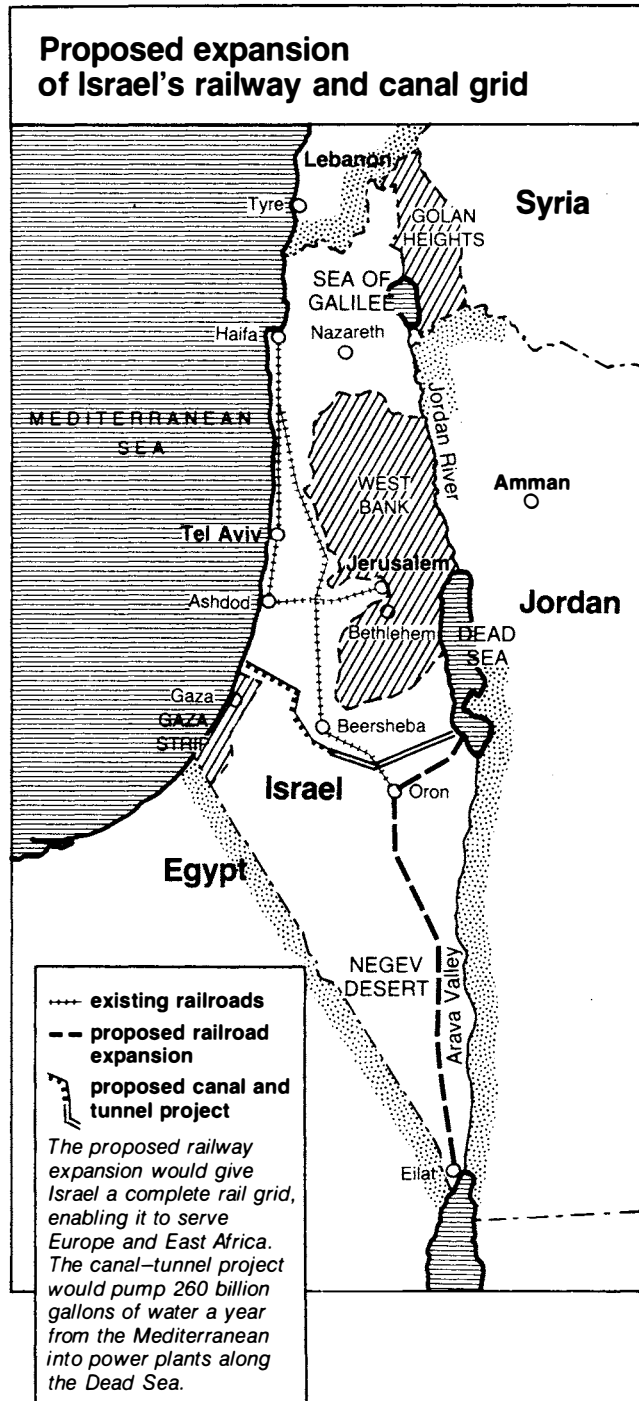
ment projects, on the one side, and the Lavie Jet program, on the other. As *EIR* has reported, the Lavie project is intended to make Israel one of the world's largest arms exporters and to gain for it a medium-range ballistic missile capability.

As for the prospects for Mideast peace, the real stickler, of course, is the question of sovereignty over the occupied territories. The recalcitrance of the Menachem Begin and Yitzhak Shamir governments on this issue is well known. Within the Labor Party and its allied parties, however, there is some recognition that flexibility on the part of Israel is necessary if peace is ever to be achieved. Nissim Eliad of the Independent Liberal Party went the farthest in this respect, and told our correspondents that "if these territories can be traded for real peace . . . I am ready to negotiate this." The Labor Party recently sent a delegation to a conference in Morocco, whose king is seeking to launch a new Mideast peace initiative.

opments. It's not mainly agriculture because the agricultural resources, due to the shortage of water, are very limited.

EIR: Have you any plans for canalization, to bring water into this area?

Ya'acobi: From where? We have no irrigation water resources but for the underground sources in this part of Israel. They are being developed and are the main source of water for the agricultural settlements that are being developed in



the area, and the main source of drinking water. But I don't think that we can develop water for other uses in the near future economically; we can of course produce water from the desalination process, but the cost of this water is very, very high.

EIR: Then what do you think of the possibilities opened up by nuclear energy?

Ya'acobi: You know that we are planning such a nuclear energy installation along the Mediterranean-Dead Sea Canal, near the Mediterranean, because it is essential to have a source of water near the installation to cool it off. And the only source of such water is sea water in Israel, not underground water.

EIR: Does this mean that you and your party are engaged in supporting this Mediterranean-Dead Sea Canal?

Ya'acobi: We are basically, principally supporting it but we are not convinced yet that this project will be worthwhile from the economic point of view. We are very much convinced that it is worthwhile from the point of view of the environment, of energy, and the Dead Sea itself. Let me explain: The level of water of the Dead Sea is decreasing, because most of the water that used to come to the Dead Sea from the north is now being taken for irrigation needs, through the pipeline from the Lake of Galilee to the south of Israel. So we have to compensate for this with other sources of water, and the only other source is the Mediterranean. From this point of view, it is a very worthwhile project, but from the economic point of view the question is still open and is under study. I am sure that we must start the project, in order to have the water needed for the nuclear installation, regardless of whether the canal is carried out to the Dead Sea or not. By the way, most of the route will be underground, through a pipeline, according to the present plan. One-third is open, two-thirds is underground.

EIR: How do you view the debt situation?

Ya'acobi: It's very dangerous, risky, and difficult. I think that this year we have to have about \$8 billion from foreign resources in order to repay \$5 billion of external debt and about \$2.5 billion for interest. It's a very heavy burden on the Israeli economy. I think it is too great a burden and places our country in too much dependence on the United States.

EIR: What would think of applying the orderly debt moratorium idea, which Mr. LaRouche has proposed for Latin America, to Israel's debt?

Ya'acobi: I would be very cautious about it because it will stop the good will and the trust we still have in the international money markets concerning our ability to mobilize more resources. But the rescheduling of Israel's debt is one of the ideas that is being discussed in the government and in public, and perhaps some day we will discuss it also with outside agencies.

'Israel: a bridge to the Arab world'

Meir Pa'il is a former Member of the Knesset from the Shelli Party, allied to Labor. He is one of Israel's leading military historians, and is well known for his ground-breaking proposal for a strategic defense of Israel organized from behind the 1967 borders (see EIR, Jan. 31, 1984).

EIR: What do you foresee for the next election campaign? Do you think that Great Projects, like the Mediterranean-Dead Sea Canal project, should be brought into the debate, to shape the electorate's choices around concrete proposals instead of personalities?

Pa'il: Of course. And the Mediterranean-Dead Sea Canal is an excellent project. I don't mean the one proposed by Yuval Ne'eman, which is a plan for a canal going from Gaza, an occupied zone, to the Dead Sea. The best such proposal came from Schlomo Gur. He was the man who had the "wall and tower" system of building settlements by night. He was the engineer who built the Tel Aviv University. His project was to connect the Mediterranean and the Dead Sea, not by tunnel, but by a canal stretching from Haifa to the Yizreel Valley and to the Jordan River, then down the Dead Sea to Eilat. This plan, which was supported by former Prime Minister Yigal Allon, would of course require cooperation with Jordan. That's why Ne'eman proposed doing the canal from Gaza!

EIR: Couldn't this form the content of peace negotiations?

Pa'il: There's more than this project. A colleague of mine who was in the Knesset from the Shelli Party, Arie Eliav, had an idea for a petroleum center in Eilat, which would be the midpoint of a pipeline from the Persian Gulf to the Mediterranean; alternatively, the pipeline could go straight through without passing Eilat. Then there are possibilities of pipelines from Iraq, through Syria and Jordan to the Mediterranean. This is the kind of thing we need.

EIR: We have heard some talk recently of plans for extending the railway system in Israel.

Pa'il: Sure, why not? Israel needs to develop a railway throughout the country. But the way I see it, such an Israeli railway network would be the hub of a Middle Eastern system as a whole. Jordan has only a north-south railroad line; other Arab states need internal transportation. It should be an integrated system. There used to be a connection from Haifa into Jordan, but one crucial bridge was destroyed during the

1948 war and has never been revitalized. That should be done. Then, there are irrigation systems, including the possibility of using fresh water from a second Nile River, if the Egyptian government builds it. In the war, the British had a railway and pipeline that they built up as they moved, all the way to Khan Yunis. But there it stopped. Now the Egyptians are building an aqueduct from the eastern Nile Delta to the Sinai.

EIR: You know that Mr. LaRouche's idea for development in this area is based on the nuplex concept, of agro-industrial urban complexes built up around nuclear plants. What do you think of this idea?

Pa'il: Nuclear power plants in the Sinai? Ah, I know there are some dreamers who are thinking along these lines. You see, the crux of the question is this: Many Arabs and many Israelis think of this country as a barrier to the Arab world. They see Israel as a block which is dividing the Arab nations from one another. I think that we can transform this barrier into a bridge, if we can get Israel to build these railways, canals, and nuclear plants in cooperation with our Arab neighbors.

EIR: What do you think would happen if Yassir Arafat were to do what Lyndon LaRouche has proposed, that is, declare a government in exile? And what if he were to say that this government's policies were the kinds of Great Projects that we've just mapped out?

Pa'il: If Arafat had the guts to do it, then in Israel, the 10-15% of the population which is already for it, would grow to 35% immediately. They would be people who would go for ending the occupation of the territories.

Yitzhak Moda'i

'Economy, strategy key to elections'

Yitzhak Moda'i, current Israeli minister of energy, is leading the candidate list of the Liberal Party. The Liberal Party will run in alliance with the Likud in the upcoming election, but has retained the option of leaving that coalition after the election. This means that in the event of a Labor Party victory, the Liberal Party would theoretically be in a position to join its government coalition.

EIR: Mr. Moda'i, what do you think will be the major issues in this campaign?

Moda'i: To outline them briefly, though not necessarily in

order of priority, which will be decided by the parties, they are the economic situation and strategic issues. As far as the economy is concerned, they are inflation, the balance of payments crisis, the financial markets (including government issues, bonds, the stock exchange), restructuring the economy, and labor relations. The main question is how to divide the national cake among the various sectors of the population. Over the past few years, the cry in Israel has been "economic independence." The question raised was, can Israel shoulder its national expenditures, maintain its debt repayments, and keep up a rather advanced welfare state, without outside support. This has been a big slogan in previous elections and will be one this time as well. I personally don't think it is possible, given the security situation of the area, but it is a goal to be sought and achieved.

EIR: What is your view of the "post-industrial society," which is being promoted at a Jerusalem conference this week?

Moda'i: If you are talking about robotics, then it is clear that the Japanese can produce them better than even the Americans. But in the field of energy and biogenetics, we certainly can compete effectively.

EIR: What about the Great Projects approach?

Moda'i: Yes, we have a number of such Great Projects underway or under consideration. One is in the military sphere, the Lavie Jet program. Another is the Mediterranean-Dead Sea Canal project, and the third is the railway extension to Eilat.

EIR: Do you think such projects, especially the latter two, could become the content of cooperative agreements with neighboring states?

Moda'i: Our relations with neighboring states are a political issue, and I don't know how practical such an approach would be right now.

EIR: What about strategic questions?

Moda'i: The peace treaty with Egypt is definitely the center, and I don't think it is at all threatened. Now we have to deal with the question of Camp David for the entire Middle East. Issues which will come up in the campaign are the Lebanese situation (both political and military), the Palestinian issue, relations with Transjordan, and relations Israel has developed with some countries in Africa, Asia, and South America. In some areas, our relations are well-established, for example, vis-à-vis Europe, where our relation to the EEC [European Community] is an established line of Israeli foreign policy. Above all, we have good relations with the United States. The United States has good relations with many countries around the world, both democratic and not. Israeli-American relations are unique because they involve military, political, and financial support, as well as economic cooperation—I'm

referring to the discussions of free trade relations with the United States. Another issue for the elections will be the religious status quo, and the ways of assimilating waves of immigration into Israel.

EIR: What do you think will happen in the elections?

Moda'i: I am no prophet, but I can tell you what I wish would happen. Provided we overcome certain momentary obstacles, the same political power will form the next government. The Likud government has had some failures, but also successes. The political term is very short for accomplishing all one's goals, but we have introduced new policies in the last six to seven years. Some of them ran into high waves, and need to be directed onto the right course. Some were influenced by external developments, like the Lebanese situation, which had more to do with a Palestinian state than with Lebanon. I say that because it was not just an army that was there, it was a Palestinian state within a state.

EIR: Do you think there is any substance to the rumors of a possible "grand coalition" government, including both Likud and Labor after the elections?

Moda'i: Before the elections were called, we were very close to such a coalition, with the consent of two of the parties involved. This does not mean that such a coalition precluded toppling the government—which is, in fact, what happened. Now, if the elections yield a big majority vote for one party, there will be no coalition. If the vote is proportionate to what it was in the last elections, then there are good chances for a grand coalition.

Yitzhak Artzi

'Israel needs its own constitution'

Yitzhak Artzi is the lead candidate for the Independent Liberal Party, and is currently deputy mayor of Tel Aviv. The ILP is a split-off from the Progressive Party, whose other faction joined with the Liberal Party in 1965. After years of relatively small representation in the Knesset, the ILP decided to join with the Labor Party and the Mapam in the Alignment.

EIR: Can you tell us what you think are the most important issues in this election, and what you are proposing.

Artzi: I think it is important to distinguish between things which are common between us and the Labor Party—and

they are the result of about 27 years of cooperation in the governments of Israel between 1948 and 1977—and those which are not. . . .

For example, the Lebanon issue: Our opinion in this case is not different from the majority opinion in the Labor Party, that we have to plan how we go out from Lebanon, we have to establish a date, a kind of self-ultimatum, as [French Premier Pierre] Mendes-France did when he dealt with Algeria—let's say six months—and to plan a withdrawal from Lebanon, of course taking into consideration the need to secure the northern borders of Israel. Here there are no differences between our approach and that of the Labor Party.

As far as the big issue of the occupied territories, we are more open to recognizing the rights of the Palestinians; we see the Palestinians as a political and ethnic entity. We think they are entitled to a certain political expression. We prefer (and this is a matter of negotiation) to bring to a cooperation and agreement first of all with the Palestinians in Jordan, and then between Jordan and Israel, to deal together in this matter in order to make arrangements assuring the security of our borders. We also don't imagine the possibility that Jewish settlements should be evacuated. I think that Jews have the right to live anywhere and of course including in the historical territories of Israel. But we make a distinction between living somewhere and sovereignty. We think as far as the political solution to the area is concerned, we have to negotiate it, with Jordan and the Palestinians in a parallel manner, to reach a three-part agreement but not evacuation of the settlements. We could propose a certain autonomy, say with Jewish-Israeli citizenship there. . . .

EIR: What about the second main issue you mentioned, the economy?

Artzi: Today we have started with a series of meetings with Labor leaders, including Mr. Gad Ya'acobi, to exchange views on solutions. We have our own views about fighting inflation, fighting for the improvement of the balance of payments, how to win again the population's confidence in the government. . . .

Another important issue is the fight for a constitution in Israel, a position we've had in all our years here. We want to replace the body of basic laws with a constitution, which defines the rights and duties of the citizen. We think it is easier today than earlier, especially if the religious parties come out weakened by these elections, which I expect. . . . This could reverse the concessions to the religious parties of the last seven years. The constitution is one of the main items in this direction.

EIR: What is your view of investment policies? Are you in favor of productive investments in housing, basic industry and agriculture, or do you lean toward the "post-industrial society?"

Artzi: We have two problems now, first to cure the sicknesses of the past. Agriculture right now is destroyed. We have a lot of advantages right now, especially after the entry of Spain and Portugal into the Common Market. Here we have to invest, and cure the social and economic problems in agriculture, and to avoid the destruction of the moshavim [collective farms], one of the main accomplishments of Zionism.

Then, we have to revitalize investment policy; due to a bad conservative policy in finances and currency, we don't have big investments. You can't just lay out nice-sounding plans, but have to bring concrete policies. The precondition of investment is the affirmation of the economy. We have some development plans which can attract capital, but it is a matter of initiative and vision. The problem of the past years is that the economy was subordinated to political intentions, the major focus was on Judea and Samaria and other things were neglected. Take the example of Tel Aviv. We need a new transportation system here, which is a good opportunity for foreign investment. Nothing has been done, because we are not allowed to negotiate ourselves with foreign companies, we had to negotiate through the ministry. As you see in Tel Aviv, nothing is changed. Now they are talking about a train linking the outskirts to the center, to supplant bus lines. One of our main raw materials is the "Jewish brain" and we think that this brain can be used in advanced technologies, in medical and scientific research, and if I look at the situation in higher education, I see that many projects are being strangled for lack of funds. This is the result of years of not dealing with the main problems and concentrating on peripheral problems.

EIR: Can you tell us something about yourself?

Artzi: I came here in 1947 on an illegal ship, along with 4,000 others who left Yugoslavia, Romania, and Hungary. We were on the sea for 30 days. We were captured by the British. I spent a year on Cyprus. During the war I was active in the underground movement. In '47 I came to this country; spent five years on a kibbutz, then served in the Ministry for Foreign Affairs and the Finance Ministry. I studied literature and philosophy in Romania; in Israel, after the kibbutz, I studied law, and am a lawyer by profession. I was a member of the Executive of the Jewish Agency. Ten years ago I was elected to the Tel Aviv municipality and have been re-elected three times. I have been in charge of problems of youth, culture, and sports; I initiated the Tel Aviv festival, big cultural activities, concerts. I am involved in all cultural activities, am still sitting on the boards of the Philharmonic Orchestra, the Chamber Orchestra, the Diaspora Museum, and so on. I have accumulated a wonderful experience in these 10 years. If I am elected to the Knesset, I will try to maintain my activity here. I find that the municipality is a good school for the Knesset.

'We could give up land for real peace'

Nissim Eliad, secretary general of the Independent Liberal Party, is the ILP's second candidate in the list of the Alignment coalition that includes the Labor Party.

EIR: What solutions are you proposing to overcome the economic crisis?

Eliad: We believe that the main reason for the economic collapse is that our government is a squandering one. They made such a mess of our economy, that if I were to describe it fully, I would call it a case for a psychologist. This gentleman, Yoram Aridor, the finance minister, came to office when the Likud was at its lowest level in public opinion. And he realized that the economic question was very important, so he started making what to my mind is an "election economy," and what he describes as the right economy, from which he will not depart after the elections. After the elections, he found a certain professor who wanted to keep the rate of exchange of the dollar so low that anyone with shekels would buy dollars and then find somewhere to keep them.

Last October, it became clear that our economy is close to collapse. Then he resigned, he said, because of "dollarization." But what nonsense! . . . The new finance minister immediately put all the liberalization of our economy—which had led to 100% inflation rates—under control, and has imposed restrictions on foreign currency.

EIR: What are your proposals?

Eliad: The government should revive economic growth. There is no growth in our economy. We must revive this, the GNP must be increased. It stopped under the Likud. Before the Likud government, growth was characteristic. But the Likud did not invest enough. We need to regulate income according to productivity of our industry and services, to stop squandering money on many projects which we believe are unnecessary.

EIR: For example?

Eliad: The war in Lebanon and the new settlements. We distinguish between security settlements, those we have agreed boundaries for, and those which go outside the boundaries of Jordan-Palestine. In '77 our foreign debt was about \$11 billion; now it is \$28 billion. I don't know where the money went. After all, from '48 to '77, twenty-nine years, when the

most crucial work was done, we got in 1,600,000 newcomers. With the 400 new settlements, with the national water carrier, with the education system, the social housing we built for these people, and the buildup of industry, and four wars—all this, we had an inflation rate of 35% and \$11 million debt. Now it is \$28 billion, but how?

I think the Labor Party would actually be a more conservative government, though that sounds strange. The LP is more rooted in the economic structures, and knows better how to appreciate our currency. I am pretty sure that if Labor comes to power, it won't solve the crisis immediately, but within a few years, it can.

Another point is that Labor will find more trust in the labor sector than the Likud could. With the Histadut, they can find a better understanding; not that the Histadut will help them too much, but Labor has always given credit to the Histadut for its responsible behavior in negotiations. . . .

EIR: Let me ask a question to bridge the discussion of economic and political questions. Would your party be open to launching joint development projects with Palestine-Jordan or with a new Palestinian state?

Eliad: If we come to an agreement, even the present government would be willing to launch such projects. This is one of the main suggestions. The present government would be quite happy to suggest to the Jordanians and the Palestinians joint economic projects, but this doesn't mean they would be ready to give up the sovereignty over those territories. And here lies the difference.

EIR: Whereas you would?

Eliad: We would, on condition that we come to an agreement on the security border (we cannot accept the bottleneck of seven miles of land separating the sea from the Arab border, which would be the case for Netanya). But if there is a will, I have no doubt there will be a way. If we can come to an agreement on defensible borders, as was laid down by President Nixon, I believe, we can discuss it with them. I am not an expert on economic matters, but on this question I am an expert, in all modesty. The difference lies in these two concepts: The Herut says it is our country, we didn't initiate a war to occupy these territories. Once they have been returned to us, we are not allowed to give them back. On the other hand, since security is involved, there is no reason to give them back, they say. . . .

I would not deny that I recognize the territories as part and parcel of Israel, because it is the teaching of our Bible. But I am a politician and I want to bring about peace in the Middle East, between us and the Arab states, and if these territories can be traded for real peace, I mean these territories subject to the security needs of Israel, if they can be traded for real peace, as was done with Egypt, I am ready to negotiate this. I think that would be our best contribution to our people, who need peace. . . .

Great projects that tamed the Negev

by Paolo Raimondi

Professor Chaim Forgacs, the director of the Applied Research Institute in the Negev desert, received *EIR*'s team of journalists at his office in Beersheba by quoting from the motto of his institute: "We must develop the Negev or it will envelop us." The achievements of the institute in conquering that desert and making it bloom show what could be done to develop the arid regions of the entire globe, provided adequate financing and brain-power were applied.

"We would know how to make a settlement in the Sahel," Forgacs stated. "We have techniques which could be used for the African desert, we can help to develop immediately the strategies to slow down the desertification of those regions."

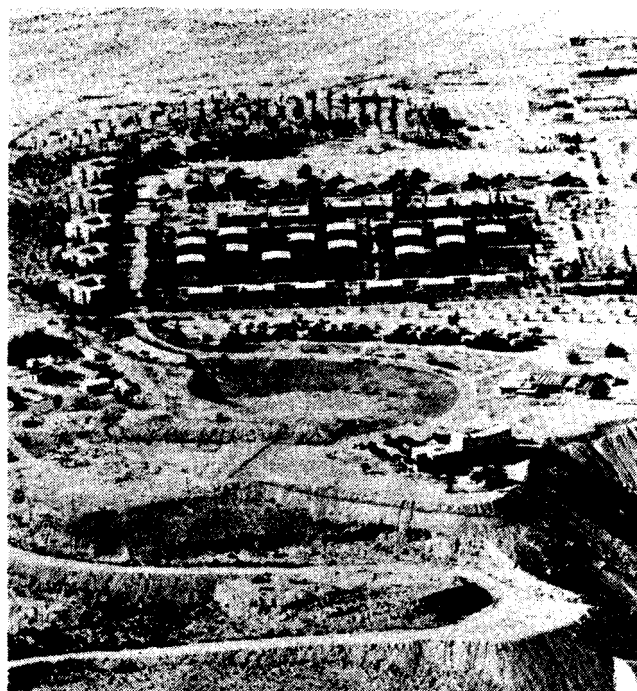
The irrepressible optimism of these Israeli pioneers is revealed in Professor Forgacs's insistence that controlled thermonuclear fusion power is on the horizon. "We have enough oil, coal, and nuclear energy to reach a fusion-energy-based economy without the need to speak about such a crisis."

David Ben-Gurion, the founding father of the Israeli state, sought to make this the dominating spirit of the new country. "The future of Israel is in the Negev," he used to say. "Its development will become a reality through our pioneering spirit and the application of science."

Today, the visitor arriving in Beersheba, the capital of the Negev, the ancient town where the patriarch Abraham tended his flock, sees a beautiful city of more than 130,000 residents. Its population has doubled six times in the past 25 years.

Greening the desert to make it liveable for human beings has been a big challenge for the Israeli state, which Israel's citizens have met with great success. This success could today be multiplied many times over, if Israeli technology were integrated into a development plan for the Middle East and Africa. Yet ironically, in Israel itself, that progressive orientation is being jeopardized by the "post-industrial" policies increasingly luring Israel's economic policymakers.

In a recent interview with an Israeli journalist, the chief economist for the Wharton School at the University of Pennsylvania, Lawrence Klein, argued that for Israel to make a priority of "making the deserts bloom" would "not solve the economic problems of Israel. There's no money to be made in that." Klein insisted that Israel must "become integrated



The methods that have made Israel's desert habitable could be applied to other desert regions. Shown is the Midresha kibbutz in the Negev.

into the post-industrial society." Furthermore, he insisted, Israel should not borrow any more on the international capital markets for such kinds of programs.

But if the next Israeli government to emerge following the July 23 national elections were to make the "spirit of Beersheba" the centerpiece of a renewed commitment to conquer the frontiers of the desert and the new outposts of city-building technology, as Ben-Gurion would have wished, then Klein's recommendations for destroying Israel's economy would be defeated. Should courageous policy-makers of the future integrate Israel into the international momentum led by several Ibero-American nations for creating a new monetary system based on bloc debtor nations' renegotiation of their debts, then the thorny problem of financing such ambitious programs could be resolved.

The achievements of Beersheba

Beersheba was created around the pioneer project of the Negev Institute for Arid Zone Research in 1957 which planned the conquest of the Negev desert. In 1973 it became the Applied Research Institute affiliated to Ben Gurion University of the Negev. Prof. David Bergman, scientific adviser to Ben Gurion and a pioneer in organic chemistry in Israel, was the main organizer for the idea of a university in the Negev. Now this institute is one of the several departments of Ben Gurion University, which includes also an institute for natural science, for engineering sciences, health sciences, and social sciences. The university now has more than 5,000

students, and plans to double this number by the year 2000.

The Applied Research Institute counts about 200 staff members, including 80 research scientists engaged in studies and research on water desalination, mineral technology, brackish water irrigation, sea water irrigation and agricultural and biological research, among other fields.

The difficult realities of the desert have fostered a rigorous task-oriented approach at the institute. As director Forgacs explained, the institute's first concern was to look for a system of desalination, but realizing that it was not economical, because there were not sufficient financial means to sustain such a project, the institute had to look for a way to use salt water in agriculture. Experiments proved that such water was very good for cotton and tomato crops, among others.

Many researchers at the institute complain of the financial constraints under which they currently operate—due to the Israeli economic crisis and inflation—and which have hampered and disoriented the research policies significantly. Long-term planning of research activities has been sacrificed in favor of research lines which may yield quicker results in commercial terms. The institute is under pressure to pursue research on adapting to the desert instead of greening it.

Dr. Shoshana Arad, a biologist, showed us the kind of work the institute does in direct connection with the production areas. Her team of four researchers is presently investigating the problem of cell tissues in melons which collapse, for reasons not fully known, destroying the fruit and endangering production and exports. It seems that it is the lack of calcium which provokes the disintegration of the cell walls.

Dr. Arad is also working on algae, like the red algae which produces carrageenan, a medium for bacteria growth. This algae could serve as the basis of a new branch in agriculture and cultures in sea water. "This research will take on added impetus if and when the Mediterranean-Dead Sea canal is implemented," she added (see interview, page 25).

Professor Aliza Benzioni, a specialist in the research which led to the production of Jojoba, a plant whose seeds contain a special wax and oil with important pharmaceutical applications, described the research done to develop new plants capable of living in desert regions, or growing with only brackish water irrigation.

Professor Dov Sitton is studying the effects of plants for medical uses, like substances unique for chemotherapy against cancer, which could lead to new types of antibiotics in the future.

Dr. Yosef Mirzahi has discovered an inhibitor of ripening processes for fruits and vegetables which could vastly extend their shelf-life. For the time being, this line of research has found an application for the production of the tomato, which, when vine-ripened, has a shelf-life of over six weeks. Dr. Mirzahi is delving into the relationship between the ripening speed and the degree of salinity in the water.

What solution for the Palestinians?

by Paolo Raimondi

If the Israeli government that is voted into office on July 23 should decide to make a genuine overture to the moderate leadership of the Palestinians, it will find that there is a party there with which a rational settlement could be reached.

Contrary to the stereotyped perception of many Israelis and Americans, the Palestinians are not simply machine-gunning terrorists controlled by Moscow—although this is of course true of the wing of the PLO that is locked in battle against Yassir Arafat. Leading Palestinians with whom *EIR*'s correspondents met (at the insistence of Israeli friends) during our trip to Israel are representatives of a cultured elite—doctors, engineers, skilled professionals. Many were educated in Western schools, and look to the United States as their political model—a country that proved capable of integrating different cultures and language-groups into one nation, dedicated to the principle of human development.

For the government of Israel, there is not a moment to lose in abandoning the thuggery against the Palestinian population that has characterized the Likud coalition government, under the influence of Ariel Sharon. The danger to Israel itself from these policies is broadly recognized. In a recent interview with the Israeli weekly *Newsview*, Prof. Yehoshafat Harkabi, former chief of military intelligence, identified Jewish terrorism on the West Bank as the outcome of the government's own policy of creeping annexation of "Judea and Samaria." Declared Harkabi: "Any fool can see that if we annex these territories, with their Arab population, we will commit national suicide. It follows, therefore, that we must scare the Arabs away." Although Harkabi added that he did not agree with the solution of forcing the Palestinians into emigration, he had no alternative to propose, except that the issue should become the focus of debate during the election campaign.

The refusal of the present Israeli political leadership to go for a settlement of the Palestinian question is radicalizing the West Bank population dangerously, we were told. At the universities of Hebron, Bethlehem, and Gaza, only the communists and the Islamic fundamentalists within the Palestinian community are permitted by the Israeli authorities to organize politically. Moderates cannot act publicly, for fear of being arrested as "PLO sympathizers."



United Nations

Skilled Palestinian workers could play a significant role in the development of the Mideast. Shown is a Jordanian technician from the potassium industry.

The fundamentalist backers of Iran's Ayatollah Khomeini are moving onto the campuses, radicalizing the Arab youth. This has already provoked several violent clashes at the universities. Our sources report that the Palestinian communists get their money from the Israeli communist party, whose pro-Soviet credentials are impeccable.

Doctors from the Gaza strip told us that the Israeli authorities have restricted funding for the construction of hospitals, schools, and other social services serving the Palestinian population—this in the most densely populated area in the world, which is now a powderkeg.

Palestinian moderates believe that such Israeli policies are meant to drive Palestinians to emigrate, or at least to leave the West Bank and Gaza.

Like the Jews, the Palestinians have a traditional commitment to high education and cultural achievement which, despite their tragic fate during the last 40 years, has produced a population with a large number of skilled workers. The *Jerusalem Post* reported May 23 on a study by the Jerusalem Center of Public Affairs which concluded that the Palestinian high school population in the occupied territories had increased by 108% between 1967 and 1982, whereas the total population had increased by only 23%. During that period, 16,000 Israeli students and 13,000 Palestinian students were matriculated. There are 20,000 Palestinian students enrolled in post-secondary education programs, and 30,000 are expected to be enrolled by the end of the decade. This is a proportion as high as that of the Israeli Jewish population, higher than France and England, and the highest in the Arab Middle East.

The majority of these people represent the moderate

backers of Arafat and the Fatah-dominated mainstream of the PLO. Their political orientation is clear: They want an end to the state of war existing in the territories, and they want to concentrate their efforts upon solving the economic and social problems of the Palestinian people. Some are ready to join in a confederation with Jordan; others want to negotiate with the Israelis for the creation of a Palestinian state which could live in peace and recognize Israel's right to existence.

What role for the United States?

Our Palestinian sources warned that the factional situation inside the PLO presents increasingly formidable obstacles to a settlement. Arafat, who can count on the support of the Palestinian majority, does not dare to attack head-on the radical wings of George Habash and Naif Hawatme, because this would split the movement. The Syrians are telling Arafat: If you declare a government in exile, then you will no longer represent the PLO. Arafat's major concern, these sources report, is the position of the U.S. government. Arafat would risk a major battle in his own movement and the danger that the terrorist wing would try to assassinate him, provided he had a guarantee that the United States would support a just solution for Israel and Palestinians, and would guarantee the implementation of the settlement, these sources declared.

This is the same analysis that pro-peace forces in Israel have outlined in the recent period: Even if Jordan, Egypt, and Saudi Arabia were to agree to support Arafat's declaration of a government in exile, the key question remains the position of the United States.

During our stay in Israel, we circulated an April 8 policy document by Lyndon LaRouche, "U.S. Policy toward Israel," which calls for an American-supported economic revival of the region as the basis for a peace agreement. LaRouche recommends that the United States recognize a declared Palestinian government in exile. "Israel's policy, thus far," LaRouche argues, "forces the PLO to maintain a state of warfare with Israel, since the Palestinian Arabs are permitted no place in the world where they might live in peace and among neighboring Arab peoples with whom they often share close family ties and deep cultural affinities. Moreover, there is no possibility of durable peace between Israel and any among its Arab neighbors until the present condition of the Palestinian Arabs is remedied. . . ."

"It is our proper desire that Israel become part of a community of republican principle with the United States, and that that nation prosper as a beacon radiating the best features of Western European culture into the Middle East as a whole."

This document was warmly received by our Israeli interlocutors, and one said that if Arafat were to combine the recognition of the Israeli state with a program of economic cooperation between a newly formed Palestinian entity and Israel, he would get the support of up to 35% of the Israeli population.

Why the Persian Gulf war has still not ended

by Thierry Lalevée

Israel's internal crisis around the plot to destroy the Dome of the Rock in Jerusalem, Syria's annexation of Lebanon, the Iran-Iraq war, the crisis in the Indian Punjab, and the tensions between India and Pakistan as well, are not several local or regional crises, but represent one crisis-package orchestrated by the same Nazi-communist forces directed out of Moscow. It is Moscow's grand game to finish off American influence in the Middle East and Asia and realize the final stage of the fissure between the United States and Western Europe.

This plot was not hatched only in dark corridors in Moscow but in American territory, over the last weeks during the visit of a Soviet delegation led by KGB official Georgii Arbatov of the IMEMO institute and his colleague, the director of Moscow's Oriental Institute, Yevgenii Primakov. Primakov, together with Politburo member Geidar Aliyev, has been the man deploying Moscow's Muslim card into North Africa, the Middle East, across to the Subcontinent and Southeast Asia. The collusion between the Kissinger circles and Primakov and company includes Soviet manipulation of Israeli terrorists who are plotting the destruction of Jerusalem's mosque and the rebuilding of Solomon's Temple, as well as the Sikh fanatics of Amritsar's Golden Temple and the mobs of Indian Muslims who rioted with the Sikhs against the Gandhi government in Kashmir this week.

The deal worked out between Primakov and his Kissinger counterparts at the State Department, the Georgetown Center for Strategic and International Studies, and at the Harvard Crisis Management Group, is based on the concept of a New Yalta. News that surfaced in the press on the negotiations indicated that both superpowers would agree to desist from militarily intervening in the Persian Gulf crisis—leaving the fighting to proxies. But sources from Washington and Europe further indicate an agreement worked out to hand over he-

gemony for the Eurasian land mass—extending from the Middle East through the subcontinent—to the Soviet Union. In exchange, the Soviets would agree to keep their paws out of Ibero-America, specifically Nicaragua.

This is no simple exchange of territories that are to remain intact. The New Yalta plan, which would realize Henry Kissinger's stated goal of reducing American worldwide influence and presence to 25 percent of its current status, is a policy of destroying those sovereign nation-states involved. The battering rams to be used against current governments are the plethora of separatist movements based on tribal, blood-and-soil identities, and fundamentalist integrist movements such as the so-called Islamic Revolution.

This is the binding policy behind the series of crises now extending from Lebanon to the subcontinent.

The Nazi-communist network

At the root of each of the crises taken locally, we find the same network, often the same persons, associated directly or indirectly with the Nazi Black International headquartered in Lausanne, Switzerland, and led by Swiss Nazi banker François Genoud. Since the end of the war, the Nazi International has functioned on behalf of Russian interests in a determination to destroy the United States republic, and take back the underdeveloped sector as imperial domains.

It was the alliance of the Nazi International of François Genoud and of his numerous associates that we have named in previous issues, together with Soviet intelligence and the clandestine apparatus of the fundamentalist Muslim Brotherhood association in North Africa and the Middle East, which led to Iran's takeover by the Khomeini mullahs. Today, through Genoud directly, the same apparatus is arming Iran with vital military supplies through the Geneva Gatoil

Company, for example, and many others. Gatoil exclusively buys Iranian oil; the proceeds are then taken by Genoud's associate, Hans Albert Kunz, an associate of Propaganda-2 Freemasonic lodge grand master Licio Gelli, to buy weapons on the market.

The same apparatus finances the Islamic Council of Europe of Salem Azzam in London and the so-called Islamic Commission for Human Rights. The Islamic Commission is headed by Genoud protégé Ahmed Ben Bella, who is waging a campaign to impose Islamic fundamentalism in Northern Africa and has used the Commission as a cover to finance Islamic fundamentalist groups in Pakistan, India and as far away as Malaysia. His collaborator in Asia is fundamentalist and Club of Rome associate Zia Uddin Sardar.

Most of India's Islamic fundamentalist groups, such as the Indian Muslim Federation which works with Sikh separatist leader Chauhan Singh, are also financed by this Nazi networks, which also includes Saudi businessmen and officials whose support for Indian Muslims serves as a cover for their involvement in the slave trade that proliferates between Bombay and the Gulf sheikhdoms.

India's Islamic fundamentalists are also directly financed by the Libya's Al Dawa'a organization of Muammar Qaddafi, who keeps his own direct channels with Sikh fanatic Chauhan. During Indian Prime Minister Gandhi's April visit to Tripoli, Qaddafi did not hesitate to create a diplomatic embarrassment by underlining his support for the Sikhs' demands for a separate Khalistan state that would gouge out of India its most important agricultural production center. In the wake of the Indian army's action to clean out the Sikh terrorists from the Golden Temple holy shrine, Libyan-financed fundamentalists in Kashmir have begun to openly ally with the Sikhs in riots against the Hindus and the state government in Jammu and Kashmir.

Qaddafi's support for the Sikhs puts him in the same bed as Israeli terrorist networks led by the Israeli mafia of former Defense Minister Ariel Sharon and their co-sponsors in the United States. In his trip to the United States in 1982, Chauhan Singh was hosted by the American Jewish Committee and the Heritage Foundation, which arranged his speaking engagements at such prestigious institutions as Stanford University, Harvard, and the Center for Strategic and International Studies.

The operation to destroy the Dome of the Rock in Jerusalem and rebuild Solomon's Temple in its place is based on the same cultural paradigm shift represented in the religious fanatic upsurge witnessed at the Golden Temple in India: the destruction of secular nation-states and a shift to theocracies based on irrationalist ideologies. As investigations proceed, it will be no surprise to find the same networks behind both operations.

Within Israel, the same networks around Sharon who are using Israel as a main base of military supplies for the anti-Semitic fanatical regime of Ayatollah Khomeini are also planning a coup against the government, with the Temple

Mount plot at the center of their operations.

These are but highlights of the networks and foot-soldiers in a much bigger game.

Middle East and subcontinent wars

Controlling each and all of the pieces of such an international network, the Soviets have reason to be happy as the Reagan administration buries its head in the electoral campaign. Moscow has received a U.S. commitment to stop all military supplies to the Afghan resistance forces in exchange for Moscow's passivity in the Gulf war, a cynical deal negotiated between Primakov and some Pentagon official.

In the short term, this means giving Pakistan as well to Moscow. A glimpse of such a policy disaster was given recently during Vice-President George Bush's visit to Islamabad. From Washington, the U.S. Senate Foreign Relations Committee, under Club of Rome member Claiborne Pell, is preparing to give Zia ul-Haq the "Bhutto treatment" for his determination to develop nuclear energy.

Aside from a Soviet military action down through Baluchistan which would give the Soviets a warm-water port, Moscow has at this point no use for Pakistan except as a military force to be manipulated against India, Moscow's so-called ally. The aging generals at the Kremlin appreciate their ally, Mrs. Gandhi, only within limits, which the independent-minded prime minister continually exceeds. Moscow's hands can be found within the Sikh movement via its resident in New Delhi or through its friends in Libya, and Moscow's hands can also be found within the fundamentalist Muslim movement via its Iranian associates.

To a great extent, Moscow can respect its deal with Washington and remain passive in the Gulf; as in Lebanon, it can sit back and watch its friends do the work. The Soviet leadership also knows that however bad relations with Teheran are, Iran will never turn toward Washington but toward Moscow. Moscow's allies, Syria and Libya, are the only allies of Iran, to remind the mullahs where the weapons can be found.

Moscow is also on hand remind its Syrian friends that if they want Greater Syria, including Lebanon, they need Soviet military might. Therefore, Syrian President Hafez el Assad's brother, the corrupted drug-runner Rifaat al Assad, was recently called to Moscow. Rifaat who has been considered the most "pro-Western" asset inside Syria, has been told in no uncertain terms that Moscow will back his bid for the succession to his ailing brother Hafez. Moscow will continue to tolerate Rifaat's banking accounts with Swiss bankers like Genoud. The condition for this: the alliance with Moscow is not to be changed! What has Washington to offer to the drug dealer Rifaat?

When Pakistan and India are at each other's throats over a new Kashmir crisis, as projected by the Nazi-communist networks, or when the Iranians, backed by the Soviets, expand the war into the Gulf, or when Israel and Syria decide to share among themselves the remaining parts of the Lebanon, what will Washington actually do?

Is Moscow really “baffled” by Iran?

by Judith Wyer

In mid-May Yevgenii Primakov, the director of the Soviet Institute for Orientology, and a coterie of Soviet officials visited the United States to quietly arrange the terms of superpower crisis management of the Persian Gulf crisis. During talks on Capitol Hill and at Harvard University's newly founded Crisis Management Group, Primakov confessed he is “baffled by Islamic fundamentalism.”

Only the naive and ill-informed, or witting collaborators of the Soviets, would have been taken in by Primakov who, in fact, is one of the leading experts on Islamic fundamentalism within the Soviet leadership.

Primakov's outrageous lying serves to cover up the fact that the Kremlin is using the likes of Khomeini as a tool to destroy U.S. influence throughout the Muslim world. Leading Soviet ideologues like Primakov and his superior, Muslim-born Politburo member Gaidar Ali Reza Aliyev, are reportedly concocting an Islamic-Marxist belief structure to ensure long-term Soviet domination of its southern borders once the U.S.A. has been ousted.

Primakov has not withheld public shows of pride for his study of Islamic ideology. Exactly one year ago he penned an article in the Soviet journal *Asia and Africa Today* boasting of the extensive research into Islam his Institute of Orientology was conducting, going back to one of the fathers of Islamic fundamentalism, the 12th-century thinker al Ghazali. The Institute of Orientology itself is one of the elite institutions which survived the Russian Revolution, and, eyewitnesses say, possesses one of the most comprehensive libraries on the subject of Islam along with batteries of multilingual experts on the subject. Aliyev is an accomplished scholar in the subject of Islamic and Near East Culture, having done his doctoral studies at Moscow University in Persian Literature and Language. He, along with Primakov, works with a clique in the International Department of the Communist Party including Mideast hand Karen Brutents, who jointly determine Soviet long-term policy toward the Arab and more broadly Muslim world.

Soviets wheel and deal with Khomeini

EIR was the first to expose the way the Islamic card was appropriated by the Kremlin last year, including their penetration of the Khomeini regime. There has been increased quiet wheeling and dealing between the neighboring states since Soviet-agent and Khomeini confidant Ayatollah Koinia

ran the capture of U.S. hostages in 1979. Less than two weeks after Primakov's visit here, a high-level Iranian Foreign Ministry envoy, Muhammed Sadr, was summoned to Moscow reportedly to discuss Iran's war with Iraq.

The stage was reportedly set for the visit by Iranian Foreign Minister Ali Akhbar Velayati during his stay in Bulgaria on May 28 and the concomitant visit to Moscow by Rifaat al Assad, the Second Vice President of Syria, a close ally of both Iran and the U.S.S.R.

Both the Khomeini regime and the U.S.S.R. have been guarded about their secret relationship, because it would discredit Moscow's pretense of maintaining its atheistic Communist profile and Khomeini's loud opposition to the “godless” U.S.S.R. Among other things, the Velayati trip to Sofia is said to have arranged for new Soviet arms supplies. According to European sources, Bulgaria has extended its notorious arms export capability to Iran to the hilt, shipping arms by truck across Turkish territory.

Like Libya, Iran has increased oil exports to Soviet satellite states as barter for arms and other goods. During Velayati's visit to Sofia, the Czechoslovakian minister of Fuels and Energy met Iranian Prime Minister Hussein Mousavi and finalized a new Iranian oil sales pact. Like Bulgaria, Czechoslovakia is known as an arms conduit for Soviet-made arms to the developing sector. Syria, which just finalized an oil supply agreement with Iran, also serves as a conduit.

Reminiscent of Khomeini's support for the Soviet downing of the Korean airliner last year, Iran continues to show it favors the U.S.S.R. over the United States. On May 29, Iran joined the boycott of the Olympics “because of the aggressive nature of the United States.” Moreover, Iran seems to be forgetting its longstanding opposition to the Soviet invasion of its brother Muslim country and neighbor—Afghanistan. The *Arabia and the Islamic World Review* in April reports that Iran is decreasing its supply of arms to the Afghan Muslim rebels fighting there. Iran made this change of policy long before the Soviets made their bloody mid-May air-and-ground blitz against the rebels in Afghanistan's Panjshir Valley. The same publication reported that the U.S.S.R. has threatened to destabilize Iran's Baluchistan and Kurdistan if the Khomeini regime did not halt its backing for the rebels.

Pakistan's Zia ul-Haq is also thought to have come under Soviet pressure to halt his regime's support for the Afghan rebels as well. This may have something to do with a joint Pakistan and Iranian government campaign to clamp down on the rampant smuggling of illegal drugs, a currency for arms sales to the Afghan guerrillas.

Iran reaps one unstated benefit from the Soviet occupation of Afghanistan—thousands of Afghan refugees who are deployed to fight Iraq. Over the past six months the Khomeini regime has begun mandatory conscription of the Afghans to the genocidal human waves used against Iraq. Should they refuse, they face deportation back to Afghanistan and the wrath of the Soviet occupiers.

Japan opens debate on beam defense

by Linda de Hoyos

In the first week of June, the serious interest among Japan's policy-makers in beam-weapons defense systems came to the fore. Heralding the debate was the release in that week of the Japanese edition of *Beam Defense: An Alternative to Nuclear Destruction*, written by the Fusion Energy Foundation in the United States under the direction of Lyndon LaRouche. Uwe Parpart-Henke, FEF director of research, was in Japan to announce the book's release and to hold seminars with the country's top political, military, and industrial elites on the technical feasibility and strategic necessity of beam-weapons systems.

On June 5, over 65 parliamentarians from the Liberal Democratic Party heard Parpart-Henke give a report on beam-weapons at the party's headquarters, with an audience including retired generals and the representatives of the Ministry of Science and Culture. The attendance, according to one Japanese observer, was unprecedented for such a seminar when parliament is out of session—an indication of the “serious interest here in beam weapons.” The following day, Dr. Parpart addressed 200 leaders of the defense sections of Japan's major industrial firms, at a seminar sponsored by the Keidanren industrial association.

Option for survival

The Japanese interest in beam weapons comes at a point when Japan's relations with the Soviet Union are at an all-time low, having skidded downward after the Soviets' downing Sept. 1 of the KAL airliner and the simultaneous collapse of U.S.-Soviet relations. Japanese policy-makers do not need a nuclear freeze operative like Adm. Eugene LaRoque to tell them—as he did on May 24—that Japan is a target of Soviet nuclear attack under conditions of nuclear war between the two superpowers. Even with the U.S. nuclear umbrella and the front line of Korean and U.S. defense forces in South Korea, it would be easy for Moscow to wipe out the Japanese islands in minutes.

Nor do the Japanese have any illusions about the resentful calls coming from such circles as the Heritage Foundation in the United States for Japan to upgrade its conventional defenses and act immediately on its commitment to defend its vital

sea-lanes. A conventional buildup would still leave the Japanese nearly defenseless in the face of nuclear attack from the Soviet Union.

Those Japanese who are serious about their nation's defenses are looking to an alternative strategy: beam weapons. The development of beam weapons neatly solves Japan's problems: They would come close to making Japan the “unsinkable aircraft carrier” that Prime Minister Yasuhiro Nakasone has promised it will be, and because beam weapons are used exclusively for defense, they can be developed within the limitations of the country's postwar constitution which prohibits any Japanese offensive capability.

In February of this year, Japanese Foreign Minister Shintaro Abe gave the first public indication that Japan considered beam weapons its best option. In answering a question in parliament, Abe reported that Japan was willing to work with the United States in a joint beam development program. Such a program, he said, would violate neither the U.S.-Japan Security Treaty nor the Japanese constitution.

However, reports from Washington and Tokyo indicate that the United States has been uncooperative in implementing such a proposal, which originally the Reagan administration had been pushing, even though the Japanese advances in the development of fifth-generation computers would help solve the problems involved in beam-weapons targeting capabilities.

The high-profile publicity accompanying the publication of the *Beam Defense* book is one signal that Washington's paralysis on the beam-weapons issue has not deterred Japan. Published in Japanese by Jiji Press, the book is a concise report of how beam weapons work, how they represent the replacement of the doctrine of Mutually Assured Destruction with one of Mutually Assured Survival, and how beam-weapons development would create a technological breakout that would usher in a new industrial revolution. The book is written in a popular style, in order to bring this crucial issue before the lay public. As of now, 18 Japanese news outlets are lined up to run reviews of the book.

There are hints that the Japanese have other motivations for pushing beam weapons at this particular point. Around the cover of Jiji's edition of the book is a red sash with a call to make beam weapons and the doctrine of Mutually Assured Survival the basis for reviving talks between the United States and the Soviet Union.

Prime Minister Nakasone is working with leaders of the Non-Aligned Movement to help mediate for the renewal of the talks. In a wire dated June 6, Jiji reported that “at the London summit [OECD nation heads of state], Nakasone plans to take the initiative in opening debate on how to bring the Soviet Union back to the negotiating table on the reduction of Intermediate Nuclear Forces in Europe.” It is of course not known if Nakasone will raise the issue of beam weapons at the summit. But one thing is clear: The Nakasone government correctly perceives that beam weapons—not umbrellas, nuclear or otherwise—are the weapon for peace.

Moscow's program for the U.S. elections

by Rachel Douglas

In installments on the pages of *Pravda* and *Izvestia*, Soviet officials have been publishing their platform—for the American presidential elections.

The defense plank in the Soviet program for the United States provides for the elimination of the Strategic Defense Initiative, the effort to create directed-energy beam defense against missile attack. In foreign policy, the Kremlin spokesmen make clear that nothing less than the total dismemberment of NATO and the strategic humiliation of the United States will do.

These goals lead Moscow to a resounding endorsement of presidential candidates Walter Mondale and Gary Hart and of the Democratic National Committee's platform.

In the June 2 *Izvestia*, a sector head at Moscow's think-tank, the Institute of the World Economy and International Relations (IMEMO), G. Zhukov, raised an alarm about the U.S. beam-weapons program and hailed the rejection of it by Democratic Party officials. "One has to see that the U.S. policy for creating a space-based anti-missile system will mean a radical change of military-political strategy," Zhukov wrote, echoing the recent statement of Soviet Chief of Staff Marshal N. Ogarkov. "The Democratic Party has paid attention to the growing alarm of broad layers of the American public in connection with Washington's policy to put weapons into space; in its draft election platform, it included the demand for the U.S. to immediately stop all testing and developing of anti-satellite weapons, and to refrain from putting any type of weapon into space."

Each concession made to the U.S.S.R. by traitors and appeasers in the Western nations is evoking Soviet demands for more. The Soviets applauded when the U.S. Congress killed the MX missile program on May 31, and the next day gloated over the decision by the Netherlands not to station any U.S. cruise missiles until 1988, if ever.

"Cracks in the Western alliance are starting to show," said the Soviet news agency TASS of the recently concluded NATO foreign ministers meeting in Washington. TASS described the Dutch government as "appeasing the peace movement," but in the way typical of aggressors confronted with appeasers, termed the Dutch move "ambiguous" and demanded further concessions. On June 2, TASS denounced NATO for planning to deploy anti-ballistic missiles, for allegedly fostering a Nazi revival in West Germany, and a score

of other faults. The Soviet news agency was "empowered by the Soviet leadership to state that the Soviet Union regards the results of the NATO session in Washington as proof of the bloc's intention to continue its militaristic course. . . ."

In Madrid on June 3, the Spanish Communist Party and left-wing trade union leaders held a huge demonstration to demand Spain leave NATO. The communist leader, Ignacio Gallego, had met with Soviet officials to plan a new push to get Spain out of NATO and shut the U.S. bases there.

Genrykh Trofimenko of Moscow's Institute of the U.S.A. and Canada told a "Euromissiles and Pacifism" Conference in Segovia, Spain in early June, that Europe should break from the United States and align with Russia. In a full-page commentary in the Spanish daily *El Pais* entitled "Europe for the Europeans," Trofimenko said, "The United States is economically disassociating itself from Europe" and the problem now is to end U.S.-European military ties in favor of "an authentic European unity . . . from the Atlantic to the Urals. . . ."

'Non-Use of Force'

The ferocity with which the Soviets, thanks to their agents of influence in NATO parliaments and governments, are gouging into Western defense capabilities shows the folly of going by Henry Kissinger's prescriptions for strategic arms talks and deals with the U.S.S.R.

Speaking to the Irish Parliament on June 4, President Ronald Reagan declared his willingness to discuss the "non-use of force" with the Soviet Union, if that would expedite superpower discussions in other areas. The Soviet idea of pledging "non-use of force" has never before been given legitimacy by any administration.

U.S. National Security Council head Robert McFarlane hailed the Reagan speech as portending a breakthrough in U.S.-Soviet negotiations. But the Kremlin crowd again spat in Reagan's face.

"At first glance," hissed Novosti Press Agency commentator Vladimir Alekseyev, "Mr. Reagan seemed to have spoken out for better contacts with the Soviet Union, for rapport on the medium-range nuclear arms issue. But only at first glance. In essence, he said nothing that was new. . . . There is nothing in this statement to indicate that the United States is ready to halt and reverse the deployment of Pershing II and cruise missiles now to facilitate agreement at Geneva."

Soviet President Chernenko, in a June 4 speech, dismissed Reagan's proposals for resuming arms limitation talks. There will be no such talks until the United States pulls its missiles out of Europe, he said, since "talks under conditions of the deployment of American missiles would only generate in people an illusion of security. . . ." Security for anybody not firmly under the thumb of Mother Russia is not on Moscow's list of offerings. With military maneuvers and outright provocations in the vicinity of NATO air space and with diplomatic overtures where the U.S.S.R. sets the agenda, the Soviets are keeping the heat on the Western alliance.

Two new national parties emerge in Europarlament election campaign

by Muriel Mirak

Of all the elections that regularly punctuate the European political scene, the least significant and least interesting are generally the European elections themselves, the continent-wide race which elects representatives from each nation to sit in the European Parliament in Strassburg. Part of the boredom attached to these elections derives from the fact that the institution, itself of recent birth, is relatively impotent. Despite energetic attempts to alter this on the part of "Europeans" and "regionalists," Europe is still run by national governments of sovereign states. Thus, the Strassburg Parliament in effect is little more than a club of aspirant oligarchs, nostalgically seeking the institutional means to return the continent to rule by feudal bodies that predated the creation of the modern nation-state. European Parliamentary elections, therefore, have been mainly the battle-ground for aristocratic families, like the Hapsburgs, to fight for imperial preeminence.

This time around, things have changed.

This time, the European election fight has been transformed into a battleground of ideas and the population, which usually barely notices the campaign at all, has jumped into the fray.

The reasons for this lie in the near panic that has broken out among Europe's national populations, panic engendered by the undeniable threat of Soviet advances into the old continent, being prepared by an unprecedented economic breakdown crisis and consequent outbreak of social chaos. Europe's industrial heartland, stretching from the Ruhr region of West Germany into Lorraine in France, has been dismantled piece by piece according to the dictates of the Davignon Plan, named after the infamous EEC Commissioner Count Davignon. Steel workers, manipulated in their rage and frustration by cynical labor leaders working with Moscow, have emptied the near-idle factories and gone to the streets on strike, while management, fully complicit in the deal, has proceeded to effect lockouts throughout the sector. Farmers are gathering in city centers with their tractors and carts, hurling tomatoes at "the politicians" who have overseen the destruction of Europe's agricultural productive potential. Bankers and stockbrokers are shuddering over the collapse of certain U.S. banks, once considered invulnera-

ble, and the normal, usually faceless crowd of citizens cringes in fear.

As a result of this continent-wide social upheaval, citizens are desperately seeking new ideas and new institutions to replace those which have shown themselves to be morally and intellectually bankrupt. They look at the old, "traditional" parties, and shudder in disgust. Thus, they turn to the younger parties, some on the scene for the first time, and carefully examine their programs and personalities. Among the plethora of such new formations is the European Labor Party, the organization founded on the ideas of U.S. presidential contender Lyndon H. LaRouche. The EAP (Europäische Arbeiterpartei) and the POE (Parti Ouvrier Européen), which are running full slates of 81 candidates in both West Germany and France, are catalyzing a process of political discussion and activation that is quite unlike anything ever seen before.

The competition: a dismal show

To grasp the dynamic that the EAP and POE campaigns have unleashed, one has to appreciate the dismal show that its competitors have put together. In the Federal Republic of Germany, which is both the economic and the political swing factor of Europe, the "traditional" parties are facing the very real threat of Soviet aggression and war with the same emotional fortitude and integrity that a new-born puppy has when faced with a whip-wielding tyrant. The CDU of Chancellor Helmut Kohl is preaching the historically condemned line of Chamberlain, singing praises to "good relations with the East." The newly elected federal president, von Weizsäcker, representing the Christian Democratic leadership line, announced that he will be "president of all Germans," thus appealing to dreams of a reunified Germany, of the sort the Soviets are also contemplating.

The FDP (Liberal Party) of Mr. Kohl's Foreign Minister Hans-Dietrich Genscher, is leading the pack of appeasers, despite the fact that Genscher's own recent trip to Moscow won him nothing but rejection and abuse. The party has won such contempt for its treacherous behavior in its past coalition with the Social Democrats (SPD) and its current licking of the Soviet boot, that it is dwindling away to nothing, and

may very well not even reach the minimum required to be represented in the European Parliament. The SPD is outdoing the CDU and FDP together in its foreign policy, by having organized a series of joint conferences with the East German SED party, leading, many think, to an organic collaborative relationship between the two. In addition, the SPD has encouraged its trade union representatives, who control the labor movement, to coordinate strike actions with the Soviets, and, calling for a 35-hour work week, have crippled the nation's industry, playing into the hands of Moscow. Every one of these parties is in agreement in calling for a stop to the deployment of Euromissiles on BRD soil, claiming that such a gesture might cajole the war-ready Soviets to a friendly negotiating table.

Bringing up the rear of this collection of terrified little men (when not witting Soviet agents) is the motley formation known as the Green Party. Financed and politically steered directly from East Berlin and Moscow, this party was catapulted into public office in the last elections, and combines pleas to "save the German forests from pollution" with terrorist attacks against American military installations, all in the name of "peace."

The campaign paraphernalia of the parties now present in the German national parliament sounds a fitting accompaniment to their strategic and economic policy outlooks. Instead of facing the burning issues uppermost in the minds of the citizenry, they are each trying to anesthetize the public with bland slogans and cute public relations tricks built on the vague notion of "Europe." Thus, the CDU has organized what little campaign it has around the slogan "With us for Europe," and has decked out a "European ship" as a campaign vehicle. Traveling from town to town by way of rivers and canals, the *Europaschiff* ran aground in Karlsruhe, thus putting an inglorious end to an embarrassingly feeble trick. The FDP, with its slogan "We are breaking ground for Europe," has adopted the train as its symbol and has packed off its leading candidates on what was to be a whistle-stop tour. Predictably, as the train pulled into one Ruhr station, there was no one there to greet them. Since then, the FDP-Express has run out of steam. And the SPD, proclaiming the "self-assertion of Europe," has organized its campaign events in the form of a traveling circus.

It is not hard to understand why so many former party members are jumping ship, or train, as the case may be.

Moving aggressively into this political vacuum, the EAP, led by Helga Zepp-LaRouche, has launched a drive to build new institutions around concrete policies to bring the Federal Republic of Germany and the rest of Europe out of the crisis. The primary focus of the campaign, which is being run nationwide through a movement of candidates running for European as well as local offices, has been the need to rebuild a viable alliance between the FRG and America. This alliance, to be institutionalized in the newly formed Schiller Institute

policy think-tank, is founded on the sacrosanct principle that Europe is and must be an alliance of sovereign nation-states, committed to the republican idea of progress out of which Western civilization was born. It is an alliance dedicated to preserving these values from the hideous ideology of pan-Slavism and Mother Russia, and therefore demanding that the full weight of Western strategic might be poised ready to defend it.

'Beam weapons to defend the West'

The EAP campaign accordingly has taken as its centerpiece the Strategic Defense Initiative of President Reagan, based on the beam-weapons defense program originally conceptualized and articulated by Lyndon LaRouche. Not "Peace without weapons," as the peacenik Greens advertise, but "No decoupling from America" and "Beam weapons to defend the West" are the slogans bedecking the electoral posters of the EAP which feature an artist's conception of a laser weapon in action. To educate the population, which has been hit by a barrage of pacifist propaganda on the evils of "space wars," the EAP has taken the beam weapon to the streets, organizing rallies in city centers around a gigantic model of a beam weapon, whose flickering lights simulate the laser

Le Monde covers campaign of the POE's Cheminade

The French newspaper of record Le Monde ran the following coverage of the election slate of the French Labor Party (Parti Ouvrier Européen, POE) in its June 2-3 issue. Reporting on a press conference held by POE Secretary General Jacques Cheminade to discuss the slate, the daily titled its article "Mr. Cheminade's References."

Under the joint intellectual aegis of Charles de Gaulle, Lazare Carnot, Jean Jaures, and Rabelais, the Parti Ouvrier Européen is vying to take over the European Community's Parliament in Strasbourg. Modestly. The POE's secretary general and head of the slate, Mr. Jacques Cheminade, made it known on June 1 at the Paris headquarters of his movement that ballots and candidates' programs would only be offered to voters in Paris and eight departments. [there are 96 departments in all of France] . . . The goals are modest, too, as is the POE's membership: some 500, says Mr. Cheminade, and 30-odd functionaries who live (poorly) to serve a multi-faceted cause which has made the POE known even before it expressed directly political designs.

principle. Party events, organized in dozens of towns, from Ludwigshafen to Hannover, from Munich and Stuttgart to Düsseldorf, have featured video tapes of Helga Zepp-LaRouche in which the lead candidate outlines the nature of strategic imparity in Europe and how beam weapons defense systems can open up an era of peace, by rendering nuclear armaments obsolete.

Accompanying the campaign for directed-energy weapons systems is the EAP's polemic against the appeasers, who would "decouple" Western Europe from the United States, making it easy prey for the Warsaw Pact forces. Not only has the Zepp-LaRouche campaign circulated video tapes in campaign forums addressing the decoupling issue, but its campaign volunteers and candidates have taken the friends of Henry Kissinger in the decoupling camp, head on. Thus, when SPD leader Willy Brandt appeared at a public forum in the Ruhr region, EAP candidate Barbara Marienfeld boldly challenged him on his policy of appeasement to the East. Brandt responded not with words but with uncontrolled violence, physically assaulting the candidate and her campaign workers. When another SPD appeaser, Holger Börner, current prime minister of the Hesse parliament, was confronted by EAP candidates and asked, "Do you still speak German,"

he followed in Brandt's footsteps, violently tearing sandwich-boards off their necks and urging police to loose their dogs against the campaigners. As both outrageous incidents showed, the questions had hit an Achilles heel, bringing to light the truth of the SPD's secret deals with East Germany and the Russians. The impact of these two events was magnified when the national press, including the weekly magazine *Der Spiegel*, featured reports of the uncontrolled reactions of both SPD party bosses.

But the profoundest impact on the West German population has been produced by the nationally televised appearances of Helga Zepp-LaRouche herself. Allotted four two-and-a-half minute spots, the lead candidate addressed the strategic danger head-on, denouncing the capitulationist postures of all the parties currently represented in the Bonn parliament. Most incisive in her prime-time appearances was her direct appeal to the German population, to correct the underlying weakness of the nation, by building a truly sovereign republic, a republic organized around the concept of German national identity of the great poet, dramatist and historian Friedrich Schiller. Mrs. Zepp-LaRouche ended her message by announcing the formation of the Schiller Institute and asked the television viewers to join her to rebuild the

Instruments for that cause are associations affiliated with the POE. They are: the Fusion Energy Foundation, which campaigns for directed energy weapons (lasers); The Anti-Drug Coalition, whose name tells the aims; The Club of Life, which presents itself as something of an anti-Club of Rome, opposed to any Malthusianism and a genuine defender of the Third World. . . .

Ideas and literary as well as historical and philosophical references are not in undersupply with Mr. Cheminade, a graduate of the Ecole Nationale d'Administration (ENA), 42, and an off-duty civil servant from the Economics Ministry. He borrows these ideas from the "Republican scientist" Carnot; the much-bowdlerized design of General de Gaulle; from Jaures, the only Socialist "with broad ideas" and the only one who "knew Leibniz and the pre-Socratic philosophers"; from Rabelais; and finally, "perhaps even more fundamental than the rest," the model for the "republican artist" Gottfried Leibniz? Precisely. Mr. Cheminade knows him too. . . . Mr. Cheminade is something of a Colbertian, on top of everything. He places the famous minister of Louis XIV beside those who "understood the epistemological foundations of France."

About today's and tomorrow's Europe? Mr. Cheminade and his friends and perhaps tomorrow his voters, if there be some, want to save her, to lift her out of the three crises in which she is mired: 1) strategic and military (an "immediate

Russian threat that remains unperceived if not strongly favored"); 2) economic and financial (because, Cheminade says, of rampant Malthusianism and the role of the International Monetary Fund); and 3) moral and intellectual decay.

The threat to youth posed by the consumption of dangerous drugs is one clear sign of the decay, the POE thinks. But the President of the [French] Republic, if we believe Mr. Cheminade, also has his own "intellectual" drugs, which we hope are soft ones: the post-industrial and cybernetic ideas of Messrs. Jean Riboud, Jean-Jacques Servan-Schreiber, Jacques Attali, and Samuel Pisar.

On election day June 17, Mr. Cheminade will only spend 400,000 to 450,000 francs. . . . In Paris and the eight departments in which the POE will compete, Mr. Cheminade's voters will certainly be less numerous than those of Mrs [Simone] Veil, on whom he says nothing "because you don't shoot at sacred cows." Perhaps they will also be less numerous than the pages written by the prolific authors of Mr. Cheminade's references. Let them know, however, that they are not alone. The POE's program states: "We are assembling an international candidates' movement which, around our conceptions, unites thousands of men and women of Europe and America. Our American leader, Mr. Lyndon LaRouche . . . is presently re-creating, across the Atlantic, the best of the American System, that of Washington and Lincoln, and the Roosevelt of the 1938-43 period."

alliance, in the tradition of Lafayette and Franklin, with the America of the Founding Fathers. The response to the short, but powerful television appearances, coupled with a major advertising campaign for the Schiller Institute in mass dailies like the *Bild Zeitung*, has fully vindicated the EAP's conviction that the commitment of the German people, despite its political leaders' sellouts, lies firmly with the West and with a strong alliance to the United States. Calls poured into EAP offices following the broadcasts and newspaper ads, of people eager to join the Institute or the EAP or both. Thousands of citizens in market places have lined up to sign petitions for the Institute and have begun to organize for the founding conference, scheduled in Wiesbaden one week after the election.

France: the supranationalist threat

Helga Zepp-LaRouche's call to build a sovereign nation in Germany on the basis of "Schiller Yes, Bismarck No" has flown in the face of all those oligarchical circles who propose an imperial reorganization of Europe, whereby nation-states would be reduced to helpless satraps of a supranational ruling body. Even in France, where the Gaullist republican tradition still lives strong in the minds of the population, such imperial designs have been insinuated into the political debate. Leading political spokesmen, who formerly staked their claims to represent France on at least a verbal commitment to the independence and strength of France as a nation, have capitulated to the oligarchical push towards supranationalism. Thus President François Mitterrand in early June voiced his support for the "Spinelli Plan," a project drawn up by the Italian Communist member of the European Parliament, which calls for sweeping changes in the Strassburg statutes, so as to allow for broader powers over national governments. And former President Valéry Giscard d'Estaing issued a call for the election, by direct, popular vote, of a European president, beginning in 1989, ironically, exactly 200 years after the outbreak of the French Revolution.

Such blatant flirtation with supranationalism on the part of the French elites only serves to underscore the extent to which the fabric of the national institutions, created by de Gaulle, have been unraveled by economic pressures and riotous anarchy. A further indication of institutional erosion lies in the inordinate number, 14 in all, of electoral slates vying for the European parliamentary seats. Besides the lists of the "traditional parties," like the ruling Socialist Party, led by Lionel Jospin, and its partner the Communist Party, led by Georges Marchais, there is the main opposition list of the UDF and RPR headed up by Simone Veil, supported by Jacques Chirac.

But neither majority parties nor the opposition are united within their own ranks; rather, each party is being challenged by smaller formations. Thus on the extreme left, there are two Trotskyist lists along with a group of former socialists in

the split-party PSU, and there are two environmentalist lists, each competing for the radical-ecologist vote—and for the funds channeled from East Germany through the West German Green Party. On the other side of the political barricades is a line-up of ad hoc special-interest groups improvised into would-be parties. There is the "European Initiative" made up of academics and professionals, representing various European associations; the "Initiative 84," which includes young managers and technocrats; the "UTILE" list of "independent workers;" the populist "Réussir l'Europe" list of François Gomez; and so forth. Although many of these ostensibly independent slates pretend to challenge the majority and opposition factions, yet it is an open secret that they are riding piggyback on the latter, and amply reaching into their political daddies' hip pocket for funds. What is significant in this *ménage* is that the large national parties, particularly those in the ruling PCF-PSF coalition, are terrified that they will receive a whopping defeat at the polls, and are therefore trying to control the damage by providing safety valves in those "left opposition" groups whom they would politically control regardless. Much the same kind of reasoning explains the plethora of parties outside the government coalition, on the "right."

Le Pen's fascism

There are only two parties in the election which present a significant exception to this rule. One is the extreme right, fascist party led by demagogue Jean-Marie Le Pen. Le Pen, who is a fascist in the historically documented sense of the term, has picked up the racist pitch of the European fascists of the '20s and '30s, and demands the expulsion of all foreign workers from France. Playing on the impotent rage of the French population, exacerbated by rising unemployment and inflation, Le Pen has whipped up a populist movement which aims at netting 10% of the vote, so as to establish itself in the big league. Significantly, this populist-anarchist list, which combines the violence of Mussolini's squadristi with the ideology of an aspirant Hitler, is being covertly supported by the Communist Party, thus replicating nationally the ominous Nazi-Communist alliance which has come to the surface under the leadership of Andropov and Chernenko.

The only non-governing party which is neither a synthetic decoy, nor an insurgent operation, is the POE, which has mounted a very credible opposition, both to the bankrupt majority and opposition parties, and to the dangerous Le Pen movement. Although certain complicit press organs have attempted to place the POE list led by Jacques Cheminade on the "far right," the party's position as the legitimate heir to the great republican tradition of Lazare Carnot, Charles de Gaulle, Jaures, and Colbert has been firmly established in a series of well-attended press conferences and campaign events of the lead candidate.

As soon as the POE announced its slate on June 1, its

Paris headquarters was bombarded with calls from press organs anxious to interview Cheminade. The reasons for the immediate interest—and coverage—by the media are manifold. First and foremost is the impact that Lyndon LaRouche's nationally televised presidential campaign appearances have had in the United States and, by reflex, in Europe. Since Cheminade's POE is linked to the LaRouche candidates' movement very explicitly, it has become clear even to the press that the French campaign and the presidential race in the United States are part of the same process, whose outcome will shape the course of future history. Thus it is that virtually every article covering the Cheminade-led slate has identified it as "an initiative of the American politician Lyndon LaRouche." Secondly, the POE captured public attention in the brief but fiercely fought election campaign held in late May in Thionville. The election, which was called again, due to irregularities encountered in the previous election, pitted the relatively small POE against the Communist Party (PCF), which runs the local mayor. The POE opened its campaign in the depressed steel region of Thionville with a biting polemic against the EEC Commissioner Davignon and his ally in the French government, Minister Delors. "Let's produce steel and melt down Delors" was the slogan that became famous among unemployed steel workers and their families who responded with enthusiasm and hope to the POE's program for rebuilding the French and German steel industry.

The PCF, challenged programmatically for the first time among its constituency of working men and women, resorted to goon tactics and harassment. The mayor himself telephoned POE candidates recruited locally, to intimidate them into abandoning the slate; local PCF hoodlums organized fascist-like squad actions to raid POE campaign rallies and burn campaign literature. Such awkward tactics boomeranged, as the POE was thrust into the forefront of the political debate, receiving broad and animated coverage. Thus, when Cheminade presented his slate of citizen candidates for the European elections, the press went wild, anticipating an escalation of the Thionville confrontation, this time nationally. What particularly broke the rules of French politics-as-usual was the POE's creation of a candidates' movement in Thionville, a new phenomenon which was the focus of a major article in *Le Matin de Paris*. That such a movement could expand from a small town like Thionville to the entire nation, was the great fear of the major parties.

Thinking 'bigger than de Gaulle'

Likewise, the PCF and PSF, as well as Gaullists, feared that the programmatic demands articulated in the POE platform threaten current French strategic and economic policy. Cheminade's insistence on "thinking bigger than de Gaulle" to replace the obsolete *force de frappe* national nuclear deterrent with advanced beam weapons technologies and im-

mediately deployable neutron bombs has sent ripples throughout the defense establishment. Col. Marc Geneste, the "father of the N-bomb," has lent his name to Cheminade's campaign, thus endorsing his strategic defense policy.

Early in the campaign, virtually every major French daily has covered the POE; beyond the lead candidate's spot, which the three national television networks must air, all three have taped additional interviews with the controversial Cheminade. Regional radios and papers have filled press conferences, which have taken Cheminade and his co-candidates from Paris to Lyon and Grenoble, from Poitiers to Périgeux, La Rochelle, Charentes, Rouen, Caen, Nantes, Amiens, Rheims, Lille, Dijon, Marseille, Avignon, Bordeaux, Toulouse, and to the seat of the European Parliament, Strassburg. And everywhere the POE campaign teams go, the response is always the same: "Aha, you are the people who created that ruckus in Thionville! You're the ones who stood up to the Communists!" And the candidates' list continues to grow.

Which way the election will go is not totally clear, though some firm predictions can be made. In France the ruling PSF and PCF will take a beating, as punishment for the policies they have implemented nationally, which have led to capital flight, deindustrialization and agricultural collapse. Le Pen, thanks also to the Communist support he enjoys, will probably reach his desired 10% as the expression of an uninformed protest vote. A majority vote will probably be garnered by the official opposition list of Simone Veil, again as a protest vote of those who are not yet ready to swing to the ominous fascist Le Pen. In West Germany, countervailing tendencies in the frightened citizenry make predictions more difficult to formulate; while the fear of war and social dislocation have increased popular discontent with the pusillanimous Kohl government, many citizens correctly fear that the SPD appeasement policy will only lead to Soviet subjugation.

Whatever the formal vote count may be, what will emerge from these elections will be a resounding vote of no-confidence for the policies of appeasement and economic depression now being played out to their tragic end. What will emerge is the formation of two new national parties, the POE and EAP, which have been using the vehicle of the electoral process to educate citizens to the fundamental policy options open to them, and to the LaRoucheian method which has delineated them. Both in France and West Germany, citizens will have been awakened out of the passive role that politics-as-usual had assigned them, to take up the challenge posed by the candidates' movement of 700 EAP candidates led by Zepp-LaRouche and 450 led by Cheminade: to take on the responsibility which the true republic places in the citizen's hands not to follow but to lead. It is with national party organizations, articulated through local and regional chapters, that the POE and EAP will be in a position to take the place of the near-defunct institutions, be they parties or trade unions, in providing leadership to a tottering Europe.

An aura of secrecy

The West German Social Democrats don't want publicity around their talks with the East German communists. Why?

At first glance, it doesn't make sense for the liberal-conservative government in Bonn to see a "positive signal" in Prof. Herbert Haerber's recent promotion to full membership in the politburo of East Germany's ruling "Socialist Unity Party" (SED), without having been even an alternate member before. The power he now holds is underlined by the fact that the same plenary session of the SED's Central Committee also made him a Central Committee secretary, which means that he might become "crown prince" to SED party chief Erich Honecker.

Since 1950, Haerber has been groomed as East Germany's "all-round" talent for contacts with West Germany. On his frequent trips to Bonn, he talks to Christian Democrats, Social Democrats, Liberals, industrialists, and trade unionists with equal success, having something reassuring to say to all of them about East German intentions. A knowledgeable source on East Germany in West Berlin called Haerber the Soviet satellite's "top infiltration specialist."

Indeed, the current strikes of West German printers and metalworkers for a "35 hour week," which are of a purely disruptive character, are to some extent a result of Haerber's work. "For years he has built and cultivated many contacts in the trade unions, contributing to the change of values in the DGB (trade union federation) which is now visible in the strikes. Even though the trade unions don't like to hear that, the reality is that East Germany managed to export her ideology

to the West. They hardly need the DKP (West German Communist Party) anymore," this source noted.

Haerber himself mentioned this biggest triumph of his career in his speech at the Central Committee plenum. The time of West German "social peace" is over: "The sharp wind of class struggle" has blown away all illusions of "social partnership and class harmony." Now the "true nature of capitalism," the "irreconcilable contradiction between labor and capital" has shown its face.

A related "success story" for Haerber is the transformation of the SPD leadership. For the first time meetings have taken place between SPD and SED representatives this year, arranged by Haerber.

On April 26-28, SPD leaders from Schleswig-Holstein got together with SED leaders from Neubrandenburg and Rostock in a small town in northern (West) Germany, Malente. They discussed "common approaches to solving the war danger," and agreed, for example, that Reagan's Strategic Defense Initiative must be torpedoed. "The discussions are in a very sensitive stage," a high-ranking SPD participant said; "premature publicity could ruin everything." He volunteered that a "secret report" had been written, "addressed only to Willy Brandt and Egon Bahr."

On May 24, SED Central Committee member Otto Reinhold spoke at a conference of the Friedrich Ebert Foundation, an SPD think-tank, in Wiesbaden. Other speakers at this in-

itation-only event were Hesse's Prime Minister Holger Börner (SPD), who has just set up a coalition with the fascist, anti-NATO Green Party, and Ulrich Steger, SPD parliamentarian in Bonn. An East German News Agency reporter at the meeting said that Börner's ambition is to make Hesse a "model" for SPD-SED cooperation. Reinhold, Steger, and Börner privately discussed closer economic integration of the two Germanys on the eve of the conference. That explains Börner's violent reaction to members of the European Labor Party who were distributing leaflets against "decoupling" before the opening session. The prime minister ripped apart posters and leaflets, injuring two EAP members. They are pressing charges.

In his Central Committee speech on May 24, Haerber heaped praise on the SPD, singling out the resolutions passed at the SPD Congress in Essen which called for a halt to the deployment of Pershing-II and cruise missiles and the withdrawal of installed missiles. The SPD, Haerber stressed, also adopted the Warsaw Pact proposal for a non-aggression pact as part of their program.

The Kohl Christian Democratic (CDU) government he attacked for "toeing Reagan's destructive line" on disarmament issues.

It would be wrong to conclude from Haerber's anti-CDU tirade that he has no contacts inside the CDU leadership. On the contrary: He arranged then-mayor of West Berlin Richard von Weizsäcker's visit to East Germany in late 1983. Von Weizsäcker, newly elected President of West Germany, whose father Ernst negotiated the Hitler-Stalin Pact in 1939, has also won *Izvestia's* approval. The Soviet paper recently hoped that Richard will be able to "influence West German foreign policy," despite the "figurehead nature" of his office.

The problem of national leadership

To defeat Papandreou and his KGB sponsors, the nationalists have a certain lesson to learn from history.

Greek Prime Minister Andreas Papandreou's current plan is to establish a personal tyranny based on Soviet support and imposed over the bitter and perhaps even violent opposition of the majority of the Greek people. He has created a vast vote-fraud apparatus which is being fire-tested in the June 17 European parliamentary elections, but whose ultimate importance is reserved for October 1985 general elections. This vote fraud apparatus is centered around the ministries of justice, public order, and interior, which since February of this year have been falling under the control of the Soviet KGB.

Papandreou and his Soviet patrons, now more than ever, need such a vote fraud capability in Greece: A huge, grass roots nationalist reaction has taken hold and produced public mass actions in the streets and at the polls against the ruling Socialist Party, the PASOK.

Papandreou's political morality now is vintage Themistocles, especially the Themistocles of the later period when he overtly collaborated with the Persians against the republican Arcepagus party of Aristides; it is also vintage Pericles, the other notorious populist tyrant who destroyed Greece on behalf of Persian imperial interests and in pursuit of personal aggrandizement.

Ironically, the leaders of the conservative opposition to Mr. Papandreou suffer from a special brand of political impotence syndrome which combines the inability to defeat Pa-

pandreou, even despite the overwhelming unpopularity of the man, with a certain obsessive delusion respecting Greek history, which compels them to regard Pericles and Themistocles of old as the very models of the political professional. This flaw reflects a fatal weakness in the character of the Greek nation-state as it was constituted for the first time in 1827. If that weakness is not remedied during the current period of European history, it is not likely that the neo-Hellenic state of the 1827-1984 period will survive. A Lebanization of Greece, as Papandreou's patron Henry Kissinger planned it, and as Papandreou himself flippantly is now accepting, will crush the nation.

I will here give the clue to the problems which the moderate/nationalist leaders of Greece must solve or perish: The founding of the modern Greek state is linked with the founding of the United States of America through the personality of Adamantios Coray. Coray, of course, was the author, inspirer and great teacher of the founding of the neo-Hellenic state during the early 19th century. What very few modern Greek history books acknowledge today is that Coray was an agent of the American Revolution and an associate of the great Benjamin Franklin in both Paris and Montpellier, France.

Moreover, Coray was one of the deadliest enemies of a person who one day will be proved to have been one of the most evil, if not *the* most evil

man of 19th-century Europe, Count John Capodistria.

John Capodistria was appointed the first governor of the sovereign Greek state in 1827 by the powers of the Congress of Vienna. In fact, Count Capodistria, in his capacity as Russia's plenipotentiary foreign minister at the congress of Vienna, played a central role in defining the anti-American character of that Congress. Contrary to the platitudes parroted today, the Congress of Vienna was the great conclave of the world's oligarchies in which they contracted a grand strategy to stop the epidemic of republicanism spreading from the shores of the young United States. When that Congress appointed Capodistria to run Greece, his great enemy, Adamantios Coray, the American conspirator, from his exile in Paris, did not tire in denouncing him as "Venetian vermin." One takes pleasure in speculating that the aging Coray, from Paris, may well have inspired the very understandable assassination of Capodistria at the hands of the Mavromichalis brothers. The Mavromichalis family then considered Coray its mentor and inspirer. The Mavromichalis family was also the most prominent family of Greek national liberation leaders in correspondence with the U.S. Senate from 1820 onward. It was a sort of poetic justice that this family would assume responsibility for the assassination of the anti-American ogre of the Congress of Vienna.

The problem of the current leaders of the anti-Papandreou nationalist movement in Greece is that they still tolerate the statue of Count Capodistria at the entrance of the national University of Athens, which they still call the National Capodistrian University. Let them erect statues to the Mavromichalis brothers. Both Papandreou and the Russian KGB would get the message.

Peru: IMF's well-behaved child

For the small favors of the Club of Paris, Peru has bailed out of the emerging debtors' club head first.

Fawning unabashedly on handouts of the Club of Paris, Peruvian President Fernando Belaunde Terry told reporters in Lima on June 5 that refinancing of \$1.046 billion of Peru's public foreign debt that week was "a major victory. Our success should emerge as a model case for the region. Peru is conquering hardships suffered by the entire Third World, putting its finances in order and meeting obligations to its creditors."

Peruvian Prime Minister Sandro Mariategui, who together with Finance Minister Benavides Muñoz headed up the Paris negotiating team, declared, "We are very satisfied by this exceptional result," while the finance minister bumbled that the accord was "unprecedented in Latin America."

Completing the mutual admiration society, the Paris Club answered that it "welcomed the recovery efforts" of the Belaunde government and hoped the refinancing would "improve the country's external payments prospects and facilitate the economy's recovery."

The "major victory" and "exceptional results" that Belaunde, Prime Minister Mariategui and the Paris Club were acclaiming refer to the agreement by the major Western creditor nations who make up the Club of Paris to roll over Peru's government-to-government debt for nine years, with five years' grace on principal payments. That debt would otherwise have been due by July of 1985.

The "victory," however, is not Pe-

ru's but the international banking community's, whose old "divide and conquer" strategem is being applied yet again to kill the newly-born Ibero-American debtors' club. A closer look at Peru's great victory tells the story.

First, Peru had sought a 10-year stretch-out from the Paris Club in the hope that it could then convince its foreign private bank creditors to extend to 10 years a \$1.5 billion 9-year refinancing package negotiated in February. The Paris Club, unwilling to establish a precedent which could prompt other debtor nations to demand renegotiation of their terms, insisted on a maximum nine-year refinancing.

The \$1.046 billion rollover, miniscule compared to a total foreign debt of \$13 billion, offers little relief to the suffocating Peruvian economy. Before the Club of Paris negotiations even began, *Caretas* magazine on June 4 estimated that a hoped-for 10-year rollover of some \$2.5 billion of Peru's short-term debt would only reduce the country's outrageous debt/export ratio from 64.4% to 35.9% on its 1984 debt, and from 54.5% to 43.5% on its 1985 debt.

Most of Ibero-America's debtor nations have established 25% as the maximum tolerable ratio of debt-service payments to export revenues.

By granting the refinancing, the Paris Club made a minimal investment for major returns. Even before the Belaunde government sent its negotiating team to Paris, it had already begun to implement the International

Monetary Fund's unspoken demands that have the rest of the continent up in arms.

In particular, the government had begun to auction off its state sector companies. In mid-May, an executive "Supreme Decree 194-84" was issued establishing the legal basis for state divestiture. COFIDE, the state's investment agency, was authorized to reduce its stock holdings in such major state enterprises as PescaPeru, PetroPeru, SiderPeru, and so forth through public auctions or stockmarket sales. According to the magazine *Oiga*, an unidentified group of businessmen have already offered to buy PescaPeru for \$120 million.

Equally significant is the effect that import cutbacks, currency devaluations and price decontrol are having on the population. Asked to comment on the social costs of the "strong devaluation" he is pushing, central banker Richard Webb answered, "I wouldn't say social cost . . . some products like bread would be substantially more expensive, but not potatoes and rice. Oil and meat prices would also be considerably increased, but in the case of the latter I would say that it is luxury consumption."

Less inclined to see meat as a "luxury" are the Peruvian trade unions, who have been registering their protests against Belaunde's capitulation to the IMF and Paris Club with one major strike after another. In recent weeks, nearly every sector of the economy has been battered by strikes or "job actions": petrochemicals, textiles, health, metal-working, even the prisons.

This week, 170,000 members of the nation's largest teachers' union SUTEP walked off the job, and the 500,000-member state sector labor confederation CITE has just declared itself on an indefinite nationwide strike.

Behind the Buendía assassination

Assassinations, kidnappings, and mob violence is the Kissinger plan for Mexico's future.

The assassination on May 31 of prominent Mexican journalist Manuel Buendía stunned that nation, which has not seen a top-level mafia hit of this nature since the 1973 assassination of Monterrey Group patriarch Eugenio Garza Sada by the then active 23rd of September League. The murder is of special significance because Buendía was close to the nationalist faction of the Mexican government and, at the time of his assassination, was conducting an in-depth investigation of Mexico's drug-and-terrorism networks, which this column has identified as linked to the associates of Henry A. Kissinger.

A May 14 column in the daily *Excelsior* cited Buendía demanding that the government pursue its prosecution of former police chief Arturo Durazo, "given that the international drug mafia has increased its activities in Mexico from 1982 to the present date." Durazo is an active member of the old Meyer Lansky drug networks.

In addition, press reports of June 6 indicated that Buendía had focused part of his investigations on an entity called "Libre Empresa S.A." (Free Enterprise, Inc.) which was seeking to buy up large chunks of Mexico's state sector. Among the associates of the company was Emilio Azcárraga, president of the communications conglomerate Televisa known for its relations to Kissinger.

The Buendía assassination has already been identified by insiders as a direct threat to President Miguel de la Madrid. Unofficial government mouthpiece and journalist Joaquín

López Doriga charged on June 3 that the murder was "intended to sabotage the foreign policy of de la Madrid both in Central America and in the upcoming summit meeting" called by the Presidents of Mexico, Argentina, Colombia, and Brazil to reach a common accord on handling the continent's foreign debt.

The de la Madrid government's response to the assassination has been dramatic. An investigation has already been ordered by the President to identify not only the assassins but also the "intellectual authors" of the murder. He also ordered the creation of a special "national unity" commission to investigate the case, which includes Fernando Gutiérrez Barrios, former under-secretary of government and federal director of security under the Luis Echeverría government, and Miguel Nassar Haro, the former security chief under President José López Portillo.

The mafia has already answered the government's declaration of war. On June 4, the daily *El Universal* reported on a kidnap attempt against the daughter of the present state security director José Zorilla Pérez, who is a part of the newly-created investigatory commission. The kidnap effort failed, but two bodyguards were killed in the attempt.

The government has also carried out a number of other measures to defend the sovereignty of Mexico. One of these has been to formally hear the request of the Mexican Labor Party (PLM) to register as a national party. The PLM is a mass-based organiza-

tion which has identified with the philosophy of U.S. Democratic presidential candidate Lyndon H. LaRouche.

On June 5, PLM secretary general Marivilia Carrasco presented the formal request for party registration to Mexico's Federal Election Commission, a step required by law since the political reform six years ago. At the PLM presentation ceremony were two radio stations, the state television Channel 13, and innumerable press representatives. The next day television and newspapers were reporting that approval of the PLM's request had already been granted.

The PLM is known throughout Mexico for its public battle against the Nazi-Communist Kissingerian networks who seek to plunge Mexico into a Central American-style bloodbath. The PLM is also the organization which has consistently fought for the formation of an Ibero-American debtors' club and for a new international economic order.

The Buendía assassination is the latest in a series of ongoing destabilization campaigns against the de la Madrid government. The opening shot of the campaign was fired last month by syndicated U.S. columnist Jack Anderson, who wrote two consecutive columns in the *Washington Post* attacking the Mexican president as "corrupt."

The Anderson slanders are gaining ground in Mexico through the propaganda machine of the National Action Party (PAN). In Sonora, the PAN has been discovered distributing copies of the Anderson columns as agitational leaflets against the government. By playing on the social discontent provoked by IMF-dictated austerity in the country, the PAN and its Communist ally, the PSUM, hope to trigger outbreaks of chaos and violence which could ultimately end in a military seizure of power.

A coverup fraud is published

The Temple Mount plotters Barbara and Michael Ledeen have suddenly been seized by the urge to expose something.

It is intrinsic to being a Jesuit or British Sufi-Freemasonic agent to contrive carefully woven frauds to conceal the gamemaster role of Jesuits and Sufis in controlling terrorism and gnostic cults.

Hence, it is hardly surprising to see the bylines of Barbara and Michael Ledeen over a cute little dirty trick in the June 18 *New Republic* entitled, "The Temple Mount Plot." The article purports to expose the role of Christian-evangelical fundamentalists in funding and aiding the Jewish-underground terrorists recently arrested in Israel for conspiring to blow up the Dome of the Rock and the el-Aqsa Mosque on the Temple Mount in Jerusalem.

Since its Jan. 18, 1983, exclusive exposé on the Jerusalem Temple Mount Foundation, *EIR* has achieved hegemony among leading Israeli journals as the sole source of reliable information on who controls the Temple Mount crazies. During 1984, *EIR* has identified the seminal roles in this scheme of none other than Barbara and Michael Ledeen.

Their sudden concern to expose the plot is politely known as "damage control."

In mid-April, Mrs. Ledeen was informing intimates in Washington that she was upset by *EIR*'s influence in providing Israeli authorities with the leads to dismantle the Israeli side of activities of the Temple Mount conspirators. She revealed that she was part of a network trying to protect the

fundamentalists, Christian and Jewish alike, from further revelations, and to contain *EIR*'s influence.

Her diatribe occurred days after an April 13 account in *Davar*, the newspaper of the Israeli Histadrut labor confederation, which identified *EIR* security specialist Joseph Brewda as a key source of leads for Israeli police investigators.

These and other *EIR* leads are seen by Israeli sources as a factor in the unprecedented April-May crackdown by Israeli authorities against Temple Mount-connected terrorist networks.

Both Mrs. Ledeen and her Georgetown University-based husband have boasted that the Temple Mount destabilization is "our baby," as Mr. Ledeen was overheard saying to a State Department accomplice in 1983.

Mrs. Ledeen, who has reportedly begun working for a U.S. Pentagon office concerned with transfers of military technology, was until recent weeks an assistant editor of the *Biblical Archaeology Review*. That Washington-based institution is the lineal descendant of the Palestine Exploration Fund, the British Freemasonic-cult organization set up in the 1860s as an archaeological cover for British mystical-imperialist designs in Palestine.

Early this year, the *Review* began a campaign to legitimize the cult belief structure of the fanatics who want to "rebuild the Temple of Solomon" on Temple Mount. The *Review* calls for

bringing back practices like ritual animal sacrifice and infanticide (as a population-control measure!).

The Ledeens are also intimates of former U.S. Air Force Intelligence Middle East chief and Jewish Defense League founder, Joseph Churba. Churba toured nationally in 1983 for Terry Risenhoover's Jerusalem Temple Mount Foundation.

Churba's name is mysteriously missing from the Ledeen piece.

His is not the only one.

Although it is common knowledge that the "rebuilding of Solomon's Temple" is the core mythos of British Scottish-rite Freemasonry and Venice-centered "Knights Templar" and cabbalistic cults, the article never goes beyond the field hands, all of whose operations were in any case blown by *EIR* in 1983.

As with all such apocalyptic insanity, the *generative principle* motivating the destructive capabilities of the Temple Mount cult is found in modern-day versions of gnosticism, sufism, and cabbalism like that associated with C. G. Jung of Switzerland and Martin Buber of Austria.

Michael Ledeen's years of training in Rome by the ideologues of "universal fascism" and Freemasonry put him in a unique position to do the needed coverup to protect the gamemasters behind the conspiracy.

The Ledeens' piece is, in any case, only a warning that the network they represent is only reorganizing for things far worse to come. The article concludes: "With the redemption of mankind and the fulfillment of prophecy at stake, arrests are transformed into temporary setbacks, extremist becomes righteous action, and political considerations pale into such insignificance that even conservative Christians and radical Jewish nationalists can become allies."

Terrorist siege in Punjab ended

With resolute government direction, the Indian army has removed this deadly cancer threatening India's integrity.

At this writing, the people of India are breathing a collective sigh of relief. The nightmare of wanton killings in one of the country's premier states has been dealt a decisive blow. The spectacle of the Sikh religion's holiest shrine—the Golden Temple at Amritsar—being used as an ammo dump and headquarters for the plotting of terror and deployment of convicted thieves and murderers has ended.

After more than a year of government concessions and patient efforts and appeals to resolve outstanding issues with the Akali Dal at the negotiating table—while the death toll mounted—Prime Minister Gandhi's government called the army into Punjab on June 3. It was truly the "eleventh hour"—many feared the government had lost the nerve to take strong action—and the move met near-unanimous support across the political spectrum.

The strategic border state was completely sealed off, a curfew was imposed, and all foreigners in the state were ordered out. The army took up positions surrounding the major Sikh temples called *gurdwaras*, including the pivotal Golden Temple. For two days the army broadcast appeals to those pilgrims trapped when the action began, as well as to the terrorists there, to come out. At no time was any ultimatum issued.

From within the Golden Temple, fortified with sandbags, the terrorists fired machine guns, mortars, and even rockets and missiles. By the end of the second day, with the appearance of the

heavy weaponry, the army made its first move into the temple complex, and took over most of the buildings adjacent to the temple proper.

In the first major victory of the operation, two top Akali leaders including Sant Longowal were captured alive. In simultaneous operations around the state, some 40 *gurdwaras*, several Hindu temples, and one mosque were cleaned out. In all some 700 were arrested, and large quantities of arms and ammunitions were removed from the religious centers.

By Wednesday evening, the army was in possession of the entirety of the Golden Temple with the exception of the innermost Akal Takht and Harmandir Sahib sanctuaries. By mid-day Thursday, it was announced that the army had also taken these, and killed or arrested the terrorists. Bhindranwale, the extremist terrorist leader, together with two of his top aides, including the president of the All India Sikh Students Federation, Amrik Singh, were identified among the dead.

Preliminary figures are that 450 terrorists were arrested from within the Golden Temple and 250 killed. There were about 60 army casualties. Throughout, the army had been under the extraordinary order to prevent—"as much as humanly possible"—any damage to the religious structures. This the soldiers did at the cost of very high casualties in their own ranks.

The army is still engaged in mopping-up operations at this writing. Security is being maintained around most of the major *gurdwaras* in surround-

ing states, and vigilance will continue. The next few weeks are critical in the effort to completely eliminate the terrorist secessionist threat.

The army action commenced following refusal by the Akali Dal leadership to call off its agitation plans to halt shipments of grain from the state and to prevent the flow of river waters—whose distribution is disputed—into the states of Haryana and Rajasthan. On June 5, terrorists succeeded in breaching one of the main canals of the Bhakra dam complex, cutting off the supply of agricultural and drinking water to those states.

As this column has reported, the terrorist-separatist operation was no spontaneous outgrowth of the Punjab countryside, much less of the Sikh religion. The London axis running through Pakistan and Switzerland, which runs fundamentalist terrorism on several continents and, somewhat less, the Washington connection epitomized by the silly Senator Jesse Helms, are among the most prominent "foreign hands." The recovery of Soviet made Kalashnikov rifles and Israeli bullet-proof vests testifies to the terrorists' connection to traditional terror and gun-running.

While the Indian government has been careful to point out that the object of the army action was strictly secular—that is, to halt the terrorism and bring the terrorists to bay—sections of the Western media have openly tried to fan the flames of communalism.

Most strident has been the BBC, broadcasting from London, where the practice of engendering communal warfare was invented and made into an art. The now-dead terrorist Bhindranwale was a strictly religious leader, his BBC cheerleaders have been asserting. He has a large following among Sikhs, they lie, in a blatant effort to martyr the dead terrorists.

International Intelligence

British expert: America needs crash beam program

British Conservative Party think-tanker Geoffrey Stewart-Smith, in an interview with *EIR* on June 6, declared that the United States should immediately launch a crash program to develop a beam-weapon anti-ballistic missile defense.

Stewart-Smith, who heads the Foreign Affairs Research Institute, advised American leaders not to "give a damn about opposition to this program in Europe. The buck stops with you. Beam-weapon defenses are absolutely essential for the survival of the West. You should put the program on a Manhattan Project, or Apollo moon-shot project basis."

Stewart-Smith said that the opposition to the program in Britain was from individuals committed to the doctrine of Mutually Assured Destruction (MAD), and from organizations such as the London International Institute for Strategic Studies. "They've provided false leadership for a quarter of a century, and have *totally* underestimated the seriousness of the threat," he said.

As for prominent U.S. opponents of the beam program, Stewart-Smith denounced McGeorge Bundy as "a threat to the security of the West" and Walter Mondale as "a fool and dreamer."

Zepp-LaRouche defends Chancellor Kohl

Helga Zepp-LaRouche, the chairman of the European Labor Party in the Federal Republic of Germany, came to the defense of West German Chancellor Helmut Kohl, who had been widely criticized for not attending the Allied celebrations of the anniversary of D-Day. Zepp-LaRouche released a statement on the matter on June 7.

Kohl had declared that he saw no reason for a German chancellor to celebrate the Normandy invasion, in which "tens of thousands of Germans miserably lost their lives."

Kohl's remarks, said Zepp-LaRouche,

were "rather clumsy and lacking in political delicacy. But to qualify him implicitly as a successor of the Nazis, as was done by certain stupid people, . . . is as perfidious as hypocritical."

Zepp-LaRouche charged that Kohl was not invited to attend the ceremony, and those who excluded him were for the most part remnants of the same Anglo-American oligarchical financial circles—"the Harrimans, the Dulleses, and the Morgans"—who supported Hitler to begin with and then returned to the scene as occupying powers to "reeducate" the German population.

The affront to Kohl is "first-order political stupidity and hypocrisy without comparison," said Zepp-LaRouche, and "an attitude that typifies the American failure of the entire postwar period. The German population," she continued, "which happens to be in no way identical with the Nazis, was as much a victim of the Nazi regime as those against whom the Nazis declared the war—and the nation has not recovered yet."

Who stands to benefit from this furor? Zepp-LaRouche answered: The forces allied to Henry Kissinger who are pushing the decoupling of West Germany from the United States, and the Soviet leaders who plan to take over Europe.

Mitterrand hails German resistance to Hitler

French President François Mitterrand on June 6 sent a cordial message to the Bonn government on the occasion of the D-Day commemorations, stressing Franco-German friendship and paying homage to the German resistance to Hitler. The message came in stark contrast to the current Soviet line that Germans equal Nazis, and similar anti-German propaganda coming from pro-decoupling circles in the West.

The anniversary of the Normandy landing, Mitterrand said, reminds the French people of the war, which "caused so many casualties among our soldiers and yours, who fought for their mother country but did so in a meaningless war between European broth-

ers. Our continent is still feeling the wounds and partition caused by that war." Mitterrand continued, but "fortunately a community of destiny has been built between our two nations."

Mitterrand continued the same theme in his D-Day commemoration address: "The enemy of that day was not Germany, but the power, the system and the ideology which took control of her. Let us hail the dead Germans who fell in this battle. Their sons as well as ours are witnesses that a new era has begun."

Mitterrand paid special homage to the resistance movement across Europe: "Let us hail the resistance movement of my own country and of those countries which are friends of ours, as much as I hail the free men in Germany and Italy who never submitted [to Hitler]."

Soviets: 'we could have taken Europe alone'

The Red Army alone could have liberated Europe from fascism, claims the Soviet press agency Novosti, as part of the Soviet media's own way of "celebrating" the anniversary of Operation Overlord, the historic landing of the Western allies in Normandy. The booklet published by the Soviet press agency is one of several pieces that has appeared during May which belittle the military significance of the Second Front and the combat qualities of the American soldiers in World War II.

The Novosti booklet, "Operation Overlord," written by Oleg Rzheshvskii, accuses Britain and the United States of delaying the opening of the "Second Front" in order "to weaken and bleed Russia." Only the Soviet victories at Kursk and Stalingrad alarmed the Western allies so much that they decided to invade, says Rzheshvskii. The author claims that the Soviet Union was perfectly able "to liberate the peoples of Europe from fascist slavery all on her own."

The author makes no mention of the fact that without the American "lend-lease" program, Russia wouldn't have had the military

equipment to fight even its part of the battle. The Soviet author states that the Nazi war machine was built up through the "financial and material support from U.S. banks and monopolies only," but omits mention of the crucial Russian raw material supplies to Hitler that continued to be supplied even after Hitler attacked the Soviet troops in Poland.

Socialist leader indicts Andreotti as 'P-2' plotter

Italian Socialist Party leader Rino Formica on June 7 accused the Christian Democratic party and, indirectly, the country's foreign minister, Giulio Andreotti, of being the main beneficiaries of the Propaganda-2 affair—the scandal which in 1981 implicated hundreds of top Italian public figures in an illegal conspiracy. Formica was speaking in front of the parliamentary commission investigating the plots of the P-2 freemasonic lodge.

Formica charged that the political controllers of the P-2 lodge were those in positions of power in the 1970s (a period dominated by Andreotti's Christian Democracy, the DC), who tried to increase the DC's power and limit democracy. This plan would have reduced Italy to a Hong Kong type of financiers' paradise, with broad influence by the Soviet Union and the oligarchical faction of the Vatican.

According to Formica, murdered former Italian Prime Minister Aldo Moro strongly opposed such a plan, and instead called for a policy based on national sovereignty. Although Formica did not mention Andreotti by name, the reference to the role played by the present Italian foreign minister was clear. "P-2: Formica Attacks Andreotti," headlined *Corriere della Sera*: "Formica Blames the DC of the 1970s and Andreotti for P-2," was the headline in the Rome daily *Il Messaggero*.

The violent exchange of accusations between the Socialist Party of Prime Minister Bettino Craxi and the DC of Andreotti is the result of the fight for power in Italy among opportunist power groups. The Soviet-

backed Andreotti is escalating to a government crisis and the fall of the current government.

In response, Andreotti told a journalist: "I like the ministers who do not talk and also the non-ministers who do not talk." The DC gave an ultimatum to Craxi: Publicly disavow Formica or we will break the coalition.

EIR editor addresses defense experts in Munich

Speaking at a Munich seminar May 29, *EIR's* European Executive Director Michael Liebig called on West German defense experts to sweep away the "absurd and ridiculous" policy line laid down in Bonn that the U.S. beam-weapon program is "destabilizing" and will promote the "decoupling" of the Atlantic Alliance.

The Bonn government continues to play the role of "rejection front" Liebig charged. The platform of this front, he said, is identical to Soviet anti-beam-weapon propaganda—the claim that "two zones of different security" would be created if the United States had beam-weapon defenses, conveniently ignoring the existence of the Soviets' own beam-weapon development efforts.

Liebig pointed out that both U.S. Defense Secretary Caspar Weinberger and the chief of the U.S. beam weapons research program, Gen. James Abrahamson, have repeatedly stated that the United States is committed to working with the West Europeans to develop defensive weaponry against all of the categories of nuclear-armed missiles now targeting the continent. He charged that it was Hans-Dietrich Genscher's foreign ministry that was holding Chancellor Helmut Kohl and Defense Minister Manfred Wörner effectively under its control in its design to "decouple" U.S. and Western European defenses.

The seminar was attended by representatives from firms in the defense industry, and by military and scientific specialists involved in work on beam-weapons development for anti-aircraft and anti-missile defense in Western Europe.

Briefly

● A Leningrad conference on "Cosmic Anthro-Ecology" was the scene of new Soviet attacks on President Reagan's ABM program, saying it would mean "killing mankind, everything living and the biosphere as a whole." According to *Izvestia* June 4, four hundred "leading representatives from the country's scientific centers" attended. *Izvestia* describes "cosmic anthro-ecology" as a "new science" which "investigates the interaction of man, the biosphere of the earth and space."

● ANDREI GROMYKO, the Soviet foreign minister, will visit Bonn, West Germany before the November U.S. elections, an assistant to Chancellor Helmut Kohl told the German daily *Bildzeitung*. Bulgarian President Todor Zhivkov will also visit Bonn, and Chancellor Kohl will be in Hungary at the end of June.

● FIORELLA OPERTO, general secretary of the European Labor Party in Italy, has issued a press release stating: "There is only one point which I share with Premier Bettino Craxi: the necessity of early elections in Italy. The Italian population must decide whether this country will become a Soviet colony or remain a sovereign republic allied with the United States."

A reshuffling in the Italian government, instead of elections, would most likely lead to a new government led by current Foreign Minister Giulio Andreotti, with the support of Italy's Communist Party.

● THE BLACK-OUT of Lyndon LaRouche's presidential candidacy in the European press is over. The *International Herald Tribune* and London *Economist* both mentioned LaRouche as a candidate, in coverage during the first week in June. The *IHT* reported that LaRouche, who is well known in the Western European capitals as an economist, "shared 5% of the vote" in California. The actual vote totals were much higher.

Capitol Hill shaken up by LaRouche television exposé

by Ronald Kokinda

The exposure of direct involvement of officials of the Soviet Embassy in Washington, D.C., in shaping the language of anti-defense legislation before the Congress, by Democratic presidential candidate Lyndon H. LaRouche, Jr. on ABC-TV on May 31, is threatening to unravel 25 years of Pugwash Conference control over U.S. strategic policy-making. Interest in official Washington circles in Soviet participation in the U.S. legislative process is growing rapidly. Any major media coverage or investigation of charges will thoroughly discredit today's Neville Chamberlains and halt the demolition of the U.S. defense budget currently going on in Congress.

And not a moment too soon. The House completed its Soviet-directed rampage against the defense budget on May 31, taking action that will deal a severe blow to the MX missile, halt the testing of our current anti-satellite systems (ASATs) and the development of more advanced ASATs, and stop deployment of our sea-launched cruise missiles (SLCMs). This is just in action on the major weapons systems alone. The House also rubber-stamped the House Armed Services Committee decision to cut \$480 million from the administration's Strategic Defense Initiative (SDI) request. If such a cut is sustained in the Senate, it almost assures an eventual Soviet victory in the race to develop and deploy beam weapon defenses against intercontinental ballistic missiles.

To Moscow's delight, however, the House attacks against defense were not only on the basis of dollars and cents. Rather—shaped largely by Representative Les Aspin (D-Wisc.)—the cutbacks were doctrinally designed to keep the United States within the confines of the Mutually Assured Destruction doctrine. They were all fully in accordance with the Pugwash agreements, worked out between Bertrand Russell and the Soviets in the late 1950s to impose the self-

emasculating process of arms control and the MAD doctrine on the United States.

Indeed, the Pugwash circuit has become so institutionalized, that the negotiations between the United States and the Soviets are no longer "back channel" as they were in the 1950s and 1960s. During the House debate on the defense budget, no fewer than three delegations of leading Soviet officials visited Washington, D.C., and were in intimate discussion on stopping ASATs, the SDI, and other defense programs. Earlier, as *EIR* exposed in its June 5 issue, the Soviet embassy had actually helped revise the bill banning ASATs, via the good offices of Carol Rosin—the Joan Collins of the space arms-control lobby.

Now the Defense Authorization bill will be taken up in the Republican-controlled Senate. Sources had been reporting that the Senate could sustain the ASAT testing moratorium imposed by the House, make similar cuts in the funding for the SDI, and would not likely retake enough ground on the MX procurement question or on SLCMs to effectively reverse the House damage to these programs.

But by exposing the Soviet hand in the efforts to cut the U.S. defense budget, the LaRouche broadcast has put this Moscow-run assault on U.S. national security in jeopardy.

Mathias on the defensive

How much the charges of Soviet interference into U.S. lawmaking can shake up even the most impassioned arms-control proponent was highlighted at a Capitol Hill press conference on June 7. Sen. Charles Mathias (R-Md.), a co-sponsor of the Soviet-revised SJ Res. 129 banning ASAT testing, was asked by *EIR* if he felt "comfortable" co-sponsoring such legislation. Mathias appeared stunned and said "it would be improper for any foreign power, friendly or

otherwise, to participate in the legislative process of this nation," and that he would "strongly condemn any such action." Would he drop co-sponsorship of SJ Res. 129? Mathias sidestepped, declaring that he had "not seen this statement until you called it to our attention." His press aide later said they "plan to investigate" the charge. Mathias is the chief sponsor of the Senate amendment to ban the U.S. deployment of SLCMs and is reportedly going to be the chief sponsor of the amendment to cut funding for the Strategic Defense Initiative; he would do well to investigate Soviet complicity in developing that legislation as well.

Pro-defense circles in the capital are already unofficially advocating an investigation. Various sources report that elements in the Pentagon are pushing for one.

The LaRouche broadcast's impact was seen in an across-the-board strengthening of the posture of President Reagan, Defense Secretary Weinberger, and pro-defense layers on Capitol Hill. Both Reagan and Weinberger gave unusually strong statements in commemoration of the anniversary of D-Day on June 6. Speaking on Omaha Beach in Normandy, President Reagan departed from his recent election-year motivated tendency to soft-pedal the strategic dangers facing the United States to state, "We in America have learned bitter lessons from two world wars: It is better to be here, ready to protect peace, than to take blind shelter across the sea and rushing to respond only after freedom is lost." The President also identified the morality of a national commitment to mobilize for war for a just cause, noting that the D-Day invasion was motivated by "the deep knowledge, and pray God we have not lost it, that there is a profound moral difference between the use of force for liberation and the use of force for conquest."

Speaking in Washington before a U.S. Army group, Weinberger attacked "isolationism" as the easy rationalization for appeasement and "for not doing anything that may be unpleasant or unpopular that [Winston] Churchill had to fight against in his lonely battle to save freedom 45 years ago." Weinberger attacked the opponents of a strong national defense for the U.S. as representing "faint-hearted and siren calls."

That some of the Soviet-directed momentum against Western defense has slowed slightly was evidenced in the first day of Senate debate on the defense budget. The Senate rejected 76 to 16 an amendment to the Defense Authorization bill which would have prevented U.S. spending increases for NATO unless European nations followed suit. However, while rejecting that overt attempt to decouple from Europe, the Senate did engage in dangerous "Europe-bashing" by voting 91 to 3 to "urge" NATO nations to increase their military spending.

The actual spending cut amendment had been offered by Sen. Larry Pressler (R-S.D.), chief author of the notorious Soviet-revised SJ Res. 129 for a space weapons ban. Pressler also introduced another NATO-related amendment, which—at press time—had not yet been voted on. It would reduce

U.S. troopstrength in Europe and demand that Europe bolster its own conventional defenses—in what would be an impossible effort to match Soviet conventional capabilities.

The lineup against defense

Senate sources report that some of the momentum against ASATs and the SDI has been curbed and chances of withstanding the ASAT moratorium amendment are "now about even." Nonetheless, the Soviet-orchestrated lineup in the Senate is formidable. Taking the point for the Politburo in the Senate will be some of the senior members of the "arms-control club": Senators Charles Percy (R-Ill.), Claiborne Pell (D-R.I.), William Proxmire (D-Wisc.) and Charles Mathias (R-Md.)—all devoted neo-Malthusians.

As of this writing, the deployment against the defensive beam weapons and ASATs is as follows:

Senators Mathias and Proxmire will introduce the amendment to cut funding for the beam-weapons program back from the \$1.68 billion proposed by the Senate Armed Services Committee to the House-approved level of \$1.4 billion or below. The administration's original request was an already-inadequate \$1.8 billion for fiscal 1985.

Senator Pressler has introduced an amendment which calls for a "report" on the Strategic Defense Initiative. The purpose of the report will be to draw a target around all government funding for the SDI (much of which is dispersed throughout government agencies other than the SDI office itself) and to prematurely force the administration to identify exactly which defensive-weapons systems it intends to develop. A standard "arms-control mafia" tactic, such reports are used as a jumping off point to kill a program. Sen. Paul Tsongas (D-Mass.) will spearhead the effort to impose a moratorium on U.S. ASAT testing—as already passed by the House.

Most importantly, Senator Percy, chairman of the Senate Foreign Relations Committee, has taken over direction of the notorious Moscow-drafted SJ Res. 129, whose ultimate purpose in banning space-based or space-directed defensive weapons is to maintain the thermonuclear offensive weapon balance of terror. On May 23, Percy announced that, in consultation with Pressler, he was amending SJ Res. 129 with some technical language relating to ASAT verification, and taking over the floor fight. In his floor speech Percy made clear why he, a 20-year veteran in the fight against ballistic missile defenses, was taking charge. After perfunctory remarks about ASATs, Percy said, "Even more disturbing, administration officials have formalized a so-called strategic defense initiative that raises grave questions as to its cost, goals, technological feasibility, effect on crisis stability and consistency with long-standing U.S. arms control policy."

This is the fight to be surfaced during the Senate debate—the fight by the Soviets and their fellow travelers to maintain the United States in the arms-control straitjacket which, over the last 20 years, has destroyed U.S. strategic superiority and put the Soviet Union on the verge of superpower dominance.

Will President Reagan be the target for another assassination attempt?

by Paul Goldstein

U.S. security and intelligence officials have told *EIR* that the removal of weapons from President Reagan's Secret Service detail by the British Home Office at London's Heathrow Airport was initiated by the same British intelligence unit responsible for monitoring the Palestinian terrorist group which nearly assassinated the Israeli ambassador to London, Shlomo Argov, on June 5, 1982.

That assassination attempt was carried out by the Abu Nidal Palestinian terrorist organization and provided the excuse for then-Israeli Defense Minister Ariel Sharon to launch the invasion of Lebanon. According to U.S. intelligence sources, the British intelligence special section handling these terrorists knew of the assassination plans well in advance and prevented the arrest of the criminals prior to the hit attempt. In fact, these sources stated, only a small portion of the entire hit team was arrested afterwards, and most are presently operating freely.

Immediately following the assassination attempt against Argov, U.S. intelligence sent a special investigating team to London, but was blocked at the time from conducting an independent investigation into the Argov affair. A direct intervention by the British Foreign Office succeeded in blocking a separate but parallel investigation, nearly causing a full-blown diplomatic incident—especially when the Foreign Office threatened to expel the U.S. investigators from the United Kingdom if they persisted in the inquiry.

This is the same unit which was placed in charge of President Reagan's security for the duration of the London economic summit talks that took place during the week of June 4! At present, there is a quiet uproar within U.S. security and intelligence services over the London security-stripping incident. One security official told *EIR* that this incident will aggravate the already considerable tensions between the United States and Britain.

British 'tradition'?

The standard operating procedure for the Secret Service when preparing a presidential trip abroad is to establish direct security liaison with the host country. At these meetings, the countries' security officials combine resources and work out a fine-tuned, detailed plan for protecting the President. Ev-

erything is discussed, from where the counter-sniper teams will be deployed to who opens the door for the President. More importantly, the Secret Service and State Department security officials make careful arrangements as to what type of weapons will be carried, and notify the host country of not only the type of weapons, but also the serial numbers for each weapon.

Yet in Britain, for reasons of British Commonwealth custom and tradition, no foreign government security unit is permitted to carry weapons. Under this "traditional" arrangement, when President Reagan traveled to Ottawa, Canada in March 1981 for his first international summit conference, the Royal Canadian Mounted Police refused to allow the Secret Service to carry weapons at this event. When President Reagan spoke at the Canadian commons area in front of the Parliament, his Secret Service agents were not carrying weapons, even though there was a 7,000-person demonstration approximately 50 feet from where the President was speaking.

This incident which prompted the *EIR*'s anti-terror publication, *Investigative Leads*, to charge that "a dry-run profiling operation for setting up a hit against the President had just taken place in Ottawa, Canada." Within 10 days of the Canadian incident, presidential would-be assassin, John Hinckley, nearly succeeded in killing President Reagan on March 30, 1981.

With these facts in mind, how could the same operation be pulled against the Secret Service? One U.S. intelligence source indicated that the Secret Service had an informal arrangement whereby officially the British would say that the President's security could not carry weapons, but in truth the British would "wink" at the fact that the Secret Service was going to be carrying weapons in any case. As events turned out, when Secret Service agents got off the plane, they were whisked into a private room, frisked, and told to turn over their weapons which were then placed in escrow. These included uzi machine gun pistols, grenade launchers, .45 caliber hand guns, and an assortment of counter-sniper equipment. Only two bodyguards were permitted to carry .357 magnum revolvers with six bullets in the chamber and another six for reserve. Given the environment of terrorist threats

and the fact that this British special unit permitted an assassination attempt against the Israeli ambassador, why was this permitted?

To elaborate the background to such outrageous decisions involving the President's security, we turn to the incident in Krefeld, West Germany during the summer of 1983 when Vice-President George Bush was stoned by anarchist and terrorist networks during a visit to that country. Prior to his trip, *Investigative Leads* had conducted an investigation of potential disruption of the Vice President's tour and received information from intelligence sources that Bush could be in danger. This evaluation was given to the vice-president's office. But countering this assessment was the Federal Bureau of Investigation, which told White House officials that *Investigative Leads'* reports were exaggerated and that no extraordinary precautions for the Vice President's trip should be made. The U.S. embassy in Bonn reinforced the FBI's evaluation. Nonetheless, Bush ordered that an alternative route be taken. But the German terrorist networks associated with the Revolutionary Cells and other anarchists knew in advance the alternative route Bush was taking. Could this be another coincidence? Highly doubtful!

The failure of U.S. intelligence

The problem facing U.S. intelligence and security agencies is the failure to comprehend the political beast behind today's terrorist threat. *EIR* has insisted that the crucial problem for national security is the fact that former Secretary of State Henry Kissinger was brought back into the government with the explicit intent to turn the Reagan administration into a satrap for the Eastern Establishment families of New York and Boston and their cousins in London. Kissinger's business partner in his "consulting" firm, Lord Peter Carrington, Margaret Thatcher's ex-Foreign Secretary who has recently become the Secretary General of NATO, still controls the British Foreign Office on behalf of those interests who are seeking a "New Yalta" accommodation with Moscow.

Concretely, this means breaking the back of U.S. foreign and military policy, especially eliminating the President's Strategic Defense Initiative (SDI), which Moscow has called a *casus belli* for World War III. Since Reagan has allowed Defense Secretary Caspar Weinberger to maintain the SDI program, albeit curtailed in budget, Reagan still represents, although unknowingly, an impediment to the "New Yalta" process.

Since Carrington and Kissinger are doing everything in their capacity to "decouple" Europe from the United States, and since Moscow is demanding Reagan's head on a silver platter before entering any negotiation, could not Messrs. Kissinger and Carrington have possibly arranged this caper?

Who benefits?

To answer the question, let's go back to the assassination

attempt against the Israeli ambassador, Shlomo Argov. Everyone in the "spook world" knows that the Abu Nidal terrorist organization is not only penetrated by Israeli intelligence, but, according to recent *Jerusalem Post* articles, Abu Nidal's family, the Al-Bannas, are a prominent West Bank Palestinian family with longstanding ties into certain Israeli circles. These circles include former Defense Minister Ariel Sharon, Rafi Eytan, and the forces in Israel associated with the plot to blow up the Dome of the Rock on Jerusalem's Temple Mount. Henry Kissinger, Lord Harlech, and Lord Carrington have heavily invested in the West Bank real-estate scams which Sharon, et al. have used to drive the Palestinians out, and to create a massive counter-reaction in the Arab world, not only against Israel, but against those forces in the United States which support such efforts. Just when Sharon, who is financially and politically aligned with Kissinger's international forces, needed a bloody excuse for the 1982 Lebanese invasion, a hit was carried out against one of Israel's most respected ambassadors. The key question is: "Who benefits?"

Within this political-counterintelligence context, it is possible to understand why President Reagan is being set up for another assassination attempt. A variety of sources, including official circles, have told *EIR* that Khomeini's terrorists are planning a late-July hit attempt against the President.

According to these informed sources, two American-based Islamic fundamentalists, Imam Azzi from Maryland and Professor Ismail Fakrouqi of Temple University in Philadelphia, attended a meeting in Teheran of approximately 400-500 imams (priests) two weeks ago. At this meeting, Ayatollahs Montazeri and Mohagedeh reportedly set up a new wave of Islamic fundamentalist terror operations. Deployed by these imams was Deputy Foreign Minister of Iran Sadra who is in charge of Iranian operations against the United States and Western Europe. He went to Libya on May 14, meeting with Col. Muammar Qaddafi, Major Jalloud, and Libyan Foreign Minister al-Trikia. From there he went to London, where he was involved in a planning conference of Islamic fundamentalists slated for August. Following his London trip, Sadra returned to Teheran for the meeting of the mullahs described above. The groundwork for the hit plot against Reagan was planned, and it was determined that the President would be shot around the opening ceremony of the Los Angeles Olympics.

This August London Conference of Islamic fundamentalists is being arranged as an "after action" congress, these sources report.

Therefore, it is not at all accidental that London was the scene of the security-stripping operation against the President, especially since a certain faction of British intelligence, aligned with the Islamic fundamentalists and Moscow's KGB, wanted to profile the weaknesses in the President's security arrangements, thereby signaling a "go-ahead" for the hit.

LaRouche: Alternative theories of evolution do indeed exist

The following is the text of a letter to the editor of the New York Times, written by EIR chief executive Lyndon H. LaRouche, Jr. in reply to an April 27 Times' editorial, "Seeing the Light in Texas." The subject of the controversy addressed by the editorial was an order by the Texas State Board of Education directing that all biology textbooks in public schools include material on "alternative theories of evolution," not just the doctrine associated with Charles Darwin. The Times has to date failed to publish the letter.

Dear Sir:

In the subject editorial, "Seeing the Light in Texas," you write:

The board [Texas State Board of Education] is also unhappy with the theory of evolution and requires biology textbooks to mention "alternative theories of evolution," even though biology knows of none.

Your statement, that no alternative is known, is inaccurate in fact, and counterproductive in effect. Despite the admittedly popular myth, that there is no alternative to the controversy between followers of Archbishop Ussher and the Darwin-Huxley doctrine, 15th-century Christian humanism advanced the first modern doctrine of evolutionary development, originally formulated by Cardinal Nicolaus of Cusa.

Cusa's work directly influenced the collaborators, Luca Pacioli and Leonardo da Vinci, who established the study of the morphological harmonics of growth and function of living processes, as Leonardo was also the first to identify the elementary topology of the kind of double-helical function we associate with DNA today. Darwin, Wallace, Huxley, et al., did not "discover evolution"; referencing Thomas Malthus, and implicitly the Gianmaria Ortes upon whose work Malthus's own was premised, Darwin, Huxley, et al. advanced a dogma contrary to pre-19th-century doctrines of evolutionary development.

If the public-school student is to be provided an accurate picture of differing ideas of evolutionary development, the relevant observations on scientific method, in Cusa's *Docta Ignorantia*, ought to be described. The work of Pacioli, Leonardo, and Kepler on harmonics of development

should be presented, and supplemented by such accessible demonstrations as Phyllotaxis in plants. These notions of evolutionary development should be contrasted with the Darwin-Huxley varieties.

We must show respect for the various millenarians and others who have accepted Ussher's dubious calculations, but such views have no factual basis for scientific interest, and can be reported in biology textbooks only as a matter of identifying the arguments employed to reject "evolution" from such quarters. The scientifically interesting differences are between the Golden Renaissance's and Darwinian approaches to the facts of evolution. The root-issue of these latter differences is readily within the reach of literate secondary-school pupils, reflecting differences which have bearing on subject-matters other than biology.

Summarily, the Darwin-Huxley definition of "natural selection" is nothing more than a subsumed feature of the emergence of the doctrine of "statistical fluctuations," as that doctrine was developed by LaPlace, and continued by Clausius, Kelvin, Helmholtz, Maxwell, Rayleigh, and Boltzmann, among others, during the 19th century. Boltzmann's version of this is the primary source for the appearance of the same dogma in the guise of the Weiner-Shannon and von Neumann dogmas of "information theory" today. The coherence of the Malthusian, Darwin-Huxley notions of "natural selection," and statistical mechanics, in matter of choices of method, shapes most significantly the way in which R.A. Fisher and others introduced statistical methods for design of experiments into biology today.

To uncover the elementary nature of the differences separating the two opposing schools of evolution, it is most useful to stress that these are the differences in method separating Leibniz from Descartes. Leibniz is rightly located as the continuation of Cusa, da Vinci, Kepler, et al., whereas Descartes epitomizes the opposition to Kepler's and Leibniz's choice of method. Although Laplace is treated in the classroom as the seminal neo-Newtonian of the 19th century, in fact Laplace was directly a continuation of Descartes, as was Laplace's famous protégé, Cauchy. So, Gauss, the Webers, Dirichlet, and Riemann, as well as Carnot's and Monge's Ecole Polytechnique, are anti-Cartesian followers of Leibniz. The epistemological and ontological issues of



Leonardo da Vinci's approach to growth and living processes, which is reflected in these drawings from his notebooks, contrasts sharply with that of Darwin and Huxley.

the doctrine of statistical fluctuations exemplifies the central issue of method separating the two opposed modern schools of mathematical science in every facet, every subject-matter.

Against that background, it is shown to be a serious factual error to propose that there are no "theories of evolution" contrary to the Darwin-Huxley species. It is also a practical error today, with implications going far beyond the scope of public-school textbooks.

The frontier of biological science today is identified by weighing the recommendation that we establish an international medical-research protocol providing comprehensive coverage for the category of diseases of aging of tissue. Beginning with the work of Dr. D. Sodi Pallares and others on cardio-vascular therapy, decades back, the same approach has been extended, for obvious reasons, into treatment of cancer and other expressions of diseases of aging of tissues. The study of the "energetics" of healthy and pathological cell-reproduction, in the environment of the immunological processes, is not only the most important frontier of clinical work, but calls into play directions in laboratory work bearing directly upon the most fundamental conceptions of life itself.

The economics of demography make this the area of leading moral as well as practical concern for us today. To maintain a high-quality of productive powers of labor, we

require a modal school-leaving age of between 18 and 25 years, which requires a long-lived, healthy labor-force, whose life-expectancies must range between 75 and 85 years of age for surviving infants. The impairment of function of adults, beginning perhaps the 50-55-years age-range, into the retirement-age range, is the leading economic, as well as moral, issue of demography today. Cancer and cardiovascular disease are merely the leading typifications of the problems to be mastered. If but a significant portion of what is spent for gambling, or pornography, or "recreational psychotropics," were allotted to support both the clinical and laboratory features of such a comprehensive medical-research protocol, we may expect to accomplish at a rapid pace of progress, one of the greatest boons to present and future generations which might be presently proposed.

Who could not be sufficiently gratified if our benefit from this commitment were no more than to lessen substantially the kinds of pain and misery associated with such disease? Yet, even by the amoral standards of "cost-benefit analysis," the savings to society accomplished by mastering such disease, and, more significantly, the added contributions of those whose mature capacities were preserved by this advance, represent a breakthrough for societies characterized by tendencies of demographic aging of their total populations.

This obliges us to examine DNA, RNA, and the simplest forms of living processes as "hydrothermodynamic," or, as "hydroelectrodynamical" processes. Essentially, our attention is focused upon the conditions under which the DNA double helix, for example, emits energy at significantly higher energy-flux density than the energy-input supplied to excite this emission. This obliges us to abandon not only statistical theory, but the implicitly embedded, Cartesian, ontological assumptions underlying statistical methods. On condition that the term "Riemannian" is employed to signify not only Riemann's "radically geometrical," as opposed to axiomatically arithmetical standpoint, but also his status as a continuation of the standpoint of Cusa, Kepler, and Leibniz, as well as, more immediately, Legendre, Gauss, and Dirichlet, the choice of mathematical method in approaching the fundamentals of biology is "Riemannian."

A Riemannian approach to the "hydrothermodynamic" fundamentals of the most-approximately irreducible forms of living processes carries with it a certain, cohering notion of the way in which negentropic development of the spectrum of species occurs within the developing biosphere as a whole, and rejects flatly and unconditionally the dogma of statistical fluctuations underlying the Darwinian view. How could scientists, or laymen, comprehend the practical issues facing us today, unless we inform our pupils and others that there is a current of evolutionary thought "alternative" to and entirely opposing the popularized Darwin-Huxley dogma?

Sincerely Yours,
Lyndon H. LaRouche, Jr.

Elephants and Donkeys

by Kathleen Klenetsky

On the Fritz

Walter Mondale emerged from the June 5 primaries announcing that he will win the Democratic nomination and lead the party to victory in November.

Despite Fritz's show of confidence, neither outcome is assured. Mondale's "big win" in New Jersey was no testimony to the preference of the state's voters, since the victory was achieved through vote fraud on a large scale. Campaign workers for the election bid of "dark horse" presidential candidate Lyndon LaRouche amassed evidence of fraud at 13 different polling places, where more signed affidavits were collected from LaRouche voters than there were votes recorded on the voting machines. On the basis of this pattern and the official votes tallied for congressional candidates running on LaRouche's slate, LaRouche campaign analysts conclude that their candidate got at least 20-27% of the vote in New Jersey.

Mondale's New Jersey "victory" was more than offset by his unexpectedly strong defeat in California, where Gary Hart garnered delegates at a rate of 3 to 1. While Mondale may, as his campaign claims, have more than the 1,967 delegates required to win a first-ballot nomination, the California results reconfirm what has been apparent during the entire primary season: Mondale is still unacceptable to millions of Democratic voters.

Far from going into the Democratic convention on a triumphant note, Mondale will arrive bearing all the earmarks of a loser. Delegates will

have to ponder the implications of his losses in such states as Ohio, Florida, Massachusetts—not to mention Ronald Reagan's home state of California. They will have to consider what it means that in spite of a multimillion dollar war chest, the backing of the AFL-CIO, and the support of the Democratic "establishment," Mondale was repeatedly trounced by Hart and Jackson.

Finally, they will have to do some hard thinking about Mondale's policies. What will the American voter do in November when presented with a candidate so closely identified with the despised Jimmy Carter, a candidate who has announced that he will slash the U.S. defense budget, dismantle the MX missile program, and ban the development of a U.S. ABM system just to keep the Kremlin happy? This may play well in Manhattan's Upper West Side, but not in Peoria.

The LaRouche problem

Democratic Party chairman Chuck Manatt and his friends are trying to put on a happy face about their predicament, but are nevertheless clearly worried. As *EIR* went to press, both Hart and Jackson were still refusing to embrace Mondale—Jackson even told the national press that he had "grave reservations" about Mondale's leadership abilities—weakening Fritz's position even further.

Worse, Manatt and Company are still faced with the "LaRouche problem." LaRouche has been making life miserable for the Manatt crowd through his blockbuster media campaign and his "citizen candidates' movement" which has scored important electoral victories at local, state, and federal levels this year.

During a three-day period at the end of May, LaRouche, in an unprecedented media barrage, aired three national TV addresses exposing the collusion between Mondale Democrats and the KGB to wreck U.S. defenses.

LaRouche also detailed a comprehensive series of emergency measures he would take to resolve the looming strategic and economic crises facing the country.

The dilemma facing the Democratic Party's kingmakers is being openly bemoaned by such media "insiders" as Joseph Kraft, a member of the New York Council on Foreign Relations who speaks for the loftier echelons of the American Establishment through his syndicated column. In his June 7 offering, Kraft bitterly complained that Mondale "has come across as a faltering leader, shrill in speeches and with little capacity to project his wit or brains. While he has the delegates to go over the top, . . . he has not so much swept to victory as stumbled through by backroom deals."

Where other political pundits have been claiming that the proper choice of Vice-President could assure Mondale's victory in November (the names most frequently heard are New York Gov. Mario Cuomo, Arkansas Sen. Dale Bumpers, Texas Sen. Lloyd Bentsen, and New York Rep. Geraldine Ferraro), Kraft dismisses this as pure wishful thinking. Kraft's bottom line? "Mondale is heading for a loss to President Reagan that seems likely to bury what has been the dominant element in the Democratic Party."

The bomb under Reagan

Does this mean that Reagan is a shoo-in? Not by a long shot. The President is sitting on top of a multi-fused bomb that could be set off by any number of events: the collapse of the world's financial markets—a probability underscored closer by the Continental Illinois banking crisis, an international oil crisis precipitated by the Iran-Iraq conflict, or a new Soviet strategic thrust aimed at forcing the United States into a humiliating backdown.

Reality is threatening to overturn the best laid plans of both Elephants and Donkeys.

Kissinger Watch by M. T. Upharsin

Kickbacks and Kissinger

An upcoming book by the Kissinger Watch investigative team, entitled, *Henry Kissinger, Thief: An Unauthorized Biography* will provide our readers with the best compilation of evidence detailing the many things, including whole nations, that Dr. K. has stolen.

Our astute researchers have been particularly interested in the ongoing sagas of the Kissinger consulting firm, Kissinger Associates, which has been known to make financial killings by advising influentials of governments to rig the kinds of situations that ensure the opportunities for the firm.

In the criminal world, this might be known as kickbacks, or influence-peddling. It is a sign of the corruption of our times that Dr. K. has managed to elude those same Justice Department and Federal Bureau of Investigation busybodies who spend so much time hounding their political enemies.

We treated with great interest a news release on the last day of May announcing that a new president had been appointed to KissAss, former Undersecretary of State for Political Affairs Lawrence Eagleburger.

Eagleburger, prior to his retirement from office in March, had been the first major public official inside the U.S. government to advocate the withdrawal of American troops from Europe. His call for "decoupling" the United States from Western Europe in February of this year offered the Soviet Union a whole continent on a silver platter.

Eagleburger's comments fell into the jurisdiction of the "New Yalta"



Isn't that adorable, Henry? He wants you to throw him someone.

agreements that Kissinger and his KissAss business partner Lord Carrington of Great Britain have been negotiating with the U.S.S.R. In this "New Yalta," it is presumed that the United States will withdraw from Europe and shift focus to the Pacific and to Ibero-America.

Part of this series of agreements was the entry of Henry Kissinger into the U.S. government in the spring of 1983 to run the Central America commission. From this post, Kissinger has been in a position to run massive destabilizations and intimidation against Ibero-American advocates of a debtors' cartel. It is understood that Dr. K's ledgers have grown considerably from "advising" opponents of the

debtors' cartel to get on board his gangster policies.

Another interesting KissAss announcement of the same date was the appointment of banker William Simon to be a consulting company for the firm. Simon is a top manager of the American-based interests of the Saudi Olayan group, which has recently bought into Armand Hammer's Occidental Petroleum. Hammer, whose father was a leader of the American Communist Party, has based his financial empire in large part on giant deals to bolster the Soviet Empire. Simon is the erstwhile head of the Governing Board of Georgetown University, the seminal point of Jesuit political influence in the United States.

St Germain stalls bank deregulation hearing

House Banking Committee chairman Fernand St Germain announced June 7 that he will delay committee consideration of a package of banking deregulation legislation until the nation's top bank regulators reverse their current refusal to appear before his committee to report on the recent bailout of Continental Illinois bank.

Federal Reserve Board chairman Paul Volcker, Comptroller of the Currency C. T. Conover, and Federal Deposit Insurance Corporation Chairman William Isaac were requested by St Germain to appear before his committee on June 13 to explain the recent federal government bank bailout of Continental Illinois. All three declined. The FDIC's Isaac sent a letter to St Germain stating that "a hearing at this time could well interfere with the negotiations [over the future of Continental Illinois] currently under way." Volcker and Conover cited similar concerns.

St Germain responded: "Until the committee fully understands why an institution as large as Continental Illinois had such difficulties in the marketplace, it would be inappropriate to entertain discussion about new and expanded powers for Continental and similar institutions."

The Reagan administration and Senate Banking Committee chairman Jake Garn (R-Utah) have supported various forms of bank deregulation which would allow banks to become active in areas traditionally denied to them. St Germain stated that, while he was agreeing to a temporary postponement of an appearance by the chief regulators, "it will be necessary for you . . . to agree to a firm and early date."

St Germain is pushing for passage

of legislation which would stop regulators from allowing banks to use the "non-bank bank" loophole to engage in interstate banking. Banks have been using a loophole in the Bank Holding Company Act to establish interstate branches which are not classified as a bank on the basis of technicalities, but which in fact are performing most of the functions of banks and are diversifying into areas such as securities, real estate, and insurance.

St Germain, who has led the charge to deregulate the U.S. banking industry, seems to be engaging in an exercise of closing the barn door after the horses have escaped. Citing the Continental Illinois episode, he warned, "Loopholes that allow depository institutions to move into new activities—riskier ventures—increase the exposure for taxpayers."

Senate rejects cut in NATO defense spending

The Senate on June 7 rejected by a vote of 76 to 16 an amendment to the Defense Authorization bill which would have prevented U.S. spending increases for NATO unless European nations followed suit. The amendment had been proposed by Sen. Larry Pressler (R-S.D.), a leader of the Senate "Eurobashing" contingent. Although his bid to decouple the United States from Europe was defeated, the Senate did vote 91 to 3 to "urge" NATO nations to increase their military spending.

Pressler has recently gained notoriety through *EIR*'s exposé of his role as one of the chief sponsors of a resolution calling for a ban on space weapons development—a resolution drafted by Washington think-tankers in

consultation with Soviet embassy personnel. Pressler is a staunch opponent of developing beam weapons as a defense against Soviet missiles, and was the first U.S. senator to endorse Henry Kissinger's *Time* magazine article of March 5 which called for withdrawal of U.S. troops from Europe.

Pressler introduced another amendment, which has not yet been voted on, which would reduce U.S. troop strength in Europe and demand that Europe bolster its own conventional defenses—in a futile effort to match Soviet conventional capabilities.

In arguing against the Pressler proposal to cut U.S. funds to NATO, Sen. John Tower (R-Tex.), chairman of the Senate Armed Services Committee, warned that a funding cut would damage the readiness and effectiveness of U.S. troops in Europe: "We are not there just to defend them. We are there to defend our own interests."

Metzenbaum gives back political 'finder's fee'

Senator Howard Metzenbaum (D-Ohio) recently returned a quarter-million-dollar "finder's fee" to a close political friend, once the press began questioning the propriety of the fee. Metzenbaum is one of the point-men in the ethics witchhunt against presidential adviser and Attorney General-designate Edwin Meese.

The senator, according to his own report, placed several phone calls one evening in June 1983 which resulted in the \$30 million sale of a Washington, D.C. hotel owned by Cleveland-based investor and long-time political friend Jeffrey Friedman. Unbeknownst to the purchaser of the hotel,

Metzenbaum had already solicited and was then paid a \$250,000 finder's fee from Friedman.

Since Friedman has been a financial supporter of Senator Metzenbaum's political campaigns, the possibility was raised of an illegal channeling of funds to the senator. Yet the only investigation of the transaction going on is being conducted by the Washington, D.C. government, for practicing real estate without a license!

Metzenbaum's fellow members of the Senate Judiciary Committee—which has held up the confirmation of Meese for receiving a loan from a friend in the range of tens of thousands of dollars—have demonstrated no interest in the matter.

Hatch and Kemp go to bat for Project Democracy

Right-wing Republicans Sen. Orrin Hatch (Utah) and Rep. Jack Kemp (N.Y.) took to their respective floors of Congress during the first week of June to defend AFL-CIO chief Lane Kirkland and the National Endowment for Democracy. The NED, also known as Project Democracy, is a multimillion dollar slush fund established by the Reagan administration and the AFL-CIO to "ideologically advance the cause of democracy" around the world.

Hatch criticized the vote by the House of Representatives in late May to cut off all funding for the NED; he vowed to restore funding in the Senate. Kemp took up the cudgels for Kirkland and the NED in response to a Soviet-authored "attack" on the institution. He placed a recent article by syndicated columnists Evans and Novak into the *Congressional Record*,

which mentioned that one of the NED's current projects is "to shore up opposition parties in the Philippines before dictatorial President Ferdinand Marcos's reelection campaign."

Apart from destabilizing U.S. allies like Marcos, funding for the NED will only augment the ability of the AFL-CIO, under its chief international operative, Irving Brown, to function as the hatchetman in the Third World for the International Monetary Fund.

Gonzalez says banking crisis now 'inevitable'

Rep. Henry B. Gonzalez (D-Tex.) warned in a speech on the Senate floor June 4 that the near-bankruptcy of Continental Illinois bank means that "the house of cards has to crumble. It is inevitable now." Noting that he had been warning of such a banking crisis since 1966, Gonzalez identified 1979 as a turning point in the international financial situation: "In 1979 I pointed out why all of the variables were in place in the equation that provided us the crash or the economic crisis of 1929, the Black Friday of 1929, and the consequences."

Gonzalez is a senior member of the House Banking Committee and author of a resolution of impeachment against Federal Reserve Board chairman Paul Volcker.

Gonzalez identified two primary causes for the pending bank blowout: that 1) the policies of banking deregulation codified by the U.S. Congress two years ago had "homogenized our Federal institutions and incredibly reverted to the predepression era financial framework," and 2) the Federal Reserve Board has functioned as a handmaiden of usurious financial

interests. Referring to the independence of the Fed Gonzalez charged: "This is the reason that I have addressed what I consider to be the fundamental problem: the reason why our country now is being flagellated very much domestically like some of the countries we call the lesser developing countries. . . . the Federal Reserve Board has usurped its function. It is out of control. . . . The Federal Reserve Board was created by the Congress. It was not struck from the brow of Jove. It is an institution that is the creature of Congress. . . . But when I mention this some members look at me askance as if I had said I am a Socialist or a Communist."

The priorities of the Fed, Gonzalez said, "shall be high, usurious, extortionate rates of interest that all through the history of mankind's history have gone hand in hand with the decline and the destruction of civilization. . . . In fact as the Lord Jesus Christ was preaching and living there were laws against usury."

Other congressmen are maneuvering around the edges of the banking crisis in an effort to direct the inevitable financial reorganization to their own benefit. On June 5, Sen. Edward Kennedy placed into the *Congressional Record* the entire communiqué signed by the Presidents of Mexico, Colombia, Brazil, and Argentina, announcing the formation of a debtors' cartel. Kennedy claimed that the four-nation communiqué derived from the same concerns which generated the recent Inter-American Dialogue report, which called for debt stretch-outs and a "cap" on interest rates. The Dialogue is chaired by Sol Linowitz and includes such luminaries of the Eastern Establishment as McGeorge Bundy, Robert McNamara, and Theodore Hesburgh.

National News

LaRouche's security stripped at deposition

On May 22, Mordecai Levy informed security specialists associated with Democratic Party presidential candidate Lyndon H. LaRouche, Jr. that terrorist-linked circles including Dennis King and Chip Berlet would stage a security-stripping incident during the course of LaRouche's scheduled deposition in the federal libel action, "LaRouche vs. National Broadcasting Corporation et al."

Levy had previously described plans by NBC defendants King and Berlet to prolong the LaRouche depositions, providing terrorist circles with ample opportunity to profile LaRouche security arrangements and stage an assassination attempt during one of the sessions.

Levy, founder of the Jewish Defense Organization, is close to King and Berlet, defendants in the \$150 million libel action stemming from a series of NBC national broadcasts against LaRouche aired in February and March. Levy is also an informant for the Anti-Defamation League of B'nai B'rith, the FBI, and other law enforcement agencies.

On June 7 and 8, the kinds of events forecast by Levy were set into motion. Depositioning of plaintiff LaRouche proceeded in conformity with security procedures ordered by Federal District Court Justice James Cacheris in Arlington, Va. Then, according to eyewitness accounts, as Dennis King, Chip Berlet, and attorney Philip Hirschkop arrived at the hotel suite scene of the deposition, Hirschkop was overheard instructing his clients to stage an incident involving a physical encounter with licensed LaRouche security personnel inside the deposition room.

Defendant King feigned being pushed by one of the security guards present. He and Berlet then claimed they observed a "bulge" indicating that the guards present were armed. Attorney Hirschkop then proceeded to stage a shouting interrogation of

the security personnel and finally walked out of the deposition with King and Berlet in tow.

When Hirschkop appeared before Judge Cacheris to demand that the security provisions for the LaRouche deposition be lifted, he accused LaRouche security personnel and LaRouche attorney Odin Anderson of making phone calls to his associates and clients culminating in a death threat call to himself.

Preliminary investigations into the background of Hirschkop reveal multiple political ties into terrorist and terrorist-support circles, including the New York City FALN and Weatherunderground counsel William Kunstler; former Communist Party USA activist Leonard Boudin, father of convicted Brinks robbery-murder conspirator Kathy Boudin; and Phillip Agee, the Hamburg, West Germany-based former left-wing CIA operative whose public exposure of identities of overseas U.S. intelligence personnel led to the assassination of Athens CIA station chief Richard Welch in the mid-1970s.

Attorneys for LaRouche are attempting to combat the effects of the false statements made by attorney Hirschkop in open court.

New York hospital sued for euthanasia

The family of a patient who died in a New York hospital is suing the institution on the grounds that it deliberately allows lower-paying elderly patients to die by withholding emergency treatment in order to "maximize profits." The \$20 million suit against the Society of New York Hospital was filed on June 5 by Mrs. Frances Okun, whose mother, Rose Dreyer, died at the hospital on March 25.

The legal action is one of the few suits filed that directly challenges the euthanasia now occurring in American health-care institutions.

The suit charges that the hospital "systematically denies" emergency lifesaving treatment to lower-paying patients, such as

senior citizens on Medicare or Medicaid. The suit claims that Mrs. Dreyer "was allowed to die" in the presence of her grandson, Dr. James Okun. Okun, a medical doctor, discovered during a visit to his grandmother that she was unconscious and started applying cardio-pulmonary resuscitation, but was ordered to stop by a staff physician, Dr. David Pearlman.

Pearlman told Okun that the hospital staff was under orders not to provide his grandmother with emergency care, and, according to the suit, showed Okun a medical chart marked with a red code—to indicate to the hospital staff that "in the event she suffered an emergency condition, no effort would be made to save her."

"Instead, with callous disregard for human life, defendant's medical staff deliberately withheld lifesaving medical attention from Mrs. Dreyer and permitted her to die," the suit states.

Congressmen confirm ties to KGB's Rosin

The offices of two members of Congress exposed as Soviet agents of influence in Lyndon LaRouche's May 31 ABC TV documentary have confirmed their connections to Carol Rosin and her KGB "back channel," the Institute for Security and Cooperation in Outer Space. ISCOS prepared legislation for Congress calling for a ban on anti-satellite weapons testing, in consultation with the Soviet embassy in Washington.

An aide to Sen. Claiborne Pell (D-R.I.), when asked by a reporter on June 4 if LaRouche's charges were true, replied: "Well, yes and no," and then went on to explain that "the Senator is very interested in building bridges with the Soviets. . . . There is a certain element of truth in what LaRouche says," since "the Senator is involved in encouraging exchanges with the Soviets on the diplomatic, educational, and cultural levels."

The aide confirmed that Pell recently hosted a reception for Soviet scientists and NBC television personnel at his home, and

is "affiliated with ISCOS, but I'm not sure how." (Pell is an advisory board member.) "I don't know enough about LaRouche to characterize him," said Pell's aide, "but he has a radio ad accusing Henry Kissinger of being a Soviet agent that has certainly raised some eyebrows."

On the House side, aides to Rep. Mel Levine (D-Calif.) dismissed LaRouche's charges as "absurd" but confirmed that the congressman had recently lunched with the head of the Soviet space agency and the science attaché at the Soviet embassy to discuss "cooperative ventures in space" as an "alternative" to the "weaponization of space." Asked about Levine's connection to Carol Rosin, the aide pulled out a copy of ISCOS stationery and reeled off the names of some of the board members to prove, as he put it, that "ISCOS is respectable."

"Unfortunately, LaRouche has a lot of followers," said one aide to Levine. "One of them is running against Mel. In fact, I wouldn't be surprised if LaRouche went on television with these charges just to help his candidate's campaign against Mel."

Italy's Agriculture Dept. consults LaRouche Dems

Officials of the Italian Agriculture Ministry met June 6 with American farmers Billy Davis and Don Scott, LaRouche Democrats who are currently on tour in Europe.

According to a press release issued by the ministry, the discussions focused on "the pursuit of bilateral accords between the American government, the EC [European Community] countries, and those of Africa for the rapid flow of surplus agricultural production into areas where the food supply situation is particularly grave, bypassing the long procedures provided for by the EC; the creation of a parity system for prices of farm products in Europe and the U.S.A. which would allow a massive increase in agricultural production in the West.

"Together with the need for a more intense exchange of technologies between the

U.S.A. and Italy in the farm sector to increase food production and to immediately conduct an extraordinary intervention to contain the farm crisis in Africa, these are the topics of a meeting held by Undersecretary Zurlo with Billy Davis, the agricultural adviser of U.S. Democratic candidate for President LaRouche, and Don Scott, Democratic candidate for Congress in the state of Ohio, introduced by the Club of Life, an international organization concerned with agricultural and industrial problems.

"The in-depth exchange of ideas permitted the emergence of a substantial convergence on fundamental strategies of the fight against hunger. Undersecretary Zurlo said he was particularly convinced of the need for an EEC-U.S.A. accord for a program oriented to planned growth of food production, aimed at achieving a plan for aid to countries hit by the hunger problem. . . ."

Dean heads LaRouche Michigan election slate

Fourteen candidates with ties to presidential candidate Lyndon H. LaRouche will be on the November ballot in Michigan, a LaRouche campaign official said in Flint on June 5. Flint lawyer Max Dean will head the slate, having filed petitions in Lansing placing him in the Democratic primary against incumbent U.S. Senator Carl Levin.

Almost 40,000 petition signatures were filed for Dean, twice the required number; 25,000 signatures were filed for the 13 congressional candidates.

According to a report in the *Flint Journal* on June 6, LaRouche spokesman Gerald Pechanuk predicted that "in a very short time we will have the biggest political machine in the state."

An article in the *Saginaw News* announced that Saginaw area residents Leo Boyle and Odell Walker would be on the LaRouche ticket. Boyle was quoted saying that he will "Go door to door and tell people about the LaRouche program."

Briefly

● **GENERAL JAMES ABRAHAMSON**, chief of the U.S. Strategic Defense Initiative, told the Austrian daily *Die Presse* on April 28 that the United States can offer protection against nuclear missiles to the neutral countries of Europe, by developing space-based laser defense systems. The Soviet government paper *Izvestia* on June 1 covered the interview in an angry article headlined: "Star Wars and Neutral Countries."

● **HIGH FRONTIER**, Gen. Danny Graham's anti-beam-weapon cult based in Washington, D.C., has decided to oppose deployment of the MX missile, an informed source reports. The move, which has not yet been made public, was opposed by two members of the High Frontier executive board, who reportedly then resigned. Graham argues that his obsolete space-based defense system would make offensive nuclear weapons unnecessary.

● **THE SUPREME COURT** has invalidated the May 8 Ohio congressional primary, citing population imbalances in the election district. Prior to the election, a lower court had ruled that the districting was illegal, but the state of Ohio proceeded with the election anyway. Apparently Ohio will now be forced to hold a new primary. LaRouche Democrats Don Scott and Willie Sutton, backed by the National Democratic Policy Committee (NDPC), won the Democratic nomination in the 7th and 4th districts, respectively. A spokesman for the NDPC declared that if a new election is held, its candidates are expected to do even better than the last time.

● **THE WASHINGTON POST** has denied the report by one of its editors, Bob Woodward, that at least 40 staffers at the newspaper use cocaine regularly. Woodward made the allegation in a new book, *Wired: The Short Life and Fast Times of John Belushi*. "I don't know what the hell Bob is talking about," said Benjamin Bradlee, executive editor of the *Post*, on June 7.

Editorial

Beware of flying saucers

What do "Flying Saucer Clubs" have to do with the U.S. Strategic Defense Initiative? Nothing, of course. But they do have something to do with highly sophisticated penetration operations by Soviet KGB intelligence of our military and defense community. And that has something very nasty and dangerous to do with the "right-wing" side of the opposition to the SDI, or beam-weapons defense program.

Ever since his famous March 23, 1983 speech in which President Ronald Reagan announced a new U.S. strategic doctrine, two, seemingly separate political forces joined hands in a campaign aimed at eliminating Democrat Lyndon LaRouche from any further influence on U.S. defense policy.

The first attack against LaRouche's and President Reagan's Strategic Defense Initiative came from Moscow and such Moscow fellow-travelers as Henry Kissinger, Britain's Lord Carrington, and the Soviet-steered "Nuclear Freeze" lobby. The simultaneous attack came from the right, from Heritage Foundation circles centered around Lt.-Gen. (ret.) Daniel P. Graham.

The key to understanding Gen. Danny Graham is an interview published in the Jan. 29 issue of *Time* magazine, where Graham opined that he "wouldn't be surprised if the intelligence community were following [psychic research]. They would be remiss if they didn't."

Does Graham actually believe that Soviet missiles in flight could be stopped by the mind-power of a coven of U.S. Air Force colonels holding hands in a circle? Behind his much-advertised High Frontier are some weird cults, including the L-5 Society which grew out of the networks of *Co-Evolution Quarterly*, a California based operation that promoted Gregory Bateson, mind-altering drugs, and environmentalism during the 1960s, and published the *Whole Earth Catalog*.

General Graham has an impressive record of incompetence in strategic intelligence; in our experience, he is a sneak and sometimes a liar in defending his policies; and, worst of all, his connections to the "High Frontier" and witchcraft projects put him in the middle of one of the most dangerous and clever deep Soviet pen-

etrations of U.S. military and intelligence establishments.

Whether General Graham is conscious of this fact or not, the network of Esalen-connected cult groups, including the L-5 Society and the notorious Lifespring cult, are deeply penetrated by the highest and most sophisticated levels of Soviet strategic intelligence. Moscow has exploited such features of pseudo-science cults, to develop organizations linked to Esalen as the most sophisticated means of penetration of our defense and intelligence establishments. "Flying saucer" clubs in North America are among the important national security risks with such connections at this time.

Unfortunately, Danny Graham is backed by a very powerful group in and out of the U.S. Defense establishment. By the late summer of 1982, as the administration's attention was focused ever more strongly on rounding up support for the 1984 election-campaign, the Reagan administration had backed down on implementation of the policy which the President first announced on March 23rd. By the summer of 1983, circles of U.S. scientists supporting the President's Strategic Defense Initiative entered into a kind of "peace treaty" with General Graham.

From that point on, while the Soviet Union races to deploy beam-weapons defense by no later than 1987, the President's commitment to Strategic Defense was on the skids for the duration of the election campaign period.

If we do not have such weapons systems, then either thermonuclear war or submission to Soviet global domination is inevitable. And *we shall not have such defense unless we spend the money to develop and deploy such weapons now.*

The so-called scientists supporting the Nuclear Freeze lobby and Danny Graham both argue either that beam weapons are not physically possible, or are weapons of the distant future. Both are lying. The evidence that beam weapons will work, and that they can be developed and deployed during the immediate future, is overwhelming.

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